

**Crescente, Angela**

---

**From:** Simpson, Sheri  
**Sent:** Wednesday, January 18, 2012 6:07 PM  
**To:** Crescente, Angela  
**Subject:** RE: Critical Accounting Policies - Asset Retirement Obligation

Thanks Angela.

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

---

**From:** Crescente, Angela  
**Sent:** Wednesday, January 18, 2012 6:04 PM  
**To:** Simpson, Sheri  
**Cc:** Wiseman, Sara  
**Subject:** FW: Critical Accounting Policies - Asset Retirement Obligation

Sheri,

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

<< File: Asset Retirement Obligation.docx >>

Thanks,  
Angela

---

**From:** Simpson, Sheri  
**Sent:** Monday, January 16, 2012 10:37 AM  
**To:** Crescente, Angela  
**Cc:** Wiseman, Sara  
**Subject:** FW: Critical Accounting Policies - Asset Retirement Obligation

Hi Angela,

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

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

---

**From:** Simpson, Sheri

**Sent:** Tuesday, January 03, 2012 5:04 PM  
**To:** Crescente, Angela  
**Cc:** Wiseman, Sara  
**Subject:** Critical Accounting Policies - Asset Retirement Obligation

Hello Angela,

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

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

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

<< File: Asset Retirement Obligation.docx >>

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

**Crescente, Angela**

---

**From:** Crescente, Angela  
**Sent:** Wednesday, January 18, 2012 6:04 PM  
**To:** Simpson, Sheri  
**Cc:** Wiseman, Sara  
**Subject:** FW: Critical Accounting Policies - Asset Retirement Obligation

Sheri,

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



Asset Retirement  
Obligation.do...

Thanks,  
Angela

---

**From:** Simpson, Sheri  
**Sent:** Monday, January 16, 2012 10:37 AM  
**To:** Crescente, Angela  
**Cc:** Wiseman, Sara  
**Subject:** FW: Critical Accounting Policies - Asset Retirement Obligation

Hi Angela,

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

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

---

**From:** Simpson, Sheri  
**Sent:** Tuesday, January 03, 2012 5:04 PM  
**To:** Crescente, Angela  
**Cc:** Wiseman, Sara  
**Subject:** Critical Accounting Policies - Asset Retirement Obligation

Hello Angela,

I am responsible for the Critical Accounting Policies (CrAP) section of the 10-K and on the Responsibilities Matrix, your name is assigned to the Asset Retirement Obligation accounting policy. I have attached the language from the most recent version (preliminary draft) of the 10-k for each company. You should find that the

required information is similar to what was included in our S-4 (Registration Statement), however the format may have been changed to be consistent with PPL's formatting.

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

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



Asset Retirement  
Obligation.do...

**Sheri N. Simpson**

Accounting Analyst III

Financial Reporting

LG&E and KU Energy, LLC

220 W. Main Street, 9th Floor

Louisville, KY 40202

P: (502) 627-3606



## LKE

### 5) Asset Retirement Obligations

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

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

At December 31, 2011, LKE had AROs totaling \$7,777.18 million recorded on the Balance Sheet. Of the total amount, \$7,777.4 million, or 777.63%, relates to LKE's ash ponds, and landfills and natural gas mains. The most significant assumptions surrounding AROs are the forecasted retirement costs, the discount rates and the inflation rates. A variance in the forecasted retirement costs, the discount rates or the inflation rates could have a significant impact on the ARO liabilities.

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

	Change in Assumption	Impact on ARO Liability
Retirement Cost	10% (10%)	\$75(7).7,777
Discount Rate	0.25% (0.25%)	\$(4) \$1,7,777
Inflation Rate	0.25% (0.25%)	\$(5) (1).7,777

Formatted Table

## LG&E

### 5) Asset Retirement Obligations

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

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

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

At December 31, 2011, LG&E had AROs totaling \$7,777.57 million recorded on the Balance Sheet. Of the total amount, \$7,777.34 million, or 77.759%, relates to LG&E's ash ponds and landfills and natural gas mains. The most significant assumptions surrounding AROs are the forecasted retirement costs, the discount rates and the inflation rates. A variance in the forecasted retirement costs, the discount rates or the inflation rates could have a significant impact on the ARO liabilities.

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

	Change in Assumption	Impact on ARO Liability
Retirement Cost	777.10% (10%)	-7,773.33 (\$)
Discount Rate	777.0.25% (0.25%)	\$ (2) \$2.7,777
Inflation Rate	0.25% (0.25%) 777.7%	\$2 (\$2) -7,777

Formatted Table

## KU

### 5) Asset Retirement Obligations

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

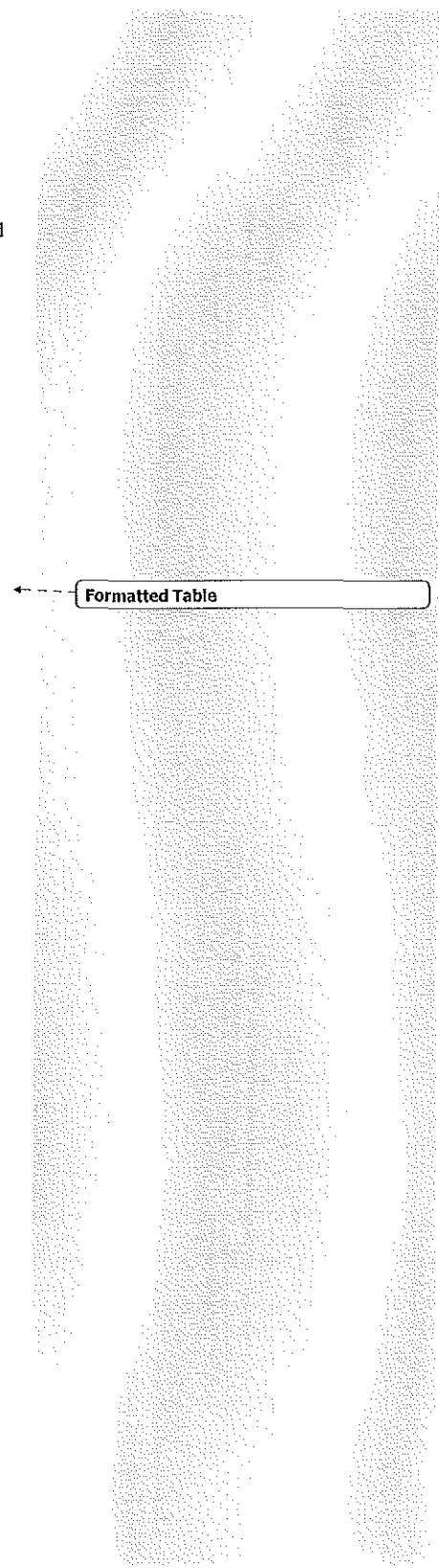
In determining AROs, management must make significant judgments and estimates to calculate fair value. Fair value is developed using an expected present value technique based on assumptions of market participants that considers estimated retirement costs in current period dollars that are inflated to the anticipated retirement date and

then discounted back to the date the ARO was incurred. Changes in assumptions and estimates included within the calculations of the fair value of AROs could result in significantly different results than those identified and recorded in the financial statements. Estimated ARO costs and settlement dates, which affect the carrying value of various AROs and the related assets, are reviewed periodically to ensure that any material changes are incorporated into the estimate of the obligations. Any change to the capitalized asset is amortized over the remaining life of the associated long-lived asset.

At December 31, 2011, KU had AROs totaling \$7,777.61 million recorded on the Balance Sheet. Of the total amount, \$7,777.40 million, or 77.7766%, relates to KU's ash ponds and landfills. The most significant assumptions surrounding AROs are the forecasted retirement costs, the discount rates and the inflation rates. A variance in the forecasted retirement costs, the discount rates or the inflation rates could have a significant impact on the ARO liabilities.

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

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



Formatted Table

**Crescente, Angela**

---

**From:** Crescente, Angela  
**Sent:** Wednesday, January 18, 2012 2:20 PM  
**To:** Simpson, Sheri  
**Cc:** Wiseman, Sara  
**Subject:** FW: Critical Accounting Policies - Asset Retirement Obligation

Sheri,

Please see the attached:



Asset Retirement  
Obligation.do...

Thanks,  
Angela

---

**From:** Simpson, Sheri  
**Sent:** Monday, January 16, 2012 10:37 AM  
**To:** Crescente, Angela  
**Cc:** Wiseman, Sara  
**Subject:** FW: Critical Accounting Policies - Asset Retirement Obligation

Hi Angela,

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

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

---

**From:** Simpson, Sheri  
**Sent:** Tuesday, January 03, 2012 5:04 PM  
**To:** Crescente, Angela  
**Cc:** Wiseman, Sara  
**Subject:** Critical Accounting Policies - Asset Retirement Obligation

Hello Angela,

I am responsible for the Critical Accounting Policies (CrAP) section of the 10-K and on the Responsibilities Matrix, your name is assigned to the Asset Retirement Obligation accounting policy. I have attached the language from the most recent version (preliminary draft) of the 10-k for each company. You should find that the

Charnas

required information is similar to what was included in our S-4 (Registration Statement), however the format may have been changed to be consistent with PPL's formatting.

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

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



Asset Retirement  
Obligation.do...

**Sheri N. Simpson**

Accounting Analyst III

Financial Reporting

LG&E and KU Energy, LLC

220 W. Main Street, 9th Floor

Louisville, KY 40202

P: (502) 627-3606

## LKE

### 5) Asset Retirement Obligations

LKE is required to recognize a liability for legal obligations associated with the retirement of long-lived assets. The initial obligation is measured at its estimated fair value. A conditional ARO must be recognized when incurred if the fair value of the ARO can be reasonably estimated. An equivalent amount is recorded as an increase in the value of the capitalized asset and allocated to expense over the useful life of the asset. Until the obligation is settled, the liability is increased, through the recognition of accretion expense in the Consolidated Statements of Income, for changes in the obligation due to the passage of time. LKE's estimated costs of removal for all assets are recovered in rates as a component of depreciation. Since the costs of removal are collected in rates prior to payment of such costs, the accrual for these costs of removal is classified as a regulatory liability. The regulatory liability is relieved as costs are incurred. The depreciation and accretion expense related to an ARO is recorded as a regulatory asset. See Note 21 to the Financial Statements for ARO disclosures.

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

At December 31, 2011, LKE had AROs totaling \$7,777,118 million recorded on the Balance Sheet. Of the total amount, \$7,777,773 million, or 777762%, relates to LKE's ash ponds, and landfills, and natural gas mains. The most significant assumptions surrounding AROs are the forecasted retirement costs, the discount rates and the inflation rates. A variance in the forecasted retirement costs, the discount rates or the inflation rates could have a significant impact on the ARO liabilities.

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

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

Formatted Table

## LG&E

### 5) Asset Retirement Obligations

LG&E is required to recognize a liability for legal obligations associated with the retirement of long-lived assets. The initial obligation is measured at its estimated fair value. A conditional ARO must be recognized when incurred if the fair value of the ARO can be reasonably estimated. An equivalent amount is recorded as an increase in the value of the capitalized asset and allocated to expense over the useful life of the asset. Until the obligation is settled, the liability is increased, through the recognition of accretion expense in the Consolidated Statements of Income, for changes in the obligation due to the passage of time. LG&E's estimated costs of removal for all assets are recovered in rates as a component of depreciation. Since the costs of removal are collected in rates prior to payment of such costs, the accrual for these costs of removal is classified as a regulatory liability. The regulatory liability is relieved as costs are incurred. The depreciation and accretion expense related to an ARO is recorded as a regulatory asset. See Note 21 to the Financial Statements for ARO disclosures.

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

At December 31, 2011, LG&E had AROs totaling \$7,777.57 million recorded on the Balance Sheet. Of the total amount, \$7,777.34 million, or 77.759%, relates to LG&E's ash ponds and landfills, and natural gas mains. The most significant assumptions surrounding AROs are the forecasted retirement costs, the discount rates and the inflation rates. A variance in the forecasted retirement costs, the discount rates or the inflation rates could have a significant impact on the ARO liabilities.

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

	Change in Assumption	Impact on ARO Liability
Retirement Cost	777.10% (10%)	-7,777.53 (\$1)
Discount Rate	777.0.25% (0.25%)	\$2(\$2) -7,777
Inflation Rate	0.25% (0.25%) 777.7%	\$2(\$2) -7,777

Formatted Table

## KU

### 5) Asset Retirement Obligations

KU is required to recognize a liability for legal obligations associated with the retirement of long-lived assets. The initial obligation is measured at its estimated fair value. A conditional ARO must be recognized when incurred if the fair value of the ARO can be reasonably estimated. An equivalent amount is recorded as an increase in the value of the capitalized asset and allocated to expense over the useful life of the asset. Until the obligation is settled, the liability is increased, through the recognition of accretion expense in the Consolidated Statements of Income, for changes in the obligation due to the passage of time. KU's estimated costs of removal for all assets are recovered in rates as a component of depreciation. Since the costs of removal are collected in rates prior to payment of such costs, the accrual for these costs of removal is classified as a regulatory liability. The regulatory liability is relieved as costs are incurred. The depreciation and accretion expense related to an ARO is recorded as a regulatory asset. See Note 21 to the Financial Statements for ARO disclosures.

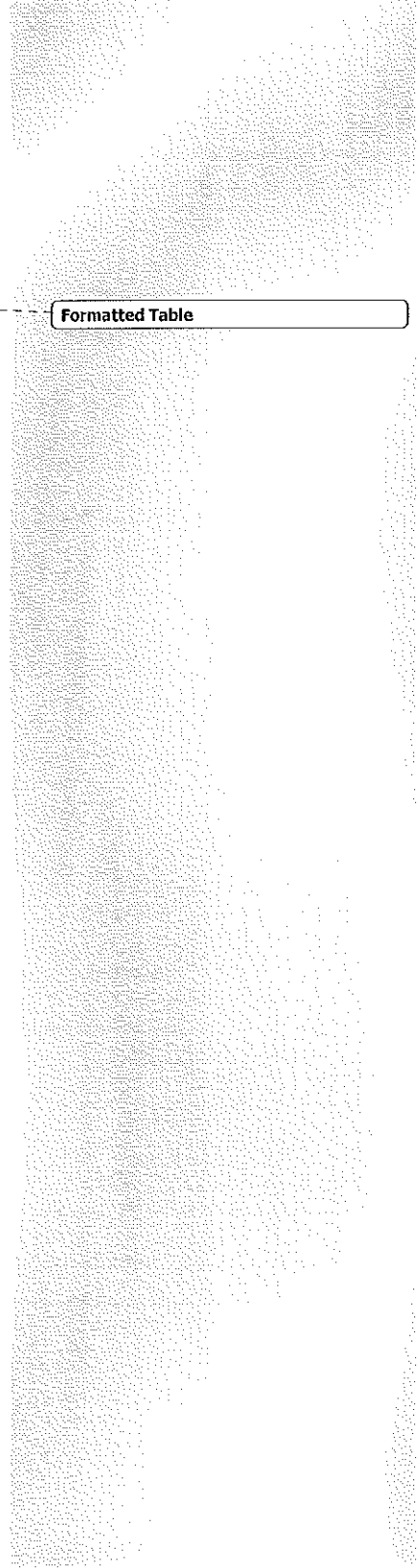
In determining AROs, management must make significant judgments and estimates to calculate fair value. Fair value is developed using an expected present value technique based on assumptions of market participants that considers estimated retirement costs in current period dollars that are inflated to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

At December 31, 2011, KU had AROs totaling \$7,777.61 million recorded on the Balance Sheet. Of the total amount, \$7,777.40 million, or 77.765%, relates to KU's ash ponds and landfills. The most significant assumptions surrounding AROs are the forecasted retirement costs, the discount rates and the inflation rates. A variance in the forecasted retirement costs, the discount rates or the inflation rates could have a significant impact on the ARO liabilities.

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

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

Formatted Table





**Crescente, Angela**

---

**From:** Erskine, Greg  
**Sent:** Wednesday, January 18, 2012 11:21 AM  
**To:** 'Sechler, Joel R'  
**Cc:** Crescente, Angela  
**Subject:** FW: ARO Footnote - 2011 10-K

Joel:

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

Greg

---

**From:** Crescente, Angela  
**Sent:** Wednesday, January 18, 2012 10:31 AM  
**To:** Erskine, Greg  
**Cc:** Wiseman, Sara  
**Subject:** RE: ARO Footnote - 2011 10-K

Greg,

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



ARO Footnote 4th  
Quarter.xlsx

Thanks,  
Angela

---

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

Angela and Sara:

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

Thanks,

Greg

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

08/02/12  
4:04 PM

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

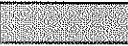
**Crescente, Angela**

---

**From:** Leenerts, Patricia  
**Sent:** Friday, June 29, 2012 9:44 AM  
**To:** Crescente, Angela  
**Subject:** Backup for ARO JE LSMR-PMR



Book3.xls

fund_proj_number	analyst	mo to be worked?	work_order_number	job_task_id	add	retire		last chg date	gl_account	fund_proj_description	func_class	work_order_type	work_order_status	amount
LSMR414	PL	APRIL	LSMR414-X4THMAIN	X4THMAIN			G378- FOURTH &MAIN- 164'-2" charges 2011 - move to CP PL=1166	ARO 2011	201106 106 - CCNC - PowerPlant	Large Scale Main Replacements	Gas Distribution	Gas Dist Blanket NonInv Issue	open	\$ 758.84
LSMR414	PL	APRIL	LSMR414-XARGYLE	XARGYLE-G- 250 Hend & Arg			charges 2011 - move to CP ARO 2011	ARO 2011	201106 106 - CCNC - PowerPlant	Large Scale Main Replacements	Gas Distribution	Gas Dist Blanket NonInv Issue	open	\$3,187.35
PMR414	PL	APRIL	PMR414-JEFFCTRET	JEFFCTRET				move to ARO	201104 106 - CCNC - PowerPlant	Priority Main Replacement	Gas Distribution	Gas Dist Blanket NonInv Issue	open	\$ 615.76

**Crescente, Angela**

---

**From:** Leenerts, Patricia  
**Sent:** Friday, June 29, 2012 8:58 AM  
**To:** Crescente, Angela  
**Subject:** RE: Thanks...please move to CP ARO 2011...Thanks--let me know when posted/charges hit the CP ARO tasks.

**Follow Up Flag:** Follow up  
**Flag Status:** Completed

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

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

Thanks,

Pat  
502-627-3811

---

**From:** Crescente, Angela  
**Sent:** Friday, June 29, 2012 8:40 AM  
**To:** Leenerts, Patricia  
**Subject:** RE: Thanks...please move to CP ARO 2011...Thanks--let me know when posted/charges hit the CP ARO tasks.

Will you be able to supply support?

---

**From:** Leenerts, Patricia  
**Sent:** Friday, June 29, 2012 8:38 AM  
**To:** Crescente, Angela  
**Subject:** Thanks...please move to CP ARO 2011...Thanks--let me know when posted/charges hit the CP ARO tasks.

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

Thanks,

Pat  
502-627-3811

**Crescente, Angela**

---

**From:** Leenerts, Patricia  
**Sent:** Friday, June 29, 2012 8:38 AM  
**To:** Crescente, Angela  
**Subject:** Thanks...please move to CP ARO 2011...Thanks--let me know when posted/charges hit the CP ARO tasks.

**Follow Up Flag:** Follow up  
**Flag Status:** Completed

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

Thanks,

Pat  
502-627-3811

**Crescente, Angela**

---

**From:** Crescente, Angela  
**Sent:** Wednesday, June 06, 2012 10:03 AM  
**To:** Amlung, Kim; Daly, Karen  
**Subject:** RE: 108799 for May 2012

There was no 108799 settlement activity for May 2012.

---

**From:** Crescente, Angela  
**Sent:** Wednesday, June 06, 2012 10:02 AM  
**To:** Amlung, Kim; Clark, Lynda; Daly, Karen; Leenerts, Patricia; Riggs, Eric; Smith, Richard; Wacker, Diana  
**Subject:** 108799 for May 2012

All:

The activity for 108799 for May 2012 is as follows:

LGE – Generation Steam - \$4,377.67  
LGE – Generation Hydro - \$373.56  
LGE – Gas Transmission - \$38,220.82  
LGE – Gas Distribution - \$496,414.11  
LGE – Gas Underground Storage - \$7,825.58

Thanks,  
Angela



**Crescente, Angela**

---

**From:** Crescente, Angela  
**Sent:** Wednesday, June 06, 2012 10:02 AM  
**To:** Amlung, Kim; Clark, Lynda; Daly, Karen; Leenerts, Patricia; Riggs, Eric; Smith, Richard; Wacker, Diana  
**Subject:** 108799 for May 2012

All:

The activity for 108799 for May 2012 is as follows:

LGE – Generation Steam - \$4,377.67  
LGE – Generation Hydro - \$373.56  
LGE – Gas Transmission - \$38,220.82  
LGE – Gas Distribution - \$496,414.11  
LGE – Gas Underground Storage - \$7,825.58

Thanks,  
Angela

**Crescente, Angela**

---

**From:** Daly, Karen  
**Sent:** Monday, June 04, 2012 2:59 PM  
**To:** Becker, Kurtis [PPL]  
**Cc:** Wiseman, Sara  
**Subject:** RE: Rollforward of PPE

Hi Kurtis,

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

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

---

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

---

**From:** Becker, Kurtis [PPL]  
**Sent:** Friday, June 01, 2012 1:57 PM  
**To:** Wiseman, Sara  
**Subject:** RE: Rollforward of PPE

Hi Sara,

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

---

**From:** Wiseman, Sara [<mailto:Sara.Wiseman@lge-ku.com>]  
**Sent:** Tuesday, May 15, 2012 1:52 PM  
**To:** Becker, Kurtis  
**Subject:** RE: Rollforward of PPE

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

---

**From:** Becker, Kurtis [PPL]  
**Sent:** Tuesday, May 15, 2012 12:58 PM  
**To:** Wiseman, Sara  
**Subject:** RE: Rollforward of PPE

Here is what John provided to me earlier today.

---

**From:** Wiseman, Sara [<mailto:Sara.Wiseman@lge-ku.com>]  
**Sent:** Tuesday, May 15, 2012 12:54 PM

**To:** Becker, Kurtis  
**Subject:** RE: Rollforward of PPE

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

---

**From:** Becker, Kurtis [PPL]  
**Sent:** Tuesday, May 15, 2012 12:50 PM  
**To:** Wiseman, Sara  
**Subject:** RE: Rollforward of PPE

Hi Sara,

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

Thank You

---

**From:** Wiseman, Sara [<mailto:Sara.Wiseman@lge-ku.com>]  
**Sent:** Tuesday, May 15, 2012 12:40 PM  
**To:** Becker, Kurtis  
**Subject:** FW: Rollforward of PPE

Hi Kurtis,

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

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

Thanks,

Sara

---

**From:** Becker, Kurtis [PPL]  
**Sent:** Tuesday, May 15, 2012 8:26 AM  
**To:** Wiseman, Sara  
**Subject:** Rollforward of PPE

Hi Sara,

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

Thank You

Kurtis Becker  
PPL Corporation  
Financial Reporting, GENTW10  
[kbecker@pplweb.com](mailto:kbecker@pplweb.com)

610-774-5324

The information contained in this message is intended only for the personal and confidential use of the recipient(s) named above. If the reader of this message is not the intended recipient or an agent responsible for delivering it to the intended recipient, you are hereby notified that you have received this document in error and that any review, dissemination, distribution, or copying of this message is strictly prohibited. If you have received this communication in error, please notify us immediately, and delete the original message.

The information contained in this message is intended only for the personal and confidential use of the recipient(s) named above. If the reader of this message is not the intended recipient or an agent responsible for delivering it to the intended recipient, you are hereby notified that you have received this document in error and that any review, dissemination, distribution, or copying of this message is strictly prohibited. If you have received this communication in error, please notify us immediately, and delete the original message.

The information contained in this message is intended only for the personal and confidential use of the recipient(s) named above. If the reader of this message is not the intended recipient or an agent responsible for delivering it to the intended recipient, you are hereby notified that you have received this document in error and that any review, dissemination, distribution, or copying of this message is strictly prohibited. If you have received this communication in error, please notify us immediately, and delete the original message.

The information contained in this message is intended only for the personal and confidential use of the recipient(s) named above. If the reader of this message is not the intended recipient or an agent responsible for delivering it to the intended recipient, you are hereby notified that you have received this document in error and that any review, dissemination, distribution, or copying of this message is strictly prohibited. If you have received this communication in error, please notify us immediately, and delete the original message.

**Crescente, Angela**

---

**From:** Wiseman, Sara  
**Sent:** Monday, June 04, 2012 2:23 PM  
**To:** Crescente, Angela  
**Cc:** Amlung, Kim; Daly, Karen  
**Subject:** RE: Rollforward of PPE

Here is my proposal, what do you think?

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

---

**From:** Crescente, Angela  
**Sent:** Monday, June 04, 2012 2:04 PM  
**To:** Wiseman, Sara  
**Cc:** Amlung, Kim; Daly, Karen  
**Subject:** FW: Rollforward of PPE

Sara:

Please review my response to see if it sounds OK.

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

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

Thanks!  
Angela

---

**From:** Wiseman, Sara  
**Sent:** Friday, June 01, 2012 3:19 PM  
**To:** Crescente, Angela  
**Cc:** Daly, Karen; Amlung, Kim  
**Subject:** FW: Rollforward of PPE

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

---

**From:** Becker, Kurtis [PPL]  
**Sent:** Friday, June 01, 2012 1:57 PM  
**To:** Wiseman, Sara  
**Subject:** RE: Rollforward of PPE

Hi Sara,

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

---

**From:** Wiseman, Sara [<mailto:Sara.Wiseman@lge-ku.com>]  
**Sent:** Tuesday, May 15, 2012 1:52 PM  
**To:** Becker, Kurtis  
**Subject:** RE: Rollforward of PPE

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

---

**From:** Becker, Kurtis [PPL]  
**Sent:** Tuesday, May 15, 2012 12:58 PM  
**To:** Wiseman, Sara  
**Subject:** RE: Rollforward of PPE

Here is what John provided to me earlier today.

---

**From:** Wiseman, Sara [<mailto:Sara.Wiseman@lge-ku.com>]  
**Sent:** Tuesday, May 15, 2012 12:54 PM  
**To:** Becker, Kurtis  
**Subject:** RE: Rollforward of PPE

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

---

**From:** Becker, Kurtis [PPL]  
**Sent:** Tuesday, May 15, 2012 12:50 PM  
**To:** Wiseman, Sara  
**Subject:** RE: Rollforward of PPE

Hi Sara,

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

Thank You

---

**From:** Wiseman, Sara [<mailto:Sara.Wiseman@lge-ku.com>]  
**Sent:** Tuesday, May 15, 2012 12:40 PM  
**To:** Becker, Kurtis  
**Subject:** FW: Rollforward of PPE

Hi Kurtis,

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

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

Thanks,

Sara

---

**From:** Becker, Kurtis [PPL]  
**Sent:** Tuesday, May 15, 2012 8:26 AM  
**To:** Wiseman, Sara  
**Subject:** Rollforward of PPE

Hi Sara,

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

Thank You

Kurtis Becker  
PPL Corporation  
Financial Reporting, GENTW10  
[kbecker@pplweb.com](mailto:kbecker@pplweb.com)  
610-774-5324

The information contained in this message is intended only for the personal and confidential use of the recipient(s) named above. If the reader of this message is not the intended recipient or an agent responsible for delivering it to the intended recipient, you are hereby notified that you have received this document in error and that any review, dissemination, distribution, or copying of this message is strictly prohibited. If you have received this communication in error, please notify us immediately, and delete the original message.

The information contained in this message is intended only for the personal and confidential use of the recipient(s) named above. If the reader of this message is not the intended recipient or an agent responsible for delivering it to the intended recipient, you are hereby notified that you have received this document in error and that any review, dissemination, distribution, or copying of this message is strictly prohibited. If you have received this communication in error, please notify us immediately, and delete the original message.

The information contained in this message is intended only for the personal and confidential use of the recipient(s) named above. If the reader of this message is not the intended recipient or an agent responsible for delivering it to the intended recipient, you are hereby notified that you have received this document in error and that any review, dissemination, distribution, or copying of this message is strictly prohibited. If you have received this communication in error, please notify us immediately, and delete the original message.

The information contained in this message is intended only for the personal and confidential use of the recipient(s) named above. If the reader of this message is not the intended recipient or an agent responsible for delivering it to the intended recipient, you are hereby notified that you have received this document in error and that any review, dissemination, distribution, or copying of this message is strictly prohibited. If you have received this communication in error, please notify us immediately, and delete the original message.

**Crescente, Angela**

---

**From:** Crescente, Angela  
**Sent:** Monday, June 04, 2012 2:04 PM  
**To:** Wiseman, Sara  
**Cc:** Amlung, Kim; Daly, Karen  
**Subject:** FW: Rollforward of PPE  
**Attachments:** 2012 Annual Capital Expenditures Survey.xls

Sara:

Please review my response to see if it sounds OK.

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

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

Thanks!  
Angela

---

**From:** Wiseman, Sara  
**Sent:** Friday, June 01, 2012 3:19 PM  
**To:** Crescente, Angela  
**Cc:** Daly, Karen; Amlung, Kim  
**Subject:** FW: Rollforward of PPE

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

---

**From:** Becker, Kurtis [PPL]  
**Sent:** Friday, June 01, 2012 1:57 PM  
**To:** Wiseman, Sara  
**Subject:** RE: Rollforward of PPE

Hi Sara,

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

---

**From:** Wiseman, Sara [<mailto:Sara.Wiseman@lge-ku.com>]  
**Sent:** Tuesday, May 15, 2012 1:52 PM  
**To:** Becker, Kurtis  
**Subject:** RE: Rollforward of PPE

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



---

**From:** Becker, Kurtis [PPL]  
**Sent:** Tuesday, May 15, 2012 12:58 PM  
**To:** Wiseman, Sara  
**Subject:** RE: Rollforward of PPE

Here is what John provided to me earlier today.

---

**From:** Wiseman, Sara [<mailto:Sara.Wiseman@lge-ku.com>]  
**Sent:** Tuesday, May 15, 2012 12:54 PM  
**To:** Becker, Kurtis  
**Subject:** RE: Rollforward of PPE

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

---

**From:** Becker, Kurtis [PPL]  
**Sent:** Tuesday, May 15, 2012 12:50 PM  
**To:** Wiseman, Sara  
**Subject:** RE: Rollforward of PPE

Hi Sara,

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

Thank You

---

**From:** Wiseman, Sara [<mailto:Sara.Wiseman@lge-ku.com>]  
**Sent:** Tuesday, May 15, 2012 12:40 PM  
**To:** Becker, Kurtis  
**Subject:** FW: Rollforward of PPE

Hi Kurtis,

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

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

Thanks,

Sara

---

**From:** Becker, Kurtis [PPL]  
**Sent:** Tuesday, May 15, 2012 8:26 AM  
**To:** Wiseman, Sara  
**Subject:** Rollforward of PPE

Hi Sara,

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

Thank You

Kurtis Becker  
PPL Corporation  
Financial Reporting, GENTW10  
[kbecker@pplweb.com](mailto:kbecker@pplweb.com)  
610-774-5324

The information contained in this message is intended only for the personal and confidential use of the recipient(s) named above. If the reader of this message is not the intended recipient or an agent responsible for delivering it to the intended recipient, you are hereby notified that you have received this document in error and that any review, dissemination, distribution, or copying of this message is strictly prohibited. If you have received this communication in error, please notify us immediately, and delete the original message.

The information contained in this message is intended only for the personal and confidential use of the recipient(s) named above. If the reader of this message is not the intended recipient or an agent responsible for delivering it to the intended recipient, you are hereby notified that you have received this document in error and that any review, dissemination, distribution, or copying of this message is strictly prohibited. If you have received this communication in error, please notify us immediately, and delete the original message.

The information contained in this message is intended only for the personal and confidential use of the recipient(s) named above. If the reader of this message is not the intended recipient or an agent responsible for delivering it to the intended recipient, you are hereby notified that you have received this document in error and that any review, dissemination, distribution, or copying of this message is strictly prohibited. If you have received this communication in error, please notify us immediately, and delete the original message.

The information contained in this message is intended only for the personal and confidential use of the recipient(s) named above. If the reader of this message is not the intended recipient or an agent responsible for delivering it to the intended recipient, you are hereby notified that you have received this document in error and that any review, dissemination, distribution, or copying of this message is strictly prohibited. If you have received this communication in error, please notify us immediately, and delete the original message.

Support Sources  
2010 Annual Capital Expenditures Survey

W/P	Descriptions	Source	New W/P
B	Comp. of Construction Expend.	"CONSTRUCTION_EXPEND (B)" tab in this worksheet	B
C 1/17	2010 Cap Exp Survey Information	Walt Dietrich	B1
I1	Summary of CWIP in Intangibles	Clarity Source Files - CF worksheet - Intangible CWIP Tab	B2
I2	Cash Flow Statement	G:\CORPACCT\FINACCTG\Reporting\PKE\CASHFLOW\2010 Cash Flow\Cap_ex_Assetmgt_12-10.xls "Cash Flow Statement" tab	B3
E	Cash Flow - PPE	G:\CORPACCT\FINACCTG\Reporting\Clarity FSR\Clarity FSR Source Files\2010\10-K\CFS_Corp.xls "PPE (B)" tab	B4
D 1/4 - 4/4	PPL Corp Balance Sheet	G:\CORPACCT\FINACCTG\Reporting\Clarity FSR\Clarity FSR Source Files\2010\10-K\Corp BS.xls	C
L2	Summary of Cap X for Capitalized Software	Ask John Nitsche to run the "additions" report just for the "Capitalized Software" codes 303.2	D
L	Summary of Cap X for Capitalized Software	"Software (L)" tab in this worksheet	N/A
H2 - H2.1	Revenues	BE-10A Survey	E
H	PPE Rollforward	BE-10A Survey	E.1
J 1/7 - J 7/7	Consolidated Statement of CF Worksheet	G:\CORPACCT\FINACCTG\Reporting\Clarity FSR\Clarity FSR Source Files\2010\10-K\CFS_Corp.xls	F
J1	Proceeds from Assets Sales and Other	G:\CORPACCT\FINACCTG\Reporting\Clarity FSR\Clarity FSR Source Files\2010\10-K\CFS_Corp.xls	G
J2 1/4 - J2 4/4	Journal Entry Inquiry	Impairment of Disc Ops	N/A
J3	Cash Flow Amortization Exp Items	Cash Flow Workpapers	H
J4	BS/ P&KE Balance Sheet	G:\CORPACCT\FINACCTG\Reporting\Clarity FSR\Clarity FSR Source Files\2010\10-K\Corp BS.xls	N/A
	10K	Final 2010 10K Footnote 9 and 10	I
M	PPL Global Balance Sheet	G:\EXCHANGE\Controller-2\NVISION\_2010 Financials\_2010-12-31\Workday 10 Final\BSC30180_2010-12-31.xls	J
M2	Schedule 28 - Weighted Avg. Depr.	WPD Reporting Package	J1
K	"ARO605" Activities	Discovery Query -G:\CORPACCT\FINACCTG\Reporting\PKE\CASHFLOW\Cashflow_ARO605.DIS	K
F	Asset Management Report	Ask John Nitsche to run the "disposals" excluding University Park, Wallingford and Safe Harbor - Disc. Ops	L
	LKE Disposals	LG&E and KU Energy LLC Cash Flow Proof - PPE Disposals	M
	PPE Accrual	Cash Flow Workpapers B5 for PPE Accrual	N

**Summary of Ending PPE Balance for Capital Expenditure Survey  
2011**

3,501,781,318

**Summary of Ending Balances:**

	<u>w/p</u>	<u>w/p</u>	
Gross PPE Balance per B/S worksheet	8,078,000,000		C 1/2
Less: Gross PPL Global PPE - WPD	-		J
Adjusted Gross Domestic PPE	8,078,000,000		
Domestic Accumulated Depreciation	(9,209,486,000)		C 1/2
Add Back Accumulated depreciation PPL Global -WPD	1,105,006,800		J
Adjusted Domestic Accumulated Depreciation	(8,104,479,200)		Take to survey - Row 15
Net Domestic PPE	(26,479,200)		ties to E.1

**Rollforward:**

Beginning Domestic PPE from prior year end	7,574,000,000		PY	Take to survey - Row 10
Plus - capital expenditures	531,873,000		B	Take to survey - Row 11
<b>Less - disposals:</b>				
Per Asset Management	-		L	
Retirements for LKE for 2011	(38,530,509)		M	
Retirement of Nuclear Fuel assemblies	-		H	
	(38,530,509)			
<b>Less - impairments:</b>				
Non-core generation assets	-			
Other (plug)	10,657,509		below	
Ending Domestic PPE	8,078,000,000			Take to survey - Row 14

**Breakdown of Other:**

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

Reversal of Prior Year Impairment	-	PY	
Other - plug	736,802	plug	0.14%
Total Other from above			10,657,509

**Acquisitions cost of retirements and dispositions:**

AROs	9,920,707	per above	
Reversal of Prior Year Impairment	-		
Other -plug	736,802		
Disposals	(38,530,509)		
Impairments	-		
<b>Total Acquisition costs of retirements and dispositions</b>			<b>(27,873,000)</b>

Take to survey - Row 13

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

Charnas

(thousands of Dollars)	Breakdown By Industry		
		Gas	Electric
2011 CONSTRUCTION (Walt Deitrich) EXCLUDING NUCLEAR FUEL	1,547,699 B1	56,826	1,490,873
Less: intangibles	(31,670) B2	-	(31,670)
Add: EU Salvage credits (PPE)	3,031 G		3,031
Less: capital expenditures for removal recorded to accumulated depreciation and not cost Adjusted	(34,975) B3		(34,975)
	<u>1,484,085</u>	<u>56,826</u>	<u>1,427,259</u>
NUCLEAR FUEL OWNED AND LEASED	145,421 B1		145,421
OTHER LEASED PROPERTY			
TOTAL 2011 CONSTRUCTION	<u>1,629,506</u>	<u>56,826</u>	<u>1,572,680</u>

	Per Walt	Removals	CONSTRUCTION TOTAL	LEASES & NUC FUEL	TOTAL	By Industry			Total
						Gas (2212)	Office Admin (5619)	Electric (2211)	
STRUCTURES -2211	1,241,021 B1	(52,953)	1,188,068		1,188,068		-	1,188,068	1,188,068
STRUCTURES -2212	46,131 B1	-	46,131		46,131	46,131	-	-	46,131
EQUIPMENT -2211	178,127 B1	(7,600)	170,527		170,527	-	-	170,527	170,527
EQUIPMENT -2212	10,695 B1	-	10,695		10,695	10,695	-	-	10,695
EQUIPMENT -5619	71,725 B1	(3,060)	68,665		68,665	-	68,665	-	68,665
OTHER -2211				145,421	145,421	-	-	145,421	145,421
TOTAL	<u>1,547,699</u>	<u>(63,614)</u>	<u>1,484,085</u>	<u>145,421</u>	<u>1,629,506</u>	<u>56,826</u>	<u>68,665</u>	<u>1,504,015</u>	<u>1,629,506</u>

	\$	%	Allocate Removal \$s	
Per Walt: (Used to allocate removals and intangibles)				
Structures - Non natural gas -2211	1,241,021 B1	83.2%	(52,953)	
Structures - Natural gas -2212			-	Do not allocate Removal cost to gas because the costs are not on KY
Equipment - Non natural gas - 2211	178,127 B1	11.9%	(7,600)	
Equipment - Natural gas -2212			-	Do not allocate Removal cost to gas because the costs are not on KY
Equipment - Non natural gas - 5619	71,725 B1	4.8%	(3,060)	
	<u>1,490,873</u>	<u>100.0%</u>	<u>(63,614)</u>	

Total Capital Expenditure by Category	Per Walt	Removals	CONSTRUCTION TOTAL	LEASES & NUC FUEL	TOTAL
STRUCTURES - Total	1,287,152	(52,953)	1,234,199		1,234,199
EQUIPMENT - Total	260,547	(10,661)	249,887		249,887
OTHER - Total				145,421	145,421
TOTAL	<u>1,547,699</u>	<u>(63,614)</u>	<u>1,484,086</u>	<u>145,421</u>	<u>1,629,507</u>

**Crescente, Angela**

---

**From:** Wiseman, Sara  
**Sent:** Friday, June 01, 2012 3:19 PM  
**To:** Crescente, Angela  
**Cc:** Daly, Karen; Amlung, Kim  
**Subject:** FW: Rollforward of PPE  
**Attachments:** 2012 Annual Capital Expenditures Survey.xls

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

---

**From:** Becker, Kurtis [PPL]  
**Sent:** Friday, June 01, 2012 1:57 PM  
**To:** Wiseman, Sara  
**Subject:** RE: Rollforward of PPE

Hi Sara,

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

---

**From:** Wiseman, Sara [<mailto:Sara.Wiseman@lge-ku.com>]  
**Sent:** Tuesday, May 15, 2012 1:52 PM  
**To:** Becker, Kurtis  
**Subject:** RE: Rollforward of PPE

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

---

**From:** Becker, Kurtis [PPL]  
**Sent:** Tuesday, May 15, 2012 12:58 PM  
**To:** Wiseman, Sara  
**Subject:** RE: Rollforward of PPE

Here is what John provided to me earlier today.

---

**From:** Wiseman, Sara [<mailto:Sara.Wiseman@lge-ku.com>]  
**Sent:** Tuesday, May 15, 2012 12:54 PM  
**To:** Becker, Kurtis  
**Subject:** RE: Rollforward of PPE

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

---

**From:** Becker, Kurtis [PPL]  
**Sent:** Tuesday, May 15, 2012 12:50 PM  
**To:** Wiseman, Sara  
**Subject:** RE: Rollforward of PPE

Hi Sara,

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

Thank You

---

**From:** Wiseman, Sara [<mailto:Sara.Wiseman@lge-ku.com>]  
**Sent:** Tuesday, May 15, 2012 12:40 PM  
**To:** Becker, Kurtis  
**Subject:** FW: Rollforward of PPE

Hi Kurtis,

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

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

Thanks,

Sara

---

**From:** Becker, Kurtis [PPL]  
**Sent:** Tuesday, May 15, 2012 8:26 AM  
**To:** Wiseman, Sara  
**Subject:** Rollforward of PPE

Hi Sara,

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

Thank You

Kurtis Becker  
PPL Corporation  
Financial Reporting, GENTW10  
[kbecker@pplweb.com](mailto:kbecker@pplweb.com)  
610-774-5324

The information contained in this message is intended only for the personal and confidential use of the recipient(s) named above. If the reader of this message is not the intended recipient or an agent responsible for delivering it to the intended recipient, you are hereby notified that you have received this document in error and that any review, dissemination, distribution, or copying of this message is strictly prohibited. If you have received this communication in error, please notify us immediately, and delete the original message. The information contained in this message is intended only for the personal and confidential use of the recipient(s) named above. If the reader of this message is not the intended recipient or an agent responsible for



Charnas

delivering it to the intended recipient, you are hereby notified that you have received this document in error and that any review, dissemination, distribution, or copying of this message is strictly prohibited. If you have received this communication in error, please notify us immediately, and delete the original message.

The information contained in this message is intended only for the personal and confidential use of the recipient(s) named above. If the reader of this message is not the intended recipient or an agent responsible for delivering it to the intended recipient, you are hereby notified that you have received this document in error and that any review, dissemination, distribution, or copying of this message is strictly prohibited. If you have received this communication in error, please notify us immediately, and delete the original message.

The information contained in this message is intended only for the personal and confidential use of the recipient(s) named above. If the reader of this message is not the intended recipient or an agent responsible for delivering it to the intended recipient, you are hereby notified that you have received this document in error and that any review, dissemination, distribution, or copying of this message is strictly prohibited. If you have received this communication in error, please notify us immediately, and delete the original message.

## Support Sources

## 2010 Annual Capital Expenditures Survey

W/P	Descriptions	Source	New W/P
B	Comp. of Construction Expend.	"CONSTRUCTION_EXPEND (B)" tab in this worksheet	B
C 1/17	2010 Cap Exp Survey Information	Walt Dietrich	B1
I1	Summary of CWIP in Intangibles	Clarity Source Files - CF worksheet - Intangible CWIP Tab	B2
I2	Cash Flow Statement	G:\CORPACCT\FINACCTG\Reporting\PKE\CASHFLOW\2010 Cash Flow\Cap_ex_Assetmgt_12-10.xls "Cash Flow Statement" tab	B3
E	Cash Flow - PPE	G:\CORPACCT\FINACCTG\Reporting\Clarity FSR\Clarity FSR Source Files\2010\10-K\CFS_Corp.xls "PPE (B)" tab	B4
D 1/4 - 4/4	PPL Corp Balance Sheet	G:\CORPACCT\FINACCTG\Reporting\Clarity FSR\Clarity FSR Source Files\2010\10-K\Corp BS.xls	C
L2	Summary of Cap X for Capitalized Software	Ask John Nitsche to run the "additions" report just for the "Capitalized Software" codes 303.2	D
L	Summary of Cap X for Capitalized Software	"Software (L)" tab in this worksheet	N/A
H2 - H2.1	Revenues	BE-10A Survey	E
H	PPE Rollforward	BE-10A Survey	E.1
J 1/7 - J 7/7	Consolidated Statement of CF Worksheet	G:\CORPACCT\FINACCTG\Reporting\Clarity FSR\Clarity FSR Source Files\2010\10-K\CFS_Corp.xls	F
J1	Proceeds from Assets Sales and Other	G:\CORPACCT\FINACCTG\Reporting\Clarity FSR\Clarity FSR Source Files\2010\10-K\CFS_Corp.xls	G
J2 1/4 - J2 4/4	Journal Entry Inquiry	Impairment of Disc Ops	N/A
J3	Cash Flow Amortization Exp Items	Cash Flow Workpapers	H
J4	BS/ P&KE Balance Sheet	G:\CORPACCT\FINACCTG\Reporting\Clarity FSR\Clarity FSR Source Files\2010\10-K\Corp BS.xls	N/A
10K		Final 2010 10K Footnote 9 and 10	I
M	PPL Global Balance Sheet	G:\EXCHANGE\Controller-2\NVISION\_2010 Financials\_2010-12-31\Workday 10 Final\BSC30180_2010-12-31.xls	J
M2	Schedule 28 - Weighted Avg. Depr.	WPD Reporting Package	J1
K	"ARO605" Activities	Discovery Query -G:\CORPACCT\FINACCTG\Reporting\PKE\CASHFLOW\Cashflow_ARO605.DIS	K
F	Asset Management Report	Ask John Nitsche to run the "disposals" excluding University Park, Wallingford and Safe Harbor - Disc. Ops	L
	LKE Disposals	LG&E and KU Energy LLC Cash Flow Proof - PPE Disposals	M
	PPE Accrual	Cash Flow Workpapers B5 for PPE Accrual	N

**Summary of Ending PPE Balance for Capital Expenditure Survey  
 2011**

3,501,781,318

**Summary of Ending Balances:**

	<u>w/p</u>	<u>w/p</u>	
Gross PPE Balance per B/S worksheet	8,078,000,000		C 1/2
Less: Gross PPL Global PPE - WPD	-		J
Adjusted Gross Domestic PPE	8,078,000,000		
Domestic Accumulated Depreciation	(9,209,486,000)		C 1/2
Add Back Accumulated depreciation PPL Global -WPD	1,105,006,800		J
Adjusted Domestic Accumulated Depreciation	(8,104,479,200)		Take to survey - Row 15
Net Domestic PPE	(26,479,200)		ties to E.1

**Rollforward:**

Beginning Domestic PPE from prior year end	7,574,000,000		PY	Take to survey - Row 10
Plus - capital expenditures	531,873,000		B	Take to survey - Row 11
<b>Less - disposals:</b>				
Per Asset Management	-		L	
Retirements for LKE for 2011	(38,530,509)		M	
Retirement of Nuclear Fuel assemblies	-		H	
	(38,530,509)			
<b>Less - impairments:</b>				
Non-core generation assets	-			
Other (plug)	10,657,509			below
Ending Domestic PPE	8,078,000,000			Take to survey - Row 14

**Breakdown of Other:**

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

Reversal of Prior Year Impairment	-	PY	
Other - plug	736,802	plug	0.14%
Total Other from above			10,657,509

**Acquisitions cost of retirements and dispositions:**

AROs	9,920,707	per above	
Reversal of Prior Year Impairment	-		
Other -plug	736,802		
Disposals	(38,530,509)		
Impairments	-		
<b>Total Acquisition costs of retirements and dispositions</b>			<b>(27,873,000)</b>

Take to survey - Row 13

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

Charnas

(thousands of Dollars)	Breakdown By Industry		
		Gas	Electric
2011 CONSTRUCTION (Walt Deitrich) EXCLUDING NUCLEAR FUEL	1,547,699 B1	56,826	1,490,873
Less: intangibles	(31,670) B2	-	(31,670)
Add: EU Salvage credits (PPE)	3,031 G		3,031
Less: capital expenditures for removal recorded to accumulated depreciation and not cost Adjusted	(34,975) B3		(34,975)
	<u>1,484,085</u>	<u>56,826</u>	<u>1,427,259</u>
NUCLEAR FUEL OWNED AND LEASED	145,421 B1		145,421
OTHER LEASED PROPERTY			-
TOTAL 2011 CONSTRUCTION	<u>1,629,506</u>	<u>56,826</u>	<u>1,572,680</u>

	Per Walt	Removals	CONSTRUCTION TOTAL	LEASES & NUC FUEL	TOTAL	By Industry			Total
						Gas (2212)	Office Admin (5619)	Electric (2211)	
STRUCTURES -2211	1,241,021 B1	(52,953)	1,188,068		1,188,068		-	1,188,068	1,188,068
STRUCTURES -2212	46,131 B1	-	46,131		46,131	46,131	-	-	46,131
EQUIPMENT -2211	178,127 B1	(7,600)	170,527		170,527	-	-	170,527	170,527
EQUIPMENT -2212	10,695 B1	-	10,695		10,695	10,695	-	-	10,695
EQUIPMENT -5619	71,725 B1	(3,060)	68,665		68,665	-	68,665	-	68,665
OTHER -2211			-	145,421	145,421	-	-	145,421	145,421
TOTAL	<u>1,547,699</u>	<u>(63,614)</u>	<u>1,484,085</u>	<u>145,421</u>	<u>1,629,506</u>	<u>56,826</u>	<u>68,665</u>	<u>1,504,015</u>	<u>1,629,506</u>

	\$	%	Allocate Removal \$s
Per Walt: (Used to allocate removals and intangibles)			
Structures - Non natural gas -2211	1,241,021 B1	83.2%	(52,953)
Structures - Natural gas -2212			-
Equipment - Non natural gas - 2211	178,127 B1	11.9%	(7,600)
Equipment - Natural gas -2212			-
Equipment - Non natural gas - 5619	71,725 B1	4.8%	(3,060)
	<u>1,490,873</u>	<u>100.0%</u>	<u>(63,614)</u>

Do not allocate Removal cost to gas because the costs are not on KY  
 Do not allocate Removal cost to gas because the costs are not on KY

Total Capital Expenditure by Category	Per Walt	Removals	CONSTRUCTION TOTAL	LEASES & NUC FUEL	TOTAL
STRUCTURES - Total	1,287,152	(52,953)	1,234,199		1,234,199
EQUIPMENT - Total	260,547	(10,661)	249,887		249,887
OTHER - Total				145,421	145,421
TOTAL	<u>1,547,699</u>	<u>(63,614)</u>	<u>1,484,086</u>	<u>145,421</u>	<u>1,629,507</u>

**Crescente, Angela**

---

**From:** Crescente, Angela  
**Sent:** Tuesday, April 24, 2012 9:42 AM  
**To:** Koellner, Corey  
**Cc:** Wiseman, Sara  
**Subject:** RE: KU ARO Regulatory Liabs

Corey,

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

Thanks,  
Angela

---

**From:** Koellner, Corey  
**Sent:** Monday, April 23, 2012 4:12 PM  
**To:** Crescente, Angela  
**Subject:** KU ARO Regulatory Liabs

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

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

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

Thanks in advance for the help!

Corey Koellner  
Regulatory Accounting & Reporting

**Crescente, Angela**

---

**From:** Koellner, Corey  
**Sent:** Monday, April 23, 2012 4:12 PM  
**To:** Crescente, Angela  
**Subject:** KU ARO Regulatory Liabs

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

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

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

Thanks in advance for the help!

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

**Crescente, Angela**

---

**From:** Crescente, Angela  
**Sent:** Thursday, April 19, 2012 4:33 PM  
**To:** Koellner, Corey  
**Cc:** Wiseman, Sara  
**Subject:** RE: LGE ARO Regulatory Liabs

Corey,

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

Thanks,  
Angela

---

**From:** Koellner, Corey  
**Sent:** Thursday, April 19, 2012 3:18 PM  
**To:** Crescente, Angela  
**Subject:** LGE ARO Regulatory Liabs

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

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

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

Thanks in advance for the help!

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



**Crescente, Angela**

---

**From:** Koellner, Corey  
**Sent:** Thursday, April 19, 2012 3:18 PM  
**To:** Crescente, Angela  
**Subject:** LGE ARO Regulatory Liabs

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

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

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

Thanks in advance for the help!

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

**Crescente, Angela**

---

**From:** Crescente, Angela  
**Sent:** Friday, April 13, 2012 2:53 PM  
**To:** Koellner, Corey  
**Cc:** Wiseman, Sara  
**Subject:** RE: LGE ARO Regulatory Assets

Corey,

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

Thanks,  
Angela

---

**From:** Koellner, Corey  
**Sent:** Thursday, April 12, 2012 3:20 PM  
**To:** Crescente, Angela  
**Cc:** Wiseman, Sara  
**Subject:** LGE ARO Regulatory Assets

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

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

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

Thanks in advance for the help!

**Crescente, Angela**

---

**From:** Koellner, Corey  
**Sent:** Thursday, April 12, 2012 3:20 PM  
**To:** Crescente, Angela  
**Cc:** Wiseman, Sara  
**Subject:** LGE ARO Regulatory Assets

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

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

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

Thanks in advance for the help!

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

**Crescente, Angela**

---

**From:** Wiseman, Sara  
**Sent:** Thursday, January 12, 2012 2:17 PM  
**To:** Amlung, Kim; Clark, Ed; Clark, Lynda; Crescente, Angela; Daly, Karen; Griffin, Sharon; Kinder, Debra; Kuntz, John; Leenerts, Patricia; Riggs, Eric; Rose, Bruce; Wacker, Diana  
**Subject:** ARO journal entry

**Follow Up Flag:** Follow up  
**Flag Status:** Completed

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

The entry debits 101 PIS and credits 230 ARO liability.

KU is approximately: 185,000

LGE is approximately: 145,000

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

*Sara Wiseman  
Manager, Property Accounting  
Office 502.627.3189  
Cell 502.338.0886*

**Clark, Ed**

---

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



KU ARO Cost at  
March 2012.xls

compute_0001	account	compute_0003	description	description	start_month	description
ARC ASSET	101107	10223658.28	Purc-BR Ash Pond	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00	Financial
ARC ASSET	101107	2434204.42	Purc-BR Auxiliary Pond	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00	Financial
ARC ASSET	101107	62286.11	Purc-BR Coal Storage	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00	Financial
ARC ASSET	101107	378385.65	Purc-BR Gen Wells	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00	Financial
ARC ASSET	101107	0	Purc-BR Lab	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00	Financial
ARC ASSET	101107	15379.54	Purc-BR Nuclear Sources	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00	Financial
ARC ASSET	101107	6795.74	Purc-BR Oil Storage	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00	Financial
ARC ASSET	101107	17790.81	Purc-BR Oil Storage CT - OP	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00	Financial
ARC ASSET	101107	392607.96	Purc-BR Unit 1-ASB	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00	Financial
ARC ASSET	101107	799069.76	Purc-BR Unit 2-ASB	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00	Financial
ARC ASSET	101107	1842177.99	Purc-BR Unit 3-ASB	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00	Financial
ARC ASSET	101107	185157.1	Purc-Dist Bushings KU-PCB	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00	Financial
ARC ASSET	101107	314421.66	Purc-Dist Line Transformers-PCB	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00	Financial
ARC ASSET	101107	93978.89	Purc-Dix Dam Gen Wells	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00	Financial
ARC ASSET	101107	57608.88	Purc-Dix Dam-Hydro-ASB	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00	Financial
ARC ASSET	101107	14370079.59	Purc-Ghent Ash Pond	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00	Financial
ARC ASSET	101107	11390.49	Purc-Ghent Chemical Storage	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00	Financial
ARC ASSET	101107	403467.65	Purc-Ghent Coal Storage	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00	Financial
ARC ASSET	101107	391402.97	Purc-Ghent Environmental Ponds	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00	Financial
ARC ASSET	101107	51016.93	Purc-Ghent Gen Wells	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00	Financial
ARC ASSET	101107	0	Purc-Ghent GSU Spare	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00	Financial
ARC ASSET	101107	0	Purc-Ghent GSU Unit 1	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00	Financial
ARC ASSET	101107	0	Purc-Ghent GSU Unit 2	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00	Financial
ARC ASSET	101107	0	Purc-Ghent GSU Unit 3	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00	Financial
ARC ASSET	101107	0	Purc-Ghent GSU Unit 4	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00	Financial
ARC ASSET	101107	4057007.06	Purc-Ghent Gypsum Stack	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00	Financial
ARC ASSET	101107	122548.26	Purc-Ghent Nuclear Sources	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00	Financial
ARC ASSET	101107	8500.34	Purc-Ghent Oil Storage	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00	Financial
ARC ASSET	101107	0	Purc-Ghent Sewage Treatment Plant	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00	Financial
ARC ASSET	101107	1878307.97	Purc-Ghent Unit 1-ASB	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00	Financial
ARC ASSET	101107	2415126.79	Purc-Ghent Unit 2-ASB	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00	Financial
ARC ASSET	101107	326450.29	Purc-Ghent Unit 3-ASB	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00	Financial
ARC ASSET	101107	326450.29	Purc-Ghent Unit 4-ASB	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00	Financial
ARC ASSET	101107	5971909.66	Purc-GR Ash Pond	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00	Financial
ARC ASSET	101107	634.54	Purc-GR Chemical Storage	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00	Financial
ARC ASSET	101107	200039.5	Purc-GR Coal Storage	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00	Financial

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

**Clark, Ed**

---

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



LGE ARO Cost at  
March 2012.xls...



compute_0account	compute_0003	description	description	start_month	description
ARC ASSE 101107	0.00	Purc-Canal (Retired)-ASB	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00	Financial
ARC ASSE 101107	5,057,335.67	Purc-CR Ash Pond	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00	Financial
ARC ASSE 101107	254,106.69	Purc-CR Coal Storage	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00	Financial
ARC ASSE 101107	643,660.86	Purc-CR Environmental Ponds	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00	Financial
ARC ASSE 101107	1,101,827.06	Purc-CR Floodwall Penetration	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00	Financial
ARC ASSE 101107	152,675.14	Purc-CR Gen Wells	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00	Financial
ARC ASSE 101107	0.00	Purc-CR GSU Spare	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00	Financial
ARC ASSE 101107	0.00	Purc-CR GSU Unit 4	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00	Financial
ARC ASSE 101107	0.00	Purc-CR GSU Unit 5	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00	Financial
ARC ASSE 101107	0.00	Purc-CR GSU Unit 6	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00	Financial
ARC ASSE 101107	2,256,843.57	Purc-CR Landfill	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00	Financial
ARC ASSE 101107	41,183.48	Purc-CR Nuclear Sources	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00	Financial
ARC ASSE 101107	0.00	Purc-CR Sewage Treatment Plant	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00	Financial
ARC ASSE 101107	793,449.09	Purc-CR Unit 1 (Retired)-ASB	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00	Financial
ARC ASSE 101107	747,451.99	Purc-CR Unit 2 (Retired)-ASB	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00	Financial
ARC ASSE 101107	842,320.91	Purc-CR Unit 3 (Retired)-ASB	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00	Financial
ARC ASSE 101107	890,672.04	Purc-CR Unit 4-ASB	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00	Financial
ARC ASSE 101107	638,926.57	Purc-CR Unit 5-ASB	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00	Financial
ARC ASSE 101107	651,413.18	Purc-CR Unit 6-ASB	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00	Financial
ARC ASSE 101107	145,309.24	Purc-Dist Bushings LGE-PCB	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00	Financial
ARC ASSE 101107	4,696,835.38	Purc-MC Ash Pond	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00	Financial
ARC ASSE 101107	8,164.80	Purc-MC Chemical Storage	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00	Financial
ARC ASSE 101107	171,688.24	Purc-MC Coal Storage	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00	Financial
ARC ASSE 101107	447,317.61	Purc-MC Environmental Ponds	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00	Financial
ARC ASSE 101107	122,110.65	Purc-MC Gen Wells	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00	Financial
ARC ASSE 101107	0.00	Purc-MC GSU Spare	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00	Financial
ARC ASSE 101107	0.00	Purc-MC GSU Unit 1	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00	Financial
ARC ASSE 101107	0.00	Purc-MC GSU Unit 2	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00	Financial
ARC ASSE 101107	0.00	Purc-MC GSU Unit 3	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00	Financial
ARC ASSE 101107	0.00	Purc-MC GSU Unit 4	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00	Financial
ARC ASSE 101107	2,010,632.42	Purc-MC Landfill	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00	Financial
ARC ASSE 101107	12,477.60	Purc-MC Nuclear Sources	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00	Financial
ARC ASSE 101107	597.03	Purc-MC Oil Storage	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00	Financial
ARC ASSE 101107	791,591.07	Purc-MC Unit 1-ASB	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00	Financial
ARC ASSE 101107	692,373.96	Purc-MC Unit 2-ASB	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00	Financial
ARC ASSE 101107	292,218.93	Purc-MC Unit 3-ASB	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00	Financial
ARC ASSE 101107	434,153.84	Purc-MC Unit 4-ASB	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00	Financial

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

**Clark, Ed**

---

**From:** Porter, Janice  
**Sent:** Friday, July 20, 2012 3:05 PM  
**To:** Crescente, Angela  
**Subject:** RE: Project 127455-MAGNOLIA TO PICCADILY MODIFICATIONS

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

---

**From:** Crescente, Angela  
**Sent:** Tuesday, July 17, 2012 8:49 AM  
**To:** Beatty, Stephen; Leenerts, Patricia  
**Cc:** Porter, Janice  
**Subject:** RE: Project 127455-MAGNOLIA TO PICCADILY MODIFICATIONS

Janice,

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

Thanks,  
Angela  
X2524

---

**From:** Beatty, Stephen  
**Sent:** Tuesday, July 17, 2012 7:43 AM  
**To:** Leenerts, Patricia  
**Cc:** Porter, Janice; Crescente, Angela  
**Subject:** RE: Project 127455-MAGNOLIA TO PICCADILY MODIFICATIONS

All:

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

Thanks,

Steve

<< File: Picture 168.jpg >>

---

**From:** Leenerts, Patricia  
**Sent:** Monday, July 16, 2012 3:58 PM

**To:** Beatty, Stephen  
**Cc:** Porter, Janice; Crescente, Angela  
**Subject:** FW: Project 127455-MAGNOLIA TO PICCADILY MODIFICATIONS

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

Thanks,

Pat  
502-627-3811

---

**From:** Beatty, Stephen  
**Sent:** Monday, July 16, 2012 3:26 PM  
**To:** Leenerts, Patricia  
**Cc:** Porter, Janice  
**Subject:** FW: Project 127455-MAGNOLIA TO PICCADILY MODIFICATIONS

Pat:

I can assist you on this request.

Please see my response in RED.

Steve

---

**From:** Leenerts, Patricia  
**Sent:** Monday, July 16, 2012 2:31 PM  
**To:** Clyde, Peter  
**Cc:** Porter, Janice  
**Subject:** Project 127455-MAGNOLIA TO PICCADILY MODIFICATIONS

Pete,

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

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

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

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

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

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

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

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

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

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

<< File: Magnolia Project Tasks.xlsx >>

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

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

Charnas

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

Project 127455

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

Thanks,

Pat  
502-627-3811

**Clark, Ed**

---

**From:** Leenerts, Patricia  
**Sent:** Friday, July 20, 2012 11:04 AM  
**To:** Clyde, Peter  
**Cc:** Crescente, Angela  
**Subject:** FW: 132621 - Penile Retirement

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

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

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

Thanks,

Pat  
502-627-3811

---

**From:** Beatty, Stephen  
**Sent:** Friday, July 20, 2012 9:16 AM  
**To:** Leenerts, Patricia  
**Cc:** Crescente, Angela  
**Subject:** RE: Penile Retirement

Pat:

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

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

Regards,

Steve

---

**From:** Leenerts, Patricia  
**Sent:** Thursday, July 19, 2012 11:20 AM  
**To:** Beatty, Stephen  
**Cc:** Crescente, Angela  
**Subject:** RE: Penile Retirement

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

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

Thanks,

Pat  
502-627-3811

---

**From:** Leenerts, Patricia  
**Sent:** Thursday, July 19, 2012 10:55 AM  
**To:** Beatty, Stephen  
**Cc:** Crescente, Angela  
**Subject:** RE: Penile Retirement

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

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

Thanks,

Pat  
502-627-3811

---

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

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

---

**From:** Crescente, Angela  
**Sent:** Thursday, June 28, 2012 9:01 AM  
**To:** Beatty, Stephen  
**Cc:** Leenerts, Patricia  
**Subject:** RE: Penile Retirement

Steve,

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

Thanks,



Angela

---

**From:** Leenerts, Patricia  
**Sent:** Tuesday, June 26, 2012 4:10 PM  
**To:** Beatty, Stephen  
**Subject:** RE: Penile Retirement

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

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

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

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

Thanks,

Pat  
502-627-3811

---

**From:** Beatty, Stephen  
**Sent:** Tuesday, June 26, 2012 2:52 PM  
**To:** Leenerts, Patricia  
**Subject:** Penile Retirement

Pat:

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

Thanks,

Steve

Clark, Ed

---

**From:** Beatty, Stephen  
**Sent:** Friday, July 20, 2012 9:16 AM  
**To:** Leenerts, Patricia  
**Cc:** Crescente, Angela  
**Subject:** RE: Penile Retirement

Pat:

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

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

Regards,

Steve

---

**From:** Leenerts, Patricia  
**Sent:** Thursday, July 19, 2012 11:20 AM  
**To:** Beatty, Stephen  
**Cc:** Crescente, Angela  
**Subject:** RE: Penile Retirement

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

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

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

Thanks,

Pat  
502-627-3811

---

**From:** Beatty, Stephen  
**Sent:** Thursday, July 19, 2012 11:14 AM  
**To:** Leenerts, Patricia  
**Cc:** Crescente, Angela  
**Subject:** RE: Penile Retirement

Pat:

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

Steve

---

**From:** Leenerts, Patricia  
**Sent:** Thursday, July 19, 2012 10:55 AM  
**To:** Beatty, Stephen  
**Cc:** Crescente, Angela  
**Subject:** RE: Penile Retirement

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

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

Thanks,

Pat  
502-627-3811

---

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

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

---

**From:** Beatty, Stephen  
**Sent:** Thursday, June 28, 2012 10:14 AM  
**To:** Crescente, Angela; Leenerts, Patricia  
**Subject:** RE: Penile Retirement

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

---

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

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

---

**From:** Leenerts, Patricia  
**Sent:** Thursday, June 28, 2012 10:06 AM  
**To:** Crescente, Angela; Beatty, Stephen  
**Subject:** RE: Penile Retirement

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

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

You all must really type a lot faster than me.

Thanks,

Pat  
502-627-3811

---

**From:** Crescente, Angela  
**Sent:** Thursday, June 28, 2012 10:02 AM  
**To:** Beatty, Stephen  
**Cc:** Leenerts, Patricia  
**Subject:** RE: Penile Retirement

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

---

**From:** Beatty, Stephen  
**Sent:** Thursday, June 28, 2012 10:00 AM  
**To:** Crescente, Angela  
**Cc:** Leenerts, Patricia  
**Subject:** RE: Penile Retirement

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

I'll move forward with this information.

---

**From:** Crescente, Angela  
**Sent:** Thursday, June 28, 2012 9:01 AM  
**To:** Beatty, Stephen  
**Cc:** Leenerts, Patricia  
**Subject:** RE: Penile Retirement

Steve,

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

Thanks,  
Angela

---

**From:** Leenerts, Patricia  
**Sent:** Wednesday, June 27, 2012 8:10 AM  
**To:** Crescente, Angela  
**Subject:** FW: Penile Retirement

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

Thanks,

Pat  
502-627-3811

---

**From:** Beatty, Stephen  
**Sent:** Wednesday, June 27, 2012 8:01 AM  
**To:** Leenerts, Patricia  
**Subject:** RE: Penile Retirement

Pat:

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

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

If this works for you, it works for me.

Steve

---

**From:** Leenerts, Patricia  
**Sent:** Wednesday, June 27, 2012 8:00 AM  
**To:** Beatty, Stephen  
**Subject:** FW: Penile Retirement

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

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

Thanks,

Pat  
502-627-3811

---

**From:** Beatty, Stephen  
**Sent:** Wednesday, June 27, 2012 7:37 AM  
**To:** Leenerts, Patricia  
**Subject:** RE: Penile Retirement

Pat:

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

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

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

Thanks and let me know if I can help.

Steve

---

**From:** Leenerts, Patricia  
**Sent:** Tuesday, June 26, 2012 4:10 PM  
**To:** Beatty, Stephen  
**Subject:** RE: Penile Retirement

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

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

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

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

Thanks,

Pat  
502-627-3811

---

**From:** Beatty, Stephen

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

**To:** Leenerts, Patricia

**Subject:** Penile Retirement

Pat:

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

Thanks,

Steve

**Clark, Ed**

---

**From:** Mooney, Mike (BOC 3)  
**Sent:** Thursday, July 19, 2012 3:37 PM  
**To:** Crescente, Angela  
**Subject:** RE: PE ARO Projects and years

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

--Mike

---

**From:** Crescente, Angela  
**Sent:** Thursday, July 19, 2012 3:33 PM  
**To:** Mooney, Mike (BOC 3)  
**Subject:** RE: PE ARO Projects and years

Mike,

All of the ARO tasks have been set up.

Thanks for your help!  
Angela

---

**From:** Mooney, Mike (BOC 3)  
**Sent:** Thursday, July 19, 2012 10:24 AM  
**To:** Crescente, Angela  
**Subject:** PE ARO Projects and years

Angela,

I will be using the following projects for ARO Budgeting:

Project: 136421  
Years: 2013, 2014, 2015, 2016

Project: 137503  
Years: 2013, 2014, 2015

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

THANKS!!!!

**Mike Mooney**  
Budget Analyst III, Project Engineering  
BOC 3  
BOC Phone: (502) 627-3671  
Fax: (502) 217- 2943  
E-mail: [Mike.Mooney@lge-ku.com](mailto:Mike.Mooney@lge-ku.com)





**Clark, Ed**

---

**From:** Crescente, Angela  
**Sent:** Thursday, July 19, 2012 3:33 PM  
**To:** Mooney, Mike (BOC 3)  
**Subject:** RE: PE ARO Projects and years

Mike,

All of the ARO tasks have been set up.

Thanks for your help!  
Angela

---

**From:** Mooney, Mike (BOC 3)  
**Sent:** Thursday, July 19, 2012 10:24 AM  
**To:** Crescente, Angela  
**Subject:** PE ARO Projects and years

Angela,

I will be using the following projects for ARO Budgeting:

Project: 136421  
Years: 2013, 2014, 2015, 2016

Project: 137503  
Years: 2013, 2014, 2015

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

THANKS!!!!

**Mike Mooney**  
Budget Analyst III, Project Engineering  
BOC 3  
BOC Phone: (502) 627-3671  
Fax: (502) 217- 2943  
E-mail: [Mike.Mooney@lge-ku.com](mailto:Mike.Mooney@lge-ku.com)

**Clark, Ed**

---

**From:** Beatty, Stephen  
**Sent:** Thursday, July 19, 2012 11:41 AM  
**To:** Leenerts, Patricia  
**Cc:** Crescente, Angela  
**Subject:** RE: Penile Retirement

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

---

**From:** Leenerts, Patricia  
**Sent:** Thursday, July 19, 2012 11:20 AM  
**To:** Beatty, Stephen  
**Cc:** Crescente, Angela  
**Subject:** RE: Penile Retirement

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

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

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

Thanks,

Pat  
502-627-3811

---

**From:** Beatty, Stephen  
**Sent:** Thursday, July 19, 2012 11:14 AM  
**To:** Leenerts, Patricia  
**Cc:** Crescente, Angela  
**Subject:** RE: Penile Retirement

Pat:

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

Steve

---

**From:** Leenerts, Patricia  
**Sent:** Thursday, July 19, 2012 10:55 AM  
**To:** Beatty, Stephen  
**Cc:** Crescente, Angela  
**Subject:** RE: Penile Retirement

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

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

Thanks,

Pat  
502-627-3811

---

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

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

---

**From:** Beatty, Stephen  
**Sent:** Thursday, June 28, 2012 10:14 AM  
**To:** Crescente, Angela; Leenerts, Patricia  
**Subject:** RE: Penile Retirement

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

---

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

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

---

**From:** Leenerts, Patricia  
**Sent:** Thursday, June 28, 2012 10:06 AM  
**To:** Crescente, Angela; Beatty, Stephen  
**Subject:** RE: Penile Retirement

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

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

You all must really type a lot faster than me.

Thanks,

Pat  
502-627-3811

---

**From:** Crescente, Angela  
**Sent:** Thursday, June 28, 2012 10:02 AM  
**To:** Beatty, Stephen  
**Cc:** Leenerts, Patricia  
**Subject:** RE: Penile Retirement

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

---

**From:** Beatty, Stephen  
**Sent:** Thursday, June 28, 2012 10:00 AM  
**To:** Crescente, Angela  
**Cc:** Leenerts, Patricia  
**Subject:** RE: Penile Retirement

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

I'll move forward with this information.

---

**From:** Crescente, Angela  
**Sent:** Thursday, June 28, 2012 9:01 AM  
**To:** Beatty, Stephen  
**Cc:** Leenerts, Patricia  
**Subject:** RE: Penile Retirement

Steve,

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

Thanks,  
Angela

---

**From:** Leenerts, Patricia  
**Sent:** Wednesday, June 27, 2012 8:10 AM  
**To:** Crescente, Angela  
**Subject:** FW: Penile Retirement

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

Thanks,

Pat  
502-627-3811

---

**From:** Beatty, Stephen  
**Sent:** Wednesday, June 27, 2012 8:01 AM  
**To:** Leenerts, Patricia  
**Subject:** RE: Penile Retirement

Pat:

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

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

If this works for you, it works for me.

Steve

---

**From:** Leenerts, Patricia  
**Sent:** Wednesday, June 27, 2012 8:00 AM  
**To:** Beatty, Stephen  
**Subject:** FW: Penile Retirement

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

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

Thanks,

Pat  
502-627-3811

---

**From:** Beatty, Stephen

**Sent:** Wednesday, June 27, 2012 7:37 AM  
**To:** Leenerts, Patricia  
**Subject:** RE: Penile Retirement

Pat:

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

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

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

Thanks and let me know if I can help.

Steve

---

**From:** Leenerts, Patricia  
**Sent:** Tuesday, June 26, 2012 4:10 PM  
**To:** Beatty, Stephen  
**Subject:** RE: Penile Retirement

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

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

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

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

Thanks,

Pat  
502-627-3811

---

**From:** Beatty, Stephen  
**Sent:** Tuesday, June 26, 2012 2:52 PM  
**To:** Leenerts, Patricia  
**Subject:** Penile Retirement

Pat:

I plan to retire some assets at Penile Station as part of a larger project (with assets spanning other multiple PA locations

and tax locations). The project is 132621 and it has 2 retirement tasks already. But, since this may have a different asset location or tax location, do I need a separate retirement task specifically for Penile?

Thanks,

Steve



**Clark, Ed**

---

**From:** Leenerts, Patricia  
**Sent:** Thursday, July 19, 2012 11:20 AM  
**To:** Beatty, Stephen  
**Cc:** Crescente, Angela  
**Subject:** RE: Penile Retirement

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

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

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

Thanks,

Pat  
502-627-3811

---

**From:** Beatty, Stephen  
**Sent:** Thursday, July 19, 2012 11:14 AM  
**To:** Leenerts, Patricia  
**Cc:** Crescente, Angela  
**Subject:** RE: Penile Retirement

Pat:

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

Steve

---

**From:** Leenerts, Patricia  
**Sent:** Thursday, July 19, 2012 10:55 AM  
**To:** Beatty, Stephen  
**Cc:** Crescente, Angela  
**Subject:** RE: Penile Retirement

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

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

Thanks,

Pat  
502-627-3811

---

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

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

---

**From:** Beatty, Stephen  
**Sent:** Thursday, June 28, 2012 10:14 AM  
**To:** Crescente, Angela; Leenerts, Patricia  
**Subject:** RE: Penile Retirement

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

---

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

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

---

**From:** Leenerts, Patricia  
**Sent:** Thursday, June 28, 2012 10:06 AM  
**To:** Crescente, Angela; Beatty, Stephen  
**Subject:** RE: Penile Retirement

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

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

You all must really type a lot faster than me.

Thanks,

Pat  
502-627-3811

---

**From:** Crescente, Angela  
**Sent:** Thursday, June 28, 2012 10:02 AM  
**To:** Beatty, Stephen  
**Cc:** Leenerts, Patricia  
**Subject:** RE: Penile Retirement

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

---

**From:** Beatty, Stephen  
**Sent:** Thursday, June 28, 2012 10:00 AM  
**To:** Crescente, Angela  
**Cc:** Leenerts, Patricia  
**Subject:** RE: Penile Retirement

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

I'll move forward with this information.

---

**From:** Crescente, Angela  
**Sent:** Thursday, June 28, 2012 9:01 AM  
**To:** Beatty, Stephen  
**Cc:** Leenerts, Patricia  
**Subject:** RE: Penile Retirement

Steve,

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

Thanks,  
Angela

---

**From:** Leenerts, Patricia  
**Sent:** Wednesday, June 27, 2012 8:10 AM  
**To:** Crescente, Angela  
**Subject:** FW: Penile Retirement

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

Thanks,

Pat  
502-627-3811

---

**From:** Beatty, Stephen  
**Sent:** Wednesday, June 27, 2012 8:01 AM  
**To:** Leenerts, Patricia  
**Subject:** RE: Penile Retirement

Pat:

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

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

If this works for you, it works for me.

Steve

---

**From:** Leenerts, Patricia  
**Sent:** Wednesday, June 27, 2012 8:00 AM  
**To:** Beatty, Stephen  
**Subject:** FW: Penile Retirement

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

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

Thanks,

Pat  
502-627-3811

---

**From:** Beatty, Stephen  
**Sent:** Wednesday, June 27, 2012 7:37 AM  
**To:** Leenerts, Patricia  
**Subject:** RE: Penile Retirement

Pat:

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

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

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

Thanks and let me know if I can help.

Steve

---

**From:** Leenerts, Patricia  
**Sent:** Tuesday, June 26, 2012 4:10 PM  
**To:** Beatty, Stephen  
**Subject:** RE: Penile Retirement

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

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

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

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

Thanks,

Pat  
502-627-3811

---

**From:** Beatty, Stephen  
**Sent:** Tuesday, June 26, 2012 2:52 PM  
**To:** Leenerts, Patricia  
**Subject:** Penile Retirement

Pat:

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

Thanks,

Steve

**Clark, Ed**

---

**From:** Beatty, Stephen  
**Sent:** Thursday, July 19, 2012 11:14 AM  
**To:** Leenerts, Patricia  
**Cc:** Crescente, Angela  
**Subject:** RE: Penile Retirement

Pat:

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

Steve

---

**From:** Leenerts, Patricia  
**Sent:** Thursday, July 19, 2012 10:55 AM  
**To:** Beatty, Stephen  
**Cc:** Crescente, Angela  
**Subject:** RE: Penile Retirement

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

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

Thanks,

Pat  
502-627-3811

---

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

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

---

**From:** Beatty, Stephen  
**Sent:** Thursday, June 28, 2012 10:14 AM  
**To:** Crescente, Angela; Leenerts, Patricia  
**Subject:** RE: Penile Retirement

Charnas

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

---

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

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

---

**From:** Leenerts, Patricia  
**Sent:** Thursday, June 28, 2012 10:06 AM  
**To:** Crescente, Angela; Beatty, Stephen  
**Subject:** RE: Penile Retirement

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

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

You all must really type a lot faster than me.

Thanks,

Pat  
502-627-3811

---

**From:** Crescente, Angela  
**Sent:** Thursday, June 28, 2012 10:02 AM  
**To:** Beatty, Stephen  
**Cc:** Leenerts, Patricia  
**Subject:** RE: Penile Retirement

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

---

**From:** Beatty, Stephen  
**Sent:** Thursday, June 28, 2012 10:00 AM  
**To:** Crescente, Angela  
**Cc:** Leenerts, Patricia  
**Subject:** RE: Penile Retirement

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

I'll move forward with this information.

---

**From:** Crescente, Angela  
**Sent:** Thursday, June 28, 2012 9:01 AM  
**To:** Beatty, Stephen  
**Cc:** Leenerts, Patricia  
**Subject:** RE: Penile Retirement

Steve,

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

Thanks,  
Angela

---

**From:** Leenerts, Patricia  
**Sent:** Wednesday, June 27, 2012 8:10 AM  
**To:** Crescente, Angela  
**Subject:** FW: Penile Retirement

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

Thanks,

Pat  
502-627-3811

---

**From:** Beatty, Stephen  
**Sent:** Wednesday, June 27, 2012 8:01 AM  
**To:** Leenerts, Patricia  
**Subject:** RE: Penile Retirement

Pat:

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

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

If this works for you, it works for me.

Steve



---

**From:** Leenerts, Patricia  
**Sent:** Wednesday, June 27, 2012 8:00 AM  
**To:** Beatty, Stephen  
**Subject:** FW: Penile Retirement

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

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

Thanks,

Pat  
502-627-3811

---

**From:** Beatty, Stephen  
**Sent:** Wednesday, June 27, 2012 7:37 AM  
**To:** Leenerts, Patricia  
**Subject:** RE: Penile Retirement

Pat:

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

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

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

Thanks and let me know if I can help.

Steve

---

**From:** Leenerts, Patricia  
**Sent:** Tuesday, June 26, 2012 4:10 PM  
**To:** Beatty, Stephen  
**Subject:** RE: Penile Retirement

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

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

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

Charnas

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

Thanks,

Pat  
502-627-3811

---

**From:** Beatty, Stephen  
**Sent:** Tuesday, June 26, 2012 2:52 PM  
**To:** Leenerts, Patricia  
**Subject:** Penile Retirement

Pat:

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

Thanks,

Steve

Clark, Ed

---

**From:** Leenerts, Patricia  
**Sent:** Thursday, July 19, 2012 10:55 AM  
**To:** Beatty, Stephen  
**Cc:** Crescente, Angela  
**Subject:** RE: Penile Retirement

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

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

Thanks,

Pat  
502-627-3811

---

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

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

---

**From:** Beatty, Stephen  
**Sent:** Thursday, June 28, 2012 10:14 AM  
**To:** Crescente, Angela; Leenerts, Patricia  
**Subject:** RE: Penile Retirement

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

---

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

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

---

**From:** Leenerts, Patricia  
**Sent:** Thursday, June 28, 2012 10:06 AM  
**To:** Crescente, Angela; Beatty, Stephen  
**Subject:** RE: Penile Retirement

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

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

You all must really type a lot faster than me.

Thanks,

Pat  
502-627-3811

---

**From:** Crescente, Angela  
**Sent:** Thursday, June 28, 2012 10:02 AM  
**To:** Beatty, Stephen  
**Cc:** Leenerts, Patricia  
**Subject:** RE: Penile Retirement

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

---

**From:** Beatty, Stephen  
**Sent:** Thursday, June 28, 2012 10:00 AM  
**To:** Crescente, Angela  
**Cc:** Leenerts, Patricia  
**Subject:** RE: Penile Retirement

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

I'll move forward with this information.

---

**From:** Crescente, Angela  
**Sent:** Thursday, June 28, 2012 9:01 AM  
**To:** Beatty, Stephen  
**Cc:** Leenerts, Patricia  
**Subject:** RE: Penile Retirement

Steve,

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

Thanks,  
Angela

---

**From:** Leenerts, Patricia  
**Sent:** Wednesday, June 27, 2012 8:10 AM  
**To:** Crescente, Angela  
**Subject:** FW: Penile Retirement

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

Thanks,

Pat  
502-627-3811

---

**From:** Beatty, Stephen  
**Sent:** Wednesday, June 27, 2012 8:01 AM  
**To:** Leenerts, Patricia  
**Subject:** RE: Penile Retirement

Pat:

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

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

If this works for you, it works for me.

Steve

---

**From:** Leenerts, Patricia  
**Sent:** Wednesday, June 27, 2012 8:00 AM  
**To:** Beatty, Stephen  
**Subject:** FW: Penile Retirement

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

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

Thanks,

Pat  
502-627-3811

---

**From:** Beatty, Stephen  
**Sent:** Wednesday, June 27, 2012 7:37 AM  
**To:** Leenerts, Patricia  
**Subject:** RE: Penile Retirement

Pat:

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

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

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

Thanks and let me know if I can help.

Steve

---

**From:** Leenerts, Patricia  
**Sent:** Tuesday, June 26, 2012 4:10 PM  
**To:** Beatty, Stephen  
**Subject:** RE: Penile Retirement

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

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

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

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

Thanks,

Pat  
502-627-3811

---

**From:** Beatty, Stephen

**Sent:** Tuesday, June 26, 2012 2:52 PM  
**To:** Leenerts, Patricia  
**Subject:** Penile Retirement

Pat:

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

Thanks,

Steve

**Clark, Ed**

---

**From:** Mooney, Mike (BOC 3)  
**Sent:** Thursday, July 19, 2012 10:24 AM  
**To:** Crescente, Angela  
**Subject:** PE ARO Projects and years

Angela,

I will be using the following projects for ARO Budgeting:

Project: 136421  
Years: 2013, 2014, 2015, 2016

Project: 137503  
Years: 2013, 2014, 2015

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

THANKS!!!!

**Mike Mooney**  
Budget Analyst III, Project Engineering  
BOC 3  
BOC Phone: (502) 627-3671  
Fax: (502) 217- 2943  
E-mail: [Mike.Mooney@lge-ku.com](mailto:Mike.Mooney@lge-ku.com)



Clark, Ed

---

**From:** Leenerts, Patricia  
**Sent:** Wednesday, July 18, 2012 1:05 PM  
**To:** Porter, Janice  
**Cc:** Crescente, Angela; Walton, Ed  
**Subject:** RE: Project RRCS421G

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

Thanks,

Pat  
502-627-3811

---

**From:** Walton, Ed  
**Sent:** Monday, July 09, 2012 2:28 PM  
**To:** Leenerts, Patricia; Porter, Janice  
**Cc:** Rieth, Tom; Crescente, Angela; Wiseman, Sara  
**Subject:** RE: Project RRCS421G

Pat

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

Correct me if that's not right.

Thanks

Ed

---

**From:** Leenerts, Patricia  
**Sent:** Monday, July 09, 2012 1:00 PM  
**To:** Porter, Janice; Walton, Ed  
**Cc:** Rieth, Tom; Crescente, Angela; Wiseman, Sara  
**Subject:** RE: Project RRCS421G

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

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

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

Thanks for your help.

Pat  
502-627-3811

---

**From:** Walton, Ed  
**Sent:** Monday, July 09, 2012 10:51 AM  
**To:** Leenerts, Patricia  
**Cc:** Rieth, Tom; Porter, Janice  
**Subject:** RE: Project RRCS421G

Pat

I think it would be better to use two tasks for the removal and replacement services. It'll be easier to locate the removals and removal/replacement services in Storms using the Job Codes. Whenever I get the other task, I'll make the changes to our time sheets. I'm working on a process to capture the material used for these jobs when they occur.

Ed

---

**From:** Leenerts, Patricia  
**Sent:** Friday, July 06, 2012 4:20 PM  
**To:** Walton, Ed  
**Cc:** Rieth, Tom; Porter, Janice  
**Subject:** Project RRCS421G

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

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

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

Thanks,

Pat  
502-627-3811

**Clark, Ed**

---

**From:** Erskine, Greg  
**Sent:** Tuesday, July 17, 2012 1:12 PM  
**To:** Wiseman, Sara; Crescente, Angela  
**Subject:** RE: ARO Footnote - 6/30/12 10-Q

Thank you both.

Greg

---

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

Looks OK to me, too.

---

**From:** Crescente, Angela  
**Sent:** Tuesday, July 17, 2012 12:58 PM  
**To:** Erskine, Greg  
**Cc:** Wiseman, Sara  
**Subject:** FW: ARO Footnote - 6/30/12 10-Q

Greg,

It looks good to me.

Thanks,  
Angela

---

**From:** Erskine, Greg  
**Sent:** Tuesday, July 17, 2012 11:20 AM  
**To:** Crescente, Angela  
**Cc:** Wiseman, Sara  
**Subject:** ARO Footnote - 6/30/12 10-Q

Angela:

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

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

Thanks,

Greg

<< File: Document1.docx >>

**Clark, Ed**

---

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

Looks OK to me, too.

---

**From:** Crescente, Angela  
**Sent:** Tuesday, July 17, 2012 12:58 PM  
**To:** Erskine, Greg  
**Cc:** Wiseman, Sara  
**Subject:** FW: ARO Footnote - 6/30/12 10-Q

Greg,

It looks good to me.

Thanks,  
Angela

---

**From:** Erskine, Greg  
**Sent:** Tuesday, July 17, 2012 11:20 AM  
**To:** Crescente, Angela  
**Cc:** Wiseman, Sara  
**Subject:** ARO Footnote - 6/30/12 10-Q

Angela:

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

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

Thanks,

Greg

<< File: Document1.docx >>

**Clark, Ed**

---

**From:** Crescente, Angela  
**Sent:** Tuesday, July 17, 2012 12:58 PM  
**To:** Erskine, Greg  
**Cc:** Wiseman, Sara  
**Subject:** FW: ARO Footnote - 6/30/12 10-Q

<b>Tracking:</b>	Recipient	Read
	Erskine, Greg	
	Wiseman, Sara	Read: 7/17/2012 12:58 PM

Greg,

It looks good to me.

Thanks,  
Angela

---

**From:** Erskine, Greg  
**Sent:** Tuesday, July 17, 2012 11:20 AM  
**To:** Crescente, Angela  
**Cc:** Wiseman, Sara  
**Subject:** ARO Footnote - 6/30/12 10-Q

Angela:

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

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

Thanks,

Greg



Document1.docx

**16. Asset Retirement Obligations**

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

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

	<u>PPL</u>	<u>PPL Energy Supply</u>	<u>LKE</u>	<u>LG&amp;E</u>	<u>KU</u>
Balance at December 31, 2011	\$ 497	\$ 359	\$ 118	\$ 57	\$ 61
Accretion expense	17	13	3	1	2
Obligations assumed in acquisition of WPD					
Changes in estimated cash flow or settlement date	2	2			
Obligations settled	(6)	(5)	(1)	(1)	
Balance at June 30, 2012	<u>\$ 510</u>	<u>\$ 369</u>	<u>\$ 120</u>	<u>\$ 57</u>	<u>\$ 63</u>

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

*(PPL, LKE, LG&E and KU)*

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

*(PPL and PPL Energy Supply)*

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

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

**Clark, Ed**

---

**From:** Erskine, Greg  
**Sent:** Tuesday, July 17, 2012 11:20 AM  
**To:** Crescente, Angela  
**Cc:** Wiseman, Sara  
**Subject:** ARO Footnote - 6/30/12 10-Q

Angela:

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

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

Thanks,

Greg



Document1.docx



**16. Asset Retirement Obligations**

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

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

	<u>PPL</u>	<u>PPL Energy Supply</u>	<u>LKE</u>	<u>LG&amp;E</u>	<u>KU</u>
Balance at December 31, 2011	\$ 497	\$ 359	\$ 118	\$ 57	\$ 61
Accretion expense	17	13	3	1	2
Obligations assumed in acquisition of WPD					
Changes in estimated cash flow or settlement date	2	2			
Obligations settled	(6)	(5)	(1)	(1)	
Balance at June 30, 2012	<u>\$ 510</u>	<u>\$ 369</u>	<u>\$ 120</u>	<u>\$ 57</u>	<u>\$ 63</u>

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

*(PPL, LKE, LG&E and KU)*

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

*(PPL and PPL Energy Supply)*

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

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

**Clark, Ed**

---

**From:** Leenerts, Patricia  
**Sent:** Tuesday, July 17, 2012 8:53 AM  
**To:** Beatty, Stephen  
**Cc:** Crescente, Angela; Porter, Janice  
**Subject:** FW: Project 127455-MAGNOLIA TO PICCADILY MODIFICATIONS

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



Magnolia Project  
Tasks.xlsx

Thanks,

Pat  
502-627-3811

---

**From:** Beatty, Stephen  
**Sent:** Tuesday, July 17, 2012 7:43 AM  
**To:** Leenerts, Patricia  
**Cc:** Porter, Janice; Crescente, Angela  
**Subject:** RE: Project 127455-MAGNOLIA TO PICCADILY MODIFICATIONS

All:

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

Thanks,

Steve



Picture 168.jpg

---

**From:** Leenerts, Patricia

**Sent:** Monday, July 16, 2012 3:58 PM  
**To:** Beatty, Stephen  
**Cc:** Porter, Janice; Crescente, Angela  
**Subject:** FW: Project 127455-MAGNOLIA TO PICCADILY MODIFICATIONS

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

Thanks,

Pat  
502-627-3811

---

**From:** Beatty, Stephen  
**Sent:** Monday, July 16, 2012 3:26 PM  
**To:** Leenerts, Patricia  
**Cc:** Porter, Janice  
**Subject:** FW: Project 127455-MAGNOLIA TO PICCADILY MODIFICATIONS

Pat:

I can assist you on this request.

Please see my response in RED.

Steve

---

**From:** Leenerts, Patricia  
**Sent:** Monday, July 16, 2012 2:31 PM  
**To:** Clyde, Peter  
**Cc:** Porter, Janice  
**Subject:** Project 127455-MAGNOLIA TO PICCADILY MODIFICATIONS

Pete,

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

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

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

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

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

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

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

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

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

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

<< File: Magnolia Project Tasks.xlsx >>

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

Task	Investment	108901-retire
FLINTHILL	39,585.60	
FTKDRIP	41,093.86	
FTKNOX	414,444.92	

Charnas

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

Project 127455

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

Thanks,

Pat  
502-627-3811

**PROJECT: 127455 MAGNOLIA TO PICCADILLY MODIFICATIONS**

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

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

Task Number	UOP#	Description	Quantity	Total Cost
MAGNOLIA	07656	16" VALVE	1 EA	
	07484	16" PIPE AND FITTINGS	30 FT EST.	
	07656	2" VALVE	2 EA	
FLINTHILL	07484	16" PIPE AND FITTINGS	10 FT EST.	
LOGSDON	07484	16" PIPE AND FITTINGS	20 FT EST.	
	07466	20" PIPE AND FITTINGS	5 FT EST.	
FTKNOX	07464	16" PIPE AND FITTINGS	120 FT EST.	
	07466	20" PIPE AND FITTINGS	40 FT EST.	
	07459	4" PIPE AND FITTINGS	20 FT EST.	
	07656	16" VALVE	1 EA	
	07656	20" VALVE	1 EA	
	07656	2" VALVE	4 EA	
MAGDRIPS	07464	16" PIPE AND FITTINGS	49 FT EST.	
	07466	20" PIPE AND FITTINGS	8 FT EST.	
MILLCK	07466	20" PIPE AND FITTINGS	8 FT EST.	
PENLE	07466	20" PIPE AND FITTINGS	150 FT EST.	
	07650	TRANSMITTERS (ULTRASONIC METER)	1 EA	
PRESTON	07466	20" PIPE AND FITTINGS	40 FT EST.	
	07484	16" PIPE AND FITTINGS	12 FT EST.	
	07459	4" PIPE AND FITTINGS	10 FT EST.	
	07656	4" VALVE	2 EA	
FTKDRIP	07466	20" PIPE AND FITTINGS	14 FT EST.	
	07457	2" PIPE AND FITTINGS	12 FT. EST.	
	07656	2" VALVE	1 EA	
WPDRIIP	07466	20" PIPE AND FITTINGS	14 FT EST.	
	07457	2" PIPE AND FITTINGS	12 FT. EST.	
	07656	2" VALVE	1 EA	
Total				-

RETIRED EQUIPMENT (OR MATERIALS)

Task Number	UOP#	Description	Original Project Number	Vintage Year
RETMAGNOLIA	07484	16" PIPE AND FITTINGS	U/K; WO 80271	1959
RETFLINTHILL	07484	16" PIPE AND FITTINGS	U/K; WO 80271	1959
RETFLOGSDON	07464	16" PIPE AND FITTINGS	U/K; WO 80271	1959
	07466	20" PIPE AND FITTINGS	U/K; WO 51812	1972
RETFKNOX	07464	16" PIPE AND FITTINGS	U/K; WO 80271	1959
	07466	20" PIPE AND FITTINGS	U/K; WO 80376	1959
RETMAGDRIPS	07464	16" PIPE AND FITTINGS	U/K; WO 80271	1959
	07464	16" PIPE AND FITTINGS	U/K	U/K, ASSUMED 1959
	07457	2" PIPE AND FITTINGS	U/K	U/K, ASSUMED 1959
	07492	2" VALVE PLUG	U/K	U/K, ASSUMED 1959
RETMILLCK	07466	20" PIPE AND FITTINGS	U/K	1959
RETPENLE	07464	16" PIPE AND FITTINGS	U/K	1959
	07466	20" PIPE AND FITTINGS	U/K	1959
	07650	TRANSMITTERS (ORIFICE METER)	U/K	U/K, ASSUMED 1959
RETFKNOX	07492	2" VALVE	U/K	U/K, ASSUMED 1959
	05393	LIGHTING	U/K	U/K, ASSUMED 1959
	07492	2" VALVE	U/K	U/K, ASSUMED 1959
RETPRESTON	07466	20" PIPE AND FITTINGS	U/K	1970
	07484	16" PIPE AND FITTINGS	U/K	1970
RETFKDRIP	07466	20" PIPE AND FITTINGS	U/K	1959
	07457	2" PIPE AND FITTINGS	U/K	U/K, ASSUMED 1959
	07492	2" VALVE	U/K	U/K, ASSUMED 1959
RETWPDRIIP	07466	20" PIPE AND FITTINGS	U/K	1959
	07457	2" PIPE AND FITTINGS	U/K	U/K, ASSUMED 1959
	07492	2" VALVE	U/K	U/K, ASSUMED 1959

SALVAGE & TRANSFERRED EQUIPMENT

Task Number	UOP#	Units of Property Description	Salvage Equipment	Transferred Equipment
Total				-





**Clark, Ed**

---

**From:** Crescente, Angela  
**Sent:** Tuesday, July 17, 2012 8:49 AM  
**To:** Beatty, Stephen; Leenerts, Patricia  
**Cc:** Porter, Janice  
**Subject:** RE: Project 127455-MAGNOLIA TO PICCADILY MODIFICATIONS

Tracking:	Recipient	Read
	Beatty, Stephen	Read: 7/17/2012 11:58 AM
	Leenerts, Patricia	Read: 7/19/2012 10:55 AM
	Porter, Janice	Read: 7/20/2012 3:04 PM

Janice,

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

Thanks,  
Angela  
X2524

---

**From:** Beatty, Stephen  
**Sent:** Tuesday, July 17, 2012 7:43 AM  
**To:** Leenerts, Patricia  
**Cc:** Porter, Janice; Crescente, Angela  
**Subject:** RE: Project 127455-MAGNOLIA TO PICCADILY MODIFICATIONS

All:

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

Thanks,

Steve

<< File: Picture 168.jpg >>

---

**From:** Leenerts, Patricia  
**Sent:** Monday, July 16, 2012 3:58 PM  
**To:** Beatty, Stephen  
**Cc:** Porter, Janice; Crescente, Angela  
**Subject:** FW: Project 127455-MAGNOLIA TO PICCADILY MODIFICATIONS

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

Thanks,

Pat  
502-627-3811

---

**From:** Beatty, Stephen  
**Sent:** Monday, July 16, 2012 3:26 PM  
**To:** Leenerts, Patricia  
**Cc:** Porter, Janice  
**Subject:** FW: Project 127455-MAGNOLIA TO PICCADILY MODIFICATIONS

Pat:

I can assist you on this request.

Please see my response in RED.

Steve

---

**From:** Leenerts, Patricia  
**Sent:** Monday, July 16, 2012 2:31 PM  
**To:** Clyde, Peter  
**Cc:** Porter, Janice  
**Subject:** Project 127455-MAGNOLIA TO PICCADILY MODIFICATIONS

Pete,

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

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

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

- FLINT HILL.
  - REMOVED 16" TEE AND PIPE AND REPLACED WITH SAME.
- FT. KNOX DRIP
  - REMOVED DRIP AND REPLACED WITH SAME.
- FT. KNOX
  - ADDED 16" VALVE WITH 4" BLOWDOWNS.
  - ADDED 20" VALVE WITH 4" BLOWDOWNS.

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

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

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

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

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

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

<< File: Magnolia Project Tasks.xlsx >>

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

Task	Investment	108901-retire
FLINTHILL	39,585.60	
FTKDRIP	41,093.86	
FTKNOX	414,444.92	
LOGSDON	90,126.10	
MAGDRIPS	81,113.66	
MAGNOLIA	148,004.82	
MILLCK	42,306.17	
PENILE	247,422.79	

Charnas

PRESTON	123,288.63	
WPDRIP	41,288.32	
RETFLINTHILL		2,369.17
RETFTKDRIIPS		777.48
RETFTKNOX		19,382.33
RETLOGSDON		22,674.51
RETMAGDRIIPS		25,994.80
RETMAGNOLIA		12,905.52
RETMILLCK		8,185.16
RETPENILE		16,497.36
RETPRESTIB		4,796.90
RETWAG		513.56
RETWPDRIP		3,007.13

Project 127455

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

Thanks,

Pat  
502-627-3811

Clark, Ed

---

**From:** Beatty, Stephen  
**Sent:** Tuesday, July 17, 2012 7:43 AM  
**To:** Leenerts, Patricia  
**Cc:** Porter, Janice; Crescente, Angela  
**Subject:** RE: Project 127455-MAGNOLIA TO PICCADILY MODIFICATIONS

All:

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

Thanks,

Steve



Picture 168.jpg

---

**From:** Leenerts, Patricia  
**Sent:** Monday, July 16, 2012 3:58 PM  
**To:** Beatty, Stephen  
**Cc:** Porter, Janice; Crescente, Angela  
**Subject:** FW: Project 127455-MAGNOLIA TO PICCADILY MODIFICATIONS

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

Thanks,

Pat  
502-627-3811

---

**From:** Beatty, Stephen  
**Sent:** Monday, July 16, 2012 3:26 PM  
**To:** Leenerts, Patricia  
**Cc:** Porter, Janice  
**Subject:** FW: Project 127455-MAGNOLIA TO PICCADILY MODIFICATIONS

Pat:

I can assist you on this request.

Please see my response in RED.

Steve

---

**From:** Leenerts, Patricia  
**Sent:** Monday, July 16, 2012 2:31 PM  
**To:** Clyde, Peter  
**Cc:** Porter, Janice  
**Subject:** Project 127455-MAGNOLIA TO PICCADILY MODIFICATIONS

Pete,

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

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

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

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

- WPDRIP
  - REMOVED DRIP AND REPLACED WITH SAME

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

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

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

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

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

<< File: Magnolia Project Tasks.xlsx >>

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

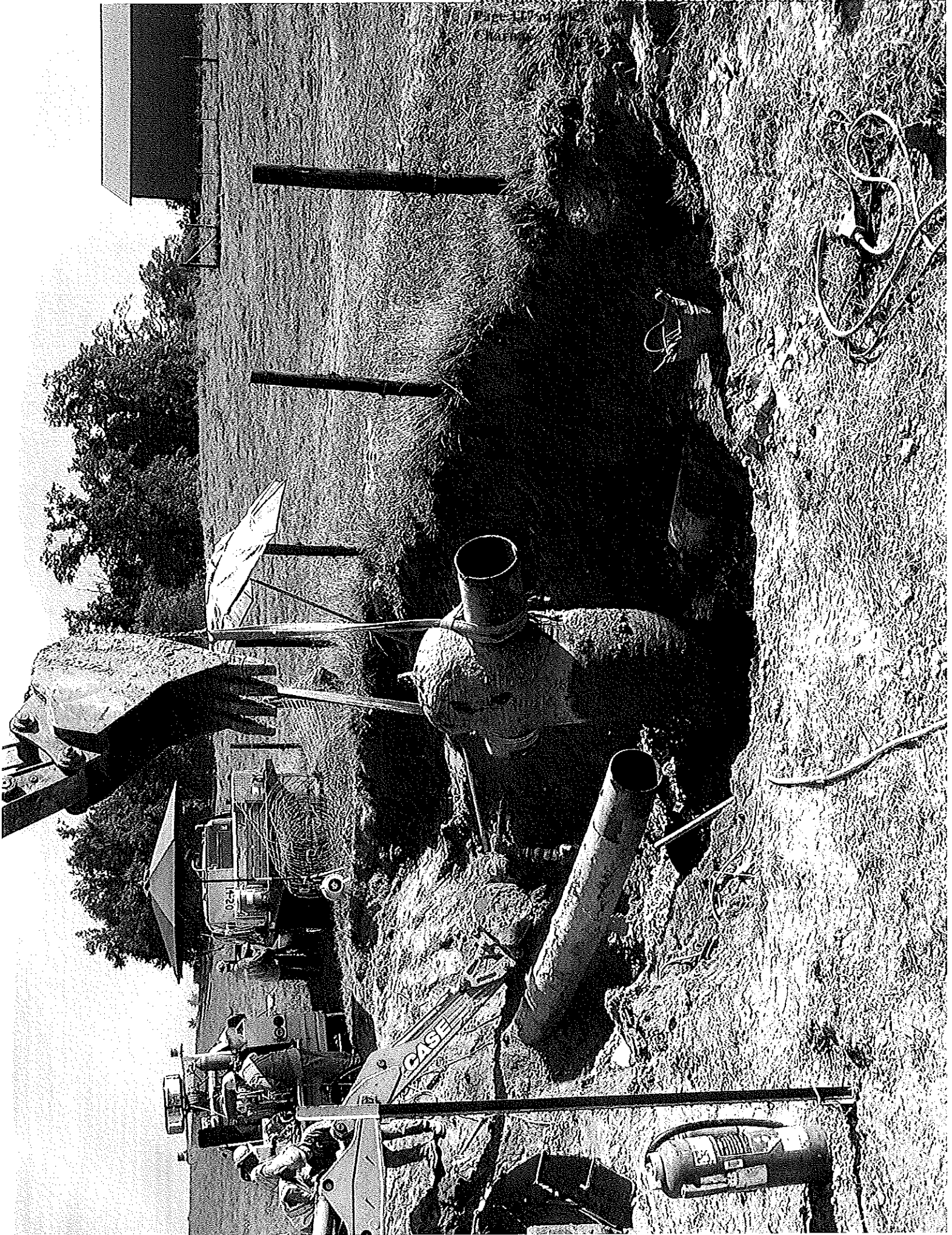
Task	Investment	108901-retire
FLINTHILL	39,585.60	
FTKDRIP	41,093.86	
FTKNOX	414,444.92	
LOGSDON	90,126.10	
MAGDRIPS	81,113.66	
MAGNOLIA	148,004.82	
MILLCK	42,306.17	
PENILE	247,422.79	
PRESTON	123,288.63	
WPDRIP	41,288.32	
RETFLINTHILL		2,369.17
RETFTKDRIPS		777.48
RETFTKNOX		19,382.33
RETLOGSDON		22,674.51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

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

Thanks,

Pat  
502-627-3811





**Clark, Ed**

---

**From:** Leenerts, Patricia  
**Sent:** Monday, July 16, 2012 3:58 PM  
**To:** Beatty, Stephen  
**Cc:** Porter, Janice; Crescente, Angela  
**Subject:** FW: Project 127455-MAGNOLIA TO PICCADILY MODIFICATIONS

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

Thanks,

Pat  
502-627-3811

---

**From:** Beatty, Stephen  
**Sent:** Monday, July 16, 2012 3:26 PM  
**To:** Leenerts, Patricia  
**Cc:** Porter, Janice  
**Subject:** FW: Project 127455-MAGNOLIA TO PICCADILY MODIFICATIONS

Pat:

I can assist you on this request.

Please see my response in RED.

Steve

---

**From:** Leenerts, Patricia  
**Sent:** Monday, July 16, 2012 2:31 PM  
**To:** Clyde, Peter  
**Cc:** Porter, Janice  
**Subject:** Project 127455-MAGNOLIA TO PICCADILY MODIFICATIONS

Pete,

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

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

Charnas

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

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

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

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

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

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

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



Magnolia Project  
Tasks.xlsx

Charnas

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

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

**Project 127455**

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

Thanks,

Pat  
502-627-3811

**PROJECT: 127455 MAGNOLIA TO PICCADILLY MODIFICATIONS**

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

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

Task Number	UOP#	Description	Quantity	Total Cost
MAGNOLIA	07656	16" VALVE	1 EA	
	07464	16" PIPE AND FITTINGS	30 FT EST.	
	07656	2" VALVE	2 EA	
FLINTHILL	07464	16" PIPE AND FITTINGS	10 FT EST.	
LOGSDON	07464	16" PIPE AND FITTINGS	20 FT EST.	
	07466	20" PIPE AND FITTINGS	5 FT EST.	
FTKNOX	07464	16" PIPE AND FITTINGS	120 FT EST.	
	07466	20" PIPE AND FITTINGS	40 FT EST.	
	07459	4" PIPE AND FITTINGS	20 FT EST.	
	07656	16" VALVE	1 EA	
	07656	20" VALVE	1 EA	
	07656	2" VALVE	4 EA	
	07656	4" VALVE	4 EA	
MAGDRIPS	07464	16" PIPE AND FITTINGS	48 FT EST.	
MILLCK	07466	20" PIPE AND FITTINGS	8 FT EST.	
PENILE	07466	20" PIPE AND FITTINGS	150 FT EST.	
	07650	TRANSMITTERS (ULTRASONIC METER)	1 EA	
PRESTON	07466	20" PIPE AND FITTINGS	40 FT EST.	
	07464	16" PIPE AND FITTINGS	12 FT EST.	
	07459	4" PIPE AND FITTINGS	10 FT EST.	
	07656	4" VALVE	2 EA	
FTKDRIP	07466	20" PIPE AND FITTINGS	14 FT EST.	
	07457	2" PIPE AND FITTINGS	12 FT EST.	
	07656	2" VALVE	1 EA	
WPDRIIP	07466	20" PIPE AND FITTINGS	14 FT EST.	
	07457	2" PIPE AND FITTINGS	12 FT EST.	
	07656	2" VALVE	1 EA	
Total				-

RETIRED EQUIPMENT (OR MATERIALS)

Task Number	UOP#	Description	Original Project Number	Vintage Year
RETMAGNOLIA	07464	16" PIPE AND FITTINGS	U/K; WO 80271	1959
RETFLINTHILL	07464	16" PIPE AND FITTINGS	U/K; WO 80271	1959
RETLOGSDON	07464	16" PIPE AND FITTINGS	U/K; WO 80271	1959
	07466	20" PIPE AND FITTINGS	U/K; WO 61812	1972
RETFTKNOX	07464	16" PIPE AND FITTINGS	U/K; WO 80271	1959
	07466	20" PIPE AND FITTINGS	U/K; WO 80376	1959
RETMAGDRIPS	07464	16" PIPE AND FITTINGS	U/K; WO 80271	1959
	07464	16" PIPE AND FITTINGS	U/K	U.K. ASSUMED 1959
	07457	2" PIPE AND FITTINGS	U/K	U.K. ASSUMED 1959
	07492	2" VALVE PLUG	U/K	U.K. ASSUMED 1959
RETMALCK	07466	20" PIPE AND FITTINGS	U/K	1959
RETPENILE	07464	16" PIPE AND FITTINGS	U/K	1959
	07466	20" PIPE AND FITTINGS	U/K	1959
	07650	TRANSMITTERS (ORIFICE METER)	U/K	U.K. ASSUMED 1959
	07492	2" VALVE	U/K	U.K. ASSUMED 1959
	85393	LIGHTING	U/K	U.K. ASSUMED 1959
RETPRESTON	07466	20" PIPE AND FITTINGS	U/K	1970
	07464	16" PIPE AND FITTINGS	U/K	1970
RETFTKDRIP	07466	20" PIPE AND FITTINGS	U/K	1959
	07457	2" PIPE AND FITTINGS	U/K	U.K. ASSUMED 1959
	07492	2" VALVE	U/K	U.K. ASSUMED 1959
RETWPDRIIP	07466	20" PIPE AND FITTINGS	U/K	1959
	07457	2" PIPE AND FITTINGS	U/K	U.K. ASSUMED 1959
	07492	2" VALVE	U/K	U.K. ASSUMED 1959

SALVAGE & TRANSFERRED EQUIPMENT

Task Number	UOP#	Units of Property Description	Salvage Equipment	Transferred Equipment
Total				-

**Clark, Ed**

---

**From:** Clark, Lynda  
**Sent:** Friday, July 13, 2012 1:09 PM  
**To:** Skaggs, Jennifer  
**Cc:** Crescente, Angela; Wiseman, Sara  
**Subject:** RE: follow-up question on the LKE flux file

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

Lynda

---

**From:** Skaggs, Jennifer  
**Sent:** Friday, July 13, 2012 12:57 PM  
**To:** Clark, Lynda; Crescente, Angela  
**Subject:** follow-up question on the LKE flux file

Hello –

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

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

<< OLE Object: Microsoft Excel 2003 Worksheet >>

<< OLE Object: Microsoft Excel 2003 Worksheet >>

**Jenny Skaggs**  
**LG&E and KU Energy LLC**  
**Financial Accounting and Analysis**  
**502-627-4733**  
**[jennifer.skaggs@lge-ku.com](mailto:jennifer.skaggs@lge-ku.com)**

**Crescente, Angela**

---

**From:** Skaggs, Jennifer  
**Sent:** Friday, July 13, 2012 12:57 PM  
**To:** Clark, Lynda; Crescente, Angela  
**Subject:** follow-up question on the LKE flux file

**Follow Up Flag:** Follow up  
**Flag Status:** Completed

Hello –

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

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

<b>Accumulated depreciation - regulated utility plant</b>	
146	Normal depreciation (reconciles to depreciation expense of \$172M with net cost of removal classified as regulatory liability of \$29M, and ARO depreciation classified as a regulatory asset of (\$3M))
(26)	Retirements
-	Other
<u>120</u>	<u>Total</u>



Charnas

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

*Jenny Skaggs*  
**LG&E and KU Energy LLC**  
**Financial Accounting and Analysis**  
**502-627-4733**  
[jennifer.skaggs@lge-ku.com](mailto:jennifer.skaggs@lge-ku.com)

**Clark, Ed**

---

**From:** Crescente, Angela  
**Sent:** Wednesday, July 11, 2012 4:15 PM  
**To:** Erskine, Greg  
**Cc:** Wiseman, Sara  
**Subject:** FW: ARO Footnote - 6/30/12

Greg,

Please see attached:



ARO Footnote  
2nd Quarter.xlsx

Thanks,  
Angela

---

**From:** Erskine, Greg  
**Sent:** Wednesday, July 11, 2012 11:07 AM  
**To:** Crescente, Angela  
**Subject:** FW: ARO Footnote - 6/30/12

Angela:

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

Thanks,

Greg

---

**From:** Erskine, Greg  
**Sent:** Thursday, June 28, 2012 1:21 PM  
**To:** Crescente, Angela  
**Subject:** ARO Footnote - 6/30/12

Angela:

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

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

Charnas

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

If you have any questions, please let me know.

Thanks,

Greg



Book2.xlsx

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

07/11/12

4:03 PM

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

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

07/11/12  
 4:03 PM

Acct No	Acct Desc	Curr or Noncurr	12/31/11			06/30/12		
			LG&E 0100	KU 0110	FCD 0304	LG&E 0100	KU 0110	FCD 0304
108799	RWIP-ARO LEGAL	NCURR	1,749,888.89	410,549.80	0.00	2,174,754.73	410,549.80	0.00
230012	ASSET RETIREMENT OBLIGATIONS - STEAM	NCURR	(35,116,397.44)	(60,261,506.99)	(63,566.78)	(35,960,683.18)	(61,802,181.48)	(65,774.08)
230013	ASSET RETIREMENT OBLIGATIONS - TRANSMISSI	NCURR	(253,364.08)	(545,748.17)	0.00	(260,289.84)	(560,697.55)	0.00
230015	ASSET RETIREMENT OBLIGATIONS - DISTRIBUTIC	NCURR	(658,353.57)	(806,034.02)	0.00	(676,494.00)	(827,862.39)	0.00
230016	ASSET RETIREMENT OBLIGATIONS - GAS	NCURR	(20,115,281.12)	0.00	0.00	(19,953,200.62)	0.00	0.00
230017	ASSET RETIREMENT OBLIGATIONS - COMMON	NCURR	(108,093.04)	0.00	0.00	(111,099.87)	0.00	0.00
230022	ASSET RETIREMENT OBLIGATIONS - STEAM - ST	CURR	(800,980.00)	(176,293.00)	0.00	(800,980.00)	(176,293.00)	0.00
230026	ASSET RETIREMENT OBLIGATIONS - GAS - ST	CURR	(1,553,881.00)	0.00	0.00	(1,553,881.00)	0.00	0.00
<b>Totals</b>			<b>(56,856,461.36)</b>	<b>(61,379,032.38)</b>	<b>(63,566.78)</b>	<b>(57,141,873.78)</b>	<b>(62,956,484.62)</b>	<b>(65,774.08)</b>
<u>Summary:</u>								
Current		CURR	(2,354,861.00)	(176,293.00)	0.00	(2,354,861.00)	(176,293.00)	0.00
Noncurrent		NCURR	(54,501,600.36)	(61,202,739.38)	(63,566.78)	(54,787,012.78)	(62,780,191.62)	(65,774.08)
<b>Totals</b>			<b>(56,856,461.36)</b>	<b>(61,379,032.38)</b>	<b>(63,566.78)</b>	<b>(57,141,873.78)</b>	<b>(62,956,484.62)</b>	<b>(65,774.08)</b>

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

07/11/12  
 11:05 AM

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

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

07/11/12  
 11:05 AM

Acct No	Acct Desc	Curr or Noncurr	12/31/11			06/30/12		
			LG&E 0100	KU 0110	FCD 0304	LG&E 0100	KU 0110	FCD 0304
108799	RWIP-ARO LEGAL	NCURR	1,749,888.89	410,549.80	0.00	2,174,754.73	410,549.80	0.00
230012	ASSET RETIREMENT OBLIGATIONS - STEAM	NCURR	(35,116,397.44)	(60,261,506.99)	(63,566.78)	(35,960,683.18)	(61,802,181.48)	(65,774.08)
230013	ASSET RETIREMENT OBLIGATIONS - TRANSMISSI	NCURR	(253,364.08)	(545,748.17)	0.00	(260,289.84)	(560,697.55)	0.00
230015	ASSET RETIREMENT OBLIGATIONS - DISTRIBUTIO	NCURR	(658,353.57)	(806,034.02)	0.00	(676,494.00)	(827,862.39)	0.00
230016	ASSET RETIREMENT OBLIGATIONS - GAS	NCURR	(20,115,281.12)	0.00	0.00	(19,953,200.62)	0.00	0.00
230017	ASSET RETIREMENT OBLIGATIONS - COMMON	NCURR	(108,093.04)	0.00	0.00	(111,099.87)	0.00	0.00
230022	ASSET RETIREMENT OBLIGATIONS - STEAM - ST	CURR	(800,980.00)	(176,293.00)	0.00	(800,980.00)	(176,293.00)	0.00
230026	ASSET RETIREMENT OBLIGATIONS - GAS - ST	CURR	(1,553,881.00)	0.00	0.00	(1,553,881.00)	0.00	0.00
<b>Totals</b>			<u>(56,856,461.36)</u>	<u>(61,379,032.38)</u>	<u>(63,566.78)</u>	<u>(57,141,873.78)</u>	<u>(62,956,484.62)</u>	<u>(65,774.08)</u>
<b>Summary:</b>								
Current		CURR	(2,354,861.00)	(176,293.00)	0.00	(2,354,861.00)	(176,293.00)	0.00
Noncurrent		NCURR	(54,501,600.36)	(61,202,739.38)	(63,566.78)	(54,787,012.78)	(62,780,191.62)	(65,774.08)
<b>Totals</b>			<u>(56,856,461.36)</u>	<u>(61,379,032.38)</u>	<u>(63,566.78)</u>	<u>(57,141,873.78)</u>	<u>(62,956,484.62)</u>	<u>(65,774.08)</u>

**Clark, Ed**

---

**From:** Charnas, Shannon  
**Sent:** Wednesday, July 11, 2012 12:57 PM  
**To:** Wiseman, Sara; Leichty, Doug  
**Cc:** Crescente, Angela  
**Subject:** RE: ARO JE

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

Thanks,

**Shannon Charnas**

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

---

**From:** Wiseman, Sara  
**Sent:** Wednesday, July 11, 2012 10:25 AM  
**To:** Charnas, Shannon; Leichty, Doug  
**Cc:** Crescente, Angela  
**Subject:** FW: ARO JE

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

---

**From:** Leichty, Doug  
**Sent:** Wednesday, July 11, 2012 9:41 AM  
**To:** Wiseman, Sara  
**Cc:** Charnas, Shannon  
**Subject:** RE: ARO JE

Sara,

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

Thanks,  
Doug

---

**From:** Leichty, Doug  
**Sent:** Tuesday, July 10, 2012 10:04 AM  
**To:** 'Jeff Garmon'  
**Cc:** Conroy, Robert; Wiseman, Sara  
**Subject:** RE: ARO JE

Jeff,

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

Doug



**Clark, Ed**

---

**From:** Erskine, Greg  
**Sent:** Wednesday, July 11, 2012 11:07 AM  
**To:** Crescente, Angela  
**Subject:** FW: ARO Footnote - 6/30/12

Angela:

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

Thanks,

Greg

---

**From:** Erskine, Greg  
**Sent:** Thursday, June 28, 2012 1:21 PM  
**To:** Crescente, Angela  
**Subject:** ARO Footnote - 6/30/12

Angela:

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

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

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

If you have any questions, please let me know.

Thanks,

Greg



Book2.xlsx

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

07/11/12

11:05 AM

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

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

07/11/12  
 11:05 AM

Acct No	Acct Desc	Curr or Noncurr	12/31/11			06/30/12		
			LG&E 0100	KU 0110	FCD 0304	LG&E 0100	KU 0110	FCD 0304
108799	RWIP-ARO LEGAL	NCURR	1,749,888.89	410,549.80	0.00	2,174,754.73	410,549.80	0.00
230012	ASSET RETIREMENT OBLIGATIONS - STEAM	NCURR	(35,116,397.44)	(60,261,506.99)	(63,566.78)	(35,960,683.18)	(61,802,181.48)	(65,774.08)
230013	ASSET RETIREMENT OBLIGATIONS - TRANSMISSI	NCURR	(253,364.08)	(545,748.17)	0.00	(260,289.84)	(560,697.55)	0.00
230015	ASSET RETIREMENT OBLIGATIONS - DISTRIBUTIC	NCURR	(658,353.57)	(806,034.02)	0.00	(676,494.00)	(827,862.39)	0.00
230016	ASSET RETIREMENT OBLIGATIONS - GAS	NCURR	(20,115,281.12)	0.00	0.00	(19,953,200.62)	0.00	0.00
230017	ASSET RETIREMENT OBLIGATIONS - COMMON	NCURR	(108,093.04)	0.00	0.00	(111,099.87)	0.00	0.00
230022	ASSET RETIREMENT OBLIGATIONS - STEAM - ST	CURR	(800,980.00)	(176,293.00)	0.00	(800,980.00)	(176,293.00)	0.00
230026	ASSET RETIREMENT OBLIGATIONS - GAS - ST	CURR	(1,553,881.00)	0.00	0.00	(1,553,881.00)	0.00	0.00
Totals			<u>(56,856,461.36)</u>	<u>(61,379,032.38)</u>	<u>(63,566.78)</u>	<u>(57,141,873.78)</u>	<u>(62,956,484.62)</u>	<u>(65,774.08)</u>
<u>Summary:</u>								
Current		CURR	(2,354,861.00)	(176,293.00)	0.00	(2,354,861.00)	(176,293.00)	0.00
Noncurrent		NCURR	<u>(54,501,600.36)</u>	<u>(61,202,739.38)</u>	<u>(63,566.78)</u>	<u>(54,787,012.78)</u>	<u>(62,780,191.62)</u>	<u>(65,774.08)</u>
Totals			<u>(56,856,461.36)</u>	<u>(61,379,032.38)</u>	<u>(63,566.78)</u>	<u>(57,141,873.78)</u>	<u>(62,956,484.62)</u>	<u>(65,774.08)</u>

**Clark, Ed**

---

**From:** Wiseman, Sara  
**Sent:** Wednesday, July 11, 2012 10:25 AM  
**To:** Charnas, Shannon; Leichty, Doug  
**Cc:** Crescente, Angela  
**Subject:** FW: ARO JE  
**Attachments:** Parent Child definitions for VASCC.docx

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

---

**From:** Leichty, Doug  
**Sent:** Wednesday, July 11, 2012 9:41 AM  
**To:** Wiseman, Sara  
**Cc:** Charnas, Shannon  
**Subject:** RE: ARO JE

Sara,

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

Thanks,  
Doug

---

**From:** Leichty, Doug  
**Sent:** Tuesday, July 10, 2012 10:04 AM  
**To:** 'Jeff Garmon'  
**Cc:** Conroy, Robert; Wiseman, Sara  
**Subject:** RE: ARO JE

Jeff,

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

Doug

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

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

Clark, Ed

---

**From:** Wiseman, Sara  
**Sent:** Wednesday, July 11, 2012 10:17 AM  
**To:** Crescente, Angela  
**Subject:** FW: ARO JE  
**Attachments:** Document2.docx

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

---

**From:** Leichty, Doug  
**Sent:** Wednesday, July 11, 2012 9:41 AM  
**To:** Wiseman, Sara  
**Cc:** Charnas, Shannon  
**Subject:** RE: ARO JE

Sara,

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

Thanks,  
Doug

---

**From:** Leichty, Doug  
**Sent:** Tuesday, July 10, 2012 10:04 AM  
**To:** 'Jeff Garmon'  
**Cc:** Conroy, Robert; Wiseman, Sara  
**Subject:** RE: ARO JE

Jeff,

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

Doug

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

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

Clark, Ed

---

**From:** Charnas, Shannon  
**Sent:** Tuesday, July 10, 2012 12:35 PM  
**To:** Leichty, Doug; Crescente, Angela  
**Cc:** Wiseman, Sara  
**Subject:** RE: Staff request ARO 7 6 2012.xlsx

OK, thanks.

**Shannon Charnas**

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

---

**From:** Leichty, Doug  
**Sent:** Tuesday, July 10, 2012 12:11 PM  
**To:** Charnas, Shannon; Crescente, Angela  
**Cc:** Wiseman, Sara  
**Subject:** RE: Staff request ARO 7 6 2012.xlsx

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

---

**From:** Charnas, Shannon  
**Sent:** Tuesday, July 10, 2012 11:49 AM  
**To:** Crescente, Angela; Leichty, Doug  
**Cc:** Wiseman, Sara  
**Subject:** RE: Staff request ARO 7 6 2012.xlsx

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

Thanks,

**Shannon Charnas**

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

---

**From:** Crescente, Angela  
**Sent:** Tuesday, July 10, 2012 9:47 AM  
**To:** Leichty, Doug  
**Cc:** Charnas, Shannon; Wiseman, Sara  
**Subject:** RE: Staff request ARO 7 6 2012.xlsx

Doug,

Please see the attached.

Thanks,  
Angela



---

**From:** Leichty, Doug  
**Sent:** Tuesday, July 10, 2012 9:12 AM  
**To:** Wiseman, Sara  
**Cc:** Charnas, Shannon; Crescente, Angela  
**Subject:** RE: Staff request ARO 7 6 2012.xlsx

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

Thanks,  
Doug

---

**From:** Wiseman, Sara  
**Sent:** Monday, July 09, 2012 8:55 AM  
**To:** Leichty, Doug  
**Cc:** Charnas, Shannon; Crescente, Angela  
**Subject:** Staff request ARO 7 6 2012.xlsx

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

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

**Clark, Ed**

---

**From:** Leichty, Doug  
**Sent:** Tuesday, July 10, 2012 12:11 PM  
**To:** Charnas, Shannon; Crescente, Angela  
**Cc:** Wiseman, Sara  
**Subject:** RE: Staff request ARO 7 6 2012.xlsx

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

---

**From:** Charnas, Shannon  
**Sent:** Tuesday, July 10, 2012 11:49 AM  
**To:** Crescente, Angela; Leichty, Doug  
**Cc:** Wiseman, Sara  
**Subject:** RE: Staff request ARO 7 6 2012.xlsx

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

Thanks,

**Shannon Charnas**

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

---

**From:** Crescente, Angela  
**Sent:** Tuesday, July 10, 2012 9:47 AM  
**To:** Leichty, Doug  
**Cc:** Charnas, Shannon; Wiseman, Sara  
**Subject:** RE: Staff request ARO 7 6 2012.xlsx

Doug,

Please see the attached.

Thanks,  
Angela

---

**From:** Leichty, Doug  
**Sent:** Tuesday, July 10, 2012 9:12 AM  
**To:** Wiseman, Sara  
**Cc:** Charnas, Shannon; Crescente, Angela  
**Subject:** RE: Staff request ARO 7 6 2012.xlsx

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

Thanks,  
Doug

---

**From:** Wiseman, Sara  
**Sent:** Monday, July 09, 2012 8:55 AM  
**To:** Leichty, Doug  
**Cc:** Charnas, Shannon; Crescente, Angela  
**Subject:** Staff request ARO 7 6 2012.xlsx

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

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

Clark, Ed

---

**From:** Charnas, Shannon  
**Sent:** Tuesday, July 10, 2012 11:49 AM  
**To:** Crescente, Angela; Leichty, Doug  
**Cc:** Wiseman, Sara  
**Subject:** RE: Staff request ARO 7 6 2012.xlsx

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

Thanks,

**Shannon Charnas**

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

---

**From:** Crescente, Angela  
**Sent:** Tuesday, July 10, 2012 9:47 AM  
**To:** Leichty, Doug  
**Cc:** Charnas, Shannon; Wiseman, Sara  
**Subject:** RE: Staff request ARO 7 6 2012.xlsx

Doug,

Please see the attached.

Thanks,  
Angela

---

**From:** Leichty, Doug  
**Sent:** Tuesday, July 10, 2012 9:12 AM  
**To:** Wiseman, Sara  
**Cc:** Charnas, Shannon; Crescente, Angela  
**Subject:** RE: Staff request ARO 7 6 2012.xlsx

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

Thanks,  
Doug

---

**From:** Wiseman, Sara  
**Sent:** Monday, July 09, 2012 8:55 AM  
**To:** Leichty, Doug  
**Cc:** Charnas, Shannon; Crescente, Angela  
**Subject:** Staff request ARO 7 6 2012.xlsx

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

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

**Clark, Ed**

---

**From:** Crescente, Angela  
**Sent:** Tuesday, July 10, 2012 9:47 AM  
**To:** Leichty, Doug  
**Cc:** Charnas, Shannon; Wiseman, Sara  
**Subject:** RE: Staff request ARO 7 6 2012.xlsx  
**Attachments:** Staff request ARO 7 6 2012.xlsx

Doug,

Please see the attached.

Thanks,  
Angela

---

**From:** Leichty, Doug  
**Sent:** Tuesday, July 10, 2012 9:12 AM  
**To:** Wiseman, Sara  
**Cc:** Charnas, Shannon; Crescente, Angela  
**Subject:** RE: Staff request ARO 7 6 2012.xlsx

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

Thanks,  
Doug

---

**From:** Wiseman, Sara  
**Sent:** Monday, July 09, 2012 8:55 AM  
**To:** Leichty, Doug  
**Cc:** Charnas, Shannon; Crescente, Angela  
**Subject:** Staff request ARO 7 6 2012.xlsx

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

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

Kentucky Utilities Company  
ARO Journal Entries  
for July 2011

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

**Clark, Ed**

---

**From:** Leichty, Doug  
**Sent:** Tuesday, July 10, 2012 9:40 AM  
**To:** Crescente, Angela  
**Cc:** Wiseman, Sara  
**Subject:** RE: Staff request ARO 7 6 2012.xlsx

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

---

**From:** Crescente, Angela  
**Sent:** Tuesday, July 10, 2012 9:30 AM  
**To:** Leichty, Doug  
**Cc:** Wiseman, Sara  
**Subject:** RE: Staff request ARO 7 6 2012.xlsx

Do you mean to the penny?

---

**From:** Leichty, Doug  
**Sent:** Tuesday, July 10, 2012 9:12 AM  
**To:** Wiseman, Sara  
**Cc:** Charnas, Shannon; Crescente, Angela  
**Subject:** RE: Staff request ARO 7 6 2012.xlsx

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

Thanks,  
Doug

---

**From:** Wiseman, Sara  
**Sent:** Monday, July 09, 2012 8:55 AM  
**To:** Leichty, Doug  
**Cc:** Charnas, Shannon; Crescente, Angela  
**Subject:** Staff request ARO 7 6 2012.xlsx

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

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



**Clark, Ed**

---

**From:** Leichthy, Doug  
**Sent:** Tuesday, July 10, 2012 9:12 AM  
**To:** Wiseman, Sara  
**Cc:** Charnas, Shannon; Crescente, Angela  
**Subject:** RE: Staff request ARO 7 6 2012.xlsx  
**Attachments:** Staff request ARO 7 6 2012.xlsx

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

Thanks,  
Doug

---

**From:** Wiseman, Sara  
**Sent:** Monday, July 09, 2012 8:55 AM  
**To:** Leichthy, Doug  
**Cc:** Charnas, Shannon; Crescente, Angela  
**Subject:** Staff request ARO 7 6 2012.xlsx

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

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

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

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

Clark, Ed

---

**From:** Walton, Ed  
**Sent:** Monday, July 09, 2012 2:28 PM  
**To:** Leenerts, Patricia; Porter, Janice  
**Cc:** Rieth, Tom; Crescente, Angela; Wiseman, Sara  
**Subject:** RE: Project RRCS421G

Pat

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

Correct me if that's not right.

Thanks

Ed

---

**From:** Leenerts, Patricia  
**Sent:** Monday, July 09, 2012 1:00 PM  
**To:** Porter, Janice; Walton, Ed  
**Cc:** Rieth, Tom; Crescente, Angela; Wiseman, Sara  
**Subject:** RE: Project RRCS421G

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

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

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

Thanks for your help.

Pat  
502-627-3811

---

**From:** Walton, Ed  
**Sent:** Monday, July 09, 2012 10:51 AM  
**To:** Leenerts, Patricia  
**Cc:** Rieth, Tom; Porter, Janice  
**Subject:** RE: Project RRCS421G

Pat

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

Charnas

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

Ed

---

**From:** Leenerts, Patricia  
**Sent:** Friday, July 06, 2012 4:20 PM  
**To:** Walton, Ed  
**Cc:** Rieth, Tom; Porter, Janice  
**Subject:** Project RRCS421G

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

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

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

Thanks,

Pat  
502-627-3811

Clark, Ed

---

**From:** Leenerts, Patricia  
**Sent:** Monday, July 09, 2012 1:00 PM  
**To:** Porter, Janice; Walton, Ed  
**Cc:** Rieth, Tom; Crescente, Angela; Wiseman, Sara  
**Subject:** RE: Project RRCS421G

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

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

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

Thanks for your help.

Pat  
502-627-3811

---

**From:** Walton, Ed  
**Sent:** Monday, July 09, 2012 10:51 AM  
**To:** Leenerts, Patricia  
**Cc:** Rieth, Tom; Porter, Janice  
**Subject:** RE: Project RRCS421G

Pat

I think it would be better to use two tasks for the removal and replacement services. It'll be easier to locate the removals and removal/replacement services in Storms using the Job Codes. Whenever I get the other task, I'll make the changes to our time sheets. I'm working on a process to capture the material used for these jobs when they occur.

Ed

---

**From:** Leenerts, Patricia  
**Sent:** Friday, July 06, 2012 4:20 PM  
**To:** Walton, Ed  
**Cc:** Rieth, Tom; Porter, Janice  
**Subject:** Project RRCS421G

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

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

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

Thanks,

Pat  
502-627-3811

**Clark, Ed**

---

**From:** Leenerts, Patricia  
**Sent:** Monday, July 09, 2012 10:32 AM  
**To:** Crescente, Angela  
**Subject:** FW: Project RRCS421G

FYI

Thanks,

Pat  
502-627-3811

---

**From:** Leenerts, Patricia  
**Sent:** Monday, July 09, 2012 10:31 AM  
**To:** Porter, Janice; Walton, Ed  
**Cc:** Rieth, Tom; Wiseman, Sara  
**Subject:** RE: Project RRCS421G

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

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

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

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

Thanks,

Pat  
502-627-3811

---

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

Is this for 2012 only?

---

**From:** Leenerts, Patricia  
**Sent:** Monday, July 09, 2012 9:25 AM  
**To:** Porter, Janice; Walton, Ed  
**Cc:** Rieth, Tom; Wiseman, Sara  
**Subject:** RE: Project RRCS421G

Janice,

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

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

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

Thanks,

Pat  
502-627-3811

---

**From:** Porter, Janice  
**Sent:** Monday, July 09, 2012 8:59 AM  
**To:** Leenerts, Patricia  
**Cc:** Walton, Ed; Rieth, Tom; Wiseman, Sara  
**Subject:** RE: Project RRCS421G

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

Thanks,  
Janice

---

**From:** Leenerts, Patricia  
**Sent:** Friday, July 06, 2012 6:30 PM  
**To:** Porter, Janice  
**Cc:** Walton, Ed; Rieth, Tom; Wiseman, Sara  
**Subject:** Project RRCS421G

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

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



Thanks,

Pat  
502-627-3811

Clark, Ed

---

**From:** Wiseman, Sara  
**Sent:** Monday, July 09, 2012 8:55 AM  
**To:** Leichty, Doug  
**Cc:** Charnas, Shannon; Crescente, Angela  
**Subject:** Staff request ARO 7 6 2012.xlsx



Staff request ARO  
7 6 2012.xls...

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

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

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

**Clark, Ed**

---

**From:** Charnas, Shannon  
**Sent:** Monday, July 09, 2012 8:11 AM  
**To:** Wiseman, Sara  
**Cc:** Crescente, Angela  
**Subject:** RE: Staff request ARO 7 6 2012.xlsx

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

Thanks,

***Shannon Charnas***

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

---

**From:** Wiseman, Sara  
**Sent:** Friday, July 06, 2012 1:42 PM  
**To:** Charnas, Shannon  
**Cc:** Crescente, Angela  
**Subject:** Staff request ARO 7 6 2012.xlsx

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

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

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

**Clark, Ed**

---

**From:** Wiseman, Sara  
**Sent:** Friday, July 06, 2012 1:42 PM  
**To:** Charnas, Shannon  
**Cc:** Crescente, Angela  
**Subject:** Staff request ARO 7 6 2012.xlsx



Staff request ARO  
7 6 2012.xls...

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

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

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

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

**Clark, Ed**

---

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

Project 137994 has ARO

[login to powerplant](#)

**Clark, Ed**

---

**From:** Crescente, Angela  
**Sent:** Tuesday, July 03, 2012 10:24 AM  
**To:** Harshfield, Eddie  
**Subject:** RE: capital project

**Tracking:** Recipient Read  
Harshfield, Eddie Read: 7/3/2012 10:24 AM

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

---

**From:** Harshfield, Eddie  
**Sent:** Tuesday, July 03, 2012 10:23 AM  
**To:** Crescente, Angela  
**Subject:** RE: capital project

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

---

**From:** Crescente, Angela  
**Sent:** Tuesday, July 03, 2012 8:59 AM  
**To:** Allen, Lisa; Harshfield, Eddie  
**Cc:** Clark, Ed  
**Subject:** RE: capital project

The project can be completed.

---

**From:** Allen, Lisa  
**Sent:** Tuesday, July 03, 2012 8:48 AM  
**To:** Crescente, Angela; Harshfield, Eddie  
**Cc:** Clark, Ed  
**Subject:** RE: capital project

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

Lisa

---

**From:** Crescente, Angela  
**Sent:** Tuesday, July 03, 2012 8:47 AM  
**To:** Allen, Lisa; Harshfield, Eddie  
**Cc:** Clark, Ed  
**Subject:** RE: capital project

The task can be completed.



---

**From:** Clark, Ed  
**Sent:** Tuesday, July 03, 2012 8:45 AM  
**To:** Crescente, Angela  
**Subject:** FW: capital project

Angela,

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

Thanks,  
Ed

---

**From:** Harshfield, Eddie  
**Sent:** Tuesday, July 03, 2012 8:39 AM  
**To:** Clark, Ed  
**Subject:** FW: capital project

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

---

**From:** Allen, Lisa  
**Sent:** Monday, July 02, 2012 1:36 PM  
**To:** Harshfield, Eddie  
**Subject:** capital project

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

**Lisa Allen**  
Manager, Finance & Budgeting - Energy Delivery  
(502) 627-4903  
[lisa.allen@lge-ku.com](mailto:lisa.allen@lge-ku.com)

**Clark, Ed**

---

**From:** Leenerts, Patricia  
**Sent:** Tuesday, July 03, 2012 7:47 AM  
**To:** Crescente, Angela  
**Subject:** FW: RRCS419G and RRCS422G; RRCS421G

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

Thanks,

Pat  
502-627-3811

---

**From:** Leenerts, Patricia  
**Sent:** Tuesday, July 03, 2012 7:46 AM  
**To:** Wright, Sharon  
**Cc:** Crescente, Angela  
**Subject:** RE: RRCS419G and RRCS422G; RRCS421G

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

Thanks,

Pat  
502-627-3811

---

**From:** Wright, Sharon  
**Sent:** Tuesday, July 03, 2012 7:36 AM  
**To:** Leenerts, Patricia  
**Cc:** Crescente, Angela  
**Subject:** RE: RRCS419G and RRCS422G; RRCS421G

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

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

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

---

**From:** Leenerts, Patricia

**Sent:** Monday, June 11, 2012 2:08 PM  
**To:** Wright, Sharon; Porter, Janice  
**Cc:** Crescente, Angela; Stratman, Paul  
**Subject:** FW: RRCS419G and RRCS422G; RRCS421G

Sharon / Janice,

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

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

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

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

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

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

RRCS421G – move \$485.76

RRCS419G – move \$10,763.14

RRCS422G – move \$0.00

Thanks,

Pat  
502-627-3811

---

**From:** Leenerts, Patricia  
**Sent:** Tuesday, May 08, 2012 2:06 PM  
**To:** Stratman, Paul  
**Cc:** Crescente, Angela; Wright, Sharon  
**Subject:** RE: RRCS419G and RRCS422G

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

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

Thanks for your alls help.

Pat  
502-627-3811

---

**From:** Stratman, Paul  
**Sent:** Tuesday, May 08, 2012 8:52 AM  
**To:** Leenerts, Patricia  
**Cc:** Crescente, Angela  
**Subject:** RE:

See my responses in RED below.

---

**From:** Leenerts, Patricia  
**Sent:** Monday, May 07, 2012 5:22 PM  
**To:** Stratman, Paul  
**Cc:** Crescente, Angela  
**Subject:**

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

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

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

This is correct.

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

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

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

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

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

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

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

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

Thanks,

Pat  
502-627-3811

**Clark, Ed**

---

**From:** Wright, Sharon  
**Sent:** Tuesday, July 03, 2012 7:47 AM  
**To:** Leenerts, Patricia  
**Cc:** Crescente, Angela  
**Subject:** RE: RRCS419G and RRCS422G; RRCS421G

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

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



---

**From:** Leenerts, Patricia  
**Sent:** Tuesday, July 03, 2012 7:46 AM  
**To:** Wright, Sharon  
**Cc:** Crescente, Angela  
**Subject:** RE: RRCS419G and RRCS422G; RRCS421G

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

Thanks,

Pat  
502-627-3811

---

**From:** Wright, Sharon  
**Sent:** Tuesday, July 03, 2012 7:36 AM  
**To:** Leenerts, Patricia  
**Cc:** Crescente, Angela  
**Subject:** RE: RRCS419G and RRCS422G; RRCS421G

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

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

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

---

**From:** Leenerts, Patricia  
**Sent:** Monday, June 11, 2012 2:08 PM  
**To:** Wright, Sharon; Porter, Janice  
**Cc:** Crescente, Angela; Stratman, Paul  
**Subject:** FW: RRCS419G and RRCS422G; RRCS421G

Sharon / Janice,

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

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

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

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

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

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

RRCS421G – move \$485.76

RRCS419G – move \$10,763.14

RRCS422G – move \$0.00

Thanks,

Pat  
502-627-3811

---

**From:** Leenerts, Patricia  
**Sent:** Tuesday, May 08, 2012 2:06 PM  
**To:** Stratman, Paul  
**Cc:** Crescente, Angela; Wright, Sharon  
**Subject:** RE: RRCS419G and RRCS422G

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

Charnas

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

Thanks for your alls help.

Pat  
502-627-3811

---

**From:** Stratman, Paul  
**Sent:** Tuesday, May 08, 2012 8:52 AM  
**To:** Leenerts, Patricia  
**Cc:** Crescente, Angela  
**Subject:** RE:

See my responses in RED below.

---

**From:** Leenerts, Patricia  
**Sent:** Monday, May 07, 2012 5:22 PM  
**To:** Stratman, Paul  
**Cc:** Crescente, Angela  
**Subject:**

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

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

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

This is correct.

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

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

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

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

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

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



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

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

Thanks,

Pat  
502-627-3811

**Clark, Ed**

---

**From:** Leenerts, Patricia  
**Sent:** Tuesday, July 03, 2012 7:46 AM  
**To:** Wright, Sharon  
**Cc:** Crescente, Angela  
**Subject:** RE: RRCS419G and RRCS422G; RRCS421G

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

Thanks,

Pat  
502-627-3811

---

**From:** Wright, Sharon  
**Sent:** Tuesday, July 03, 2012 7:36 AM  
**To:** Leenerts, Patricia  
**Cc:** Crescente, Angela  
**Subject:** RE: RRCS419G and RRCS422G; RRCS421G

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

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

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

---

**From:** Leenerts, Patricia  
**Sent:** Monday, June 11, 2012 2:08 PM  
**To:** Wright, Sharon; Porter, Janice  
**Cc:** Crescente, Angela; Stratman, Paul  
**Subject:** FW: RRCS419G and RRCS422G; RRCS421G

Sharon / Janice,

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

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

Charnas

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

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

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

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

RRCS421G – move \$485.76

RRCS419G – move \$10,763.14

RRCS422G – move \$0.00

Thanks,

Pat  
502-627-3811

---

**From:** Leenerts, Patricia  
**Sent:** Tuesday, May 08, 2012 2:06 PM  
**To:** Stratman, Paul  
**Cc:** Crescente, Angela; Wright, Sharon  
**Subject:** RE: RRCS419G and RRCS422G

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

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

Thanks for your alls help.

Pat  
502-627-3811

---

**From:** Stratman, Paul  
**Sent:** Tuesday, May 08, 2012 8:52 AM  
**To:** Leenerts, Patricia  
**Cc:** Crescente, Angela  
**Subject:** RE:

See my responses in RED below.

---

**From:** Leenerts, Patricia  
**Sent:** Monday, May 07, 2012 5:22 PM  
**To:** Stratman, Paul  
**Cc:** Crescente, Angela  
**Subject:**

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

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

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

This is correct.

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

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

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

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

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

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

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

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

Thanks,

Pat  
502-627-3811

Clark, Ed

---

**From:** Wright, Sharon  
**Sent:** Tuesday, July 03, 2012 7:36 AM  
**To:** Leenerts, Patricia  
**Cc:** Crescente, Angela  
**Subject:** RE: RRCS419G and RRCS422G; RRCS421G

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

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



---

**From:** Leenerts, Patricia  
**Sent:** Monday, June 11, 2012 2:08 PM  
**To:** Wright, Sharon; Porter, Janice  
**Cc:** Crescente, Angela; Stratman, Paul  
**Subject:** FW: RRCS419G and RRCS422G; RRCS421G

Sharon / Janice,

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

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

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

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

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

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

RRCS421G – move \$485.76

RRCS419G – move \$10,763.14

RRCS422G – move \$0.00

Thanks,

Pat  
502-627-3811

---

**From:** Leenerts, Patricia  
**Sent:** Tuesday, May 08, 2012 2:06 PM  
**To:** Stratman, Paul  
**Cc:** Crescente, Angela; Wright, Sharon  
**Subject:** RE: RRCS419G and RRCS422G

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

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

Thanks for your alls help.

Pat  
502-627-3811

---

**From:** Stratman, Paul  
**Sent:** Tuesday, May 08, 2012 8:52 AM  
**To:** Leenerts, Patricia  
**Cc:** Crescente, Angela  
**Subject:** RE:

See my responses in RED below.

---

**From:** Leenerts, Patricia  
**Sent:** Monday, May 07, 2012 5:22 PM  
**To:** Stratman, Paul  
**Cc:** Crescente, Angela  
**Subject:**

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

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

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

This is correct.

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

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

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

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

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

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

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

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

Thanks,

Pat  
502-627-3811

**Clark, Ed**

---

**From:** PowerPlantAlerts@lge-ku.com  
**Sent:** Tuesday, July 03, 2012 6:01 AM  
**To:** Crescente, Angela  
**Subject:** PowerPlant Alerts - LGE-KU - AIP - ARO

Project 137928 has ARO

[login to powerplant](#)



Clark, Ed

---

**From:** Wiseman, Sara  
**Sent:** Monday, July 02, 2012 10:31 AM  
**To:** Crescente, Angela  
**Subject:** FW: ARO Questionnaire

---

**From:** Wiseman, Sara  
**Sent:** Monday, June 04, 2012 2:57 PM  
**To:** Crescente, Angela  
**Subject:** FW: ARO Questionnaire

---

**From:** Hudson, Rusty  
**Sent:** Monday, June 04, 2012 2:29 PM  
**To:** Wiseman, Sara  
**Cc:** Hudson, Rusty  
**Subject:** ARO Questionnaire



ARO Quarterly  
Questionnaire.d...

ARO Quarterly Questionnaire

Please answer the following questions for the period since the date of your last completed questionnaire.

1. To the best of your knowledge, are you aware of any changes that would impact the valuation of the asset retirement obligations (“AROs”) that have been identified? Such changes may include changes in laws, statutes, regulations, precedents set by the Company, contracts, permits, certificates of need, right of way agreements, market costs or available resources for remediation, or planned retirements. (Please list)

**Answer: No**

2. To the best of your knowledge, are you aware of any acquired assets, land, or leases that will create an ARO? (Please list, include location)

**Answer: No**

3. To the best of your knowledge, are you aware of any new construction that will create an ARO? (Please list, include location)

**Answer:**

- A. Mill Creek for the environmental air, which I believe you have gotten updates from Scott/Eileen on.**
- B. The six stacks at Paddy’s Run are to be taken down later this year to a height where if they do later fall over, they will not get into the transmission facility. I have heard that the stacks do not have asbestos in them however, so I doubt that it is an ARO situation but I wanted to at least mention it.**
- C. The contract with Charah at Cane Run to build the Manufactured Stabilized Earth (MSE) Wall around the perimeter of the existing landfill includes capping of the landfill through 2016.**

4. In certain very limited circumstances the Company could be determined to be obligated to retire an asset or a group of assets based upon a commitment made to a third party. Are you aware of any communications either written or verbal between representatives of LKE and third parties with respect to retirement of an asset or a group of assets owned by LKE at the end of operations or a specific point in time? If so, please list the identities of the LKE representatives and assets involved, as well as the third party or parties who were involved and the context in which the discussions took place.

**Answer: No**

**Completed by: Rusty Hudson**

**For the quarter ended: 6/30/12**

**Clark, Ed**

---

**From:** Wiseman, Sara  
**Sent:** Monday, July 02, 2012 10:31 AM  
**To:** Crescente, Angela  
**Subject:** FW: ARO Quarterly Questionnaire.docx

---

**From:** Wiseman, Sara  
**Sent:** Saturday, June 09, 2012 3:52 PM  
**To:** Crescente, Angela  
**Subject:** FW: ARO Quarterly Questionnaire.docx

---

**From:** Garrett, Chris  
**Sent:** Friday, June 08, 2012 9:03 AM  
**To:** Wiseman, Sara  
**Subject:** ARO Quarterly Questionnaire.docx



ARO Quarterly  
Questionnaire.d...

**ARO Quarterly Questionnaire**

Please answer the following questions for the period since the date of your last completed questionnaire.

1. To the best of your knowledge, are you aware of any changes that would impact the valuation of the asset retirement obligations (“AROs”) that have been identified? Such changes may include changes in laws, statutes, regulations, precedents set by the Company, contracts, permits, certificates of need, right of way agreements, market costs or available resources for remediation, or planned retirements. (Please list)

**Answer: No**

2. To the best of your knowledge, are you aware of any acquired assets, land, or leases that will create an ARO? (Please list, include location)

**Answer: No**

3. To the best of your knowledge, are you aware of any new construction that will create an ARO? (Please list, include location)

**Answer: No**

4. In certain very limited circumstances the Company could be determined to be obligated to retire an asset or a group of assets based upon a commitment made to a third party. Are you aware of any communications either written or verbal between representatives of LKE and third parties with respect to retirement of an asset or a group of assets owned by LKE at the end of operations or a specific point in time? If so, please list the identities of the LKE representatives and assets involved, as well as the third party or parties who were involved and the context in which the discussions took place.

**Answer: No**

**Completed by: Chris Garrett  
For the quarter ended: 06/30/2012**

**Clark, Ed**

---

**From:** Leenerts, Patricia  
**Sent:** Saturday, June 30, 2012 8:39 PM  
**To:** Riggs, Eric  
**Cc:** Crescente, Angela  
**Subject:** Completed:

These 3 have AROs  
LSMR414  
PMR414  
RRCS419G

Sadly, I needed more info on RRCS421G and RRCS422G. There was 3 projects on my email with RRCS419G sadly the other 2 were not projects RRCS421G and RRCS422G.

So instead of giving you the additional 4 projects (RRCS421G and RRCS422G, with AROs). I had another project, 130939, on my hit list which needed to be finished and is included in my stack which is on your desk.

Thanks,

Pat  
502-627-3811

Clark, Ed

---

**From:** Leenerts, Patricia  
**Sent:** Saturday, June 30, 2012 7:53 PM  
**To:** Crescente, Angela  
**Subject:** FW:

Here is a current email which states from Paul: If a replacement is being made, all the time will be charged to the install task.

Thanks,

Pat  
502-627-3811

---

**From:** Stratman, Paul  
**Sent:** Tuesday, May 08, 2012 8:52 AM  
**To:** Leenerts, Patricia  
**Cc:** Crescente, Angela  
**Subject:** RE:

See my responses in RED below.

---

**From:** Leenerts, Patricia  
**Sent:** Monday, May 07, 2012 5:22 PM  
**To:** Stratman, Paul  
**Cc:** Crescente, Angela  
**Subject:**

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

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

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

This is correct.

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

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

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

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

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

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

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

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

Thanks,

Pat  
502-627-3811



Clark, Ed

---

**From:** Leenerts, Patricia  
**Sent:** Saturday, June 30, 2012 5:41 PM  
**To:** Crescente, Angela  
**Subject:** FW: Project RRCS419G

This is an old email but notice: When replacing like items on RRCS419G, there is not a charge to the retirement task, only to the install.

A year ago he was not charging anything to CP ARO, which is what I thought that he said in the meeting a few weeks ago.

Thanks,

Pat  
502-627-3811

---

**From:** Stratman, Paul  
**Sent:** Wednesday, April 20, 2011 3:14 PM  
**To:** Leenerts, Patricia  
**Subject:** RE: Project RRCS419G

Yes, these are cut, cap and purge retirements.

It is impossible to retire a gas facility without a cut, cap and purge operation. Without such an operation, gas would continually leak out into the atmosphere. I'm not sure I understand the rest of your questions.

When replacing like items on RRCS419G, there is not a charge to the retirement task, only to the install.

---

**From:** Leenerts, Patricia  
**Sent:** Tuesday, April 19, 2011 2:40 PM  
**To:** Rieth, Tom; Stratman, Paul  
**Subject:** Project RRCS419G

Paul/Tom, My previous email indicated RRCS~~421~~419G with the \$480K or retirement charges. The correct project number is RRCS~~419~~419G. Same question, different project number. Who needs to answer this now?

There is \$480,000 charges for removal on blanket project RRCS419G. Would any of that be related to cut, cap and purge? Or would this be pure retiring like items? If there is cut, cap and purge is it significant and if so, how do I know how much? Can you provide a percentage of cut, cap and purge if applicable?

I would appreciate a response by 4/25.

Thanks,

Pat  
502-627-3811

Clark, Ed

---

**From:** Erskine, Greg  
**Sent:** Thursday, June 28, 2012 1:21 PM  
**To:** Crescente, Angela  
**Subject:** ARO Footnote - 6/30/12

Angela:

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

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

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

If you have any questions, please let me know.

Thanks,

Greg



Book2.xlsx

## LG&amp;E AND KU

Asset Retirement Obligations

12/31/11 through 06/30/12

() Means Debit

06/30/12 Reporting

06/21/12

4:24 PM

	LKE	LG&E	KU	FCD
12/31/11 balance	118,299,060.52	56,856,461.36	61,379,032.38	63,566.78
Accretion expense	0.00	??????	??????	??????
Obligations assumed in acquisition of LKE	0.00	??????	??????	??????
Obligations assumed in acquisition of CN	0.00	??????	??????	??????
ARO derecognized	0.00	??????	??????	??????
New obligations incurred	0.00	??????	??????	??????
Changes in estimated cash flow or settlement date	0.00	??????	??????	??????
Effect of foreign currency exchange rates	0.00	??????	??????	??????
Obligations settled	0.00	??????	??????	??????
Other (forced - S/B zero)	1,832,168.74	518,613.99	1,311,720.59	1,834.16
06/30/12 balance	<u>120,131,229.26</u>	<u>57,375,075.35</u>	<u>62,690,752.97</u>	<u>65,400.94</u>

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

06/11/12  
 3:39 PM

Acct No	Acct Desc	Curr or Noncurr	12/31/11			06/30/12		
			LG&E 0100	KU 0110	FCD 0304	LG&E 0100	KU 0110	FCD 0304
108799	RWIP-ARO LEGAL	NCURR	1,749,888.89	410,549.80	0.00	2,445,634.69	410,549.80	0.00
230012	ASSET RETIREMENT OBLIGATIONS - STEAM	NCURR	(35,116,397.44)	(60,261,506.99)	(63,566.78)	(35,818,532.26)	(61,542,661.85)	(65,400.94)
230013	ASSET RETIREMENT OBLIGATIONS - TRANSMISSI	NCURR	(253,364.08)	(545,748.17)	0.00	(259,122.54)	(558,177.85)	0.00
230015	ASSET RETIREMENT OBLIGATIONS - DISTRIBUTIC	NCURR	(658,353.57)	(806,034.02)	0.00	(673,432.20)	(824,170.07)	0.00
230016	ASSET RETIREMENT OBLIGATIONS - GAS	NCURR	(20,115,281.12)	0.00	0.00	(20,604,169.05)	0.00	0.00
230017	ASSET RETIREMENT OBLIGATIONS - COMMON	NCURR	(108,093.04)	0.00	0.00	(110,592.99)	0.00	0.00
230022	ASSET RETIREMENT OBLIGATIONS - STEAM - ST	CURR	(800,980.00)	(176,293.00)	0.00	(800,980.00)	(176,293.00)	0.00
230026	ASSET RETIREMENT OBLIGATIONS - GAS - ST	CURR	(1,553,881.00)	0.00	0.00	(1,553,881.00)	0.00	0.00
Totals			<u>(56,856,461.36)</u>	<u>(61,379,032.38)</u>	<u>(63,566.78)</u>	<u>(57,375,075.35)</u>	<u>(62,690,752.97)</u>	<u>(65,400.94)</u>
<u>Summary:</u>								
Current		CURR	(2,354,861.00)	(176,293.00)	0.00	(2,354,861.00)	(176,293.00)	0.00
Noncurrent		NCURR	<u>(54,501,600.36)</u>	<u>(61,202,739.38)</u>	<u>(63,566.78)</u>	<u>(55,020,214.35)</u>	<u>(62,514,459.97)</u>	<u>(65,400.94)</u>
Totals			<u>(56,856,461.36)</u>	<u>(61,379,032.38)</u>	<u>(63,566.78)</u>	<u>(57,375,075.35)</u>	<u>(62,690,752.97)</u>	<u>(65,400.94)</u>

**Clark, Ed**

---

**From:** Leenerts, Patricia  
**Sent:** Thursday, June 28, 2012 10:22 AM  
**To:** Beatty, Stephen; Crescente, Angela  
**Subject:** RE: Penile Retirement

CP ASBESTOS - should be what you use for the ARO removal of the ACM pipe.

I will need to know what assets were retired and from what PP asset location to do the physical retirement whose charges hit the ARO removal tasks. With that information, I can give Angela what she needs at the big picture level. BTW, If there is replacement, then I believe that it was decided to put the removal costs on the new asset...IF the ARO removal was considered insignificant.

You can supply your portion of retirements to me and I can get other folks responsible to give me that information. Ultimately, I need to know what to retire. An email is sufficient or the Misc AIP form can be completed. I can't tell from removal tasks what was retired. Did that help?

Thanks,

Pat  
502-627-3811

---

**From:** Beatty, Stephen  
**Sent:** Thursday, June 28, 2012 10:14 AM  
**To:** Crescente, Angela; Leenerts, Patricia  
**Subject:** RE: Penile Retirement

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

---

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

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

---

**From:** Leenerts, Patricia  
**Sent:** Thursday, June 28, 2012 10:06 AM  
**To:** Crescente, Angela; Beatty, Stephen  
**Subject:** RE: Penile Retirement

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

Charnas

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

You all must really type a lot faster than me.

Thanks,

Pat  
502-627-3811

---

**From:** Crescente, Angela  
**Sent:** Thursday, June 28, 2012 10:02 AM  
**To:** Beatty, Stephen  
**Cc:** Leenerts, Patricia  
**Subject:** RE: Penile Retirement

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

---

**From:** Beatty, Stephen  
**Sent:** Thursday, June 28, 2012 10:00 AM  
**To:** Crescente, Angela  
**Cc:** Leenerts, Patricia  
**Subject:** RE: Penile Retirement

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

I'll move forward with this information.

---

**From:** Crescente, Angela  
**Sent:** Thursday, June 28, 2012 9:01 AM  
**To:** Beatty, Stephen  
**Cc:** Leenerts, Patricia  
**Subject:** RE: Penile Retirement

Steve,

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

Thanks,  
Angela

---

**From:** Leenerts, Patricia  
**Sent:** Wednesday, June 27, 2012 8:10 AM

**To:** Crescente, Angela  
**Subject:** FW: Penile Retirement

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

Thanks,

Pat  
502-627-3811

---

**From:** Beatty, Stephen  
**Sent:** Wednesday, June 27, 2012 8:01 AM  
**To:** Leenerts, Patricia  
**Subject:** RE: Penile Retirement

Pat:

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

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

If this works for you, it works for me.

Steve

---

**From:** Leenerts, Patricia  
**Sent:** Wednesday, June 27, 2012 8:00 AM  
**To:** Beatty, Stephen  
**Subject:** FW: Penile Retirement

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

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

Thanks,

Pat  
502-627-3811

---

**From:** Beatty, Stephen  
**Sent:** Wednesday, June 27, 2012 7:37 AM  
**To:** Leenerts, Patricia  
**Subject:** RE: Penile Retirement



Pat:

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

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

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

Thanks and let me know if I can help.

Steve

---

**From:** Leenerts, Patricia  
**Sent:** Tuesday, June 26, 2012 4:10 PM  
**To:** Beatty, Stephen  
**Subject:** RE: Penile Retirement

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

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

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

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

Thanks,

Pat  
502-627-3811

---

**From:** Beatty, Stephen  
**Sent:** Tuesday, June 26, 2012 2:52 PM  
**To:** Leenerts, Patricia  
**Subject:** Penile Retirement

Pat:

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

Thanks,

Steve

**Clark, Ed**

---

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

<b>Tracking:</b>	<b>Recipient</b>	<b>Read</b>
	Beatty, Stephen	Read: 6/28/2012 10:24 AM
	Leenerts, Patricia	Read: 7/19/2012 10:45 AM

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

---

**From:** Beatty, Stephen  
**Sent:** Thursday, June 28, 2012 10:14 AM  
**To:** Crescente, Angela; Leenerts, Patricia  
**Subject:** RE: Penile Retirement

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

---

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

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

---

**From:** Leenerts, Patricia  
**Sent:** Thursday, June 28, 2012 10:06 AM  
**To:** Crescente, Angela; Beatty, Stephen  
**Subject:** RE: Penile Retirement

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

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

You all must really type a lot faster than me.

Thanks,

Pat  
502-627-3811

---

**From:** Crescente, Angela  
**Sent:** Thursday, June 28, 2012 10:02 AM  
**To:** Beatty, Stephen  
**Cc:** Leenerts, Patricia  
**Subject:** RE: Penile Retirement

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

---

**From:** Beatty, Stephen  
**Sent:** Thursday, June 28, 2012 10:00 AM  
**To:** Crescente, Angela  
**Cc:** Leenerts, Patricia  
**Subject:** RE: Penile Retirement

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

I'll move forward with this information.

---

**From:** Crescente, Angela  
**Sent:** Thursday, June 28, 2012 9:01 AM  
**To:** Beatty, Stephen  
**Cc:** Leenerts, Patricia  
**Subject:** RE: Penile Retirement

Steve,

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

Thanks,  
Angela

---

**From:** Leenerts, Patricia  
**Sent:** Wednesday, June 27, 2012 8:10 AM  
**To:** Crescente, Angela  
**Subject:** FW: Penile Retirement

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

Thanks,

Pat  
502-627-3811

---

**From:** Beatty, Stephen  
**Sent:** Wednesday, June 27, 2012 8:01 AM  
**To:** Leenerts, Patricia  
**Subject:** RE: Penile Retirement

Pat:

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

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

If this works for you, it works for me.

Steve

---

**From:** Leenerts, Patricia  
**Sent:** Wednesday, June 27, 2012 8:00 AM  
**To:** Beatty, Stephen  
**Subject:** FW: Penile Retirement

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

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

Thanks,

Pat  
502-627-3811

---

**From:** Beatty, Stephen  
**Sent:** Wednesday, June 27, 2012 7:37 AM  
**To:** Leenerts, Patricia  
**Subject:** RE: Penile Retirement

Pat:

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

Charnas

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

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

Thanks and let me know if I can help.

Steve

---

**From:** Leenerts, Patricia

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

**To:** Beatty, Stephen

**Subject:** RE: Penile Retirement

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

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

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

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

Thanks,

Pat

502-627-3811

---

**From:** Beatty, Stephen

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

**To:** Leenerts, Patricia

**Subject:** Penile Retirement

Pat:

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

Thanks,

Steve

**Clark, Ed**

---

**From:** Beatty, Stephen  
**Sent:** Thursday, June 28, 2012 10:14 AM  
**To:** Crescente, Angela; Leenerts, Patricia  
**Subject:** RE: Penile Retirement

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

---

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

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

---

**From:** Leenerts, Patricia  
**Sent:** Thursday, June 28, 2012 10:06 AM  
**To:** Crescente, Angela; Beatty, Stephen  
**Subject:** RE: Penile Retirement

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

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

You all must really type a lot faster than me.

Thanks,

Pat  
502-627-3811

---

**From:** Crescente, Angela  
**Sent:** Thursday, June 28, 2012 10:02 AM  
**To:** Beatty, Stephen  
**Cc:** Leenerts, Patricia  
**Subject:** RE: Penile Retirement

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

---

**From:** Beatty, Stephen  
**Sent:** Thursday, June 28, 2012 10:00 AM  
**To:** Crescente, Angela  
**Cc:** Leenerts, Patricia  
**Subject:** RE: Penile Retirement

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

I'll move forward with this information.

---

**From:** Crescente, Angela  
**Sent:** Thursday, June 28, 2012 9:01 AM  
**To:** Beatty, Stephen  
**Cc:** Leenerts, Patricia  
**Subject:** RE: Penile Retirement

Steve,

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

Thanks,  
Angela

---

**From:** Leenerts, Patricia  
**Sent:** Wednesday, June 27, 2012 8:10 AM  
**To:** Crescente, Angela  
**Subject:** FW: Penile Retirement

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

Thanks,

Pat  
502-627-3811

---

**From:** Beatty, Stephen  
**Sent:** Wednesday, June 27, 2012 8:01 AM  
**To:** Leenerts, Patricia  
**Subject:** RE: Penile Retirement



Pat:

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

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

If this works for you, it works for me.

Steve

---

**From:** Leenerts, Patricia  
**Sent:** Wednesday, June 27, 2012 8:00 AM  
**To:** Beatty, Stephen  
**Subject:** FW: Penile Retirement

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

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

Thanks,

Pat  
502-627-3811

---

**From:** Beatty, Stephen  
**Sent:** Wednesday, June 27, 2012 7:37 AM  
**To:** Leenerts, Patricia  
**Subject:** RE: Penile Retirement

Pat:

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

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

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

Thanks and let me know if I can help.

Steve

---

**From:** Leenerts, Patricia

**Sent:** Tuesday, June 26, 2012 4:10 PM  
**To:** Beatty, Stephen  
**Subject:** RE: Penile Retirement

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

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

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

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

Thanks,

Pat  
502-627-3811

---

**From:** Beatty, Stephen  
**Sent:** Tuesday, June 26, 2012 2:52 PM  
**To:** Leenerts, Patricia  
**Subject:** Penile Retirement

Pat:

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

Thanks,

Steve

**Clark, Ed**

---

**From:** Leenerts, Patricia  
**Sent:** Thursday, June 28, 2012 10:06 AM  
**To:** Crescente, Angela; Beatty, Stephen  
**Subject:** RE: Penile Retirement

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

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

You all must really type a lot faster than me.

Thanks,

Pat  
502-627-3811

---

**From:** Crescente, Angela  
**Sent:** Thursday, June 28, 2012 10:02 AM  
**To:** Beatty, Stephen  
**Cc:** Leenerts, Patricia  
**Subject:** RE: Penile Retirement

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

---

**From:** Beatty, Stephen  
**Sent:** Thursday, June 28, 2012 10:00 AM  
**To:** Crescente, Angela  
**Cc:** Leenerts, Patricia  
**Subject:** RE: Penile Retirement

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

I'll move forward with this information.

---

**From:** Crescente, Angela  
**Sent:** Thursday, June 28, 2012 9:01 AM  
**To:** Beatty, Stephen  
**Cc:** Leenerts, Patricia  
**Subject:** RE: Penile Retirement

Steve,

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

Thanks,  
Angela

---

**From:** Leenerts, Patricia  
**Sent:** Wednesday, June 27, 2012 8:10 AM  
**To:** Crescente, Angela  
**Subject:** FW: Penile Retirement

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

Thanks,

Pat  
502-627-3811

---

**From:** Beatty, Stephen  
**Sent:** Wednesday, June 27, 2012 8:01 AM  
**To:** Leenerts, Patricia  
**Subject:** RE: Penile Retirement

Pat:

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

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

If this works for you, it works for me.

Steve

---

**From:** Leenerts, Patricia  
**Sent:** Wednesday, June 27, 2012 8:00 AM  
**To:** Beatty, Stephen  
**Subject:** FW: Penile Retirement

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

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

Thanks,

Pat  
502-627-3811

---

**From:** Beatty, Stephen  
**Sent:** Wednesday, June 27, 2012 7:37 AM  
**To:** Leenerts, Patricia  
**Subject:** RE: Penile Retirement

Pat:

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

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

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

Thanks and let me know if I can help.

Steve

---

**From:** Leenerts, Patricia  
**Sent:** Tuesday, June 26, 2012 4:10 PM  
**To:** Beatty, Stephen  
**Subject:** RE: Penile Retirement

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

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

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

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

Thanks,

Pat  
502-627-3811

---

**From:** Beatty, Stephen

**Sent:** Tuesday, June 26, 2012 2:52 PM  
**To:** Leenerts, Patricia  
**Subject:** Penile Retirement

Pat:

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

Thanks,

Steve

Clark, Ed

---

**From:** Beatty, Stephen  
**Sent:** Thursday, June 28, 2012 10:04 AM  
**To:** Crescente, Angela  
**Cc:** Leenerts, Patricia  
**Subject:** RE: Penile Retirement

10-4

Please be patient because I will keep asking similar questions in the future. I don't fully understand how this process works and how taxes get paid to the proper fire district. I also understand that I do not need to know either.

Steve

---

**From:** Crescente, Angela  
**Sent:** Thursday, June 28, 2012 10:02 AM  
**To:** Beatty, Stephen  
**Cc:** Leenerts, Patricia  
**Subject:** RE: Penile Retirement

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

---

**From:** Beatty, Stephen  
**Sent:** Thursday, June 28, 2012 10:00 AM  
**To:** Crescente, Angela  
**Cc:** Leenerts, Patricia  
**Subject:** RE: Penile Retirement

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

I'll move forward with this information.

---

**From:** Crescente, Angela  
**Sent:** Thursday, June 28, 2012 9:01 AM  
**To:** Beatty, Stephen  
**Cc:** Leenerts, Patricia  
**Subject:** RE: Penile Retirement

Steve,

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

Thanks,  
Angela

---

**From:** Leenerts, Patricia  
**Sent:** Wednesday, June 27, 2012 8:10 AM  
**To:** Crescente, Angela  
**Subject:** FW: Penile Retirement

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

Thanks,

Pat  
502-627-3811

---

**From:** Beatty, Stephen  
**Sent:** Wednesday, June 27, 2012 8:01 AM  
**To:** Leenerts, Patricia  
**Subject:** RE: Penile Retirement

Pat:

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

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

If this works for you, it works for me.

Steve

---

**From:** Leenerts, Patricia  
**Sent:** Wednesday, June 27, 2012 8:00 AM  
**To:** Beatty, Stephen  
**Subject:** FW: Penile Retirement

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

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

Thanks,

Pat  
502-627-3811



---

**From:** Beatty, Stephen  
**Sent:** Wednesday, June 27, 2012 7:37 AM  
**To:** Leenerts, Patricia  
**Subject:** RE: Penile Retirement

Pat:

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

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

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

Thanks and let me know if I can help.

Steve

---

**From:** Leenerts, Patricia  
**Sent:** Tuesday, June 26, 2012 4:10 PM  
**To:** Beatty, Stephen  
**Subject:** RE: Penile Retirement

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

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

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

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

Thanks,

Pat  
502-627-3811

---

**From:** Beatty, Stephen  
**Sent:** Tuesday, June 26, 2012 2:52 PM  
**To:** Leenerts, Patricia  
**Subject:** Penile Retirement

Pat:

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

Thanks,

Steve

**Clark, Ed**

---

**From:** Beatty, Stephen  
**Sent:** Thursday, June 28, 2012 10:00 AM  
**To:** Crescente, Angela  
**Cc:** Leenerts, Patricia  
**Subject:** RE: Penile Retirement

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

I'll move forward with this information.

---

**From:** Crescente, Angela  
**Sent:** Thursday, June 28, 2012 9:01 AM  
**To:** Beatty, Stephen  
**Cc:** Leenerts, Patricia  
**Subject:** RE: Penile Retirement

Steve,

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

Thanks,  
Angela

---

**From:** Leenerts, Patricia  
**Sent:** Wednesday, June 27, 2012 8:10 AM  
**To:** Crescente, Angela  
**Subject:** FW: Penile Retirement

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

Thanks,

Pat  
502-627-3811

---

**From:** Beatty, Stephen  
**Sent:** Wednesday, June 27, 2012 8:01 AM  
**To:** Leenerts, Patricia  
**Subject:** RE: Penile Retirement

Pat:

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

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

If this works for you, it works for me.

Steve

---

**From:** Leenerts, Patricia  
**Sent:** Wednesday, June 27, 2012 8:00 AM  
**To:** Beatty, Stephen  
**Subject:** FW: Penile Retirement

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

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

Thanks,

Pat  
502-627-3811

---

**From:** Beatty, Stephen  
**Sent:** Wednesday, June 27, 2012 7:37 AM  
**To:** Leenerts, Patricia  
**Subject:** RE: Penile Retirement

Pat:

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

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

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

Thanks and let me know if I can help.

Steve

---

**From:** Leenerts, Patricia

**Sent:** Tuesday, June 26, 2012 4:10 PM  
**To:** Beatty, Stephen  
**Subject:** RE: Penile Retirement

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

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

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

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

Thanks,

Pat  
502-627-3811

---

**From:** Beatty, Stephen  
**Sent:** Tuesday, June 26, 2012 2:52 PM  
**To:** Leenerts, Patricia  
**Subject:** Penile Retirement

Pat:

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

Thanks,

Steve

**Clark, Ed**

---

**From:** Leenerts, Patricia  
**Sent:** Thursday, June 28, 2012 8:17 AM  
**To:** Crescente, Angela  
**Subject:** FW: Penile Retirement

**Importance:** High

Steve needs an answer today.

Thanks,

Pat  
502-627-3811

---

**From:** Leenerts, Patricia  
**Sent:** Wednesday, June 27, 2012 8:10 AM  
**To:** Crescente, Angela  
**Subject:** FW: Penile Retirement

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

Thanks,

Pat  
502-627-3811

---

**From:** Beatty, Stephen  
**Sent:** Wednesday, June 27, 2012 8:01 AM  
**To:** Leenerts, Patricia  
**Subject:** RE: Penile Retirement

Pat:

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

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

If this works for you, it works for me.

Steve

---

**From:** Leenerts, Patricia  
**Sent:** Wednesday, June 27, 2012 8:00 AM

**To:** Beatty, Stephen  
**Subject:** FW: Penile Retirement

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

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

Thanks,

Pat  
502-627-3811

---

**From:** Beatty, Stephen  
**Sent:** Wednesday, June 27, 2012 7:37 AM  
**To:** Leenerts, Patricia  
**Subject:** RE: Penile Retirement

Pat:

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

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

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

Thanks and let me know if I can help.

Steve

---

**From:** Leenerts, Patricia  
**Sent:** Tuesday, June 26, 2012 4:10 PM  
**To:** Beatty, Stephen  
**Subject:** RE: Penile Retirement

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

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

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

Charnas

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

Thanks,

Pat  
502-627-3811

---

**From:** Beatty, Stephen  
**Sent:** Tuesday, June 26, 2012 2:52 PM  
**To:** Leenerts, Patricia  
**Subject:** Penile Retirement

Pat:

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

Thanks,

Steve



**Clark, Ed**

---

**From:** Mooney, Mike (BOC 3)  
**Sent:** Wednesday, June 27, 2012 4:32 PM  
**To:** Crescente, Angela  
**Subject:** RE: CR Ash Pond Closure

Thanks, I really do appreciate all the help!!!

--Mike

---

**From:** Crescente, Angela  
**Sent:** Wednesday, June 27, 2012 4:32 PM  
**To:** Mooney, Mike (BOC 3)  
**Subject:** RE: CR Ash Pond Closure

I added a CP ARO 2012 task to 136421.

Thanks!

---

**From:** Mooney, Mike (BOC 3)  
**Sent:** Wednesday, June 27, 2012 11:33 AM  
**To:** Crescente, Angela  
**Subject:** RE: CR Ash Pond Closure

Yes 121620 Cane Run landfill is going to be written off. We are moving to Cane Run MSE Wall 136421.

---

**From:** Crescente, Angela  
**Sent:** Wednesday, June 27, 2012 11:30 AM  
**To:** Mooney, Mike (BOC 3)  
**Subject:** RE: CR Ash Pond Closure

OK, thanks! I know the landfill date has been moved to 2015 for sure. That's why I was getting confused, but that is on a different project. 126160 or something like that.

---

**From:** Mooney, Mike (BOC 3)  
**Sent:** Wednesday, June 27, 2012 11:29 AM  
**To:** Crescente, Angela  
**Subject:** RE: CR Ash Pond Closure

Ok that makes sense. We are actually having a budget meeting today so I will ask about a potential closure date and get back to you.

---

**From:** Crescente, Angela  
**Sent:** Wednesday, June 27, 2012 11:28 AM

**To:** Mooney, Mike (BOC 3)  
**Subject:** RE: CR Ash Pond Closure

OK. It is good to know that. I am also looking at it from the standpoint of having to change the closure date for the ARO we have set up. For example, if the date goes from 2023 to 2015, that can change the estimate considerably.

---

**From:** Mooney, Mike (BOC 3)  
**Sent:** Wednesday, June 27, 2012 11:26 AM  
**To:** Crescente, Angela  
**Subject:** RE: CR Ash Pond Closure

I certainly will. Also at this point, this is a NON-ECR project. Did not know if you need to know that.

--Mike

---

**From:** Crescente, Angela  
**Sent:** Wednesday, June 27, 2012 11:25 AM  
**To:** Mooney, Mike (BOC 3)  
**Subject:** RE: CR Ash Pond Closure

OK, will you let me know if that changes?

---

**From:** Mooney, Mike (BOC 3)  
**Sent:** Wednesday, June 27, 2012 11:25 AM  
**To:** Crescente, Angela  
**Subject:** RE: CR Ash Pond Closure

At this point they have no clue. They are in the early engineering phase to see what needs to be done and when.

--Mike

---

**From:** Crescente, Angela  
**Sent:** Wednesday, June 27, 2012 11:20 AM  
**To:** Mooney, Mike (BOC 3)  
**Subject:** RE: CR Ash Pond Closure

Do you know what the expected full closure date is?

---

**From:** Mooney, Mike (BOC 3)  
**Sent:** Wednesday, June 27, 2012 10:59 AM  
**To:** Crescente, Angela  
**Subject:** RE: CR Ash Pond Closure

This new project (137503) is relating to the Ash pond only.

--Mike

---

**From:** Crescente, Angela  
**Sent:** Wednesday, June 27, 2012 10:49 AM  
**To:** Mooney, Mike (BOC 3)  
**Subject:** RE: CR Ash Pond Closure

Mike,

If it is associated with the closure of the Ash Pond, then yes. I thought it was the landfill closing though, not the ash pond. Is the ash pond closing too?

Thanks,  
Angela

---

**From:** Mooney, Mike (BOC 3)  
**Sent:** Wednesday, June 27, 2012 10:40 AM  
**To:** Crescente, Angela  
**Subject:** CR Ash Pond Closure

Angela,

Just checking something with you. Our newly approved Cane Run Ash Pond Closure Project (137503) is going to have some engineering work done. You had created an ARO to account 108799. Do I need to make all tasks on that project hit that account?

**Mike Mooney**  
Budget Analyst III, Project Engineering  
BOC 3  
BOC Phone: (502) 627-3671  
Fax: (502) 217- 2943  
E-mail: [Mike.Mooney@lge-ku.com](mailto:Mike.Mooney@lge-ku.com)

**Clark, Ed**

---

**From:** Mooney, Mike (BOC 3)  
**Sent:** Wednesday, June 27, 2012 11:33 AM  
**To:** Crescente, Angela  
**Subject:** RE: CR Ash Pond Closure

Yes 121620 Cane Run landfill is going to be written off. We are moving to Cane Run MSE Wall 136421.

---

**From:** Crescente, Angela  
**Sent:** Wednesday, June 27, 2012 11:30 AM  
**To:** Mooney, Mike (BOC 3)  
**Subject:** RE: CR Ash Pond Closure

OK, thanks! I know the landfill date has been moved to 2015 for sure. That's why I was getting confused, but that is on a different project. 126160 or something like that.

---

**From:** Mooney, Mike (BOC 3)  
**Sent:** Wednesday, June 27, 2012 11:29 AM  
**To:** Crescente, Angela  
**Subject:** RE: CR Ash Pond Closure

Ok that makes sense. We are actually having a budget meeting today so I will ask about a potential closure date and get back to you.

---

**From:** Crescente, Angela  
**Sent:** Wednesday, June 27, 2012 11:28 AM  
**To:** Mooney, Mike (BOC 3)  
**Subject:** RE: CR Ash Pond Closure

OK. It is good to know that. I am also looking at it from the standpoint of having to change the closure date for the ARO we have set up. For example, if the date goes from 2023 to 2015, that can change the estimate considerably.

---

**From:** Mooney, Mike (BOC 3)  
**Sent:** Wednesday, June 27, 2012 11:26 AM  
**To:** Crescente, Angela  
**Subject:** RE: CR Ash Pond Closure

I certainly will. Also at this point, this is a NON-ECR project. Did not know if you need to know that.

--Mike

---

**From:** Crescente, Angela  
**Sent:** Wednesday, June 27, 2012 11:25 AM

**To:** Mooney, Mike (BOC 3)  
**Subject:** RE: CR Ash Pond Closure

OK, will you let me know if that changes?

---

**From:** Mooney, Mike (BOC 3)  
**Sent:** Wednesday, June 27, 2012 11:25 AM  
**To:** Crescente, Angela  
**Subject:** RE: CR Ash Pond Closure

At this point they have no clue. They are in the early engineering phase to see what needs to be done and when.

--Mike

---

**From:** Crescente, Angela  
**Sent:** Wednesday, June 27, 2012 11:20 AM  
**To:** Mooney, Mike (BOC 3)  
**Subject:** RE: CR Ash Pond Closure

Do you know what the expected full closure date is?

---

**From:** Mooney, Mike (BOC 3)  
**Sent:** Wednesday, June 27, 2012 10:59 AM  
**To:** Crescente, Angela  
**Subject:** RE: CR Ash Pond Closure

This new project (137503) is relating to the Ash pond only.

--Mike

---

**From:** Crescente, Angela  
**Sent:** Wednesday, June 27, 2012 10:49 AM  
**To:** Mooney, Mike (BOC 3)  
**Subject:** RE: CR Ash Pond Closure

Mike,

If it is associated with the closure of the Ash Pond, then yes. I thought it was the landfill closing though, not the ash pond. Is the ash pond closing too?

Thanks,  
Angela

---

**From:** Mooney, Mike (BOC 3)  
**Sent:** Wednesday, June 27, 2012 10:40 AM

**To:** Crescente, Angela  
**Subject:** CR Ash Pond Closure

Angela,

Just checking something with you. Our newly approved Cane Run Ash Pond Closure Project (137503) is going to have some engineering work done. You had created an ARO to account 108799. Do I need to make all tasks on that project hit that account?

**Mike Mooney**  
Budget Analyst III, Project Engineering  
BOC 3  
BOC Phone: (502) 627-3671  
Fax: (502) 217- 2943  
E-mail: [Mike.Mooney@lge-ku.com](mailto:Mike.Mooney@lge-ku.com)

Clark, Ed

---

**From:** Crescente, Angela  
**Sent:** Wednesday, June 27, 2012 11:30 AM  
**To:** Mooney, Mike (BOC 3)  
**Subject:** RE: CR Ash Pond Closure

OK, thanks! I know the landfill date has been moved to 2015 for sure. That's why I was getting confused, but that is on a different project. 126160 or something like that.

---

**From:** Mooney, Mike (BOC 3)  
**Sent:** Wednesday, June 27, 2012 11:29 AM  
**To:** Crescente, Angela  
**Subject:** RE: CR Ash Pond Closure

Ok that makes sense. We are actually having a budget meeting today so I will ask about a potential closure date and get back to you.

---

**From:** Crescente, Angela  
**Sent:** Wednesday, June 27, 2012 11:28 AM  
**To:** Mooney, Mike (BOC 3)  
**Subject:** RE: CR Ash Pond Closure

OK. It is good to know that. I am also looking at it from the standpoint of having to change the closure date for the ARO we have set up. For example, if the date goes from 2023 to 2015, that can change the estimate considerably.

---

**From:** Mooney, Mike (BOC 3)  
**Sent:** Wednesday, June 27, 2012 11:26 AM  
**To:** Crescente, Angela  
**Subject:** RE: CR Ash Pond Closure

I certainly will. Also at this point, this is a NON-ECR project. Did not know if you need to know that.

--Mike

---

**From:** Crescente, Angela  
**Sent:** Wednesday, June 27, 2012 11:25 AM  
**To:** Mooney, Mike (BOC 3)  
**Subject:** RE: CR Ash Pond Closure

OK, will you let me know if that changes?

---

**From:** Mooney, Mike (BOC 3)  
**Sent:** Wednesday, June 27, 2012 11:25 AM

**To:** Crescente, Angela  
**Subject:** RE: CR Ash Pond Closure

At this point they have no clue. They are in the early engineering phase to see what needs to be done and when.

--Mike

---

**From:** Crescente, Angela  
**Sent:** Wednesday, June 27, 2012 11:20 AM  
**To:** Mooney, Mike (BOC 3)  
**Subject:** RE: CR Ash Pond Closure

Do you know what the expected full closure date is?

---

**From:** Mooney, Mike (BOC 3)  
**Sent:** Wednesday, June 27, 2012 10:59 AM  
**To:** Crescente, Angela  
**Subject:** RE: CR Ash Pond Closure

This new project (137503) is relating to the Ash pond only.

--Mike

---

**From:** Crescente, Angela  
**Sent:** Wednesday, June 27, 2012 10:49 AM  
**To:** Mooney, Mike (BOC 3)  
**Subject:** RE: CR Ash Pond Closure

Mike,

If it is associated with the closure of the Ash Pond, then yes. I thought it was the landfill closing though, not the ash pond. Is the ash pond closing too?

Thanks,  
Angela

---

**From:** Mooney, Mike (BOC 3)  
**Sent:** Wednesday, June 27, 2012 10:40 AM  
**To:** Crescente, Angela  
**Subject:** CR Ash Pond Closure

Angela,

Just checking something with you. Our newly approved Cane Run Ash Pond Closure Project (137503) is going to have some engineering work done. You had created an ARO to account 108799. Do I need to make all tasks on that project hit that account?



**Mike Mooney**  
Budget Analyst III, Project Engineering  
BOC 3  
BOC Phone: (502) 627-3671  
Fax: (502) 217- 2943  
E-mail: [Mike.Mooney@lge-ku.com](mailto:Mike.Mooney@lge-ku.com)

**Clark, Ed**

---

**From:** Mooney, Mike (BOC 3)  
**Sent:** Wednesday, June 27, 2012 11:29 AM  
**To:** Crescente, Angela  
**Subject:** RE: CR Ash Pond Closure

Ok that makes sense. We are actually having a budget meeting today so I will ask about a potential closure date and get back to you.

---

**From:** Crescente, Angela  
**Sent:** Wednesday, June 27, 2012 11:28 AM  
**To:** Mooney, Mike (BOC 3)  
**Subject:** RE: CR Ash Pond Closure

OK. It is good to know that. I am also looking at it from the standpoint of having to change the closure date for the ARO we have set up. For example, if the date goes from 2023 to 2015, that can change the estimate considerably.

---

**From:** Mooney, Mike (BOC 3)  
**Sent:** Wednesday, June 27, 2012 11:26 AM  
**To:** Crescente, Angela  
**Subject:** RE: CR Ash Pond Closure

I certainly will. Also at this point, this is a NON-ECR project. Did not know if you need to know that.

--Mike

---

**From:** Crescente, Angela  
**Sent:** Wednesday, June 27, 2012 11:25 AM  
**To:** Mooney, Mike (BOC 3)  
**Subject:** RE: CR Ash Pond Closure

OK, will you let me know if that changes?

---

**From:** Mooney, Mike (BOC 3)  
**Sent:** Wednesday, June 27, 2012 11:25 AM  
**To:** Crescente, Angela  
**Subject:** RE: CR Ash Pond Closure

At this point they have no clue. They are in the early engineering phase to see what needs to be done and when.

--Mike

---

**From:** Crescente, Angela  
**Sent:** Wednesday, June 27, 2012 11:20 AM

**To:** Mooney, Mike (BOC 3)  
**Subject:** RE: CR Ash Pond Closure

Do you know what the expected full closure date is?

---

**From:** Mooney, Mike (BOC 3)  
**Sent:** Wednesday, June 27, 2012 10:59 AM  
**To:** Crescente, Angela  
**Subject:** RE: CR Ash Pond Closure

This new project (137503) is relating to the Ash pond only.

--Mike

---

**From:** Crescente, Angela  
**Sent:** Wednesday, June 27, 2012 10:49 AM  
**To:** Mooney, Mike (BOC 3)  
**Subject:** RE: CR Ash Pond Closure

Mike,

If it is associated with the closure of the Ash Pond, then yes. I thought it was the landfill closing though, not the ash pond. Is the ash pond closing too?

Thanks,  
Angela

---

**From:** Mooney, Mike (BOC 3)  
**Sent:** Wednesday, June 27, 2012 10:40 AM  
**To:** Crescente, Angela  
**Subject:** CR Ash Pond Closure

Angela,

Just checking something with you. Our newly approved Cane Run Ash Pond Closure Project (137503) is going to have some engineering work done. You had created an ARO to account 108799. Do I need to make all tasks on that project hit that account?

**Mike Mooney**  
Budget Analyst III, Project Engineering  
BOC 3  
BOC Phone: (502) 627-3671  
Fax: (502) 217- 2943  
E-mail: [Mike.Mooney@lge-ku.com](mailto:Mike.Mooney@lge-ku.com)

**Clark, Ed**

---

**From:** Mooney, Mike (BOC 3)  
**Sent:** Wednesday, June 27, 2012 11:26 AM  
**To:** Crescente, Angela  
**Subject:** RE: CR Ash Pond Closure

I certainly will. Also at this point, this is a NON-ECR project. Did not know if you need to know that.

--Mike

---

**From:** Crescente, Angela  
**Sent:** Wednesday, June 27, 2012 11:25 AM  
**To:** Mooney, Mike (BOC 3)  
**Subject:** RE: CR Ash Pond Closure

OK, will you let me know if that changes?

---

**From:** Mooney, Mike (BOC 3)  
**Sent:** Wednesday, June 27, 2012 11:25 AM  
**To:** Crescente, Angela  
**Subject:** RE: CR Ash Pond Closure

At this point they have no clue. They are in the early engineering phase to see what needs to be done and when.

--Mike

---

**From:** Crescente, Angela  
**Sent:** Wednesday, June 27, 2012 11:20 AM  
**To:** Mooney, Mike (BOC 3)  
**Subject:** RE: CR Ash Pond Closure

Do you know what the expected full closure date is?

---

**From:** Mooney, Mike (BOC 3)  
**Sent:** Wednesday, June 27, 2012 10:59 AM  
**To:** Crescente, Angela  
**Subject:** RE: CR Ash Pond Closure

This new project (137503) is relating to the Ash pond only.

--Mike

---

**From:** Crescente, Angela  
**Sent:** Wednesday, June 27, 2012 10:49 AM

**To:** Mooney, Mike (BOC 3)  
**Subject:** RE: CR Ash Pond Closure

Mike,

If it is associated with the closure of the Ash Pond, then yes. I thought it was the landfill closing though, not the ash pond. Is the ash pond closing too?

Thanks,  
Angela

---

**From:** Mooney, Mike (BOC 3)  
**Sent:** Wednesday, June 27, 2012 10:40 AM  
**To:** Crescente, Angela  
**Subject:** CR Ash Pond Closure

Angela,

Just checking something with you. Our newly approved Cane Run Ash Pond Closure Project (137503) is going to have some engineering work done. You had created an ARO to account 108799. Do I need to make all tasks on that project hit that account?

**Mike Mooney**  
Budget Analyst III, Project Engineering  
BOC 3  
BOC Phone: (502) 627-3671  
Fax: (502) 217- 2943  
E-mail: [Mike.Mooney@lge-ku.com](mailto:Mike.Mooney@lge-ku.com)

**Clark, Ed**

---

**From:** Mooney, Mike (BOC 3)  
**Sent:** Wednesday, June 27, 2012 11:25 AM  
**To:** Crescente, Angela  
**Subject:** RE: CR Ash Pond Closure

At this point they have no clue. They are in the early engineering phase to see what needs to be done and when.

--Mike

---

**From:** Crescente, Angela  
**Sent:** Wednesday, June 27, 2012 11:20 AM  
**To:** Mooney, Mike (BOC 3)  
**Subject:** RE: CR Ash Pond Closure

Do you know what the expected full closure date is?

---

**From:** Mooney, Mike (BOC 3)  
**Sent:** Wednesday, June 27, 2012 10:59 AM  
**To:** Crescente, Angela  
**Subject:** RE: CR Ash Pond Closure

This new project (137503) is relating to the Ash pond only.

--Mike

---

**From:** Crescente, Angela  
**Sent:** Wednesday, June 27, 2012 10:49 AM  
**To:** Mooney, Mike (BOC 3)  
**Subject:** RE: CR Ash Pond Closure

Mike,

If it is associated with the closure of the Ash Pond, then yes. I thought it was the landfill closing though, not the ash pond. Is the ash pond closing too?

Thanks,  
Angela

---

**From:** Mooney, Mike (BOC 3)  
**Sent:** Wednesday, June 27, 2012 10:40 AM  
**To:** Crescente, Angela  
**Subject:** CR Ash Pond Closure

Angela,

Charnas

Just checking something with you. Our newly approved Cane Run Ash Pond Closure Project (137503) is going to have some engineering work done. You had created an ARO to account 108799. Do I need to make all tasks on that project hit that account?

**Mike Mooney**

Budget Analyst III, Project Engineering

BOC 3

BOC Phone: (502) 627-3671

Fax: (502) 217- 2943

E-mail: [Mike.Mooney@lge-ku.com](mailto:Mike.Mooney@lge-ku.com)

**Clark, Ed**

---

**From:** Mooney, Mike (BOC 3)  
**Sent:** Wednesday, June 27, 2012 10:59 AM  
**To:** Crescente, Angela  
**Subject:** RE: CR Ash Pond Closure

This new project (137503) is relating to the Ash pond only.

--Mike

---

**From:** Crescente, Angela  
**Sent:** Wednesday, June 27, 2012 10:49 AM  
**To:** Mooney, Mike (BOC 3)  
**Subject:** RE: CR Ash Pond Closure

Mike,

If it is associated with the closure of the Ash Pond, then yes. I thought it was the landfill closing though, not the ash pond. Is the ash pond closing too?

Thanks,  
Angela

---

**From:** Mooney, Mike (BOC 3)  
**Sent:** Wednesday, June 27, 2012 10:40 AM  
**To:** Crescente, Angela  
**Subject:** CR Ash Pond Closure

Angela,

Just checking something with you. Our newly approved Cane Run Ash Pond Closure Project (137503) is going to have some engineering work done. You had created an ARO to account 108799. Do I need to make all tasks on that project hit that account?

**Mike Mooney**  
Budget Analyst III, Project Engineering  
BOC 3  
BOC Phone: (502) 627-3671  
Fax: (502) 217- 2943  
E-mail: [Mike.Mooney@lge-ku.com](mailto:Mike.Mooney@lge-ku.com)



**Clark, Ed**

---

**From:** Mooney, Mike (BOC 3)  
**Sent:** Wednesday, June 27, 2012 10:40 AM  
**To:** Crescente, Angela  
**Subject:** CR Ash Pond Closure

Angela,

Just checking something with you. Our newly approved Cane Run Ash Pond Closure Project (137503) is going to have some engineering work done. You had created an ARO to account 108799. Do I need to make all tasks on that project hit that account?

**Mike Mooney**  
Budget Analyst III, Project Engineering  
BOC 3  
BOC Phone: (502) 627-3671  
Fax: (502) 217- 2943  
E-mail: [Mike.Mooney@lge-ku.com](mailto:Mike.Mooney@lge-ku.com)

**Clark, Ed**

---

**From:** Leenerts, Patricia  
**Sent:** Wednesday, June 27, 2012 8:10 AM  
**To:** Crescente, Angela  
**Subject:** FW: Penile Retirement

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

Thanks,

Pat  
502-627-3811

---

**From:** Beatty, Stephen  
**Sent:** Wednesday, June 27, 2012 8:01 AM  
**To:** Leenerts, Patricia  
**Subject:** RE: Penile Retirement

Pat:

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

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

If this works for you, it works for me.

Steve

---

**From:** Leenerts, Patricia  
**Sent:** Wednesday, June 27, 2012 8:00 AM  
**To:** Beatty, Stephen  
**Subject:** FW: Penile Retirement

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

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

Thanks,

Pat  
502-627-3811

---

**From:** Beatty, Stephen  
**Sent:** Wednesday, June 27, 2012 7:37 AM  
**To:** Leenerts, Patricia  
**Subject:** RE: Penile Retirement

Pat:

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

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

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

Thanks and let me know if I can help.

Steve

---

**From:** Leenerts, Patricia  
**Sent:** Tuesday, June 26, 2012 4:10 PM  
**To:** Beatty, Stephen  
**Subject:** RE: Penile Retirement

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

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

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

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

Thanks,

Pat  
502-627-3811

---

**From:** Beatty, Stephen  
**Sent:** Tuesday, June 26, 2012 2:52 PM  
**To:** Leenerts, Patricia  
**Subject:** Penile Retirement

Pat:

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

Thanks,

Steve

**Clark, Ed**

---

**From:** Mooney, Mike (BOC 3)  
**Sent:** Monday, June 25, 2012 7:51 AM  
**To:** Crescente, Angela  
**Subject:** RE: Cane Run Ash Pond Closure

To be honest we are in the very early stages of this project. For now, I would set up an ARO task by year. Right now, they are wanting to do some engineering to forma plan going forward.

---

**From:** Crescente, Angela  
**Sent:** Friday, June 22, 2012 9:50 AM  
**To:** Mooney, Mike (BOC 3)  
**Cc:** Rose, Bruce  
**Subject:** RE: Cane Run Ash Pond Closure

Mike,

A CP ARO task has been created on the project. Is this project going to be used for the entire closure or will there be a new project for every year? If the project is going to be used the whole time, it will probably be best for me to add a CP ARO task for each year. Please advise.

Thanks,  
Angela

---

**From:** Mooney, Mike (BOC 3)  
**Sent:** Tuesday, May 29, 2012 12:45 PM  
**To:** Crescente, Angela  
**Subject:** Cane Run Ash Pond Closure

Angela,

I am in the process of creating a new project in power Plant for the closure of the Cane Run Ash Pond. Since it is the closure, I assume we will need a CP ARO task. Is that something you want to create or shall I? The project is 137503.

THANKS!!!

**Mike Mooney**  
Budget Analyst III, Project Engineering  
BOC 3  
BOC Phone: (502) 627-3671  
Fax: (502) 217- 2943  
E-mail: [Mike.Mooney@lge-ku.com](mailto:Mike.Mooney@lge-ku.com)

**Clark, Ed**


---

**From:** Singleton, Janna  
**Sent:** Friday, June 22, 2012 10:00 AM  
**To:** Crescente, Angela  
**Cc:** Mooney, Mike (BOC 3); Rose, Bruce  
**Subject:** RE: Cane Run Ash Pond Closure

This project will be used for the entire project so a new task each year would be appropriate.

I have a call out to Jeff Heun about the timing of the project for Bruce's earlier question. I'll let you know when I hear back.

*Janna*

 Think Green! Before printing this e-mail, ask the question, is it necessary?

---

**From:** Crescente, Angela  
**Sent:** Friday, June 22, 2012 9:54 AM  
**To:** Singleton, Janna  
**Cc:** Mooney, Mike (BOC 3); Rose, Bruce  
**Subject:** FW: Cane Run Ash Pond Closure

Janna,

I saw Mike's out of office, would you be able to answer this question?

Thanks,  
Angela

---

**From:** Crescente, Angela  
**Sent:** Friday, June 22, 2012 9:50 AM  
**To:** Mooney, Mike (BOC 3)  
**Cc:** Rose, Bruce  
**Subject:** RE: Cane Run Ash Pond Closure

Mike,

A CP ARO task has been created on the project. Is this project going to be used for the entire closure or will there be a new project for every year? If the project is going to be used the whole time, it will probably be best for me to add a CP ARO task for each year. Please advise.

Thanks,  
Angela

---

**From:** Mooney, Mike (BOC 3)  
**Sent:** Tuesday, May 29, 2012 12:45 PM

**To:** Crescente, Angela  
**Subject:** Cane Run Ash Pond Closure

Angela,

I am in the process of creating a new project in power Plant for the closure of the Cane Run Ash Pond. Since it is the closure, I assume we will need a CP ARO task. Is that something you want to create or shall I? The project is 137503.

THANKS!!!

**Mike Mooney**  
Budget Analyst III, Project Engineering  
BOC 3  
BOC Phone: (502) 627-3671  
Fax: (502) 217- 2943  
E-mail: [Mike.Mooney@lge-ku.com](mailto:Mike.Mooney@lge-ku.com)

**Clark, Ed**

---

**From:** Crescente, Angela  
**Sent:** Friday, June 22, 2012 9:54 AM  
**To:** Singleton, Janna  
**Cc:** Mooney, Mike (BOC 3); Rose, Bruce  
**Subject:** FW: Cane Run Ash Pond Closure

Janna,

I saw Mike's out of office, would you be able to answer this question?

Thanks,  
Angela

---

**From:** Crescente, Angela  
**Sent:** Friday, June 22, 2012 9:50 AM  
**To:** Mooney, Mike (BOC 3)  
**Cc:** Rose, Bruce  
**Subject:** RE: Cane Run Ash Pond Closure

Mike,

A CP ARO task has been created on the project. Is this project going to be used for the entire closure or will there be a new project for every year? If the project is going to be used the whole time, it will probably be best for me to add a CP ARO task for each year. Please advise.

Thanks,  
Angela

---

**From:** Mooney, Mike (BOC 3)  
**Sent:** Tuesday, May 29, 2012 12:45 PM  
**To:** Crescente, Angela  
**Subject:** Cane Run Ash Pond Closure

Angela,

I am in the process of creating a new project in power Plant for the closure of the Cane Run Ash Pond. Since it is the closure, I assume we will need a CP ARO task. Is that something you want to create or shall I? The project is 137503.

THANKS!!!

**Mike Mooney**  
Budget Analyst III, Project Engineering  
BOC 3  
BOC Phone: (502) 627-3671  
Fax: (502) 217- 2943  
E-mail: [Mike.Mooney@lge-ku.com](mailto:Mike.Mooney@lge-ku.com)



**Clark, Ed**

---

**From:** Crescente, Angela  
**Sent:** Friday, June 22, 2012 9:50 AM  
**To:** Mooney, Mike (BOC 3)  
**Cc:** Rose, Bruce  
**Subject:** RE: Cane Run Ash Pond Closure

Mike,

A CP ARO task has been created on the project. Is this project going to be used for the entire closure or will there be a new project for every year? If the project is going to be used the whole time, it will probably be best for me to add a CP ARO task for each year. Please advise.

Thanks,  
Angela

---

**From:** Mooney, Mike (BOC 3)  
**Sent:** Tuesday, May 29, 2012 12:45 PM  
**To:** Crescente, Angela  
**Subject:** Cane Run Ash Pond Closure

Angela,

I am in the process of creating a new project in power Plant for the closure of the Cane Run Ash Pond. Since it is the closure, I assume we will need a CP ARO task. Is that something you want to create or shall I? The project is 137503.

THANKS!!!

**Mike Mooney**  
Budget Analyst III, Project Engineering  
BOC 3  
BOC Phone: (502) 627-3671  
Fax: (502) 217- 2943  
E-mail: [Mike.Mooney@lge-ku.com](mailto:Mike.Mooney@lge-ku.com)

**Clark, Ed**

---

**From:** Crescente, Angela  
**Sent:** Wednesday, June 13, 2012 3:05 PM  
**To:** Leichty, Doug  
**Cc:** Wiseman, Sara  
**Subject:** FW: ARO Balances as of 12/31/2011  
**Attachments:** ARO as of 12/31/2011.pdf; LGE and KU ARO Balances Dec 2009 and 2010.pdf

Doug,

Please see the attached.

Thanks,  
Angela

---

**From:** Leichty, Doug  
**Sent:** Wednesday, June 13, 2012 11:20 AM  
**To:** Crescente, Angela  
**Subject:** RE: ARO Balances as of 12/31/2011

Angela,

I need the attached ARO balances for LG&E as of 12/31/2009 and 12/31/2010. I know you probably have given to me previously, but I can't find them.

Thanks,  
Doug

---

**From:** Crescente, Angela  
**Sent:** Tuesday, January 24, 2012 10:46 AM  
**To:** Leichty, Doug  
**Subject:** RE: ARO Balances as of 12/31/2011

Doug,

Here you go.

Thanks,  
Angela

Account Balance for LG&E

Period Name: DEC-2011

		Balance SUM	
		Company	Sum
Account	Account	0100	Sum
101107	PLANT IN SERVICE-ELECTRIC/ARO/ASSET RETIREMENT/COST-EQUIPMENT	28,285,822.89	28,285,822.89
101125	PLANT IN SERVICE-ELECTRIC/ARO/ASSET RETIREMENT/COST-LAND/BUILDING	533,396.11	533,396.11
101207	PLANT IN SERVICE-GAS/ARO/ASSET RETIREMENT/COST-EQUIPMENT	21,040,462.23	21,040,462.23
101225	PLANT IN SERVICE-GAS/ARO/ASSET RETIREMENT/COST-LAND/BUILDING	33,839.35	33,839.35
101325	PLANT IN SERVICE-COMMON/ARO/ASSET RETIREMENT/COST-LAND/BUILDING	101,389.77	101,389.77
108107	ACCUM DEPR-ELECTRIC/ARO/ASSET RETIREMENT/COST-EQUIPMENT	-1,405,083.15	-1,405,083.15
108125	ACCUM DEPR-ELECTRIC/ARO/ASSET RETIREMENT/COST-LAND/BUILDING	-8,573.89	-8,573.89
108207	ACCUM DEPR-GAS/ARO/ASSET RETIREMENT/COST-EQUIPMENT	-638,420.32	-638,420.32
108225	ACCUM DEPR-GAS/ARO/ASSET RETIREMENT/COST-LAND/BUILDING	-639.29	-639.29
108325	ACCUM DEPR-COMMON/ARO/ASSET RETIREMENT/COST-LAND/BUILDING	-2,403.59	-2,403.59
108799	RWP/ARO/LEGAL	1,749,888.89	1,749,888.89
182317	OTHER REGULATORY ASSETS/ARO-GENERATION	9,382,874.91	9,382,874.91
182318	OTHER REG ASSETS/ARO-TRANSMISSION	1,804.76	1,804.76
182325	OTHER REGULATORY ASSETS/ARO-DISTRIBUTION	38,853.46	38,853.46
182326	OTHER REGULATORY ASSETS/ARO-GAS	1,233,920.15	1,233,920.15
182327	OTHER REGULATORY ASSETS/ARO-COMMON	9,106.86	9,106.86
230012	ASSET RETIREMENT OBLIGATIONS-STEAM	-35,116,397.44	-35,116,397.44
230013	ASSET RETIREMENT OBLIGATIONS-TRANSMISSION	-253,364.08	-253,364.08
230015	ASSET RETIREMENT OBLIGATIONS-DISTRIBUTION	-658,353.57	-658,353.57
230016	ASSET RETIREMENT OBLIGATIONS-GAS	-20,115,281.12	-20,115,281.12
230017	ASSET RETIREMENT OBLIGATIONS-COMMON	-108,093.04	-108,093.04
230022	ASSET RETIREMENT OBLIGATIONS-STEAM-ST	-800,980.00	-800,980.00
230026	ASSET RETIREMENT OBLIGATIONS-GAS-ST	-1,553,881.00	-1,553,881.00
254014	REGULATORY LIABILITY/ARO-GENERATION	-183,608.63	-183,608.63
254015	REGULATORY LIABILITY/ARO-TRANSMISSION	0.00	0.00
254016	REGULATORY LIABILITY/ARO-GAS	-2,149,408.34	-2,149,408.34
	Sum	-588,128.08	-588,128.08

Account Balance for KU

Period Name: DEC-2011

		Balance SUM	
		Company	
		0110	Sum
Account	Account		
101107	PLANT, IN SERVICE, ELECTRIC, ARO, ASSET, RETIREMENT, COST, EQUIPMENT	57,517,877.87	57,517,877.87
101125	PLANT, IN SERVICE, ELECTRIC, ARO, ASSET, RETIREMENT, COST, LAND/BUILDING	374,327.29	374,327.29
108107	ACCUM. DEPR., ELECTRIC, ARO, ASSET, RETIREMENT, COST, EQUIPMENT	-3,517,277.38	-3,517,277.38
108125	ACCUM. DEPR., ELECTRIC, ARO, ASSET, RETIREMENT, COST, LAND/BUILDING	-6,637.64	-6,637.64
108799	RWIP, ARO, LEGAL	410,549.80	410,549.80
182317	OTHER REGULATORY ASSETS, ARO, GENERATION	7,387,106.47	7,387,106.47
182318	OTHER REG. ASSETS, ARO, TRANSMISSION	8,472.65	8,472.65
182325	OTHER REGULATORY ASSETS, ARO, DISTRIBUTION	25,712.72	25,712.72
230012	ASSET RETIREMENT OBLIGATIONS, STEAM	-60,261,506.99	-60,261,506.99
230013	ASSET RETIREMENT OBLIGATIONS, TRANSMISSION	-545,748.17	-545,748.17
230015	ASSET RETIREMENT OBLIGATIONS, DISTRIBUTION	-806,034.02	-806,034.02
230022	ASSET RETIREMENT OBLIGATIONS, STEAM, ST	-176,293.00	-176,293.00
254014	REGULATORY LIABILITY, ARO, GENERATION	-3,533,597.56	-3,533,597.56
254015	REGULATORY LIABILITY, ARO, TRANSMISSION	0.00	0.00
	Sum	-3,123,047.76	-3,123,047.76

## Account Balance for LG&amp;E

Period Name: DEC-2010

Account	Account	Company	Balance SUM	
			0100	Sum
101107	PLANT IN SERVICE-ELECTRIC ARO ASSET RETIREMENT COST-EQUIPMENT		27,904,999.60	27,904,999.60
101125	PLANT IN SERVICE-ELECTRIC ARO ASSET RETIREMENT COST-LAND/BUILDING		494,966.97	494,966.97
101207	PLANT IN SERVICE-GAS ARO ASSET RETIREMENT COST-EQUIPMENT		17,570,412.24	17,570,412.24
101225	PLANT IN SERVICE-GAS ARO ASSET RETIREMENT COST-LAND/BUILDING		35,369.96	35,369.96
101325	PLANT IN SERVICE-COMMON ARO ASSET RETIREMENT COST-LAND/BUILDING		101,389.77	101,389.77
108107	ACCUM DEPR-ELECTRIC ARO ASSET RETIREMENT COST-EQUIPMENT		-204,878.29	-204,878.29
108125	ACCUM DEPR-ELECTRIC ARO ASSET RETIREMENT COST-LAND/BUILDING		-1,038.37	-1,038.37
108207	ACCUM DEPR-GAS ARO ASSET RETIREMENT COST-EQUIPMENT		-89,105.96	-89,105.96
108225	ACCUM DEPR-GAS ARO ASSET RETIREMENT COST-LAND/BUILDING		-95.07	-95.07
108325	ACCUM DEPR-COMMON ARO ASSET RETIREMENT COST-LAND/BUILDING		-343.19	-343.19
108799	RWMP ARO LEGAL		2,905,548.76	2,905,548.76
182317	OTHER REGULATORY ASSETS ARO GENERATION		6,582,204.33	6,582,204.33
182318	OTHER REG ASSETS ARO TRANSMISSION		159.55	159.55
182325	OTHER REGULATORY ASSETS ARO DISTRIBUTION		5,426.42	5,426.42
182326	OTHER REGULATORY ASSETS ARO GAS		250,046.23	250,046.23
182327	OTHER REGULATORY ASSETS ARO COMMON		1,274.74	1,274.74
230012	ASSET RETIREMENT OBLIGATIONS-STEAM		-34,072,325.64	-34,072,325.64
230013	ASSET RETIREMENT OBLIGATIONS-TRANSMISSION		-13,887.16	-13,887.16
230015	ASSET RETIREMENT OBLIGATIONS-DISTRIBUTION		-485,627.41	-485,627.41
230016	ASSET RETIREMENT OBLIGATIONS-GAS		-17,174,985.40	-17,174,985.40
230017	ASSET RETIREMENT OBLIGATIONS-COMMON		-102,321.30	-102,321.30
230022	ASSET RETIREMENT OBLIGATIONS-STEAM-ST		-210,000.00	-210,000.00
230026	ASSET RETIREMENT OBLIGATIONS-GAS-ST		-591,642.00	-591,642.00
254014	REGULATORY LIABILITY ARO GENERATION		-787,905.47	-787,905.47
254015	REGULATORY LIABILITY ARO TRANSMISSION		0.00	0.00
254016	REGULATORY LIABILITY ARO GAS		-2,387,519.03	-2,387,519.03
	Sum		-289,875.72	-289,875.72

Account Balance for KU

Period Name: DEC-2009

		Balance SUM	
		Company	Sum
Account	Account	0110	Sum
101107	PLANT IN SERVICE-ELECTRIC/ARO/ASSET RETIREMENT COST-EQUIPMENT	9,324,322.29	9,324,322.29
101125	PLANT IN SERVICE-ELECTRIC/ARO/ASSET RETIREMENT COST-LAND/BUILDING	26,037.38	26,037.38
108107	ACCUM DEPR-ELECTRIC/ARO/ASSET RETIREMENT COST-EQUIPMENT	-4,946,094.66	-4,946,094.66
108125	ACCUM DEPR-ELECTRIC/ARO/ASSET RETIREMENT COST-LAND/BUILDING	-9,216.48	-9,216.48
108799	RWIP-ARO-LEGAL	246,770.15	246,770.15
182317	OTHER REGULATORY ASSETS/ARO-GENERATION	29,786,379.50	29,786,379.50
182318	OTHER REG ASSETS/ARO-TRANSMISSION	52,468.62	52,468.62
182325	OTHER REGULATORY ASSETS/ARO-DISTRIBUTION	131,411.00	131,411.00
230012	ASSET RETIREMENT OBLIGATIONS-STEAM	-34,164,607.13	-34,164,607.13
230013	ASSET RETIREMENT OBLIGATIONS-TRANSMISSION	-57,248.12	-57,248.12
230015	ASSET RETIREMENT OBLIGATIONS-DISTRIBUTION	-143,452.40	-143,452.40
254014	REGULATORY LIABILITY/ARO-GENERATION	-4,142,125.12	-4,142,125.12
254015	REGULATORY LIABILITY/ARO-TRANSMISSION	0.01	0.01
	Sum	-3,895,354.96	-3,895,354.96

Account Balance for KU

Period Name: DEC-2010

		Balance SUM	
Account	Account	0110	Sum
101107	PLANT IN SERVICE-ELECTRIC ARO ASSET RETIREMENT COST-EQUIPMENT	52,543,236.91	52,543,236.91
101125	PLANT IN SERVICE-ELECTRIC ARO ASSET RETIREMENT COST-LAND/BUILDING	374,327.29	374,327.29
108107	ACCUM DEPR-ELECTRIC ARO ASSET RETIREMENT COST-EQUIPMENT	-486,158.63	-486,158.63
108125	ACCUM DEPR-ELECTRIC ARO ASSET RETIREMENT COST-LAND/BUILDING	-947.86	-947.86
108799	RWP ARO LEGAL	287,261.46	287,261.46
182317	OTHER REGULATORY ASSETS ARO GENERATION	1,545,461.65	1,546,461.65
182318	OTHER REG ASSETS ARO TRANSMISSION	1,008.19	1,008.19
182325	OTHER REGULATORY ASSETS ARO DISTRIBUTION	3,378.86	3,378.86
230012	ASSET RETIREMENT OBLIGATIONS-STEAM	-53,451,563.93	-53,451,563.93
230013	ASSET RETIREMENT OBLIGATIONS-TRANSMISSION	-87,750.38	-87,750.38
230015	ASSET RETIREMENT OBLIGATIONS-DISTRIBUTION	-290,016.10	-290,016.10
230022	ASSET RETIREMENT OBLIGATIONS-STEAM-ST	-151,976.00	-151,976.00
254014	REGULATORY LIABILITY ARO GENERATION	-4,381,035.51	-4,381,035.51
254015	REGULATORY LIABILITY ARO TRANSMISSION	0.00	0.00
	Sum	-4,093,774.05	-4,093,774.05

## Account Balance for LG&amp;E

Period Name: DEC-2009

Account	Account	Company	Balance: SUM	
			0100	Sum
101107	PLANT IN SERVICE - ELECTRIC ARO ASSET RETIREMENT COST-EQUIPMENT		5,935,595.28	5,935,595.28
101125	PLANT IN SERVICE - ELECTRIC ARO ASSET RETIREMENT COST-LAND/BUILDING		41,406.69	41,406.69
101207	PLANT IN SERVICE - GAS ARO ASSET RETIREMENT COST-EQUIPMENT		546,803.00	546,803.00
101225	PLANT IN SERVICE - GAS ARO ASSET RETIREMENT COST-LAND/BUILDING		4,958.87	4,958.87
101325	PLANT IN SERVICE - COMMON ARO ASSET RETIREMENT COST-LAND/BUILDING		3,735.16	3,735.16
108107	ACCUM. DEPR. - ELECTRIC ARO ASSET RETIREMENT COST-EQUIPMENT		-2,649,728.33	-2,649,728.33
108125	ACCUM. DEPR. - ELECTRIC ARO ASSET RETIREMENT COST-LAND/BUILDING		-14,666.96	-14,666.96
108207	ACCUM. DEPR. - GAS ARO ASSET RETIREMENT COST-EQUIPMENT		-420,507.10	-420,507.10
108225	ACCUM. DEPR. - GAS ARO ASSET RETIREMENT COST-LAND/BUILDING		-2,146.52	-2,146.52
108325	ACCUM. DEPR. - COMMON ARO ASSET RETIREMENT COST-LAND/BUILDING		-1,233.92	-1,233.92
108799	RWIP ARO - LEGAL		1,692,378.28	1,692,378.28
182317	OTHER REGULATORY ASSETS ARO - GENERATION		21,166,067.16	21,166,067.16
182319	OTHER REG ASSETS ARO - TRANSMISSION		11,981.56	11,981.56
182325	OTHER REGULATORY ASSETS ARO - DISTRIBUTION		265,887.78	265,887.78
182326	OTHER REGULATORY ASSETS ARO - GAS		8,129,186.44	8,129,186.44
182327	OTHER REGULATORY ASSETS ARO - COMMON		26,290.05	26,290.05
230012	ASSET RETIREMENT OBLIGATIONS - STEAM		-24,453,142.72	-24,453,142.72
230013	ASSET RETIREMENT OBLIGATIONS - TRANSMISSION		-13,001.11	-13,001.11
230015	ASSET RETIREMENT OBLIGATIONS - DISTRIBUTION		-290,399.35	-290,399.35
230016	ASSET RETIREMENT OBLIGATIONS - GAS		-3,258,294.69	-3,258,294.69
230017	ASSET RETIREMENT OBLIGATIONS - COMMON		-28,791.27	-28,791.27
254014	REGULATORY LIABILITY ARO - GENERATION		-715,583.15	-715,583.15
254016	REGULATORY LIABILITY ARO - TRANSMISSION		0.00	0.00
254016	REGULATORY LIABILITY ARO - GAS		-2,359,545.79	-2,359,545.79
	Sum:		-1,382,750.64	-1,382,750.64



**Clark, Ed**

---

**From:** Crescente, Angela  
**Sent:** Wednesday, June 13, 2012 2:45 PM  
**To:** Erskine, Greg  
**Cc:** Wiseman, Sara  
**Subject:** FW: ARO Footnote - 6/30/12 Form 10-Q

Greg,

I do not foresee any changes to the wording.

Thanks,  
Angela

---

**From:** Erskine, Greg  
**Sent:** Wednesday, June 13, 2012 2:43 PM  
**To:** Wiseman, Sara; Crescente, Angela  
**Subject:** ARO Footnote - 6/30/12 Form 10-Q

Sara and Angela:

I've attached a copy of the current version of the ARO footnote from the 6/30/12 10-Q. Do you think you will have any wording changes to the note?

Please e-mail me back and let me know today, if you can.

Thanks,

Greg



Document1.docx

**16. Asset Retirement Obligations**

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

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

	<u>PPL</u>	<u>PPL Energy Supply</u>	<u>LKE</u>	<u>LG&amp;E</u>	<u>KU</u>
ARO at December 31, 2011	\$ 448	\$ 345	\$ 103	\$ 49	\$ 54
Accretion expense	25	20	4	2	2
Obligations assumed in acquisition of WPD Midlands	15				
Derecognition		(5)			
Obligations incurred	11	11			
Changes in estimated cash flow or settlement date	3	(4)	7	4	3
Obligations settled	(13)	(13)			
ARO at June 30, 2012	<u>\$ 489</u>	<u>\$ 354</u>	<u>\$ 114</u>	<u>\$ 55</u>	<u>\$ 59</u>

Substantially all of the ARO balances are classified as noncurrent at ##D<CurQtrEnd> and ##D<PreYearEnd>.

*(PPL, LKE, LG&E and KU)*

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

*(PPL and PPL Energy Supply)*

The most significant ARO recorded by PPL and PPL Energy Supply relates to the decommissioning of the Susquehanna nuclear plant. The accrued nuclear decommissioning obligation was \$\$\$D<SusqAROCYAROES> million and \$\$\$D<SusqAROPYAROES> million at ##D<CurQtrEnd> and ##D<PreYearEnd>.

Assets in the NDT funds are legally restricted for purposes of settling PPL's and PPL Energy Supply's ARO related to the decommissioning of the Susquehanna plant. The aggregate fair value of these assets was \$\$\$D<NDTCYBSCorp> million and \$\$\$D<NDTPYBSCorp> million at ##D<CurQtrEnd> and ##D<PreYearEnd>, and is included in "Nuclear plant decommissioning trust funds" on the Balance Sheets. See Notes ##FVMCC and ##AFS for additional information on these assets.

**Clark, Ed**

---

**From:** Erskine, Greg  
**Sent:** Wednesday, June 13, 2012 2:43 PM  
**To:** Wiseman, Sara; Crescente, Angela  
**Subject:** ARO Footnote - 6/30/12 Form 10-Q

Sara and Angela:

I've attached a copy of the current version of the ARO footnote from the 6/30/12 10-Q. Do you think you will have any wording changes to the note?

Please e-mail me back and let me know today, if you can.

Thanks,

Greg



Document1.docx

**16. Asset Retirement Obligations***(PPL, PPL Energy Supply, LKE, LG&E and KU)*

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

	PPL	PPL Energy Supply	LKE	LG&E	KU
ARO at December 31, 2011	\$ 448	\$ 345	\$ 103	\$ 49	\$ 54
Accretion expense	25	20	4	2	2
Obligations assumed in acquisition of WPD Midlands	15				
Derecognition Obligations incurred	11	(5) 11			
Changes in estimated cash flow or settlement date	3	(4)	7	4	3
Obligations settled	(13)	(13)			
ARO at June 30, 2012	<u>\$ 489</u>	<u>\$ 354</u>	<u>\$ 114</u>	<u>\$ 55</u>	<u>\$ 59</u>

Substantially all of the ARO balances are classified as noncurrent at ##D<CurQtrEnd> and ##D<PreYearEnd>.

*(PPL, LKE, LG&E and KU)*

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

*(PPL and PPL Energy Supply)*

The most significant ARO recorded by PPL and PPL Energy Supply relates to the decommissioning of the Susquehanna nuclear plant. The accrued nuclear decommissioning obligation was \$##D<SusqAROCYAROES> million and \$##D<SusqAROPYAROES> million at ##D<CurQtrEnd> and ##D<PreYearEnd>.

Assets in the NDT funds are legally restricted for purposes of settling PPL's and PPL Energy Supply's ARO related to the decommissioning of the Susquehanna plant. The aggregate fair value of these assets was \$##D<NDTCYBSCorp> million and \$##D<NDTPYBSCorp> million at ##D<CurQtrEnd> and ##D<PreYearEnd>, and is included in "Nuclear plant decommissioning trust funds" on the Balance Sheets. See Notes ##FVMCC and ##AFS for additional information on these assets.

Clark, Ed

---

**From:** Leichy, Doug  
**Sent:** Wednesday, June 13, 2012 11:20 AM  
**To:** Crescente, Angela  
**Subject:** RE: ARO Balances as of 12/31/2011  
**Attachments:** ARO as of 12312011.pdf

Angela,

I need the attached ARO balances for LG&E as of 12/31/2009 and 12/31/2010. I know you probably have given to me previously, but I can't find them.

Thanks,  
Doug

---

**From:** Crescente, Angela  
**Sent:** Tuesday, January 24, 2012 10:46 AM  
**To:** Leichy, Doug  
**Subject:** RE: ARO Balances as of 12/31/2011

Doug,

Here you go.

Thanks,  
Angela

## Account Balance for LG&amp;E

Period Name: DEC-2011

		Balance SUM	
		Company	Sum
Account	Account	0100	Sum
101107	PLANT IN SERVICE-ELECTRIC ARO ASSET RETIREMENT COST-EQUIPMENT	28,285,822.89	28,285,822.89
101125	PLANT IN SERVICE-ELECTRIC ARO ASSET RETIREMENT COST-LAND/BUILDING	533,396.11	533,396.11
101207	PLANT IN SERVICE-GAS ARO ASSET RETIREMENT COST-EQUIPMENT	21,040,462.23	21,040,462.23
101225	PLANT IN SERVICE-GAS ARO ASSET RETIREMENT COST-LAND/BUILDING	33,839.35	33,839.35
101325	PLANT IN SERVICE-COMMON ARO ASSET RETIREMENT COST-LAND/BUILDING	101,369.77	101,369.77
108107	ACCUM DEPR-ELECTRIC ARO ASSET RETIREMENT COST-EQUIPMENT	-1,405,083.15	-1,405,083.15
108125	ACCUM DEPR-ELECTRIC ARO ASSET RETIREMENT COST-LAND/BUILDING	-8,573.89	-8,573.89
108207	ACCUM DEPR-GAS ARO ASSET RETIREMENT COST-EQUIPMENT	-638,420.32	-638,420.32
108225	ACCUM DEPR-GAS ARO ASSET RETIREMENT COST-LAND/BUILDING	-639.29	-639.29
108325	ACCUM DEPR-COMMON ARO ASSET RETIREMENT COST-LAND/BUILDING	-2,403.59	-2,403.59
108799	RWIP ARO LEGAL	1,749,888.89	1,749,888.89
182317	OTHER REGULATORY ASSETS ARO GENERATION	9,382,874.91	9,382,874.91
182318	OTHER REG ASSETS ARO TRANSMISSION	1,804.76	1,804.76
182325	OTHER REGULATORY ASSETS ARO DISTRIBUTION	38,853.46	38,853.46
182326	OTHER REGULATORY ASSETS ARO GAS	1,233,920.15	1,233,920.15
182327	OTHER REGULATORY ASSETS ARO COMMON	9,106.86	9,106.86
230012	ASSET RETIREMENT OBLIGATIONS-STEAM	-35,116,397.44	-35,116,397.44
230013	ASSET RETIREMENT OBLIGATIONS-TRANSMISSION	-253,364.08	-253,364.08
230015	ASSET RETIREMENT OBLIGATIONS-DISTRIBUTION	-658,353.57	-658,353.57
230016	ASSET RETIREMENT OBLIGATIONS-GAS	-20,115,281.12	-20,115,281.12
230017	ASSET RETIREMENT OBLIGATIONS-COMMON	-108,093.04	-108,093.04
230022	ASSET RETIREMENT OBLIGATIONS-STEAM-ST	-800,980.00	-800,980.00
230026	ASSET RETIREMENT OBLIGATIONS-GAS-ST	-1,553,881.00	-1,553,881.00
254014	REGULATORY LIABILITY ARO GENERATION	-188,608.63	-188,608.63
254015	REGULATORY LIABILITY ARO TRANSMISSION	0.00	0.00
254016	REGULATORY LIABILITY ARO GAS	-2,149,408.34	-2,149,408.34
	Sum	-588,128.08	-588,128.08

Account Balance for KU

Period Name: DEC-2011

		Balance SUM	
		0110	Sum
Account	Account		
101107	PLANT IN SERVICE - ELECTRIC ARO ASSET RETIREMENT COST-EQUIPMENT	57,517,877.87	57,517,877.87
101125	PLANT IN SERVICE - ELECTRIC ARO ASSET RETIREMENT COST-LAND/BUILDING	374,327.29	374,327.29
108107	ACCUM. DEPR. - ELECTRIC ARO ASSET RETIREMENT COST-EQUIPMENT	-3,517,277.38	-3,517,277.38
108125	ACCUM. DEPR. - ELECTRIC ARO ASSET RETIREMENT COST-LAND/BUILDING	-6,637.64	-6,637.64
108799	RWIP ARO LEGAL	410,549.80	410,549.80
182317	OTHER REGULATORY ASSETS ARO GENERATION	7,387,106.47	7,387,106.47
182318	OTHER REG ASSETS ARO TRANSMISSION	8,472.85	8,472.85
182325	OTHER REGULATORY ASSETS ARO DISTRIBUTION	25,712.72	25,712.72
230012	ASSET RETIREMENT OBLIGATIONS - STEAM	-60,261,506.99	-60,261,506.99
230013	ASSET RETIREMENT OBLIGATIONS - TRANSMISSION	-545,748.17	-545,748.17
230015	ASSET RETIREMENT OBLIGATIONS - DISTRIBUTION	-806,034.02	-806,034.02
230022	ASSET RETIREMENT OBLIGATIONS - STEAM - ST	-176,293.00	-176,293.00
254014	REGULATORY LIABILITY ARO GENERATION	-3,533,597.56	-3,533,597.56
254015	REGULATORY LIABILITY ARO TRANSMISSION	0.00	0.00
	(Sum)	-3,123,047.76	-3,123,047.76

**Clark, Ed**

---

**From:** Porter, Janice  
**Sent:** Tuesday, June 12, 2012 8:18 AM  
**To:** Stratman, Paul; Leenerts, Patricia; Wright, Sharon  
**Cc:** Crescente, Angela  
**Subject:** RE: RRCS419G and RRCS422G; RRCS421G

Thanks Paul for clarifying.

---

**From:** Stratman, Paul  
**Sent:** Tuesday, June 12, 2012 7:56 AM  
**To:** Porter, Janice; Leenerts, Patricia; Wright, Sharon  
**Cc:** Crescente, Angela  
**Subject:** RE: RRCS419G and RRCS422G; RRCS421G

There will be some transition period, but my understanding is that the old task number under RRCS419G has already been closed out. I've been approached by a number of people, particularly timekeepers, to make certain the right number is being charged. The issue wasn't with Miller Pipeline, it was with company employees, and manually updating paper timesheets for whatever transition period.

I don't know what has been done to RRCS422G or 421G, but I assume something similar.

Regardless, I think that the transition under RRCS419G is over, or nearly so.

---

**From:** Porter, Janice  
**Sent:** Monday, June 11, 2012 2:28 PM  
**To:** Leenerts, Patricia; Wright, Sharon  
**Cc:** Crescente, Angela; Stratman, Paul  
**Subject:** RE: RRCS419G and RRCS422G; RRCS421G

I disagree. This method is messy. Miller needs to use the correct task. Otherwise, they should not be paid.

---

**From:** Leenerts, Patricia  
**Sent:** Monday, June 11, 2012 2:08 PM  
**To:** Wright, Sharon; Porter, Janice  
**Cc:** Crescente, Angela; Stratman, Paul  
**Subject:** FW: RRCS419G and RRCS422G; RRCS421G

Sharon / Janice,

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

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



Charnas

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

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

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

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

RRCS421G – move \$485.76

RRCS419G – move \$10,763.14

RRCS422G – move \$0.00

Thanks,

Pat  
502-627-3811

---

**From:** Leenerts, Patricia  
**Sent:** Tuesday, May 08, 2012 2:06 PM  
**To:** Stratman, Paul  
**Cc:** Crescente, Angela; Wright, Sharon  
**Subject:** RE: RRCS419G and RRCS422G

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

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

Thanks for your alls help.

Pat  
502-627-3811

---

**From:** Stratman, Paul  
**Sent:** Tuesday, May 08, 2012 8:52 AM  
**To:** Leenerts, Patricia  
**Cc:** Crescente, Angela  
**Subject:** RE:

See my responses in RED below.

---

**From:** Leenerts, Patricia  
**Sent:** Monday, May 07, 2012 5:22 PM  
**To:** Stratman, Paul  
**Cc:** Crescente, Angela  
**Subject:**

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

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

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

This is correct.

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

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

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

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

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

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

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

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

Thanks,

Pat  
502-627-3811

**Clark, Ed**

---

**From:** Stratman, Paul  
**Sent:** Tuesday, June 12, 2012 7:56 AM  
**To:** Porter, Janice; Leenerts, Patricia; Wright, Sharon  
**Cc:** Crescente, Angela  
**Subject:** RE: RRCS419G and RRCS422G; RRCS421G

There will be some transition period, but my understanding is that the old task number under RRCS419G has already been closed out. I've been approached by a number of people, particularly timekeepers, to make certain the right number is being charged. The issue wasn't with Miller Pipeline, it was with company employees, and manually updating paper timesheets for whatever transition period.

I don't know what has been done to RRCS422G or 421G, but I assume something similar.

Regardless, I think that the transition under RRCS419G is over, or nearly so.

---

**From:** Porter, Janice  
**Sent:** Monday, June 11, 2012 2:28 PM  
**To:** Leenerts, Patricia; Wright, Sharon  
**Cc:** Crescente, Angela; Stratman, Paul  
**Subject:** RE: RRCS419G and RRCS422G; RRCS421G

I disagree. This method is messy. Miller needs to use the correct task. Otherwise, they should not be paid.

---

**From:** Leenerts, Patricia  
**Sent:** Monday, June 11, 2012 2:08 PM  
**To:** Wright, Sharon; Porter, Janice  
**Cc:** Crescente, Angela; Stratman, Paul  
**Subject:** FW: RRCS419G and RRCS422G; RRCS421G

Sharon / Janice,

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

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

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

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

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

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

RRCS421G – move \$485.76

RRCS419G -- move \$10,763.14

RRCS422G – move \$0.00

Thanks,

Pat  
502-627-3811

---

**From:** Leenerts, Patricia  
**Sent:** Tuesday, May 08, 2012 2:06 PM  
**To:** Stratman, Paul  
**Cc:** Crescente, Angela; Wright, Sharon  
**Subject:** RE: RRCS419G and RRCS422G

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

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

Thanks for your alls help.

Pat  
502-627-3811

---

**From:** Stratman, Paul  
**Sent:** Tuesday, May 08, 2012 8:52 AM  
**To:** Leenerts, Patricia  
**Cc:** Crescente, Angela  
**Subject:** RE:

See my responses in RED below.

---

**From:** Leenerts, Patricia  
**Sent:** Monday, May 07, 2012 5:22 PM  
**To:** Stratman, Paul  
**Cc:** Crescente, Angela  
**Subject:**

Charnas

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

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

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

This is correct.

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

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

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

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

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

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

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

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

Thanks,

Pat  
502-627-3811

**Clark, Ed**

---

**From:** Porter, Janice  
**Sent:** Monday, June 11, 2012 2:28 PM  
**To:** Leenerts, Patricia; Wright, Sharon  
**Cc:** Crescente, Angela; Stratman, Paul  
**Subject:** RE: RRCS419G and RRCS422G; RRCS421G

I disagree. This method is messy. Miller needs to use the correct task. Otherwise, they should not be paid.

---

**From:** Leenerts, Patricia  
**Sent:** Monday, June 11, 2012 2:08 PM  
**To:** Wright, Sharon; Porter, Janice  
**Cc:** Crescente, Angela; Stratman, Paul  
**Subject:** FW: RRCS419G and RRCS422G; RRCS421G

Sharon / Janice,

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

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

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

Each quarter, you need to check to make sure that the 108901 balance in each project is zero. If not zero, then a JE needs to be processed to move the 108901 charges to 108799. The should be processed after month end AP, labor, etc. so that all the charges are captured. You have until the end of Day 3 to make non-burdened JE entries.

Normal JE procedures should be followed. If you want to send a soft copy to me (or Angela if I'm not available), I will be happy to review. But an approved hard copy (signed by you and your approver) needs to be in hand by 5 pm on Day 3 for the JE to be posted. This process should start with the June 2012 closing. Set your reminder...

These are the charge values which need to be moved as of a few minutes ago. But please rerun the reports per your schedule to process the JEs for the June close.

RRCS421G – move \$485.76

RRCS419G – move \$10,763.14

RRCS422G – move \$0.00

Thanks,

Pat  
502-627-3811

---

**From:** Leenerts, Patricia  
**Sent:** Tuesday, May 08, 2012 2:06 PM  
**To:** Stratman, Paul

**Cc:** Crescente, Angela; Wright, Sharon  
**Subject:** RE: RRCS419G and RRCS422G

So **Angela**, based on the info from Paul below. I need an ARO task for the 2012 charges and they need to start charging the ARO removals in 2012 to this new task. Since I have already started the JE to move the 108901 charges, I will go ahead and move the 2012 charges to the 2012 ARO task. Please let me know when this task is setup and I will get the charges to it.

**Paul**, if there is labor charged to the 108901 tasks now, then I will move that labor to the new 2012 ARO task. Vendor invoices will be more difficult for me to determine...are they just basically a 2012 should be a 2012 charge? What location should the 2 Badger Meter Electric Actuator? I also will need to move any charges to Please reply by 5/11.

Thanks for your alls help.

Pat  
502-627-3811

---

**From:** Stratman, Paul  
**Sent:** Tuesday, May 08, 2012 8:52 AM  
**To:** Leenerts, Patricia  
**Cc:** Crescente, Angela  
**Subject:** RE:

See my responses in RED below.

---

**From:** Leenerts, Patricia  
**Sent:** Monday, May 07, 2012 5:22 PM  
**To:** Stratman, Paul  
**Cc:** Crescente, Angela  
**Subject:**

Paul, Angela has asked me to do a more detail review of the charges which have hit RRCSxxxG for 108901. We thought that in the ARO meeting you had stated that when a replacement was involved that you had been charging costs related to the investment to the Investment task and just the CC&P items to the 108901.

If a replacement is being made, all the time will be charged to the install task.

It was further deemed in that in the case of when there was no replacement that all the charges went against the removal task. Because of the way you had been charging, we thought that all of the 108901 removal charges are in deed 108799-ARO removal charges. Do you agree with this summary?

This is correct.

Also, on the RRCSxxxG projects is there always replacement when there is removal?

There is not always a replacement when there is a removal. As an example if a home is being demolished, we will retire the service and not replace it.

I've attached 2 examples. I wanted to get an idea, of the charges, before I dug deeper. If you could let me know if I'm interpreting correctly or if I should be digging further I would appreciate that by Thurs, May10, if possible. These distribution blankets are big projects and I need a bit more time to get them worked.

Based on the fact that both are charged to a removal task, they would have been removal only jobs (no install/replace work)

If so, the invoice below is for RRCS421G, do I assume there was no replacement since this hit the 108901 task. Or do I need to investigate and potentially this charge could be moved to 107001?

<< OLE Object: Picture (Device Independent Bitmap) >>

So, see the Miller invoice 279794. For RRCS421G there are only removal charges on this invoice.

<< OLE Object: Picture (Device Independent Bitmap) >>

Thanks,

Pat  
502-627-3811



Clark, Ed

---

**From:** Leenerts, Patricia  
**Sent:** Monday, June 11, 2012 2:08 PM  
**To:** Wright, Sharon; Porter, Janice  
**Cc:** Crescente, Angela; Stratman, Paul  
**Subject:** FW: RRCS419G and RRCS422G; RRCS421G

Sharon / Janice,

Our last ARO review meeting brought some relevant topics on the need to have ARO charges on the above 3 mentioned projects.

Paul and Angela had a conversation since it will be difficult for Miller to transition to the new CP ARO YYYY tasks. In the best interests for less confusion for Miller and with the upcoming new blankets for 2013, it was decided to let the Miller charges continue to hit the current 108901 tasks.

What this means is that on a reporting Quarter End, a JE will need to be done to move all the charges which hit a 108901 task to the CP ARO YYYY task. This really should only be the CP ARO 2012 task, since the new blankets are expected to start in 2013. Although there could be some straggler charges.

Each quarter, you need to check to make sure that the 108901 balance in each project is zero. If not zero, then a JE needs to be processed to move the 108901 charges to 108799. The should be processed after month end AP, labor, etc. so that all the charges are captured. You have until the end of Day 3 to make non-burdened JE entries.

Normal JE procedures should be followed. If you want to send a soft copy to me (or Angela if I'm not available), I will be happy to review. But an approved hard copy (signed by you and your approver) needs to be in hand by 5 pm on Day 3 for the JE to be posted. This process should start with the June 2012 closing. Set your reminder...

These are the charge values which need to be moved as of a few minutes ago. But please rerun the reports per your schedule to process the JEs for the June close.

RRCS421G – move \$485.76

RRCS419G – move \$10,763.14  
RRCS422G – move \$0.00

Thanks,

Pat  
502-627-3811

---

**From:** Leenerts, Patricia  
**Sent:** Tuesday, May 08, 2012 2:06 PM  
**To:** Stratman, Paul  
**Cc:** Crescente, Angela; Wright, Sharon  
**Subject:** RE: RRCS419G and RRCS422G

So **Angela**, based on the info from Paul below. I need an ARO task for the 2012 charges and they need to start charging the ARO removals in 2012 to this new task. Since I have already started the JE to move the 108901 charges, I will go ahead and move the 2012 charges to the 2012 ARO task. Please let me know when this task is setup and I will get the charges to it.

**Paul**, if there is labor charged to the 108901 tasks now, then I will move that labor to the new 2012 ARO task. Vendor invoices will be more difficult for me to determine...are they just basically a 2012 should be a 2012 charge? What location should the 2 Badger Meter Electric Actuator? I also will need to move any charges to Please reply by 5/11.

Thanks for your alls help.

Pat  
502-627-3811

---

**From:** Stratman, Paul  
**Sent:** Tuesday, May 08, 2012 8:52 AM  
**To:** Leenerts, Patricia  
**Cc:** Crescente, Angela  
**Subject:** RE:

See my responses in RED below.

---

**From:** Leenerts, Patricia  
**Sent:** Monday, May 07, 2012 5:22 PM  
**To:** Stratman, Paul  
**Cc:** Crescente, Angela  
**Subject:**

Paul, Angela has asked me to do a more detail review of the charges which have hit RRCSxxxG for 108901. We thought that in the ARO meeting you had stated that when a replacement was involved that you had been charging costs related to the investment to the Investment task and just the CC&P items to the 108901.

If a replacement is being made, all the time will be charged to the install task.

It was further deemed in that in the case of when there was no replacement that all the charges went against the removal task. Because of the way you had been charging, we thought that all of the 108901 removal charges are in deed 108799-ARO removal charges. Do you agree with this summary?

This is correct.

Also, on the RRCSxxxG projects is there always replacement when there is removal?

There is not always a replacement when there is a removal. As an example if a home is being demolished, we will retire the service and not replace it.

I've attached 2 examples. I wanted to get an idea, of the charges, before I dug deeper. If you could let me know if I'm interpreting correctly or if I should be digging further I would appreciate that by Thurs, May10, if possible. These distribution blankets are big projects and I need a bit more time to get them worked.

Based on the fact that both are charged to a removal task, they would have been removal only jobs (no install/replace work)

If so, the invoice below is for RRCS421G, do I assume there was no replacement since this hit the 108901 task. Or do I need to investigate and potentially this charge could be moved to 107001?

<< OLE Object: Picture (Device Independent Bitmap) >>

So, see the Miller invoice 279794. For RRCS421G there are only removal charges on this invoice.

<< OLE Object: Picture (Device Independent Bitmap) >>

Thanks,

Pat  
502-627-3811

**Clark, Ed**

---

**From:** Wiseman, Sara  
**Sent:** Saturday, June 09, 2012 3:52 PM  
**To:** Crescente, Angela  
**Subject:** FW: ARO Quarterly Questionnaire.docx

---

**From:** Garrett, Chris  
**Sent:** Friday, June 08, 2012 9:03 AM  
**To:** Wiseman, Sara  
**Subject:** ARO Quarterly Questionnaire.docx



ARO Quarterly  
Questionnaire.d...

**ARO Quarterly Questionnaire**

Please answer the following questions for the period since the date of your last completed questionnaire.

1. To the best of your knowledge, are you aware of any changes that would impact the valuation of the asset retirement obligations (“AROs”) that have been identified? Such changes may include changes in laws, statutes, regulations, precedents set by the Company, contracts, permits, certificates of need, right of way agreements, market costs or available resources for remediation, or planned retirements. (Please list)

**Answer: No**

2. To the best of your knowledge, are you aware of any acquired assets, land, or leases that will create an ARO? (Please list, include location)

**Answer: No**

3. To the best of your knowledge, are you aware of any new construction that will create an ARO? (Please list, include location)

**Answer: No**

4. In certain very limited circumstances the Company could be determined to be obligated to retire an asset or a group of assets based upon a commitment made to a third party. Are you aware of any communications either written or verbal between representatives of LKE and third parties with respect to retirement of an asset or a group of assets owned by LKE at the end of operations or a specific point in time? If so, please list the identities of the LKE representatives and assets involved, as well as the third party or parties who were involved and the context in which the discussions took place.

**Answer: No**

**Completed by: Chris Garrett  
For the quarter ended: 06/30/2012**

Clark, Ed

---

**From:** Crescente, Angela  
**Sent:** Wednesday, June 06, 2012 2:24 PM  
**To:** Simpson, Sheri  
**Cc:** Wiseman, Sara  
**Subject:** RE: Q2 2012\_Summary of Significant Accounting Policies Footnote

Sheri,

I too am OK with this.

Thanks,  
Angela

---

**From:** Wiseman, Sara  
**Sent:** Wednesday, May 30, 2012 8:27 AM  
**To:** Simpson, Sheri  
**Cc:** Crescente, Angela  
**Subject:** RE: Q2 2012\_Summary of Significant Accounting Policies Footnote

Sheri: I am OK with this. Angela should review it too for the ARO info.

I don't know about goodwill.

---

**From:** Simpson, Sheri  
**Sent:** Monday, May 21, 2012 10:21 AM  
**To:** Wiseman, Sara  
**Subject:** Q2 2012\_Summary of Significant Accounting Policies Footnote

Good Morning Sara,

I am currently in the set-up phase for our Q2 reporting. Similar to Q1, can you let me know whether or not the accounting policies related to Long-lived and Intangible Assets as disclosed at 12/31/2011 are in need of any changes or updates? The language is below. Thanks in advance for your help.

### **Long-Lived and Intangible Assets**

#### Property, Plant and Equipment

*(PPL, PPL Energy Supply, PPL Electric, LKE, LG&E and KU)*

PP&E is recorded at original cost, unless impaired. If impaired, the asset is written down to fair value at that time, which becomes the new cost basis of the asset. Original cost includes material, labor, contractor costs, certain overheads and financing costs, where applicable. The cost of repairs and minor replacements are charged to expense as incurred. The Registrants record costs associated with planned major maintenance projects in the period in which the costs are incurred. No costs are accrued in advance of the period in which the work is performed for PPL Energy Supply or PPL Electric. LG&E and KU accrue costs of removal net of estimated salvage value through depreciation, which is included in the calculation of customer rates over the assets' depreciable lives in accordance with regulatory practices. Cost of

removal amounts accrued through depreciation rates are accumulated as a regulatory liability until the removal costs are incurred. See Note 6 for additional information.

*(PPL, PPL Electric, LKE and KU)*

AFUDC is capitalized as part of the construction costs for cost-based rate-regulated projects for which a return on such costs is recovered after the project is placed in service. The debt component of AFUDC is credited to "Interest Expense" and the equity component is credited to "Other Income (Expense) - net" on the Statements of Income. KU has not recorded significant AFUDC as a return has been provided during the construction period for most projects.

*(PPL, PPL Energy Supply, PPL Electric, LKE, LG&E and KU)*

Included in PP&E on the Balance Sheets are capitalized costs of software projects that were developed or obtained for internal use. These capitalized costs are amortized ratably over the expected lives of the projects when they become operational, generally not to exceed five years.

The amortization of capitalized software is included in "Depreciation" on the Statements of Income.

*(PPL, PPL Energy Supply, PPL Electric, LKE, LG&E and KU)*

### Depreciation

Depreciation is recorded over the estimated useful lives of property using various methods including the straight-line, composite and group methods. When a component of PP&E that was depreciated under the composite or group method is retired, the original cost is charged to accumulated depreciation. When all or a significant portion of an operating unit that was depreciated under the composite or group method is retired or sold, the property and the related accumulated depreciation account is reduced and any gain or loss is included in income, unless otherwise required by regulators.

### Asset Impairment

The Registrants review long-lived assets that are subject to depreciation or amortization, including finite-lived intangibles, for impairment when events or circumstances indicate carrying amounts may not be recoverable. For example, certain emission allowances are expected to be sold rather than consumed. These emission allowances are tested for impairment when events or changes in circumstances, such as a decline in market prices, indicate that their carrying value may not be recoverable.

A long-lived asset classified as held and used is impaired when the carrying amount of the asset exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. If impaired, the asset's carrying value is written down to its fair value.

A long-lived asset classified as held for sale is impaired when the carrying amount of the asset (disposal group) exceeds its fair value less cost to sell. If impaired, the asset's (disposal group's) carrying value is written down to its fair value less cost to sell. See Notes 9 and 18 for a discussion of impairment charges recorded associated with long-lived assets classified as held for sale.

Goodwill is reviewed for impairment at the reporting unit level annually or more frequently when events or circumstances indicate that the carrying amount of a reporting unit may be greater than the unit's fair value. Additionally, goodwill must be tested for impairment after a portion of goodwill has been allocated to a business to be disposed of. PPL's reporting units are at or one level below its operating segments and represent significant businesses with discrete financial information that is regularly reviewed by segment management. If the carrying amount of the reporting unit, including goodwill, exceeds its fair value, the implied fair value of goodwill must be calculated in the same manner as goodwill in a business combination. The fair value of a reporting unit is allocated to all assets and

liabilities of that unit as if the reporting unit had been acquired in a business combination. The excess of the fair value of the reporting unit over the amounts assigned to its assets and liabilities is the implied fair value of goodwill. If the implied fair value of goodwill is less than the carrying amount, goodwill is written down to its implied fair value.

The goodwill recognized upon the acquisition of LKE, although entirely recorded at LG&E and KU, was assigned for impairment testing by PPL to its reporting units expected to benefit from the acquisition, which were the Kentucky Regulated segment and the Supply segment. The goodwill recognized upon the acquisition of WPD Midlands was assigned for impairment testing by PPL to its International Regulated segment. See Note 10 for additional information regarding the acquisitions.

### Asset Retirement Obligations

PPL and its subsidiaries record liabilities to reflect various legal obligations associated with the retirement of long-lived assets. Initially, this obligation is measured at fair value and offset with an increase in the value of the capitalized asset, which is depreciated over the asset's useful life. Until the obligation is settled, the liability is increased to reflect changes in the obligation due to the passage of time through the recognition of accretion expense classified within "Other operation and maintenance" on the Statements of Income. The accretion and depreciation related to LG&E's and KU's AROs are offset with a regulatory credit on the income statement, such that there is no earnings impact. The regulatory asset created by the regulatory credit is relieved when the ARO is settled.

Estimated ARO costs and settlement dates, which affect the carrying value of the ARO and the related capitalized asset, are reviewed periodically to ensure that any material changes are incorporated into the latest estimate of the ARO. Any change to the capitalized asset, positive or negative, is amortized over the remaining life of the associated long-lived asset. See Note 21 for additional information on AROs.

### **Sheri N. Simpson**

Accounting Analyst III  
Financial Reporting  
LG&E and KU Energy, LLC  
220 W. Main Street, 9th Floor  
Louisville, KY 40202  
P: (502) 627-3606



Clark, Ed

---

**From:** Crescente, Angela  
**Sent:** Tuesday, June 05, 2012 4:00 PM  
**To:** 'Plant Support'  
**Cc:** Wacker, Diana; Kinder, Debra  
**Subject:** RE: ARO Transfers and Reports [ ref:\_00D60KJDN.\_50060JMefh:ref ]  
**Attachments:** ARO transfers and reports.pdf

Crystal,

I have attached copies of the reports for the current month and the previous month and circled the asset. The asset id before the transfer was 43494630 and the asset id after the transfer is 52864748.

Please see the following SQL for the REG-1002 report.

```
SELECT 'ARC ASSET' ,
       eon_util_acct_gl_mapping.account,
       sum(nvl(basis_1,0) * basis_1_indicator) + sum(nvl(basis_2,0) * basis_2_indicator) + sum(nvl(basis_3,0) *
basis_3_indicator) + sum(nvl(basis_4,0) * basis_4_indicator) + sum(nvl(basis_5,0) * basis_5_indicator) +
sum(nvl(basis_6,0) * basis_6_indicator) + sum(nvl(basis_7,0) * basis_7_indicator) + sum(nvl(basis_8,0) *
basis_8_indicator) + sum(nvl(basis_9,0) * basis_9_indicator) + sum(nvl(basis_10,0) * basis_10_indicator) +
sum(nvl(basis_11,0) * basis_11_indicator) + sum(nvl(basis_12,0) * basis_12_indicator) + sum(nvl(basis_13,0) *
basis_13_indicator) + sum(nvl(basis_14,0) * basis_14_indicator) + sum(nvl(basis_15,0) * basis_15_indicator) +
sum(nvl(basis_16,0) * basis_16_indicator) + sum(nvl(basis_17,0) * basis_17_indicator) + sum(nvl(basis_18,0) *
basis_18_indicator) + sum(nvl(basis_19,0) * basis_19_indicator) + sum(nvl(basis_20,0) * basis_20_indicator) +
sum(nvl(basis_21,0) * basis_21_indicator) + sum(nvl(basis_22,0) * basis_22_indicator) + sum(nvl(basis_23,0) *
basis_23_indicator) ,
       aro.description,
       company.description,
       report_time.start_month,
       set_of_books.description
FROM cpr_ledger,
     cpr_activity,
     aro,
     company,
     report_time,
     cpr_act_basis,
     set_of_books,
     eon_util_acct_gl_mapping
WHERE aro.company_id = :comp_id
      and set_of_books_id = :set_of_books_id
      and eon_util_acct_gl_mapping.utility_account_id = cpr_ledger.utility_account_id
      and cpr_activity.asset_id = cpr_act_basis.asset_id
      and cpr_activity.asset_activity_id = cpr_act_basis.asset_activity_id
      and aro.company_id = company.company_id
      and aro.asset_id = cpr_ledger.asset_id
      and upper(trim(report_time.user_id)) = upper(trim(user))
      and report_time.session_id = userenv('SESSIONID')
      and cpr_ledger.asset_id = cpr_activity.asset_id
      and to_number( to_char(cpr_activity.gl_posting_mo_yr,'J')) <=
to_number(to_char(report_time.start_month, 'J'))
```

```
GROUP BY eon_util_acct_gl_mapping.account,
        'ARC ASSET',
        aro.description,
        company.description,
        report_time.start_month,
        set_of_books.description
ORDER BY eon_util_acct_gl_mapping.account
```

Please see the following SQL for REG-1003

```
SELECT 'ARC RESERVE',
       depr_group.reserve_acct_id ,
       (cpr_depr.depr_reserve * (-1)),
       aro.description,
       company.description,
       report_time.start_month,
       set_of_books.description
FROM   depr_group,
       cpr_depr,
       aro,
       company,
       report_time,
       set_of_books
WHERE  aro.company_id = :comp_id
       and aro.company_id = company.company_id
       and upper(trim(report_time.user_id)) = upper(trim(user))
       and report_time.session_id = userenv('SESSIONID')
       and aro.asset_id = cpr_depr.asset_id
       and cpr_depr.depr_group_id = depr_group.depr_group_id
       and cpr_depr.gl_posting_mo_yr = add_months(start_month, 0)
       and cpr_depr.set_of_books_id = :set_of_books_id
       and set_of_books.set_of_books_id = cpr_depr.set_of_books_id
```

Thanks,  
Angela

-----Original Message-----

From: Plant Support [mailto:support@pwrplan.com]

Sent: Tuesday, June 05, 2012 2:10 PM

To: Crescente, Angela

Cc: Wacker, Diana; Kinder, Debra

Subject: RE: ARO Transfers and Reports [ ref:\_00D60KJDN.\_50060JMefh:ref ]

Hi Angela-

Can you provide the asset ID's involved and attach a copy of the current month report you are looking at? If you could also provide the SQL behind the report you are running, that would be helpful as well. You can do this by clicking on the light bulb icon in the upper left corner after running the report, selecting dw\_report and clicking the "Show SQL" button.

Once that information is provided, we will assign your case to an Analyst for further review.

Thanks-

Crystal Yura  
Support Analyst

PowerPlan, Inc.  
200 Galleria Parkway  
Atlanta, GA 30339

Provision Support: +1 770.937.3025  
O: +1 770.423.7659  
M: +1 404.913.5787  
cyura@pwrplan.com

----- Original Message -----

From: Crescente, Angela [Angela.Crescente@lge-ku.com]  
Sent: 6/5/2012 1:56 PM  
To: support@pwrplan.com  
Cc: Diana.Wacker@lge-ku.com; Debra.Kinder@lge-ku.com  
Subject: ARO Transfers and Reports

Support,

I have performed some ARO transfers, and it appears that the current month REG-1002 and REG-1003 reports look OK. However, if I run the report for a previous month, the ARO asset cannot be found so it no longer ties. It is as if it disappears. I am assuming the reports are looking at the asset id number and since the asset id changes with the transfer, the report doesn't know what to do. This causes a problem since historic reports would no longer tie to anything. Please advise on how to correct this issue.

Thanks,  
Angela

-----  
The information contained in this transmission is intended only for the person or entity to which it is directly addressed or copied. It may contain material of confidential and/or private nature. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon, this information by persons or entities other than the intended recipient is not allowed. If you received this message and the information contained therein by error, please contact the sender and delete the material from your/any storage medium.

Crystal Yura  
PowerPlan, Inc  
Tax Provision Support  
200 Galleria Parkway, Ste. 1300  
Atlanta, GA 30339

Provision Support: 770.937.3025  
Office: 770.423.7659  
Mobile: 404.913.5787  
ref:\_00D60KJDN.\_50060JMefh:ref

101 ARC Asset Account Summary and Balance

End Date: 6/1/2012

- Set of books: Financial  
 Company: LOUISVILLE GAS & ELECTRIC COMPAN'  
 Set of Books: Financial

*Current month*

GL Account	Account Balance
ARO	
101107	
Purc-TC Sewage Treatment Plant	\$0.00
Purc-Transm Bushings LGE-PCB	\$238,693.59
Sum by GL Account:	\$28,285,799.15
101126	
Purc-LGE Dist Subs (66)-ASB	\$114,663.53
Purc-LGE Trans Subs (11)-ASB	\$13,760.73
Purc-Manholes-ASB	\$366,542.71
Purc-Zorn-ASB	\$38,429.14
Sum by GL Account:	\$533,396.11
101207	
Purc-Center GSF UGS (Wells)	\$1,909,895.73
Purc-CityGateDR237900-Dist-ASB	\$0.00
Purc-CityGatePR237900-Dist-ASB	\$0.00
Purc-Doe Run 235300-UGS-ASB	\$35,099.03
Purc-Doe Run GSF UGS (Wells)	\$1,238,920.76
Purc-GasMain&ServAbandon-Dist	\$11,928,646.51
Purc-GasMains-Trans	\$3,941,518.65
Purc-Magnolia 235300-UGS-ASB	\$35,851.66
Purc-Magnolia 235600-UGS-ASB	\$4,250.93
Purc-Magnolia GSF UGS (Wells)	\$1,378,834.38
Purc-Muldraugh 235300-UGS-ASB	\$26,020.62
Purc-Muldraugh 235600-UGS-ASB	\$18,186.69
Purc-Muldraugh GSF UGS (Wells)	\$523,237.27
Sum by GL Account:	\$21,040,482.23

101 ARC Asset Account Summary and Balance

End Date: 4/1/2012

- Set of books: Financial  
 Company: LOUISVILLE GAS & ELECTRIC COMPAN'  
 Set of Books: Financial

*History*

GL Account	Account Balance
ARO	
101107	
Purc-TC Sewage Treatment Plant	\$0.00
Purc-Transm Bushings LGE-PCB	\$238,693.59
	<u>Sum by GL Account: \$28,285,799.15</u>
101125	
Purc-LGE Dist Subs (66)-ASB	\$114,063.53
Purc-LGE Trans Subs (11)-ASB	\$13,760.73
Purc-Manholes-ASB	\$366,542.71
Purc-Zorn-ASB	\$38,429.14
	<u>Sum by GL Account: \$533,396.11</u>
101207	
Purc-Center GSF UGS (Wells)	\$1,909,895.73
Purc-CityGateDR237900-Dist-ASB	\$0.00
Purc-CityGatePR237900-Dist-ASB	\$0.00
Purc-Doe Run 235300-UGS-ASB	\$35,099.03
Purc-Doe Run GSF UGS (Wells)	\$1,238,920.76
Purc-GasMain&ServAbandon-Dist	\$11,928,646.61
Purc-Magnolla 235300-UGS-ASB	\$35,851.66
Purc-Magnolla 235600-UGS-ASB	\$4,250.93
Purc-Magnolla GSF UGS (Wells)	\$1,378,834.38
Purc-Muldraugh 235300-UGS-ASB	\$26,020.62
Purc-Muldraugh 235600-UGS-ASB	\$18,186.69
Purc-Muldraugh GSF UGS (Wells)	\$523,237.27
	<u>Sum by GL Account: \$17,098,943.68</u>
101226	
Purc-Gas mains-Trans	3941,518.65
Purc-Magnolla 235120-UGS-ASB	\$8,010.72
	<u>\$21,040,462.23</u>

*MISSING*

*Purc-Gas mains-Trans*

108 ARC Reserve Account Summary and Balance

End Date: 6/1/2012

*Current month*

- Set of books: Financial  
 Company: LOUISVILLE GAS & ELECTRIC COMPAN'  
 Set of Books: Financial

GL Account	Account Balance
ARO	
108107	
Purc-Transm Bushings LGE-PCB	\$-3,978.24
Sum by GL Account:	\$-2,158,846.03
108125	
Purc-LGE Dist Subs (66)-ASB	\$-2,661.58
Purc-LGE Trans Subs (11)-ASB	\$-314.81
Purc-Manholes-ASB	\$-6,891.64
Purc-Zorn-ASB	\$-1,785.62
Sum by GL Account:	\$-11,653.65
108207	
Purc-Center GSF UGS (Wells)	\$-130,525.36
Purc-CityGateDR237900-Dist-ASB	\$0.00
Purc-CityGatePR237900-Dist-ASB	\$0.00
Purc-Doe Run 235300-UGS-ASB	\$-988.70
Purc-Doe Run GSF UGS (Wells)	\$-84,774.79
Purc-GasMain&ServAbandon-Dist	\$-469,763.99
Purc-GasMains-Trans	\$-79,359.42
Purc-Magnolia 235300-UGS-ASB	\$-1,010.48
Purc-Magnolia 235600-UGS-ASB	\$-113.70
Purc-Magnolia GSF UGS (Wells)	\$-94,180.83
Purc-Muldraugh 235300-UGS-ASB	\$-734.13
Purc-Muldraugh 235600-UGS-ASB	\$-487.08
Purc-Muldraugh GSF UGS (Wells)	\$-35,757.87
Sum by GL Account:	\$-807,666.34
108225	
Purc-Magnolia 235120-UGS-ASB	\$-219.01
Purc-Muldraugh 235120-UGS-ASB	\$-292.78

108 ARC Reserve Account Summary and Balance

End Date: 4/1/2012

*History*

- Set of books: Financial

Company: LOUISVILLE GAS & ELECTRIC COMPAN'

Set of Books: Financial

GL Account	ARO	Account Balance
108107		
	Purc-Transm Bushings LGE-PCB	\$-3,315.20
	Sum by GL Account:	\$-2,007,978.15
108126		
	Purc-LGE Dist Subs (06)-ASB	\$-2,521.49
	Purc-LGE Trans Subs (11)-ASB	\$-298.24
	Purc-Manholes-ASB	\$-6,528.90
	Purc-Zorn-ASB	\$-1,689.06
	Sum by GL Account:	\$-11,037.69
108207		
	Purc-Centor GSF UGS (Wells)	\$-123,668.43
	Purc-CityGateDR237900-Dist-ASB	\$0.00
	Purc-CityGatePR237900-Dist-ASB	\$0.00
	Purc-Doe Run 235300-UGS-ASB	\$-936.66
	Purc-Doe Run GSF UGS (Wells)	\$-80,327.22
	Purc-GasMain&ServAbandon-Dist	\$-445,041.51
	Purc-GasMains-Trans	\$0.00
	Purc-Magnolia 235300-UGS-ASB	\$-957.33
	Purc-Magnolia 235600-UGS-ASB	\$-107.72
	Purc-Magnolia GSF UGS (Wells)	\$-89,200.22
	Purc-Muldraugh 235300-UGS-ASB	\$-696.65
	Purc-Muldraugh 235600-UGS-ASB	\$-461.48
	Purc-Muldraugh GSF UGS (Wells)	\$-33,879.34
	Sum by GL Account:	\$-775,275.46
108226		
	Purc-Magnolia 235120-UGS-ASB	\$-207.50
	Purc-Muldraugh 235120-UGS-ASB	\$-277.41

*Shows up but no \$*

*+ 79,359.42*  
*\$ 854,103.88*  
*\$-207.50*



Charnas

CPR Ledger Detail		Set of Books: Financial	
Detail	Class Codes		
Asset ID	43494630	Related Asset(s)	No
Description	Purc-GasMains-Trans	Work Order	ARO
Long Description	Purc-GasMains-Trans		
Property Group	EDN Default Property Group	Subledger	ARO
Retirement Unit	ARO CHILD		
Unit of Measure	EA	Retire Method	ARO
Asset Location	Land and AROs - Not Separately Identifiable KY		
Loc Detail			
Utility Account	G368.07-ARO Cost Gas Trans (Eq	In Service Year	Sep-2011
Sub Account	None	Eng. In Service Year	Sep-2011
Business Segment	Gas	Accumulated Quantity	0.00
GL Account	101 - Plant In Service - PowerPlar	Accum Cost ( USD )	.00
Company	LOUISVILLE GAS & ELECTRIC C		
Functional Class	Gas Transmission	Book Schema	Default
Serial Number		Depreciation Group	LGE-237207-ARO Cost 0

Comment

Basis

Activity

Cpr Depr

Previous

Next

Equip Ldg

Adj Quantity

Update

Print

Cancel

CPR Ledger Detail		Charnas	
Detail	Class Codes	Set of Books	Financial
Asset ID	52864740	Related Asset(s)	No
Description	Pure-GasMains-Trans	Work Order	ARO
Long Description	Pure-GasMains-Trans		
Property Group	EON Default Property Group	Subledger	ARO
Retirement Unit	ARO CHILD		
Unit of Measure	EA	Retire Method	ARO
Asset Location	Land and AROs - Not Separately Identifiable KY		
Loc Detail			
Utility Account	G372.07-ARO Cost Gas Trans (Eq	In Service Year	Sep-2011
Sub Account	None	Eng. In Service Year	Sep-2011
Business Segment	Gas	Accumulated Quantity	0.00
GL Account	101 - Plant In Service - PowerPlar	Accum Cost ( USD )	3,941,518.65
Company	LOUISVILLE GAS & ELECTRIC CO		
Functional Class	Gas Transmission		
Serial Number			
	Depreciation Group	LGE-237207-ARO Cost C	

Comment

Basis

Activity

Cpr Depr

Previous

Next

Equip Ldg

Adj Quantity

Update

Print

Cancel

Clark, Ed

---

**From:** Plant Support <support@pwrplan.com>  
**Sent:** Tuesday, June 05, 2012 2:10 PM  
**To:** Crescente, Angela  
**Cc:** Wacker, Diana; Kinder, Debra  
**Subject:** RE: ARO Transfers and Reports [ ref:\_00D60KJDN.\_50060JMefh:ref ]

Hi Angela-

Can you provide the asset ID's involved and attach a copy of the current month report you are looking at? If you could also provide the SQL behind the report you are running, that would be helpful as well. You can do this by clicking on the light bulb icon in the upper left corner after running the report, selecting dw\_report and clicking the "Show SQL" button.

Once that information is provided, we will assign your case to an Analyst for further review.

Thanks-

Crystal Yura  
Support Analyst

PowerPlan, Inc.  
200 Galleria Parkway  
Atlanta, GA 30339

Provision Support: +1 770.937.3025  
O: +1 770.423.7659  
M: +1 404.913.5787  
[cyura@pwrplan.com](mailto:cyura@pwrplan.com)

----- Original Message -----

**From:** Crescente, Angela [Angela.Crescente@lge-ku.com]  
**Sent:** 6/5/2012 1:56 PM  
**To:** [support@pwrplan.com](mailto:support@pwrplan.com)  
**Cc:** [Diana.Wacker@lge-ku.com](mailto:Diana.Wacker@lge-ku.com); [Debra.Kinder@lge-ku.com](mailto:Debra.Kinder@lge-ku.com)  
**Subject:** ARO Transfers and Reports

Support,

I have performed some ARO transfers, and it appears that the current month REG-1002 and REG-1003 reports look OK. However, if I run the report for a previous month, the ARO asset cannot be found so it no longer ties. It is as if it disappears. I am assuming the reports are looking at the asset id number and since the asset id changes with the transfer, the report doesn't know what to do. This causes a problem since historic reports would no longer tie to anything. Please advise on how to correct this issue.

Thanks,  
Angela

Clark, Ed

---

**From:** Wiseman, Sara  
**Sent:** Monday, June 04, 2012 2:57 PM  
**To:** Crescente, Angela  
**Subject:** FW: ARO Questionnaire

---

**From:** Hudson, Rusty  
**Sent:** Monday, June 04, 2012 2:29 PM  
**To:** Wiseman, Sara  
**Cc:** Hudson, Rusty  
**Subject:** ARO Questionnaire



ARO Quarterly  
Questionnaire.d...

**ARO Quarterly Questionnaire**

Please answer the following questions for the period since the date of your last completed questionnaire.

1. To the best of your knowledge, are you aware of any changes that would impact the valuation of the asset retirement obligations (“AROs”) that have been identified? Such changes may include changes in laws, statutes, regulations, precedents set by the Company, contracts, permits, certificates of need, right of way agreements, market costs or available resources for remediation, or planned retirements. (Please list)

**Answer: No**

2. To the best of your knowledge, are you aware of any acquired assets, land, or leases that will create an ARO? (Please list, include location)

**Answer: No**

3. To the best of your knowledge, are you aware of any new construction that will create an ARO? (Please list, include location)

**Answer:**

- A. Mill Creek for the environmental air, which I believe you have gotten updates from Scott/Eileen on.**
- B. The six stacks at Paddy’s Run are to be taken down later this year to a height where if they do later fall over, they will not get into the transmission facility. I have heard that the stacks do not have asbestos in them however, so I doubt that it is an ARO situation but I wanted to at least mention it.**
- C. The contract with Charah at Cane Run to build the Manufactured Stabilized Earth (MSE) Wall around the perimeter of the existing landfill includes capping of the landfill through 2016.**

4. In certain very limited circumstances the Company could be determined to be obligated to retire an asset or a group of assets based upon a commitment made to a third party. Are you aware of any communications either written or verbal between representatives of LKE and third parties with respect to retirement of an asset or a group of assets owned by LKE at the end of operations or a specific point in time? If so, please list the identities of the LKE representatives and assets involved, as well as the third party or parties who were involved and the context in which the discussions took place.

**Answer: No**

**Completed by: Rusty Hudson**

**For the quarter ended: 6/30/12**

**Clark, Ed**

---

**From:** Wiseman, Sara  
**Sent:** Wednesday, May 30, 2012 8:27 AM  
**To:** Simpson, Sheri  
**Cc:** Crescente, Angela  
**Subject:** RE: Q2 2012\_Summary of Significant Accounting Policies Footnote

Sheri: I am OK with this. Angela should review it too for the ARO info.

I don't know about goodwill.

---

**From:** Simpson, Sheri  
**Sent:** Monday, May 21, 2012 10:21 AM  
**To:** Wiseman, Sara  
**Subject:** Q2 2012\_Summary of Significant Accounting Policies Footnote

Good Morning Sara,

I am currently in the set-up phase for our Q2 reporting. Similar to Q1, can you let me know whether or not the accounting policies related to Long-lived and Intangible Assets as disclosed at 12/31/2011 are in need of any changes or updates? The language is below. Thanks in advance for your help.

## **Long-Lived and Intangible Assets**

### **Property, Plant and Equipment**

*(PPL, PPL Energy Supply, PPL Electric, LKE, LG&E and KU)*

PP&E is recorded at original cost, unless impaired. If impaired, the asset is written down to fair value at that time, which becomes the new cost basis of the asset. Original cost includes material, labor, contractor costs, certain overheads and financing costs, where applicable. The cost of repairs and minor replacements are charged to expense as incurred. The Registrants record costs associated with planned major maintenance projects in the period in which the costs are incurred. No costs are accrued in advance of the period in which the work is performed for PPL Energy Supply or PPL Electric. LG&E and KU accrue costs of removal net of estimated salvage value through depreciation, which is included in the calculation of customer rates over the assets' depreciable lives in accordance with regulatory practices. Cost of removal amounts accrued through depreciation rates are accumulated as a regulatory liability until the removal costs are incurred. See Note 6 for additional information.

*(PPL, PPL Electric, LKE and KU)*

AFUDC is capitalized as part of the construction costs for cost-based rate-regulated projects for which a return on such costs is recovered after the project is placed in service. The debt component of AFUDC is credited to "Interest Expense" and the equity component is credited to "Other Income (Expense) - net" on the Statements of Income. KU has not recorded significant AFUDC as a return has been provided during the construction period for most projects.

*(PPL, PPL Energy Supply, PPL Electric, LKE, LG&E and KU)*

Included in PP&E on the Balance Sheets are capitalized costs of software projects that were developed or obtained for internal use. These capitalized costs are amortized ratably over the expected lives of the projects when they become operational, generally not to exceed five years.

The amortization of capitalized software is included in "Depreciation" on the Statements of Income.

*(PPL, PPL Energy Supply, PPL Electric, LKE, LG&E and KU)*

### Depreciation

Depreciation is recorded over the estimated useful lives of property using various methods including the straight-line, composite and group methods. When a component of PP&E that was depreciated under the composite or group method is retired, the original cost is charged to accumulated depreciation. When all or a significant portion of an operating unit that was depreciated under the composite or group method is retired or sold, the property and the related accumulated depreciation account is reduced and any gain or loss is included in income, unless otherwise required by regulators.

### Asset Impairment

The Registrants review long-lived assets that are subject to depreciation or amortization, including finite-lived intangibles, for impairment when events or circumstances indicate carrying amounts may not be recoverable. For example, certain emission allowances are expected to be sold rather than consumed. These emission allowances are tested for impairment when events or changes in circumstances, such as a decline in market prices, indicate that their carrying value may not be recoverable.

A long-lived asset classified as held and used is impaired when the carrying amount of the asset exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. If impaired, the asset's carrying value is written down to its fair value.

A long-lived asset classified as held for sale is impaired when the carrying amount of the asset (disposal group) exceeds its fair value less cost to sell. If impaired, the asset's (disposal group's) carrying value is written down to its fair value less cost to sell. See Notes 9 and 18 for a discussion of impairment charges recorded associated with long-lived assets classified as held for sale.

Goodwill is reviewed for impairment at the reporting unit level annually or more frequently when events or circumstances indicate that the carrying amount of a reporting unit may be greater than the unit's fair value. Additionally, goodwill must be tested for impairment after a portion of goodwill has been allocated to a business to be disposed of. PPL's reporting units are at or one level below its operating segments and represent significant businesses with discrete financial information that is regularly reviewed by segment management. If the carrying amount of the reporting unit, including goodwill, exceeds its fair value, the implied fair value of goodwill must be calculated in the same manner as goodwill in a business combination. The fair value of a reporting unit is allocated to all assets and liabilities of that unit as if the reporting unit had been acquired in a business combination. The excess of the fair value of the reporting unit over the amounts assigned to its assets and liabilities is the implied fair value of goodwill. If the implied fair value of goodwill is less than the carrying amount, goodwill is written down to its implied fair value.

The goodwill recognized upon the acquisition of LKE, although entirely recorded at LG&E and KU, was assigned for impairment testing by PPL to its reporting units expected to benefit from the acquisition, which were the Kentucky Regulated segment and the Supply segment. The goodwill recognized upon the acquisition of WPD Midlands was assigned for impairment testing by PPL to its International Regulated segment. See Note 10 for additional information regarding the acquisitions.

### Asset Retirement Obligations

PPL and its subsidiaries record liabilities to reflect various legal obligations associated with the retirement of long-lived assets. Initially, this obligation is measured at fair value and offset with an increase in the value of the capitalized asset, which is depreciated over the asset's useful life. Until the obligation is settled, the liability is increased to reflect changes



in the obligation due to the passage of time through the recognition of accretion expense classified within "Other operation and maintenance" on the Statements of Income. The accretion and depreciation related to LG&E's and KU's AROs are offset with a regulatory credit on the income statement, such that there is no earnings impact. The regulatory asset created by the regulatory credit is relieved when the ARO is settled.

Estimated ARO costs and settlement dates, which affect the carrying value of the ARO and the related capitalized asset, are reviewed periodically to ensure that any material changes are incorporated into the latest estimate of the ARO. Any change to the capitalized asset, positive or negative, is amortized over the remaining life of the associated long-lived asset. See Note 21 for additional information on AROs.

**Sheri N. Simpson**

Accounting Analyst III  
Financial Reporting  
LG&E and KU Energy, LLC  
220 W. Main Street, 9th Floor  
Louisville, KY 40202  
P: (502) 627-3606

**Clark, Ed**

---

**From:** Mooney, Mike (BOC 3)  
**Sent:** Tuesday, May 29, 2012 12:45 PM  
**To:** Crescente, Angela  
**Subject:** Cane Run Ash Pond Closure

Angela,

I am in the process of creating a new project in power Plant for the closure of the Cane Run Ash Pond. Since it is the closure, I assume we will need a CP ARO task. Is that something you want to create or shall I? The project is 137503.

THANKS!!!

**Mike Mooney**  
Budget Analyst III, Project Engineering  
BOC 3  
BOC Phone: (502) 627-3671  
Fax: (502) 217- 2943  
E-mail: [Mike.Mooney@lge-ku.com](mailto:Mike.Mooney@lge-ku.com)

**Clark, Ed**

---

**From:** Rose, Bruce  
**Sent:** Tuesday, May 29, 2012 11:05 AM  
**To:** Millay, David  
**Cc:** Crescente, Angela  
**Subject:** RE: Trimble County's Ash Pond

The whole smorgasbord.... I am forwarding this on to Angela Crescente, although she is on vacation this week. She may call you, as some wells are being considered ARO's.

---

**From:** Millay, David  
**Sent:** Tuesday, May 29, 2012 11:03 AM  
**To:** Rose, Bruce  
**Cc:** Dowd, Deborah; Riggs, Eric; Burns, Kyle  
**Subject:** Re: Trimble County's Ash Pond

Piezometers, river level, reservoir level, and rain gages.

David Millay

On May 29, 2012, at 11:00 AM, "Rose, Bruce" <[Bruce.Rose@lge-ku.com](mailto:Bruce.Rose@lge-ku.com)> wrote:

This would be considered a TC Joint Use project using the LGE / KU split of 52%/48%, and assigned to TC2. Thanks for asking...

David,

Is this for piezometers or other type monitoring wells?

---

**From:** Dowd, Deborah  
**Sent:** Tuesday, May 29, 2012 10:50 AM  
**To:** Riggs, Eric; Rose, Bruce  
**Cc:** Burns, Kyle; Millay, David  
**Subject:** Trimble County's Ash Pond

Good Morning All-

We are getting ready to put some test equipment in and around Trimble's Ash Pond, plus we are going to connect this equipment into the DCS for ease of monitoring.

Our question to Property Accounting, like buildings and vehicles, is land/ash ponds not allocated between the utilities or do we have to have two capital project for Trimble's Dam Impoundment work?

Please let us know how we should proceed with the AIP.

Thanks for your time.

Deborah



Clark, Ed

---

**From:** Fackler, Andrea  
**Sent:** Friday, May 11, 2012 5:03 PM  
**To:** Kinder, Debra; Griffin, Sharon; Wacker, Diana; Riggs, Eric; Crescente, Angela  
**Cc:** Wiseman, Sara; Pienaar, Lesley  
**Subject:** Internal Control Walkthrough

If you have time before we meet to discuss the controls related to transaction cycle 40.01, please look at Appendix A – Probing Questions and if you have time, jot down your answers. It will save us time when we meet. Otherwise, we can go through them together. See the attached.



Appendix A -  
Probing Questio...

Also, I put together a list of items that I would like to observe and possibly include as exhibits to support the walkthrough of this transactions. If any of this is not available or you have any questions, let me know. I may need to include additional items once I meet with you all to help document the processes.

- 1) Copy of the most recent multi-year capital investment plan, if available - ?
- 2) Sample of an AIP that was approved – Debbie
- 3) Sample of an AIP that had to be revised due to project overruns – Debbie
- 4) Sample of an AIP that is determined to have an ARO, if any – Angela
- 5) Sample of the quarterly report generated that shows inactive projects for 90+ days, including communication with the budget coordinators – Sharon
- 6) Sample of the “Job Log” report that shows “completed” or “closed” projects for 90+ days – Diana
- 7) Sample of the Work Order Analysis checklist – Eric
- 8) Proof of review after the as-builts are created in PowerPlant and the “Send to CPR” process is complete – Eric
- 9) Proof of reconciliation of addition and retirement postings in the G/L to control totals in the PowerPlant Classification Spreadsheet – Diana
- 10) Sample of a monthly closing checklist – Diana

Thanks,  
Andrea

**Appendix A: Probing Questions**

<b>QUESTION:</b>	<b>INQUIRED OF:</b>	<b>RESPONSE</b>
What do you do when you encounter errors?		
What types of errors have you encountered?		
How are errors resolved?		
Has management ever asked you to do something that you consider unethical?		
Has anyone ever asked you to record a journal entry with no supporting documentation?		
Has a member of management ever bypassed the normal process to record a journal entry?		
Has anyone ever asked you to record, process, or approve any financial transaction you thought to be improper or did not fully understand?		

**Clark, Ed**

---

**From:** Plant Support <support@pwrplan.com>  
**Sent:** Thursday, May 10, 2012 2:32 PM  
**To:** Crescente, Angela  
**Subject:** RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Thanks Angela a place to test will help us figure the issue. We will take a look and get back to you.

----- Original Message -----

From: Crescente, Angela [Angela.Crescente@lge-ku.com]  
Sent: 5/10/2012 8:25 AM  
To: support@pwrplan.com  
Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Thanks Elizabeth, I will run through all of these process on the other company in DEV as one last run before I perform the adjustments in PROD.

So, this will fix my current issue, however, the main problem is why this is happening in the first place. It only happens if I set up a transition ARO. AROs are not supposed to have any impact on the PPL Purchase Accounting or the PPL Purchase Accounting Post Acq set of books at all. A new ARO does not do this, it only affects Financial set of books as it should. I understand transition AROs are really used anymore, however, in some cases, they work better for us due to requests by management. Therefore, we will need to get the issue resolved. It appears the problem began when the two new PPL set of books were created. Somehow, transition ARO code is tied to those sets of books when it should only be tied to Financial. In our PTAXSTAG instance, I have some new transition AROs created, and they created reserve on both PPL Purchase Accounting and PPL Purchase Accounting Post Acq sets of books. Let me know if you want to look into that instance or if you want new transition AROs created in DEV.

Thanks,  
Angela

-----Original Message-----

From: Plant Support [mailto:support@pwrplan.com]  
Sent: Wednesday, May 09, 2012 8:19 PM  
To: Crescente, Angela  
Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Hi Angela,

Thanks, I think you might be OK with both adjustments. I see the adjustment amount to the last set of books in gl transaction, but the \$300 is no longer there.

Thanks,

Elizabeth

----- Original Message -----

From: Crescente, Angela [Angela.Crescente@lge-ku.com]  
Sent: 5/9/2012 11:36 AM  
To: support@pwrplan.com  
Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Depr has been approved.

-----Original Message-----

From: Plant Support [mailto:support@pwrplan.com]  
Sent: Wednesday, May 09, 2012 11:00 AM  
To: Crescente, Angela  
Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Yes please.

Thanks,

Elizabeth

----- Original Message -----

From: Crescente, Angela [Angela.Crescente@lge-ku.com]  
Sent: 5/9/2012 10:30 AM  
To: support@pwrplan.com  
Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Elizabeth,

OK, so when I got out of the CPR Control screen, and came back and clicked on May, then it said Re-Open. So, I did the reserve adj on the three assets on the PPL Purchase Accounting Post Acq set of books and re-ran depr calc, do you want me to approve?

Thanks,  
Angela

-----Original Message-----

From: Plant Support [mailto:support@pwrplan.com]  
Sent: Wednesday, May 09, 2012 9:26 AM  
To: Crescente, Angela  
Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Even though it still says Close could you click on it to see if it will re-open?

If not let me know and I can do this behind the scenes.

Thanks,

Elizabeth

----- Original Message -----

From: Crescente, Angela [Angela.Crescente@lge-ku.com]  
Sent: 5/9/2012 8:27 AM  
To: support@pwrplan.com  
Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Oh, I see. I had no idea that it created this on the PPL Purchase Accounting Post Acq set of books as well. I tried to close CPR and reopen, but the reopen button did not show up for me to reopen. Please see attached.



[cid:image001.png@01CD2DBD.8D9D2F50]

Thanks,

Angela

-----Original Message-----

From: Plant Support [mailto:support@pwrplan.com]

Sent: Tuesday, May 08, 2012 6:51 PM

To: Crescente, Angela

Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Hi Angela,

I ran the depr approval so I could see the journals created. I did see one that will get created for 346.55, but this is on the following set of books, PPL Purchase Accounting Post Acq.

The adjustment was posted for the following set of books, PPL Purchase Accounting.

Did you intend to still have expense on the PPL Purchase Accounting Post Acq set of books?

It appears that the adjustment is needed for this second set of books as well.

If you want to make the adjustment and recalculate you can Close the CPR and Reopen to reverse the Depr approval.

If this isn't what you were trying to correct please let me know.

Thanks,

Elizabeth

----- Original Message -----

From: Crescente, Angela [Angela.Crescente@lge-ku.com]

Sent: 5/8/2012 9:04 AM

To: support@pwrplan.com<mailto:support@pwrplan.com>

Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

I ran depr calc for KU and it now shows zero as ending balance for May in the depr ledger (which is good). Where you will see the problem arise is when we close the month and for whatever reason, the depr journal entries still fire. I can't figure it out for anything.

Thanks,

Angela

-----Original Message-----

From: Plant Support [mailto:support@pwrplan.com]<mailto:[mailto:support@pwrplan.com]>

Sent: Monday, May 07, 2012 5:05 PM

To: Crescente, Angela

Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Would you be able to go ahead and calculate Depreciation in DEV for this company? The adjustment is on the depr ledger table as expect, I want to see what kind of update the depr calculation will make.

Thanks,

Elizabeth

----- Original Message -----

From: Crescente, Angela [Angela.Crescente@lge-ku.com]

Sent: 5/7/2012 10:15 AM

To: support@pwrplan.com<mailto:support@pwrplan.com>

Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

I'm sorry Elizabeth that it took me so long, I have been closing and testing our upgrade. I have now finished the depr reserve adj in PTAXDEV and posted them on the KU Company.

Thanks,

Angela

-----Original Message-----

From: Crescente, Angela

Sent: Monday, April 30, 2012 8:55 AM

To: 'Plant Support'

Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Sure, I will let you know when I am done. Thanks!

-----Original Message-----

From: Plant Support [mailto:support@pwrplan.com]<mailto:[mailto:support@pwrplan.com]>

Sent: Friday, April 27, 2012 8:30 PM

To: Crescente, Angela; ecowart@pwrplan.com<mailto:ecowart@pwrplan.com>

Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

I am so sorry, could you do it again. I've copied my direct email on this as well so that I will immediately see when you reply. This will be at the top of my list to investigate.

Thank you!

Elizabeth

----- Original Message -----

From: Crescente, Angela [Angela.Crescente@lge-ku.com]

Sent: 4/17/2012 2:47 PM

To: support@pwrplan.com<mailto:support@pwrplan.com>

Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Elizabeth,

I don't think I have heard back from you on this. Any luck finding anything? Let me know if you need me to do this again since DEV has refreshed again.

Thanks,

Angela

-----Original Message-----

From: Crescente, Angela

Sent: Wednesday, April 04, 2012 1:14 PM

To: 'Plant Support'

Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra

Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Elizabeth,

I completed and posted the reserve adjustments in DEV in April for LGE. Do you want me to close the CPR or wait?

Thanks,

Angela

-----Original Message-----

From: Plant Support [mailto:support@pwrplan.com]<mailto:[mailto:support@pwrplan.com]>

Sent: Wednesday, April 04, 2012 9:07 AM

To: Crescente, Angela

Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra

Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

If you could that would be great.

Thank you,

Elizabeth

----- Original Message -----

From: Crescente, Angela [Angela.Crescente@lge-ku.com]

Sent: 4/4/2012 8:42 AM

To: support@pwrplan.com<mailto:support@pwrplan.com>

Cc: Diana.Wacker@lge-ku.com<mailto:Diana.Wacker@lge-ku.com>, Sara.Wiseman@lge-ku.com<mailto:Sara.Wiseman@lge-ku.com>; Debra.Kinder@lge-ku.com<mailto:Debra.Kinder@lge-ku.com>

Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

I did this in DEV, but it refreshed over the weekend. I can do it again if you want.

-----Original Message-----

From: Plant Support [mailto:support@pwrplan.com]<mailto:[mailto:support@pwrplan.com]>

Sent: Tuesday, April 03, 2012 5:13 PM

To: Crescente, Angela

Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra

Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Hi Angela,

I connected to look into this in more detail. I cannot see where the reserve adjustment was done to net the reserve to zero on this set of books. Which database were you using. In theory that should eliminate the monthly depr expense, but I wanted to review in the tables once the reserve adjustment was completed.

Elizabeth

----- Original Message -----

From: Crescente, Angela [Angela.Crescente@lge-ku.com]

Sent: 3/30/2012 5:13 PM

To: support@pwrplan.com<mailto:support@pwrplan.com>

Cc: Diana.Wacker@lge-ku.com<mailto:Diana.Wacker@lge-ku.com>; Sara.Wiseman@lge-ku.com<mailto:Sara.Wiseman@lge-ku.com>; Debra.Kinder@lge-ku.com<mailto:Debra.Kinder@lge-ku.com>

Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Hi Elizabeth,

I hope this is what you were looking for (the query is on the last page). If not, I will have to get Debbie and Diana to help me Monday. Just let me know.

Thanks!

Angela

-----Original Message-----

From: Plant Support [mailto:support@pwrplan.com]<mailto:[mailto:support@pwrplan.com]>

Sent: Friday, March 30, 2012 4:47 PM

To: Crescente, Angela

Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra

Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Hi Angela,

Could you send screen print of the depreciation groups and the depr ledger query tool for these groups so I can see the reserve/expense in the Depr moduel?

Thanks,

Elizabeth

----- Original Message -----

From: Crescente, Angela [Angela.Crescente@lge-ku.com]

Sent: 3/30/2012 11:08 AM

To: support@pwrplan.com<mailto:support@pwrplan.com>

Cc: Sara.Wiseman@lge-ku.com<mailto:Sara.Wiseman@lge-ku.com>; Diana.Wacker@lge-ku.com<mailto:Diana.Wacker@lge-ku.com>; Debra.Kinder@lge-ku.com<mailto:Debra.Kinder@lge-ku.com>

Subject: Purchase Accounting Reserve on an ARO

Support,

A few months ago, I had to create a few transition AROs which should never have any purchase accounting impact. However, on the purchase accounting set of books, reserve was created and depreciated on these AROs without a purchase accounting asset (there should be no purchase accounting asset or reserve, only financial). I do not appear to have this issue on the setup of new AROs as opposed to transitions.

I have been trying to work on how to make the reserve and the depreciation entries stop from happening. In DEV for April, I have booked reserve adjustments to zero out the reserve; however, the depreciation journal entry is still firing for the same amount for April and May even without any reserve. I have been having to book manual GL entries to correct the GL since this entry should not be happening. There is no PP journal layout for this activity either. How can I make the entry stop firing? I have attached the journal rows spreadsheets for April and May to show the depreciation journal entry and system screenshots to show the zeroing of the reserve.

Thanks,

Angela

-----

The information contained in this transmission is intended only for



the person or entity to which it is directly addressed or copied.

It may contain material of confidential and/or private nature. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon, this information by persons or entities other than the intended recipient is not allowed. If you received this message and the information contained therein by error, please contact the sender and delete the material from your/any storage medium.

Thanks,

Elizabeth Cowart

PowerPlant Support

770.937.3000

ref:\_00D60KJDN.\_50060ILZXN:ref

Thanks,

Elizabeth Cowart

PowerPlant Support

770.937.3000

Thanks,

Elizabeth Cowart

PowerPlant Support

770.937.3000

Thanks,

Elizabeth Cowart

PowerPlant Support

770.937.3000

Thanks,

Elizabeth Cowart

PowerPlant Support

770.937.3000

Thanks,

Elizabeth Cowart

PowerPlant Support

770.937.3000

Thanks,

Elizabeth Cowart

PowerPlant Support

770.937.3000

Thanks,

Elizabeth Cowart

PowerPlant Support

770.937.3000

Thanks,

Elizabeth Cowart  
PowerPlant Support  
770.937.3000

**Clark, Ed**

---

**From:** PowerPlantAlerts@lge-ku.com  
**Sent:** Thursday, May 10, 2012 6:00 AM  
**To:** Crescente, Angela  
**Subject:** PowerPlant Alerts - LGE-KU - AIP - ARO

Project 134786 has ARO

[login to powerplant](#)

Clark, Ed

---

**From:** Plant Support <support@pwrplan.com>  
**Sent:** Wednesday, May 09, 2012 8:19 PM  
**To:** Crescente, Angela  
**Subject:** RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Hi Angela,

Thanks, I think you might be OK with both adjustments. I see the adjustment amount to the last set of books in gl transaction, but the \$300 is no longer there.

Thanks,

Elizabeth

----- Original Message -----

**From:** Crescente, Angela [Angela.Crescente@lge-ku.com]  
**Sent:** 5/9/2012 11:36 AM  
**To:** support@pwrplan.com  
**Subject:** RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Depr has been approved.

-----Original Message-----

**From:** Plant Support [mailto:support@pwrplan.com]  
**Sent:** Wednesday, May 09, 2012 11:00 AM  
**To:** Crescente, Angela  
**Subject:** RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Yes please.

Thanks,

Elizabeth

----- Original Message -----

**From:** Crescente, Angela [Angela.Crescente@lge-ku.com]  
**Sent:** 5/9/2012 10:30 AM  
**To:** support@pwrplan.com  
**Subject:** RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Elizabeth,

OK, so when I got out of the CPR Control screen, and came back and clicked on May, then it said Re-Open. So, I did the reserve adj on the three assets on the PPL Purchase Accounting Post Acq set of books and re-ran depr calc, do you want me to approve?

Thanks,  
Angela

-----Original Message-----

From: Plant Support [mailto:support@pwrplan.com]  
Sent: Wednesday, May 09, 2012 9:26 AM  
To: Crescente, Angela  
Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Even though it still says Close could you click on it to see if it will re-open?

If not let me know and I can do this behind the scenes.

Thanks,

Elizabeth

----- Original Message -----

From: Crescente, Angela [Angela.Crescente@lge-ku.com]  
Sent: 5/9/2012 8:27 AM  
To: support@pwrplan.com  
Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Oh, I see. I had no idea that it created this on the PPL Purchase Accounting Post Acq set of books as well. I tried to close CPR and reopen, but the reopen button did not show up for me to reopen. Please see attached.

[cid:image001.png@01CD2DBD.8D9D2F50]

Thanks,

Angela

-----Original Message-----

From: Plant Support [mailto:support@pwrplan.com]  
Sent: Tuesday, May 08, 2012 6:51 PM  
To: Crescente, Angela  
Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Hi Angela,

I ran the depr approval so I could see the journals created. I did see one that will get created for 346.55, but this is on the following set of books, PPL Purchase Accounting Post Acq.

The adjustment was posted for the following set of books, PPL Purchase Accounting.

Did you intend to still have expense on the PPL Purchase Accounting Post Acq set of books?

It appears that the adjustment is needed for this second set of books as well.

If you want to make the adjustment and recalculate you can Close the CPR and Reopen to reverse the Depr approval.

If this isn't what you were trying to correct please let me know.

Thanks,

Elizabeth

----- Original Message -----

From: Crescente, Angela [Angela.Crescente@lge-ku.com]

Sent: 5/8/2012 9:04 AM

To: support@pwrplan.com<mailto:support@pwrplan.com>

Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

I ran depr calc for KU and it now shows zero as ending balance for May in the depr ledger (which is good). Where you will see the problem arise is when we close the month and for whatever reason, the depr journal entries still fire. I can't figure it out for anything.

Thanks,

Angela

-----Original Message-----

From: Plant Support [mailto:support@pwrplan.com]<mailto:[mailto:support@pwrplan.com]>

Sent: Monday, May 07, 2012 5:05 PM

To: Crescente, Angela

Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Would you be able to go ahead and calculate Depreciation in DEV for this company? The adjustment is on the depr ledger table as expect, I want to see what kind of update the depr calculation will make.

Thanks,

Elizabeth

----- Original Message -----

From: Crescente, Angela [Angela.Crescente@lge-ku.com]

Sent: 5/7/2012 10:15 AM

To: support@pwrplan.com<mailto:support@pwrplan.com>

Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

I'm sorry Elizabeth that it took me so long, I have been closing and testing our upgrade. I have now finished the depr reserve adj in PTAXDEV and posted them on the KU Company.

Thanks,

Angela

-----Original Message-----

From: Crescente, Angela

Sent: Monday, April 30, 2012 8:55 AM



To: 'Plant Support'

Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Sure, I will let you know when I am done. Thanks!

-----Original Message-----

From: Plant Support [mailto:support@pwrplan.com]<mailto:[mailto:support@pwrplan.com]>

Sent: Friday, April 27, 2012 8:30 PM

To: Crescente, Angela; ecowart@pwrplan.com<mailto:ecowart@pwrplan.com>

Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

I am so sorry, could you do it again. I've copied my direct email on this as well so that I will immediately see when you reply. This will be at the top of my list to investigate.

Thank you!

Elizabeth

----- Original Message -----

From: Crescente, Angela [Angela.Crescente@lge-ku.com]

Sent: 4/17/2012 2:47 PM

To: support@pwrplan.com<mailto:support@pwrplan.com>

Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Elizabeth,

I don't think I have heard back from you on this. Any luck finding anything? Let me know if you need me to do this again since DEV has refreshed again.

Thanks,

Angela

-----Original Message-----

From: Crescente, Angela

Sent: Wednesday, April 04, 2012 1:14 PM

To: 'Plant Support'

Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra

Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Elizabeth,

I completed and posted the reserve adjustments in DEV in April for LGE. Do you want me to close the CPR or wait?

Thanks,

Angela

-----Original Message-----

From: Plant Support [mailto:support@pwrplan.com]<mailto:[mailto:support@pwrplan.com]>

Sent: Wednesday, April 04, 2012 9:07 AM

To: Crescente, Angela

Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra

Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

If you could that would be great.

Thank you,

Elizabeth

----- Original Message -----

From: Crescente, Angela [Angela.Crescente@lge-ku.com]

Sent: 4/4/2012 8:42 AM

To: support@pwrplan.com<mailto:support@pwrplan.com>

Cc: Diana.Wacker@lge-ku.com<mailto:Diana.Wacker@lge-ku.com>; Sara.Wiseman@lge-ku.com<mailto:Sara.Wiseman@lge-ku.com>; Debra.Kinder@lge-ku.com<mailto:Debra.Kinder@lge-ku.com>

Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

I did this in DEV, but it refreshed over the weekend. I can do it again if you want.

-----Original Message-----

From: Plant Support [mailto:support@pwrplan.com]<mailto:[mailto:support@pwrplan.com]>

Sent: Tuesday, April 03, 2012 5:13 PM

To: Crescente, Angela

Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra

Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Hi Angela,

Charnas

I connected to look into this in more detail. I cannot see where the reserve adjustment was done to net the reserve to zero on this set of books. Which database were you using. In theory that should eliminate the monthly depr expense, but I wanted to review in the tables once the reserve adjustment was completed.

Elizabeth

----- Original Message -----

From: Crescente, Angela [Angela.Crescente@lge-ku.com]

Sent: 3/30/2012 5:13 PM

To: support@pwrplan.com<mailto:support@pwrplan.com>

Cc: Diana.Wacker@lge-ku.com<mailto:Diana.Wacker@lge-ku.com>; Sara.Wiseman@lge-ku.com<mailto:Sara.Wiseman@lge-ku.com>; Debra.Kinder@lge-ku.com<mailto:Debra.Kinder@lge-ku.com>

Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Hi Elizabeth,

I hope this is what you were looking for (the query is on the last page). If not, I will have to get Debbie and Diana to help me Monday. Just let me know.

Thanks!

Angela

-----Original Message-----

From: Plant Support [mailto:support@pwrplan.com]<mailto:[mailto:support@pwrplan.com]>

Sent: Friday, March 30, 2012 4:47 PM

To: Crescente, Angela

Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra

Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D50KJDN.\_50060ILZXN:ref ]

Hi Angela,

Could you send screen print of the depreciation groups and the depr ledger query tool for these groups so I can see the reserve/expense in the Depr moduel?

Thanks,

Elizabeth

----- Original Message -----

From: Crescente, Angela [Angela.Crescente@lge-ku.com]

Sent: 3/30/2012 11:08 AM

To: support@pwrplan.com<mailto:support@pwrplan.com>

Cc: Sara.Wiseman@lge-ku.com<mailto:Sara.Wiseman@lge-ku.com>; Diana.Wacker@lge-ku.com<mailto:Diana.Wacker@lge-ku.com>; Debra.Kinder@lge-ku.com<mailto:Debra.Kinder@lge-ku.com>

Subject: Purchase Accounting Reserve on an ARO

Support,

A few months ago, I had to create a few transition AROs which should never have any purchase accounting impact. However, on the purchase accounting set of books, reserve was created and depreciated on these AROs without a purchase accounting asset (there should be no purchase accounting asset or reserve, only financial). I do not appear to have this issue on the setup of new AROs as opposed to transitions.

I have been trying to work on how to make the reserve and the depreciation entries stop from happening. In DEV for April, I have booked reserve adjustments to zero out the reserve; however, the depreciation journal entry is still firing for the same amount for April and May even without any reserve. I have been having to book manual GL entries to correct the GL since this entry should not be happening. There is no PP journal layout for this activity either. How can I

make the entry stop firing? I have attached the journal rows spreadsheets for April and May to show the depreciation journal entry and system screenshots to show the zeroing of the reserve.

Thanks,

Angela

-----  
The information contained in this transmission is intended only for the person or entity to which it is directly addressed or copied.

It may contain material of confidential and/or private nature. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon, this information by persons or entities other than the intended recipient is not allowed. If you received this message and the information contained therein by error, please contact the sender and delete the material from your/any storage medium.

Thanks,

Elizabeth Cowart

PowerPlant Support

770.937.3000

ref:\_00D60KJDN.\_50060ILZXN:ref

Thanks,

Elizabeth Cowart

PowerPlant Support

770.937.3000

Thanks,

Elizabeth Cowart

PowerPlant Support

770.937.3000

Thanks,

Elizabeth Cowart

PowerPlant Support

770.937.3000

Thanks,

Elizabeth Cowart

PowerPlant Support

770.937.3000

Thanks,

Elizabeth Cowart

PowerPlant Support

770.937.3000

Thanks,

Elizabeth Cowart

PowerPlant Support

770.937.3000

Thanks,

Elizabeth Cowart

PowerPlant Support

770.937.3000

Thanks,

Elizabeth Cowart

PowerPlant Support

770.937.3000



**Clark, Ed**

---

**From:** Plant Support <support@pwrplan.com>  
**Sent:** Wednesday, May 09, 2012 11:00 AM  
**To:** Crescente, Angela  
**Subject:** RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Yes please.

Thanks,

Elizabeth

----- Original Message -----

**From:** Crescente, Angela [Angela.Crescente@lge-ku.com]  
**Sent:** 5/9/2012 10:30 AM  
**To:** support@pwrplan.com  
**Subject:** RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Elizabeth,

OK, so when I got out of the CPR Control screen, and came back and clicked on May, then it said Re-Open. So, I did the reserve adj on the three assets on the PPL Purchase Accounting Post Acq set of books and re-ran depr calc, do you want me to approve?

Thanks,  
Angela

-----Original Message-----

**From:** Plant Support [mailto:support@pwrplan.com]  
**Sent:** Wednesday, May 09, 2012 9:26 AM  
**To:** Crescente, Angela  
**Subject:** RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Even though it still says Close could you click on it to see if it will re-open?

If not let me know and I can do this behind the scenes.

Thanks,

Elizabeth

----- Original Message -----

**From:** Crescente, Angela [Angela.Crescente@lge-ku.com]  
**Sent:** 5/9/2012 8:27 AM  
**To:** support@pwrplan.com  
**Subject:** RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Oh, I see. I had no idea that it created this on the PPL Purchase Accounting Post Acq set of books as well. I tried to close CPR and reopen, but the reopen button did not show up for me to reopen. Please see attached.

[cid:image001.png@01CD2DBD.8D9D2F50]

Thanks,

Angela

-----Original Message-----

From: Plant Support [mailto:support@pwrplan.com]

Sent: Tuesday, May 08, 2012 6:51 PM

To: Crescente, Angela

Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Hi Angela,

I ran the depr approval so I could see the journals created. I did see one that will get created for 346.55, but this is on the following set of books, PPL Purchase Accounting Post Acq.

The adjustment was posted for the following set of books, PPL Purchase Accounting.

Did you intend to still have expense on the PPL Purchase Accounting Post Acq set of books?

It appears that the adjustment is needed for this second set of books as well.

If you want to make the adjustment and recalculate you can Close the CPR and Reopen to reverse the Depr approval.

If this isn't what you were trying to correct please let me know.

Thanks,

Elizabeth

----- Original Message -----

From: Crescente, Angela [Angela.Crescente@lge-ku.com]

Sent: 5/8/2012 9:04 AM

To: support@pwrplan.com<mailto:support@pwrplan.com>

Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

I ran depr calc for KU and it now shows zero as ending balance for May in the depr ledger (which is good). Where you will see the problem arise is when we close the month and for whatever reason, the depr journal entries still fire. I can't figure it out for anything.

Thanks,

Angela

-----Original Message-----

From: Plant Support [mailto:support@pwrplan.com]<mailto:[mailto:support@pwrplan.com]>

Sent: Monday, May 07, 2012 5:05 PM

To: Crescente, Angela

Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Would you be able to go ahead and calculate Depreciation in DEV for this company? The adjustment is on the depr ledger table as expect, I want to see what kind of update the depr calculation will make.

Thanks,

Elizabeth

----- Original Message -----

From: Crescente, Angela [Angela.Crescente@lge-ku.com]

Sent: 5/7/2012 10:15 AM

To: support@pwrplan.com<mailto:support@pwrplan.com>

Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

I'm sorry Elizabeth that it took me so long, I have been closing and testing our upgrade. I have now finished the depr reserve adj in PTAXDEV and posted them on the KU Company.

Thanks,

Angela

-----Original Message-----

From: Crescente, Angela

Sent: Monday, April 30, 2012 8:55 AM

To: 'Plant Support'

Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Sure, I will let you know when I am done. Thanks!

-----Original Message-----

From: Plant Support [mailto:support@pwrplan.com]<mailto:[mailto:support@pwrplan.com]>

Sent: Friday, April 27, 2012 8:30 PM

To: Crescente, Angela; ecowart@pwrplan.com<mailto:ecowart@pwrplan.com>

Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

I am so sorry, could you do it again. I've copied my direct email on this as well so that I will immediately see when you reply. This will be at the top of my list to investigate.

Thank you!

Elizabeth

----- Original Message -----

From: Crescente, Angela [Angela.Crescente@lge-ku.com]

Sent: 4/17/2012 2:47 PM

To: support@pwrplan.com<mailto:support@pwrplan.com>

Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Elizabeth,

I don't think I have heard back from you on this. Any luck finding anything? Let me know if you need me to do this again since DEV has refreshed again.

Thanks,

Angela

-----Original Message-----

From: Crescente, Angela

Sent: Wednesday, April 04, 2012 1:14 PM

To: 'Plant Support'

Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra

Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Elizabeth,

I completed and posted the reserve adjustments in DEV in April for LGE. Do you want me to close the CPR or wait?

Thanks,

Angela

-----Original Message-----

From: Plant Support [mailto:support@pwrplan.com]<mailto:[mailto:support@pwrplan.com]>

Sent: Wednesday, April 04, 2012 9:07 AM

To: Crescente, Angela

Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra

Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

If you could that would be great.

Thank you,

Elizabeth

----- Original Message -----

From: Crescente, Angela [Angela.Crescente@lge-ku.com]

Sent: 4/4/2012 8:42 AM

To: support@pwrplan.com<mailto:support@pwrplan.com>

Cc: Diana.Wacker@lge-ku.com<mailto:Diana.Wacker@lge-ku.com>; Sara.Wiseman@lge-ku.com<mailto:Sara.Wiseman@lge-ku.com>; Debra.Kinder@lge-ku.com<mailto:Debra.Kinder@lge-ku.com>

Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

I did this in DEV, but it refreshed over the weekend. I can do it again if you want.

-----Original Message-----

From: Plant Support [mailto:support@pwrplan.com]<mailto:[mailto:support@pwrplan.com]>

Sent: Tuesday, April 03, 2012 5:13 PM

To: Crescente, Angela

Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra

Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Hi Angela,

I connected to look into this in more detail. I cannot see where the reserve adjustment was done to net the reserve to zero on this set of books. Which database were you using. In theory that should eliminate the monthly depr expense, but I wanted to review in the tables once the reserve adjustment was completed.

Elizabeth

----- Original Message -----

From: Crescente, Angela [Angela.Crescente@lge-ku.com]

Sent: 3/30/2012 5:13 PM

To: support@pwrplan.com<mailto:support@pwrplan.com>

Cc: Diana.Wacker@lge-ku.com<mailto:Diana.Wacker@lge-ku.com>; Sara.Wiseman@lge-ku.com<mailto:Sara.Wiseman@lge-ku.com>; Debra.Kinder@lge-ku.com<mailto:Debra.Kinder@lge-ku.com>

Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Hi Elizabeth,

I hope this is what you were looking for (the query is on the last page). If not, I will have to get Debbie and Diana to help me Monday. Just let me know.

Thanks!

Angela

-----Original Message-----

From: Plant Support [mailto:support@pwrplan.com]<mailto:[mailto:support@pwrplan.com]>

Sent: Friday, March 30, 2012 4:47 PM

To: Crescente, Angela

Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra

Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Hi Angela,

Could you send screen print of the depreciation groups and the depr ledger query tool for these groups so I can see the reserve/expense in the Depr moduel?

Thanks,

Elizabeth

----- Original Message -----

From: Crescente, Angela [Angela.Crescente@lge-ku.com]



Sent: 3/30/2012 11:08 AM

To: support@pwrplan.com<mailto:support@pwrplan.com>

Cc: Sara.Wiseman@lge-ku.com<mailto:Sara.Wiseman@lge-ku.com>; Diana.Wacker@lge-ku.com<mailto:Diana.Wacker@lge-ku.com>; Debra.Kinder@lge-ku.com<mailto:Debra.Kinder@lge-ku.com>

Subject: Purchase Accounting Reserve on an ARO

Support,

A few months ago, I had to create a few transition AROs which should never have any purchase accounting impact. However, on the purchase accounting set of books, reserve was created and depreciated on these AROs without a purchase accounting asset (there should be no purchase accounting asset or reserve, only financial). I do not appear to have this issue on the setup of new AROs as opposed to transitions.

I have been trying to work on how to make the reserve and the depreciation entries stop from happening. In DEV for April, I have booked reserve adjustments to zero out the reserve; however, the depreciation journal entry is still firing for the same amount for April and May even without any reserve. I have been having to book manual GL entries to correct the GL since this entry should not be happening. There is no PP journal layout for this activity either. How can I make the entry stop firing? I have attached the journal rows spreadsheets for April and May to show the depreciation journal entry and system screenshots to show the zeroing of the reserve.

Thanks,

Angela

-----  
The information contained in this transmission is intended only for  
the person or entity to which it is directly addressed or copied.

It may contain material of confidential and/or private nature. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon, this information by persons or entities other than the intended recipient is not allowed. If you received this message and the information contained therein by error, please contact the sender and delete the material from your/any storage medium.

Thanks,

Elizabeth Cowart

PowerPlant Support

770.937.3000

ref:\_00D60KJDN.\_50060ILZXN:ref

Thanks,

Elizabeth Cowart

PowerPlant Support

770.937.3000

Thanks,

Elizabeth Cowart

PowerPlant Support

770.937.3000

Thanks,

Elizabeth Cowart

PowerPlant Support

770.937.3000

Thanks,

Elizabeth Cowart

PowerPlant Support

770.937.3000

Thanks,

Elizabeth Cowart

PowerPlant Support

770.937.3000

Thanks,

Elizabeth Cowart

PowerPlant Support

770.937.3000

Thanks,

Elizabeth Cowart

PowerPlant Support

770.937.3000

Clark, Ed

---

**From:** Plant Support <support@pwrplan.com>  
**Sent:** Wednesday, May 09, 2012 9:26 AM  
**To:** Crescente, Angela  
**Subject:** RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Even though it still says Close could you click on it to see if it will re-open?

If not let me know and I can do this behind the scenes.

Thanks,

Elizabeth

----- Original Message -----

**From:** Crescente, Angela [Angela.Crescente@lge-ku.com]  
**Sent:** 5/9/2012 8:27 AM  
**To:** support@pwrplan.com  
**Subject:** RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Oh, I see. I had no idea that it created this on the PPL Purchase Accounting Post Acq set of books as well. I tried to close CPR and reopen, but the reopen button did not show up for me to reopen. Please see attached.

[cid:image001.png@01CD2DBD.8D9D2F50]

Thanks,

Angela

-----Original Message-----

**From:** Plant Support [mailto:support@pwrplan.com]  
**Sent:** Tuesday, May 08, 2012 6:51 PM  
**To:** Crescente, Angela  
**Subject:** RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Hi Angela,

I ran the depr approval so I could see the journals created. I did see one that will get created for 346.55, but this is on the following set of books, PPL Purchase Accounting Post Acq.

The adjustment was posted for the following set of books, PPL Purchase Accounting.

Did you intend to still have expense on the PPL Purchase Accounting Post Acq set of books?

It appears that the adjustment is needed for this second set of books as well.

If you want to make the adjustment and recalculate you can Close the CPR and Reopen to reverse the Depr approval.

If this isn't what you were trying to correct please let me know.

Thanks,

Elizabeth

----- Original Message -----

From: Crescente, Angela [Angela.Crescente@lge-ku.com]

Sent: 5/8/2012 9:04 AM

To: support@pwrplan.com<mailto:support@pwrplan.com>

Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

I ran depr calc for KU and it now shows zero as ending balance for May in the depr ledger (which is good). Where you will see the problem arise is when we close the month and for whatever reason, the depr journal entries still fire. I can't figure it out for anything.

Thanks,

Angela

-----Original Message-----

From: Plant Support [mailto:support@pwrplan.com]<mailto:[mailto:support@pwrplan.com]>

Sent: Monday, May 07, 2012 5:05 PM

To: Crescente, Angela

Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Would you be able to go ahead and calculate Depreciation in DEV for this company? The adjustment is on the depr ledger table as expect, I want to see what kind of update the depr calculation will make.

Thanks,

Elizabeth

----- Original Message -----

From: Crescente, Angela [Angela.Crescente@lge-ku.com]

Sent: 5/7/2012 10:15 AM

To: support@pwrplan.com<mailto:support@pwrplan.com>

Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

I'm sorry Elizabeth that it took me so long, I have been closing and testing our upgrade. I have now finished the depr reserve adj in PTAXDEV and posted them on the KU Company.

Thanks,

Angela

-----Original Message-----

From: Crescente, Angela

Sent: Monday, April 30, 2012 8:55 AM

To: 'Plant Support'

Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Sure, I will let you know when I am done. Thanks!

-----Original Message-----

From: Plant Support [mailto:support@pwrplan.com]<mailto:[mailto:support@pwrplan.com]>

Sent: Friday, April 27, 2012 8:30 PM

To: Crescente, Angela; ecowart@pwrplan.com<mailto:ecowart@pwrplan.com>

Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

I am so sorry, could you do it again. I've copied my direct email on this as well so that I will immediately see when you reply. This will be at the top of my list to investigate.

Thank you!

Elizabeth

----- Original Message -----

From: Crescente, Angela [Angela.Crescente@lge-ku.com]

Sent: 4/17/2012 2:47 PM

To: support@pwrplan.com<mailto:support@pwrplan.com>

Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Elizabeth,

I don't think I have heard back from you on this. Any luck finding anything? Let me know if you need me to do this again since DEV has refreshed again.

Thanks,

Angela

-----Original Message-----

From: Crescente, Angela

Sent: Wednesday, April 04, 2012 1:14 PM

To: 'Plant Support'

Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra

Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Elizabeth,

I completed and posted the reserve adjustments in DEV in April for LGE. Do you want me to close the CPR or wait?

Thanks,

Angela

-----Original Message-----

From: Plant Support [mailto:support@pwrplan.com]<mailto:[mailto:support@pwrplan.com]>

Sent: Wednesday, April 04, 2012 9:07 AM

To: Crescente, Angela

Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra

Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]



If you could that would be great.

Thank you,

Elizabeth

----- Original Message -----

From: Crescente, Angela [Angela.Crescente@lge-ku.com]

Sent: 4/4/2012 8:42 AM

To: support@pwrplan.com<mailto:support@pwrplan.com>

Cc: Diana.Wacker@lge-ku.com<mailto:Diana.Wacker@lge-ku.com>; Sara.Wiseman@lge-ku.com<mailto:Sara.Wiseman@lge-ku.com>; Debra.Kinder@lge-ku.com<mailto:Debra.Kinder@lge-ku.com>

Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

I did this in DEV, but it refreshed over the weekend. I can do it again if you want.

-----Original Message-----

From: Plant Support [mailto:support@pwrplan.com]<mailto:[mailto:support@pwrplan.com]>

Sent: Tuesday, April 03, 2012 5:13 PM

To: Crescente, Angela

Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra

Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Hi Angela,

I connected to look into this in more detail. I cannot see where the reserve adjustment was done to net the reserve to zero on this set of books. Which database were you using. In theory that should eliminate the monthly depr expense, but I wanted to review in the tables once the reserve adjustment was completed.

Elizabeth

----- Original Message -----

From: Crescente, Angela [Angela.Crescente@lge-ku.com]

Sent: 3/30/2012 5:13 PM

To: support@pwrplan.com<mailto:support@pwrplan.com>

Cc: Diana.Wacker@lge-ku.com<mailto:Diana.Wacker@lge-ku.com>; Sara.Wiseman@lge-ku.com<mailto:Sara.Wiseman@lge-ku.com>; Debra.Kinder@lge-ku.com<mailto:Debra.Kinder@lge-ku.com>

Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Hi Elizabeth,

I hope this is what you were looking for (the query is on the last page). If not, I will have to get Debbie and Diana to help me Monday. Just let me know.

Thanks!

Angela

-----Original Message-----

From: Plant Support [mailto:support@pwrplan.com]<mailto:[mailto:support@pwrplan.com]>

Sent: Friday, March 30, 2012 4:47 PM

To: Crescente, Angela

Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra

Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KDN.\_50060ILZXN:ref ]

Hi Angela,

Could you send screen print of the depreciation groups and the depr ledger query tool for these groups so I can see the reserve/expense in the Depr moduel?

Thanks,

Elizabeth

----- Original Message -----

From: Crescente, Angela [Angela.Crescente@lge-ku.com]

Sent: 3/30/2012 11:08 AM

To: support@pwrplan.com<mailto:support@pwrplan.com>

Cc: Sara.Wiseman@lge-ku.com<mailto:Sara.Wiseman@lge-ku.com>; Diana.Wacker@lge-ku.com<mailto:Diana.Wacker@lge-ku.com>; Debra.Kinder@lge-ku.com<mailto:Debra.Kinder@lge-ku.com>

Subject: Purchase Accounting Reserve on an ARO

Support,

A few months ago, I had to create a few transition AROs which should never have any purchase accounting impact. However, on the purchase accounting set of books, reserve was created and depreciated on these AROs without a purchase accounting asset (there should be no purchase accounting asset or reserve, only financial). I do not appear to have this issue on the setup of new AROs as opposed to transitions.

I have been trying to work on how to make the reserve and the depreciation entries stop from happening. In DEV for April, I have booked reserve adjustments to zero out the reserve; however, the depreciation journal entry is still firing for the same amount for April and May even without any reserve. I have been having to book manual GL entries to correct the GL since this entry should not be happening. There is no PP journal layout for this activity either. How can I

make the entry stop firing? I have attached the journal rows spreadsheets for April and May to show the depreciation journal entry and system screenshots to show the zeroing of the reserve.

Thanks,

Angela

-----  
The information contained in this transmission is intended only for the person or entity to which it is directly addressed or copied.

It may contain material of confidential and/or private nature. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon, this information by persons or entities other than the intended recipient is not allowed. If you received this message and the information contained therein by error, please contact the sender and delete the material from your/any storage medium.

Thanks,

Elizabeth Cowart

PowerPlant Support

770.937.3000

ref:\_00D60KJDN.\_50060ILZXN:ref

Thanks,

Elizabeth Cowart

PowerPlant Support

770.937.3000

Thanks,

Elizabeth Cowart

PowerPlant Support

770.937.3000

Thanks,

Elizabeth Cowart

PowerPlant Support

770.937.3000

Thanks,

Elizabeth Cowart

PowerPlant Support

770.937.3000

Thanks,

Elizabeth Cowart

PowerPlant Support

770.937.3000

Thanks,

Elizabeth Cowart

PowerPlant Support

770.937.3000

Clark, Ed

---

**From:** Crescente, Angela  
**Sent:** Wednesday, May 09, 2012 8:27 AM  
**To:** 'Plant Support'  
**Subject:** RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Oh, I see. I had no idea that it created this on the PPL Purchase Accounting Post Acq set of books as well. I tried to close CPR and reopen, but the reopen button did not show up for me to reopen. Please see attached.

PowerPlant ----- PTAXDEV Database

File Edit Subsystem Batch Admin Preferences Window Activity Help

Unit Cat Projects Budgets Assets Depr Tables PwrTax Provision CR Admin MyPPlant Help Calc Print Win

Report CPR Logs Balance Quit Help

System Administration

Continuing Property Records Control

**KENTUCKY UTILITIES COM** Select All  
 LOUISVILLE GAS & ELECTRIC Use Ctrl, Shift keys to select multiple companies  
 IFRS - ARGENTINA III  
 IFRS - CAPITAL CORP  
 IFRS - KENTUCKY UTILITIES  
 IFRS - JEM Cont on 800

Select an Accounting Month

Interface (Date Last Run)	June 2012	May 2012	April 2012	March 2012	Interface
Tax Expense					
TRMS Vehicle Data			5/4/12 8:54	4/5/12 9:49	Auto Tra
RWIP Allocation				4/18/12 7:33	
Close CPR		5/9/12 8:19	5/4/12 8:37	4/5/12 9:30	New
ARO Processing		5/9/12 8:19	5/4/12 8:30	4/5/12 9:18	ARO Ce
ARO Approval			5/4/12 8:38	4/5/12 9:31	Au
Depreciation Calculation		5/8/12 8:45	5/4/12 8:41	4/5/12 9:34	Mortalit
Depreciation Approval		5/8/12 18:24	5/4/12 8:53	4/5/12 9:49	
Release Journal Entries			5/4/12 8:54	4/5/12 9:50	CPR B
G/L Reconciliation			5/4/12 8:54	4/5/12 9:51	
Close PowerPlant			5/4/12 11:48	4/5/12 13:37	Ca
Balance PowerPlant					

Rows 0 to 0 of 0

Thanks,  
Angela



-----Original Message-----

From: Plant Support [mailto:support@pwrplan.com]  
Sent: Tuesday, May 08, 2012 6:51 PM  
To: Crescente, Angela  
Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Hi Angela,

I ran the depr approval so I could see the journals created. I did see one that will get created for 346.55, but this is on the following set of books, PPL Purchase Accounting Post Acq.

The adjustment was posted for the following set of books, PPL Purchase Accounting.

Did you intend to still have expense on the PPL Purchase Accounting Post Acq set of books?

It appears that the adjustment is needed for this second set of books as well.

If you want to make the adjustment and recalculate you can Close the CPR and Reopen to reverse the Depr approval.

If this isn't what you were trying to correct please let me know.

Thanks,

Elizabeth

----- Original Message -----

From: Crescente, Angela [Angela.Crescente@lge-ku.com]  
Sent: 5/8/2012 9:04 AM  
To: support@pwrplan.com  
Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

I ran depr calc for KU and it now shows zero as ending balance for May in the depr ledger (which is good). Where you will see the problem arise is when we close the month and for whatever reason, the depr journal entries still fire. I can't figure it out for anything.

Thanks,  
Angela

-----Original Message-----

From: Plant Support [mailto:support@pwrplan.com]  
Sent: Monday, May 07, 2012 5:05 PM  
To: Crescente, Angela  
Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Would you be able to go ahead and calculate Depreciation in DEV for this company? The adjustment is on the depr ledger table as expect, I want to see what kind of update the depr calculation will make.

Thanks,

Elizabeth

----- Original Message -----

From: Crescente, Angela [Angela.Crescente@lge-ku.com]  
Sent: 5/7/2012 10:15 AM

Charnas

To: support@pwrplan.com

Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

I'm sorry Elizabeth that it took me so long, I have been closing and testing our upgrade. I have now finished the depr reserve adj in PTAXDEV and posted them on the KU Company.

Thanks,  
Angela

-----Original Message-----

From: Crescente, Angela

Sent: Monday, April 30, 2012 8:55 AM

To: 'Plant Support'

Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Sure, I will let you know when I am done. Thanks!

-----Original Message-----

From: Plant Support [mailto:support@pwrplan.com]

Sent: Friday, April 27, 2012 8:30 PM

To: Crescente, Angela; ecowart@pwrplan.com

Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

I am so sorry, could you do it again. I've copied my direct email on this as well so that I will immediately see when you reply. This will be at the top of my list to investigate.

Thank you!

Elizabeth

----- Original Message -----

From: Crescente, Angela [Angela.Crescente@lge-ku.com]

Sent: 4/17/2012 2:47 PM

To: support@pwrplan.com

Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Elizabeth,

I don't think I have heard back from you on this. Any luck finding anything? Let me know if you need me to do this again since DEV has refreshed again.

Thanks,  
Angela

-----Original Message-----

From: Crescente, Angela

Sent: Wednesday, April 04, 2012 1:14 PM

To: 'Plant Support'

Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra

Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Elizabeth,

I completed and posted the reserve adjustments in DEV in April for LGE. Do you want me to close the CPR or wait?

Thanks,

Angela

-----Original Message-----

From: Plant Support [mailto:support@pwrplan.com]  
Sent: Wednesday, April 04, 2012 9:07 AM  
To: Crescente, Angela  
Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra  
Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

If you could that would be great.

Thank you,

Elizabeth

----- Original Message -----

From: Crescente, Angela [Angela.Crescente@lge-ku.com]  
Sent: 4/4/2012 8:42 AM  
To: support@pwrplan.com  
Cc: Diana.Wacker@lge-ku.com; Sara.Wiseman@lge-ku.com; Debra.Kinder@lge-ku.com  
Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

I did this in DEV, but it refreshed over the weekend. I can do it again if you want.

-----Original Message-----

From: Plant Support [mailto:support@pwrplan.com]  
Sent: Tuesday, April 03, 2012 5:13 PM  
To: Crescente, Angela  
Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra  
Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Hi Angela,

I connected to look into this in more detail. I cannot see where the reserve adjustment was done to net the reserve to zero on this set of books. Which database were you using. In theory that should eliminate the monthly depr expense, but I wanted to review in the tables once the reserve adjustment was completed.

Elizabeth

----- Original Message -----

From: Crescente, Angela [Angela.Crescente@lge-ku.com]  
Sent: 3/30/2012 5:13 PM  
To: support@pwrplan.com  
Cc: Diana.Wacker@lge-ku.com; Sara.Wiseman@lge-ku.com; Debra.Kinder@lge-ku.com  
Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Hi Elizabeth,

I hope this is what you were looking for (the query is on the last page). If not, I will have to get Debbie and Diana to help me Monday. Just let me know.

Thanks!  
Angela

-----Original Message-----

From: Plant Support [mailto:support@pwrplan.com] Charnas  
Sent: Friday, March 30, 2012 4:47 PM  
To: Crescente, Angela  
Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra  
Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Hi Angela,

Could you send screen print of the depreciation groups and the depr ledger query tool for these groups so I can see the reserve/expense in the Depr moduel?

Thanks,

Elizabeth

----- Original Message -----

From: Crescente, Angela [Angela.Crescente@lge-ku.com]  
Sent: 3/30/2012 11:08 AM  
To: support@pwrplan.com  
Cc: Sara.Wiseman@lge-ku.com; Diana.Wacker@lge-ku.com; Debra.Kinder@lge-ku.com  
Subject: Purchase Accounting Reserve on an ARO

Support,

A few months ago, I had to create a few transition AROs which should never have any purchase accounting impact. However, on the purchase accounting set of books, reserve was created and depreciated on these AROs without a purchase accounting asset (there should be no purchase accounting asset or reserve, only financial). I do not appear to have this issue on the setup of new AROs as opposed to transitions.

I have been trying to work on how to make the reserve and the depreciation entries stop from happening. In DEV for April, I have booked reserve adjustments to zero out the reserve; however, the depreciation journal entry is still firing for the same amount for April and May even without any reserve. I have been having to book manual GL entries to correct the GL since this entry should not be happening. There is no PP journal layout for this activity either. How can I make the entry stop firing? I have attached the journal rows spreadsheets for April and May to show the depreciation journal entry and system screenshots to show the zeroing of the reserve.

Thanks,  
Angela

-----  
The information contained in this transmission is intended only for the person or entity to which it is directly addressed or copied. It may contain material of confidential and/or private nature. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon, this information by persons or entities other than the intended recipient is not allowed. If you received this message and the information contained therein by error, please contact the sender and delete the material from your/any storage medium.

Thanks,

Elizabeth Cowart  
PowerPlant Support  
770.937.3000  
ref:\_00D60KJDN.\_50060ILZXN:ref

Thanks,

Elizabeth Cowart  
PowerPlant Support  
770.937.3000

Thanks,

Elizabeth Cowart  
PowerPlant Support  
770.937.3000

Thanks,

Elizabeth Cowart  
PowerPlant Support  
770.937.3000

Thanks,

Elizabeth Cowart  
PowerPlant Support  
770.937.3000

Thanks,

Elizabeth Cowart  
PowerPlant Support  
770.937.3000

**Clark, Ed**

---

**From:** Plant Support <support@pwrplan.com>  
**Sent:** Tuesday, May 08, 2012 6:51 PM  
**To:** Crescente, Angela  
**Subject:** RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Hi Angela,

I ran the depr approval so I could see the journals created. I did see one that will get created for 346.55, but this is on the following set of books, PPL Purchase Accounting Post Acq.

The adjustment was posted for the following set of books, PPL Purchase Accounting.

Did you intend to still have expense on the PPL Purchase Accounting Post Acq set of books?

It appears that the adjustment is needed for this second set of books as well.

If you want to make the adjustment and recalculate you can Close the CPR and Reopen to reverse the Depr approval.

If this isn't what you were trying to correct please let me know.

Thanks,

Elizabeth

----- Original Message -----

**From:** Crescente, Angela [Angela.Crescente@lge-ku.com]  
**Sent:** 5/8/2012 9:04 AM  
**To:** support@pwrplan.com  
**Subject:** RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

I ran depr calc for KU and it now shows zero as ending balance for May in the depr ledger (which is good). Where you will see the problem arise is when we close the month and for whatever reason, the depr journal entries still fire. I can't figure it out for anything.

Thanks,  
Angela

-----Original Message-----

**From:** Plant Support [mailto:support@pwrplan.com]  
**Sent:** Monday, May 07, 2012 5:05 PM  
**To:** Crescente, Angela  
**Subject:** RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Would you be able to go ahead and calculate Depreciation in DEV for this company? The adjustment is on the depr ledger table as expect, I want to see what kind of update the depr calculation will make.

Thanks,

Elizabeth

----- Original Message -----

From: Crescente, Angela [Angela.Crescente@lge-ku.com]  
Sent: 5/7/2012 10:15 AM  
To: support@pwrplan.com  
Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

I'm sorry Elizabeth that it took me so long, I have been closing and testing our upgrade. I have now finished the depr reserve adj in PTAXDEV and posted them on the KU Company.

Thanks,  
Angela

-----Original Message-----

From: Crescente, Angela  
Sent: Monday, April 30, 2012 8:55 AM  
To: 'Plant Support'  
Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Sure, I will let you know when I am done. Thanks!

-----Original Message-----

From: Plant Support [mailto:support@pwrplan.com]  
Sent: Friday, April 27, 2012 8:30 PM  
To: Crescente, Angela; ecowart@pwrplan.com  
Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

I am so sorry, could you do it again. I've copied my direct email on this as well so that I will immediately see when you reply. This will be at the top of my list to investigate.

Thank you!

Elizabeth

----- Original Message -----

From: Crescente, Angela [Angela.Crescente@lge-ku.com]  
Sent: 4/17/2012 2:47 PM  
To: support@pwrplan.com  
Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Elizabeth,

I don't think I have heard back from you on this. Any luck finding anything? Let me know if you need me to do this again since DEV has refreshed again.

Thanks,  
Angela

-----Original Message-----

From: Crescente, Angela  
Sent: Wednesday, April 04, 2012 1:14 PM  
To: 'Plant Support'  
Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra

Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Elizabeth,

I completed and posted the reserve adjustments in DEV in April for LGE. Do you want me to close the CPR or wait?

Thanks,  
Angela

-----Original Message-----

From: Plant Support [mailto:support@pwrplan.com]  
Sent: Wednesday, April 04, 2012 9:07 AM  
To: Crescente, Angela  
Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra  
Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

If you could that would be great.

Thank you,

Elizabeth

----- Original Message -----

From: Crescente, Angela [Angela.Crescente@lge-ku.com]  
Sent: 4/4/2012 8:42 AM  
To: support@pwrplan.com  
Cc: Diana.Wacker@lge-ku.com; Sara.Wiseman@lge-ku.com; Debra.Kinder@lge-ku.com  
Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

I did this in DEV, but it refreshed over the weekend. I can do it again if you want.

-----Original Message-----

From: Plant Support [mailto:support@pwrplan.com]  
Sent: Tuesday, April 03, 2012 5:13 PM  
To: Crescente, Angela  
Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra  
Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Hi Angela,

I connected to look into this in more detail. I cannot see where the reserve adjustment was done to net the reserve to zero on this set of books. Which database were you using. In theory that should eliminate the monthly depr expense, but I wanted to review in the tables once the reserve adjustment was completed.

Elizabeth

----- Original Message -----

From: Crescente, Angela [Angela.Crescente@lge-ku.com]  
Sent: 3/30/2012 5:13 PM  
To: support@pwrplan.com  
Cc: Diana.Wacker@lge-ku.com; Sara.Wiseman@lge-ku.com; Debra.Kinder@lge-ku.com  
Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]



Hi Elizabeth,

I hope this is what you were looking for (the query is on the last page). If not, I will have to get Debbie and Diana to help me Monday. Just let me know.

Thanks!  
Angela

-----Original Message-----

From: Plant Support [mailto:support@pwrplan.com]  
Sent: Friday, March 30, 2012 4:47 PM  
To: Crescente, Angela  
Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra  
Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Hi Angela,

Could you send screen print of the depreciation groups and the depr ledger query tool for these groups so I can see the reserve/expense in the Depr moduel?

Thanks,

Elizabeth

----- Original Message -----

From: Crescente, Angela [Angela.Crescente@lge-ku.com]  
Sent: 3/30/2012 11:08 AM  
To: support@pwrplan.com  
Cc: Sara.Wiseman@lge-ku.com; Diana.Wacker@lge-ku.com; Debra.Kinder@lge-ku.com  
Subject: Purchase Accounting Reserve on an ARO

Support,

A few months ago, I had to create a few transition AROs which should never have any purchase accounting impact. However, on the purchase accounting set of books, reserve was created and depreciated on these AROs without a purchase accounting asset (there should be no purchase accounting asset or reserve, only financial). I do not appear to have this issue on the setup of new AROs as opposed to transitions.

I have been trying to work on how to make the reserve and the depreciation entries stop from happening. In DEV for April, I have booked reserve adjustments to zero out the reserve; however, the depreciation journal entry is still firing for the same amount for April and May even without any reserve. I have been having to book manual GL entries to correct the GL since this entry should not be happening. There is no PP journal layout for this activity either. How can I make the entry stop firing? I have attached the journal rows spreadsheets for April and May to show the depreciation journal entry and system screenshots to show the zeroing of the reserve.

Thanks,  
Angela

-----  
The information contained in this transmission is intended only for the person or entity to which it is directly addressed or copied. It may contain material of confidential and/or private nature. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon, this information by persons or entities other than the intended recipient is not allowed. If you received this message and the information contained therein by error, please contact the sender and delete the material from your/any storage medium.

Thanks,

Elizabeth Cowart  
PowerPlant Support  
770.937.3000  
ref:\_00D60KJDN.\_50060ILZXN:ref

Thanks,

Elizabeth Cowart  
PowerPlant Support  
770.937.3000

Thanks,

Elizabeth Cowart  
PowerPlant Support  
770.937.3000

Thanks,

Elizabeth Cowart  
PowerPlant Support  
770.937.3000

Thanks,

Elizabeth Cowart  
PowerPlant Support  
770.937.3000

Thanks,

Elizabeth Cowart  
PowerPlant Support  
770.937.3000

**Clark, Ed**

---

**From:** Leenerts, Patricia  
**Sent:** Tuesday, May 08, 2012 4:25 PM  
**To:** Crescente, Angela  
**Subject:** RE: RRCS419G and RRCS422G

What do you think...about this email...

Sharon,  
Paul and Angela had a conversation since it will be difficult for Miller to transition to the new CP ARO YYYY tasks. In the best interests for less confusion for Miller and with the upcoming new blankets for 2013, it was decided to let the Miller charges continue to hit the current 108901 tasks.

What this means is that on a reporting Quarter End, a JE will need to be done to move all the charges which hit a 108901 task to the CP ARO YYYY task. This really should only be the CP ARO 2012 task, since the new blankets are expected to start in 2013. Although there could be some straggler charges.

Good news for you is that I will catch up the and move the charges through April. You will need to do the next 3 quarters. It does not need to grab every single charge through the quarter end, as long as any remaining charges for the quarter are small. Although any remaining Dec charges will need to be booked for the Dec 2012 close. You could work the JE toward the end of each quarter so that the majority of the charges .

Normal JE procedures should be followed. Set your reminder...

Thanks,

Pat  
502-627-3811

---

**From:** Stratman, Paul  
**Sent:** Tuesday, May 08, 2012 3:01 PM  
**To:** Leenerts, Patricia  
**Cc:** Crescente, Angela; Wright, Sharon  
**Subject:** RE: RRCS419G and RRCS422G

Yes, 2012 should be a 2012 charge.

I have no idea what you're referencing with the 2 Badger Meter Electric Actuator.

Per your other e-mail – 421 is Muldraugh.

---

**From:** Leenerts, Patricia  
**Sent:** Tuesday, May 08, 2012 2:06 PM  
**To:** Stratman, Paul  
**Cc:** Crescente, Angela; Wright, Sharon  
**Subject:** RE: RRCS419G and RRCS422G

So **Angela**, based on the info from Paul below. I need an ARO task for the 2012 charges and they need to start charging the ARO removals in 2012 to this new task. Since I have already started the JE to move the 108901 charges, I will go ahead and move the 2012 charges to the 2012 ARO task. Please let me know when this task is setup and I will get the charges to it.

Paul, if there is labor charged to the 108901 tasks now, then I will move that labor to the new 2012 ARO task. Vendor invoices will be more difficult for me to determine...are they just basically a 2012 should be a 2012 charge? What location should the 2 Badger Meter Electric Actuator? I also will need to move any charges to Please reply by 5/11.

Thanks for your alls help.

Pat  
502-627-3811

---

**From:** Stratman, Paul  
**Sent:** Tuesday, May 08, 2012 8:52 AM  
**To:** Leenerts, Patricia  
**Cc:** Crescente, Angela  
**Subject:** RE:

See my responses in RED below.

---

**From:** Leenerts, Patricia  
**Sent:** Monday, May 07, 2012 5:22 PM  
**To:** Stratman, Paul  
**Cc:** Crescente, Angela  
**Subject:**

Paul, Angela has asked me to do a more detail review of the charges which have hit RRCSxxxG for 108901. We thought that in the ARO meeting you had stated that when a replacement was involved that you had been charging costs related to the investment to the Investment task and just the CC&P items to the 108901.

If a replacement is being made, all the time will be charged to the install task.

It was further deemed in that in the case of when there was no replacement that all the charges went against the removal task. Because of the way you had been charging, we thought that all of the 108901 removal charges are in deed 108799-ARO removal charges. Do you agree with this summary?

This is correct.

Also, on the RRCSxxxG projects is there always replacement when there is removal?

There is not always a replacement when there is a removal. As an example if a home is being demolished, we will retire the service and not replace it.

I've attached 2 examples. I wanted to get an idea, of the charges, before I dug deeper. If you could let me know if I'm interpreting correctly or if I should be digging further I would appreciate that by Thurs, May10, if possible. These distribution blankets are big projects and I need a bit more time to get them worked.

Based on the fact that both are charged to a removal task, they would have been removal only jobs (no install/replace work)

If so, the invoice below is for RRCS421G, do I assume there was no replacement since this hit the 108901 task. Or do I need to investigate and potentially this charge could be moved to 107001?

<< OLE Object: Picture (Device Independent Bitmap) >>

So, see the Miller invoice 279794. For RRCS421G there are only removal charges on this invoice.

<< OLE Object: Picture (Device Independent Bitmap) >>

Thanks,

Pat  
502-627-3811

**Clark, Ed**

---

**From:** Stratman, Paul  
**Sent:** Tuesday, May 08, 2012 3:01 PM  
**To:** Leenerts, Patricia  
**Cc:** Crescente, Angela; Wright, Sharon  
**Subject:** RE: RRCS419G and RRCS422G

Yes, 2012 should be a 2012 charge.

I have no idea what you're referencing with the 2 Badger Meter Electric Actuator.

Per your other e-mail – 421 is Muldraugh.

---

**From:** Leenerts, Patricia  
**Sent:** Tuesday, May 08, 2012 2:06 PM  
**To:** Stratman, Paul  
**Cc:** Crescente, Angela; Wright, Sharon  
**Subject:** RE: RRCS419G and RRCS422G

So **Angela**, based on the info from Paul below. I need an ARO task for the 2012 charges and they need to start charging the ARO removals in 2012 to this new task. Since I have already started the JE to move the 108901 charges, I will go ahead and move the 2012 charges to the 2012 ARO task. Please let me know when this task is setup and I will get the charges to it.

**Paul**, if there is labor charged to the 108901 tasks now, then I will move that labor to the new 2012 ARO task. Vendor invoices will be more difficult for me to determine...are they just basically a 2012 should be a 2012 charge? What location should the 2 Badger Meter Electric Actuator? I also will need to move any charges to Please reply by 5/11.

Thanks for your alls help.

Pat  
502-627-3811

---

**From:** Stratman, Paul  
**Sent:** Tuesday, May 08, 2012 8:52 AM  
**To:** Leenerts, Patricia  
**Cc:** Crescente, Angela  
**Subject:** RE:

See my responses in RED below.

---

**From:** Leenerts, Patricia  
**Sent:** Monday, May 07, 2012 5:22 PM  
**To:** Stratman, Paul  
**Cc:** Crescente, Angela  
**Subject:**

Clark, Ed

---

**From:** Crescente, Angela  
**Sent:** Tuesday, May 08, 2012 2:22 PM  
**To:** Wright, Sharon  
**Subject:** PMR414-CP ARO

Sharon,

Someone by the name of James Wainscott has charged to the above reference project and task. There is a CP ARO 2012 set up on the project that is probably the one he meant to charge. Please follow up with him to find out what task he should have charged and in regards to no longer charging the CP ARO task as that task was unitized a couple of years ago. I apologize, I thought it was closed. A journal entry will need to be done using the labor non-burdenable expenditure type of 0175 to correct these charges. I have attached a list of the charges.



PMR414 charges  
for April 2012....

Thanks,  
Angela

Charnas

Paul, Angela has asked me to do a more detail review of the charges which have hit RRCSxxxG for 108901. We thought that in the ARO meeting you had stated that when a replacement was involved that you had been charging costs related to the investment to the Investment task and just the CC&P items to the 108901.

If a replacement is being made, all the time will be charged to the install task.

It was further deemed in that in the case of when there was no replacement that all the charges went against the removal task. Because of the way you had been charging, we thought that all of the 108901 removal charges are in deed 108799-ARO removal charges. Do you agree with this summary?

This is correct.

Also, on the RRCSxxxG projects is there always replacement when there is removal?

There is not always a replacement when there is a removal. As an example if a home is being demolished, we will retire the service and not replace it.

I've attached 2 examples. I wanted to get an idea, of the charges, before I dug deeper. If you could let me know if I'm interpreting correctly or if I should be digging further I would appreciate that by Thurs, May10, if possible. These distribution blankets are big projects and I need a bit more time to get them worked.

Based on the fact that both are charged to a removal task, they would have been removal only jobs (no install/replace work)

If so, the invoice below is for RRCS421G, do I assume there was no replacement since this hit the 108901 task. Or do I need to investigate and potentially this charge could be moved to 107001?

<< OLE Object: Picture (Device Independent Bitmap) >>

So, see the Miller invoice 279794. For RRCS421G there are only removal charges on this invoice.

<< OLE Object: Picture (Device Independent Bitmap) >>

Thanks,

Pat  
502-627-3811



project	job task id	charge mo yr	quantity	amount	department id	charge id	hours	charge audit id	month	g' account id	external g' account	month number	company id	journal code	department description	cost element description
PMR414	CP ARO	4/1/2012 00:00:00	8	262.40	303	20615661	0	20615661	04/2012	108799	108799	201204	100	PROJECTS	004140 - 004140-GAS DIST. ENGINEERING	0110: LABOR - BARGAINING UNIT - STRAIGHT TIME
PMR414	CP ARO	4/1/2012 00:00:00	0	37.87	303	20620937	0	20620937	04/2012	108799	108799	201204	100	PROJECTS LUTL	004140 - 004140-GAS DIST. ENGINEERING	0705: OVERHEADS - MEDICAL INSURANCE
PMR414	CP ARO	4/1/2012 00:00:00	0	4.72	303	20619694	0	20619694	04/2012	108799	108799	201204	100	PROJECTS LUTL	004140 - 004140-GAS DIST. ENGINEERING	0706: OVERHEADS - ADMINISTRATIVE AND GENERAL
PMR414	CP ARO	4/1/2012 00:00:00	0	1.63	303	20708324	0	20708324	04/2012	108799	108799	201204	100	PROJECTS LUTL	004140 - 004140-GAS DIST. ENGINEERING	0706: OVERHEADS - ADMINISTRATIVE AND GENERAL
PMR414	CP ARO	4/1/2012 00:00:00	0	13.05	303	20621517	0	20621517	04/2012	108799	108799	201204	100	PROJECTS LUTL	004140 - 004140-GAS DIST. ENGINEERING	0708: OVERHEADS - 401K
PMR414	CP ARO	4/1/2012 00:00:00	0	1.57	303	20622279	0	20622279	04/2012	108799	108799	201204	100	PROJECTS LUTL	004140 - 004140-GAS DIST. ENGINEERING	0713: OVERHEADS - OTHER OFF DUTY
PMR414	CP ARO	4/1/2012 00:00:00	0	4.06	303	20617876	0	20617876	04/2012	108799	108799	201204	100	PROJECTS LUTL	004140 - 004140-GAS DIST. ENGINEERING	0714: OVERHEADS - WORKERS COMP
PMR414	CP ARO	4/1/2012 00:00:00	0	13.29	303	20620888	0	20620888	04/2012	108799	108799	201204	100	PROJECTS LUTL	004140 - 004140-GAS DIST. ENGINEERING	0717: OVERHEADS - HOLIDAY
PMR414	CP ARO	4/1/2012 00:00:00	0	0.79	303	20614565	0	20614565	04/2012	108799	108799	201204	100	PROJECTS LUTL	004140 - 004140-GAS DIST. ENGINEERING	0718: OVERHEADS - UNEMPLOYMENT, STATE, AND FEDERAL TAXES
PMR414	CP ARO	4/1/2012 00:00:00	0	2.37	303	20617768	0	20617768	04/2012	108799	108799	201204	100	PROJECTS LUTL	004140 - 004140-GAS DIST. ENGINEERING	0719: OVERHEADS - DENTAL INSURANCE
PMR414	CP ARO	4/1/2012 00:00:00	0	21.64	303	20613557	0	20613557	04/2012	108799	108799	201204	100	PROJECTS LUTL	004140 - 004140-GAS DIST. ENGINEERING	0720: OVERHEADS - TEAM INCENTIVE AWARD
PMR414	CP ARO	4/1/2012 00:00:00	0	24.58	303	20623083	0	20623083	04/2012	108799	108799	201204	100	PROJECTS LUTL	004140 - 004140-GAS DIST. ENGINEERING	0721: OVERHEADS - FASB 106
PMR414	CP ARO	4/1/2012 00:00:00	0	1.90	303	20622053	0	20622053	04/2012	108799	108799	201204	100	PROJECTS LUTL	004140 - 004140-GAS DIST. ENGINEERING	0722: OVERHEADS - GROUP LIFE INSURANCE
PMR414	CP ARO	4/1/2012 00:00:00	0	1.35	303	20622984	0	20622984	04/2012	108799	108799	201204	100	PROJECTS LUTL	004140 - 004140-GAS DIST. ENGINEERING	0723: OVERHEADS - LONG TERM DISABILITY INSURANCE
PMR414	CP ARO	4/1/2012 00:00:00	0	2.78	303	20620168	0	20620168	04/2012	108799	108799	201204	100	PROJECTS LUTL	004140 - 004140-GAS DIST. ENGINEERING	0724: OVERHEADS - FASB 112
PMR414	CP ARO	4/1/2012 00:00:00	0	24.28	303	20617977	0	20617977	04/2012	108799	108799	201204	100	PROJECTS LUTL	004140 - 004140-GAS DIST. ENGINEERING	0725: OVERHEADS - VACATION
PMR414	CP ARO	4/1/2012 00:00:00	0	6.57	303	20614196	0	20614196	04/2012	108799	108799	201204	100	PROJECTS LUTL	004140 - 004140-GAS DIST. ENGINEERING	0726: OVERHEADS - SICK
PMR414	CP ARO	4/1/2012 00:00:00	0	27.51	303	20618130	0	20618130	04/2012	108799	108799	201204	100	PROJECTS LUTL	004140 - 004140-GAS DIST. ENGINEERING	0727: OVERHEADS - FICA
PMR414	CP ARO	4/1/2012 00:00:00	0	71.78	303	20620071	0	20620071	04/2012	108799	108799	201204	100	PROJECTS LUTL	004140 - 004140-GAS DIST. ENGINEERING	0728: OVERHEADS - PENSIONS
PMR414	CP ARO	4/1/2012 00:00:00	0	1.56	303	20622476	0	20622476	04/2012	108799	108799	201204	100	PROJECTS LUTL	004140 - 004140-GAS DIST. ENGINEERING	0729: OVERHEADS - RETIREMENT INCOME ACCT
PMR414	CP ARO	4/1/2012 00:00:00	0	2.99	303	20624760	0	20624760	04/2012	108799	108799	201204	100	PROJECTS LUTL	004140 - 004140-GAS DIST. ENGINEERING	0732: OVERHEADS - OTHER BENEFITS AND ADM FEES
PMR414	CP ARO	4/1/2012 00:00:00	0	90.67	303	20703542	0	20703542	04/2012	108799	108799	201204	100	TRMS ALLOCATION	004140 - 004140-GAS DIST. ENGINEERING	0512: T/E - VEHICLES/EQUIPMENT; UTILITY OWNED (ALLOE)
PMR414	CP ARO	4/1/2012 00:00:00	0	35.74	303	20616691	0	20616691	04/2012	108799	108799	201204	100	PROJECTS LUTL	004140 - 004140-GAS DIST. ENGINEERING	0707: OVERHEADS - ENGINEERING OVERHEADS
PMR414	CP ARO	4/1/2012 00:00:00	0	12.69	303	20708194	0	20708194	04/2012	108799	108799	201204	100	PROJECTS LUTL	004140 - 004140-GAS DIST. ENGINEERING	0707: OVERHEADS - ENGINEERING OVERHEADS
				668.79												

**Clark, Ed**

---

**From:** Leenerts, Patricia  
**Sent:** Tuesday, May 08, 2012 2:06 PM  
**To:** Stratman, Paul  
**Cc:** Crescente, Angela; Wright, Sharon  
**Subject:** RE: RRCS419G and RRCS422G

So **Angela**, based on the info from Paul below. I need an ARO task for the 2012 charges and they need to start charging the ARO removals in 2012 to this new task. Since I have already started the JE to move the 108901 charges, I will go ahead and move the 2012 charges to the 2012 ARO task. Please let me know when this task is setup and I will get the charges to it.

**Paul**, if there is labor charged to the 108901 tasks now, then I will move that labor to the new 2012 ARO task. Vendor invoices will be more difficult for me to determine...are they just basically a 2012 should be a 2012 charge? What location should the 2 Badger Meter Electric Actuator? I also will need to move any charges to Please reply by 5/11.

Thanks for your alls help.

Pat  
502-627-3811

---

**From:** Stratman, Paul  
**Sent:** Tuesday, May 08, 2012 8:52 AM  
**To:** Leenerts, Patricia  
**Cc:** Crescente, Angela  
**Subject:** RE:

See my responses in RED below.

---

**From:** Leenerts, Patricia  
**Sent:** Monday, May 07, 2012 5:22 PM  
**To:** Stratman, Paul  
**Cc:** Crescente, Angela  
**Subject:**

Paul, Angela has asked me to do a more detail review of the charges which have hit RRCSxxxG for 108901. We thought that in the ARO meeting you had stated that when a replacement was involved that you had been charging costs related to the investment to the Investment task and just the CC&P items to the 108901.

If a replacement is being made, all the time will be charged to the install task.

It was further deemed in that in the case of when there was no replacement that all the charges went against the removal task. Because of the way you had been charging, we thought that all of the 108901 removal charges are in deed 108799-ARO removal charges. Do you agree with this summary?

This is correct.

Also, on the RRCSxxxG projects is there always replacement when there is removal?

There is not always a replacement when there is a removal. As an example if a home is being demolished, we will retire the service and not replace it.

I've attached 2 examples. I wanted to get an idea, of the charges, before I dug deeper. If you could let me know if I'm interpreting correctly or if I should be digging further I would appreciate that by Thurs, May10, if possible. These distribution blankets are big projects and I need a bit more time to get them worked.

Based on the fact that both are charged to a removal task, they would have been removal only jobs (no install/replace work)

If so, the invoice below is for RRCS421G, do I assume there was no replacement since this hit the 108901 task. Or do I need to investigate and potentially this charge could be moved to 107001?

<< OLE Object: Picture (Device Independent Bitmap) >>

So, see the Miller invoice 279794. For RRCS421G there are only removal charges on this invoice.

<< OLE Object: Picture (Device Independent Bitmap) >>

Thanks,

Pat  
502-627-3811

**Clark, Ed**

---

**From:** Stratman, Paul  
**Sent:** Tuesday, May 08, 2012 8:54 AM  
**To:** Leenerts, Patricia  
**Cc:** Crescente, Angela  
**Subject:** RE: RRCSxxxG project ARO questions

I believe so, but I only deal with the 419 (Louisville) and 422 (Bardstown) RCs. I can say with certainty that is correct for those organizations.

---

**From:** Leenerts, Patricia  
**Sent:** Monday, May 07, 2012 5:27 PM  
**To:** Stratman, Paul  
**Cc:** Crescente, Angela  
**Subject:** FW: RRCSxxxG project ARO questions

This is what you answered for RRCS419G "This one is a bit complicated. Replacement have a like retirement, but individual retirements are also charged to this project (i.e. house being demolished and gas service needs to be cutout at the main connection)." Would this be true for all of the RRCSxxxG proejects?

Thanks,

Pat  
502-627-3811

---

**From:** Leenerts, Patricia  
**Sent:** Monday, May 07, 2012 5:22 PM  
**To:** Stratman, Paul  
**Cc:** Crescente, Angela  
**Subject:** RRCSxxxG project ARO questions

Paul, Angela has asked me to do a more detail review of the charges which have hit RRCSxxxG for 108901. We thought that in the ARO meeting you had stated that when a replacement was involved that you had been charging costs related to the investment to the Investment task and just the CC&P items to the 108901. It was further deemed in that in the case of when there was no replacement that all the charges went against the removal task. Because of the way you had been charging, we thought that all of the 108901 removal charges are in deed 108799-ARO removal charges. Do you agree with this summary?

Also, on the RRCSxxxG projects is there always replacement when there is removal?

I've attached 2 examples. I wanted to get an idea, of the charges, before I dug deeper. If you could let me know if I'm interpreting correctly or if I should be digging further I would appreciate that by Thurs, May10, if possible. These distribution blankets are big projects and I need a bit more time to get them worked.

If so, the invoice below is for RRCS421G, do I assume there was no replacement since this hit the 108901 task. Or do I need to investigate and potentially this charge could be moved to 107001?

<< OLE Object: Picture (Device Independent Bitmap) >>

So, see the Miller invoice 279794. For RRCS421G there are only removal charges on this invoice.

<< OLE Object: Picture (Device Independent Bitmap) >>

Thanks,

Pat  
502-627-3811

**Clark, Ed**

---

**From:** Stratman, Paul  
**Sent:** Tuesday, May 08, 2012 8:52 AM  
**To:** Leenerts, Patricia  
**Cc:** Crescente, Angela  
**Subject:** RE:

See my responses in RED below.

---

**From:** Leenerts, Patricia  
**Sent:** Monday, May 07, 2012 5:22 PM  
**To:** Stratman, Paul  
**Cc:** Crescente, Angela  
**Subject:**

Paul, Angela has asked me to do a more detail review of the charges which have hit RRCSxxxG for 108901. We thought that in the ARO meeting you had stated that when a replacement was involved that you had been charging costs related to the investment to the Investment task and just the CC&P items to the 108901.

if a replacement is being made, all the time will be charged to the install task.

It was further deemed in that in the case of when there was no replacement that all the charges went against the removal task. Because of the way you had been charging, we thought that all of the 108901 removal charges are in deed 108799-ARO removal charges. Do you agree with this summary?

This is correct.

Also, on the RRCSxxxG projects is there always replacement when there is removal?

There is not always a replacement when there is a removal. As an example if a home is being demolished, we will retire the service and not replace it.

I've attached 2 examples. I wanted to get an idea, of the charges, before I dug deeper. If you could let me know if I'm interpreting correctly or if I should be digging further I would appreciate that by Thurs, May10, if possible. These distribution blankets are big projects and I need a bit more time to get them worked.

Based on the fact that both are charged to a removal task, they would have been removal only jobs (no install/replace work)

If so, the invoice below is for RRCS421G, do I assume there was no replacement since this hit the 108901 task. Or do I need to investigate and potentially this charge could be moved to 107001?

<< OLE Object: Picture (Device Independent Bitmap) >>

So, see the Miller invoice 279794. For RRCS421G there are only removal charges on this invoice.

<< OLE Object: Picture (Device Independent Bitmap) >>

Thanks,

Pat  
502-627-3811

**Clark, Ed**

---

**From:** Plant Support <support@pwrplan.com>  
**Sent:** Monday, May 07, 2012 5:05 PM  
**To:** Crescente, Angela  
**Subject:** RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Would you be able to go ahead and calculate Depreciation in DEV for this company? The adjustment is on the depr ledger table as expect, I want to see what kind of update the depr calculation will make.

Thanks,

Elizabeth

----- Original Message -----

**From:** Crescente, Angela [Angela.Crescente@lge-ku.com]  
**Sent:** 5/7/2012 10:15 AM  
**To:** support@pwrplan.com  
**Subject:** RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

I'm sorry Elizabeth that it took me so long, I have been closing and testing our upgrade. I have now finished the depr reserve adj in PTAXDEV and posted them on the KU Company.

Thanks,  
Angela

-----Original Message-----

**From:** Crescente, Angela  
**Sent:** Monday, April 30, 2012 8:55 AM  
**To:** 'Plant Support'  
**Subject:** RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Sure, I will let you know when I am done. Thanks!

-----Original Message-----

**From:** Plant Support [mailto:support@pwrplan.com]  
**Sent:** Friday, April 27, 2012 8:30 PM  
**To:** Crescente, Angela; ecowart@pwrplan.com  
**Subject:** RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

I am so sorry, could you do it again. I've copied my direct email on this as well so that I will immediately see when you reply. This will be at the top of my list to investigate.

Thank you!

Elizabeth

----- Original Message -----

**From:** Crescente, Angela [Angela.Crescente@lge-ku.com]  
**Sent:** 4/17/2012 2:47 PM  
**To:** support@pwrplan.com  
**Subject:** RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]



Elizabeth,

I don't think I have heard back from you on this. Any luck finding anything? Let me know if you need me to do this again since DEV has refreshed again.

Thanks,  
Angela

-----Original Message-----

From: Crescente, Angela  
Sent: Wednesday, April 04, 2012 1:14 PM  
To: 'Plant Support'  
Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra  
Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Elizabeth,

I completed and posted the reserve adjustments in DEV in April for LGE. Do you want me to close the CPR or wait?

Thanks,  
Angela

-----Original Message-----

From: Plant Support [mailto:support@pwrplan.com]  
Sent: Wednesday, April 04, 2012 9:07 AM  
To: Crescente, Angela  
Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra  
Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

If you could that would be great.

Thank you,

Elizabeth

----- Original Message -----

From: Crescente, Angela [Angela.Crescente@lge-ku.com]  
Sent: 4/4/2012 8:42 AM  
To: support@pwrplan.com  
Cc: Diana.Wacker@lge-ku.com; Sara.Wiseman@lge-ku.com; Debra.Kinder@lge-ku.com  
Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

I did this in DEV, but it refreshed over the weekend. I can do it again if you want.

-----Original Message-----

From: Plant Support [mailto:support@pwrplan.com]  
Sent: Tuesday, April 03, 2012 5:13 PM  
To: Crescente, Angela  
Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra  
Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Hi Angela,

I connected to look into this in more detail. I cannot see where the reserve adjustment was done to net the reserve to zero on this set of books. Which database were you using. In theory that should eliminate the monthly depr expense, but I wanted to review in the tables once the reserve adjustment was completed.

Elizabeth

----- Original Message -----

From: Crescente, Angela [Angela.Crescente@lge-ku.com]  
Sent: 3/30/2012 5:13 PM  
To: support@pwrplan.com  
Cc: Diana.Wacker@lge-ku.com; Sara.Wiseman@lge-ku.com; Debra.Kinder@lge-ku.com  
Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Hi Elizabeth,

I hope this is what you were looking for (the query is on the last page). If not, I will have to get Debbie and Diana to help me Monday. Just let me know.

Thanks!  
Angela

-----Original Message-----

From: Plant Support [mailto:support@pwrplan.com]  
Sent: Friday, March 30, 2012 4:47 PM  
To: Crescente, Angela  
Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra  
Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Hi Angela,

Could you send screen print of the depreciation groups and the depr ledger query tool for these groups so I can see the reserve/expense in the Depr moduel?

Thanks,

Elizabeth

----- Original Message -----

From: Crescente, Angela [Angela.Crescente@lge-ku.com]  
Sent: 3/30/2012 11:08 AM  
To: support@pwrplan.com  
Cc: Sara.Wiseman@lge-ku.com; Diana.Wacker@lge-ku.com; Debra.Kinder@lge-ku.com  
Subject: Purchase Accounting Reserve on an ARO

Support,

A few months ago, I had to create a few transition AROs which should never have any purchase accounting impact. However, on the purchase accounting set of books, reserve was created and depreciated on these AROs without a

purchase accounting asset (there should be no purchase accounting asset or reserve, only financial). I do not appear to have this issue on the setup of new AROs as opposed to transitions.

I have been trying to work on how to make the reserve and the depreciation entries stop from happening. In DEV for April, I have booked reserve adjustments to zero out the reserve; however, the depreciation journal entry is still firing for the same amount for April and May even without any reserve. I have been having to book manual GL entries to correct the GL since this entry should not be happening. There is no PP journal layout for this activity either. How can I make the entry stop firing? I have attached the journal rows spreadsheets for April and May to show the depreciation journal entry and system screenshots to show the zeroing of the reserve.

Thanks,  
Angela

-----  
The information contained in this transmission is intended only for the person or entity to which it is directly addressed or copied. It may contain material of confidential and/or private nature. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon, this information by persons or entities other than the intended recipient is not allowed. If you received this message and the information contained therein by error, please contact the sender and delete the material from your/any storage medium.

Thanks,

Elizabeth Cowart  
PowerPlant Support  
770.937.3000  
ref:\_00D60KJDN.\_50060ILZXN:ref

Thanks,

Elizabeth Cowart  
PowerPlant Support  
770.937.3000

Thanks,

Elizabeth Cowart  
PowerPlant Support  
770.937.3000

Thanks,

Elizabeth Cowart  
PowerPlant Support

770.937.3000

Thanks,

Elizabeth Cowart  
PowerPlant Support  
770.937.3000

**Crescente, Angela**

---

**From:** Beatty, Stephen  
**Sent:** Friday, April 27, 2012 1:35 PM  
**To:** Crescente, Angela  
**Subject:** PBWK406G

Angela:

Regarding our conversation today, the relocation for the Magnolia Line for a new highway was recently completed. The retirement charges for that job were charged to Task: PBWK406G T: 2892607R01 and are still pending. These charges should be charged to an ARO retirement account.

Please let me know if you have any other questions.

Steve

# Accounting for asset retirement obligations: an education & nonprofit perspective\*



# Contents

I. Introduction	03
II. SFAS 143 and FIN 47	03
III. Implementation	05
IV. Conclusion	07

## Appendices

A. Frequently Asked Questions	07
B. Examples	13
C. Implementation Checklist	16

## I. Introduction

Asbestos poses well-documented health risks.<sup>1</sup> It was commonly used in fireproofing, insulation, and building materials, including in the facilities of colleges, universities and other types of not-for-profit organizations. In the 1970s, the Environmental Protection Agency (EPA) and Occupational Safety and Health Administration (OSHA) began to regulate asbestos in the U.S. When asbestos-containing buildings are renovated, strict regulations now cover the handling and disposal of the hazardous substance.

The accounting for such costs is catching up with the regulations. According to a 2001 pronouncement of the Financial Accounting Standards Board (FASB), institutions should record a liability for legal obligations associated with the retirement of tangible, long-lived assets, such as asbestos-containing facilities, when the amount of the liability can be reasonably estimated. Some argued that it was not possible to reasonably estimate the amount of the future liability. In 2005, the FASB clarified its position, concluding that legal obligations, like the cost of disposing asbestos, must be recorded using the best information that is currently available.

Although the FASB pronouncements pertain to other types of long-lived asset retirement obligations, asbestos is likely to come to mind frequently.<sup>2</sup> Another example would be a not-for-profit organization that leases a facility for a specified period and must, at the end of the period, dispose of leasehold improvements.

### Our objectives

We believe that it will take significant effort for institutions to comply with FASB's pronouncements concerning legal obligations associated with the retirement of long-lived assets. Such efforts must begin immediately as the latest pronouncement is effective for fiscal years ending after December 15, 2005, which is fiscal 2006 for most colleges, universities and other types of not-for-profit organizations.

We urge you to begin to understand the issues and prepare for this new challenge as soon as possible. The objective of this paper is to assist you in becoming more informed about the issues that we see colleges, universities and other not-for-profit organizations facing as they begin to implement these new FASB pronouncements.

### SFAS 143

The FASB issued its Statement No. 143, *Accounting for Asset Retirement Obligations* (SFAS 143), in June 2001. It requires entities, including colleges, universities and other types of not-for-profit institutions, to record liabilities for tangible, long-lived assets that must be retired or disposed of (i.e., "settled") in a specified way by law or contract. Such liabilities are known as Asset Retirement Obligations (AROs).

After the issuance of SFAS 143, diversity in practice developed over the timing of liability recognition when the settlement was conditional on a future event. Some entities recorded the ARO at the date of acquisition or construction with uncertainty factored into the calculation of the ARO's fair value. Other entities recognized the ARO only when it was probable that the asset would be retired as of a specified date using a specified method. Some entities recorded the ARO when the asset was actually retired.

### FIN 47

Due to this diversity in application of SFAS 143, the FASB issued Interpretation No. 47, *Accounting for Conditional Asset Retirement Obligations* (FIN 47), in March 2005. In paragraph 3 of FIN 47, a "conditional asset retirement obligation" (CARO) is defined as:

"A legal obligation to perform an asset retirement activity in which the timing and/or method of settlement are conditional on a future event that may or may not be within the control of the entity. The obligation to perform the asset retirement activity is unconditional even though uncertainty exists about the timing and/or method of settlement."

FIN 47 clarifies that if the fair value of the liability can be reasonably estimated, the entity must recognize a liability for the CARO when it is incurred. The only "conditional" element is the uncertainty related to the timing or method of settlement, which is a measurement issue, not a recognition issue.

PwC observation: FIN 47 does not create a "new" standard for recognition of CAROs. It clarifies the Board's belief that SFAS 143 applies to CAROs.



Table 1  
Chapter 1

## Important terms

FIN 47 provides additional guidance for assessing whether an institution has enough information to make a reasonable estimate of the fair value of an ARO. Per FIN 47, the liability is reasonably estimable if one of the following exists:

- It is evident that the fair value of the obligation is embodied in the acquisition price of the purchased asset, or
- An active market exists for the transfer of the obligation, or
- "Sufficient information" exists to apply an expected present value technique.

Regarding the latter, sufficient information exists if either:

- The settlement date and the settlement method have been specified by others by law, regulation or contract, or;
- The following can be reasonably estimated: (1) the settlement date or a range of dates, (2) the method or potential method of settlement, and (3) probabilities associated with the dates and methods of settlement.

FIN 47 concludes that uncertainty about the settlement date and method does not defer the recognition of an ARO because a legal obligation to perform the retirement activities still exists. The likelihood that "we can't estimate" a CARO will be acceptable to your external auditor is remote. The "opt out" provision will not be a common alternative.

FIN 47 is effective for most institutions in the current fiscal year (e.g., the year ending June 30, 2006). The initial recognition for the initial application of FIN 47 will be presented as a cumulative effect of a change in accounting principle in the statement of activities.

We summarize important terms from SFAS 143 and FIN 47 in Table 1.

The Conditional Asset Retirement Obligation (CARO) is a legal obligation to perform an asset retirement activity in which the timing and/or method of settlement are conditional on a future event that may or may not be within the control of the entity. However, the obligation to perform the asset retirement activity is unconditional.

An Asset Retirement Obligation (ARO) is a legal obligation (i.e., a liability) for the cost of retiring (i.e., "settling") a tangible long-lived asset (e.g., a building containing asbestos) that results from the acquisition, construction, or development and (or) the normal operation of that long-lived asset.

The Asset Retirement Cost (ARC) is the capitalized amount that increases the carrying amount of the long-lived asset when a liability for an ARO is recognized. Note that the ARC is the "debit" to offset the "credit" when the ARO is recognized.

The settlement date is the estimated date or range of dates that the institution has to meet its legal obligation to dispose of the asbestos, for example.

The settlement method concerns how the institution might dispose of the asbestos. For example, will it hire a third party?

### III. Implementation

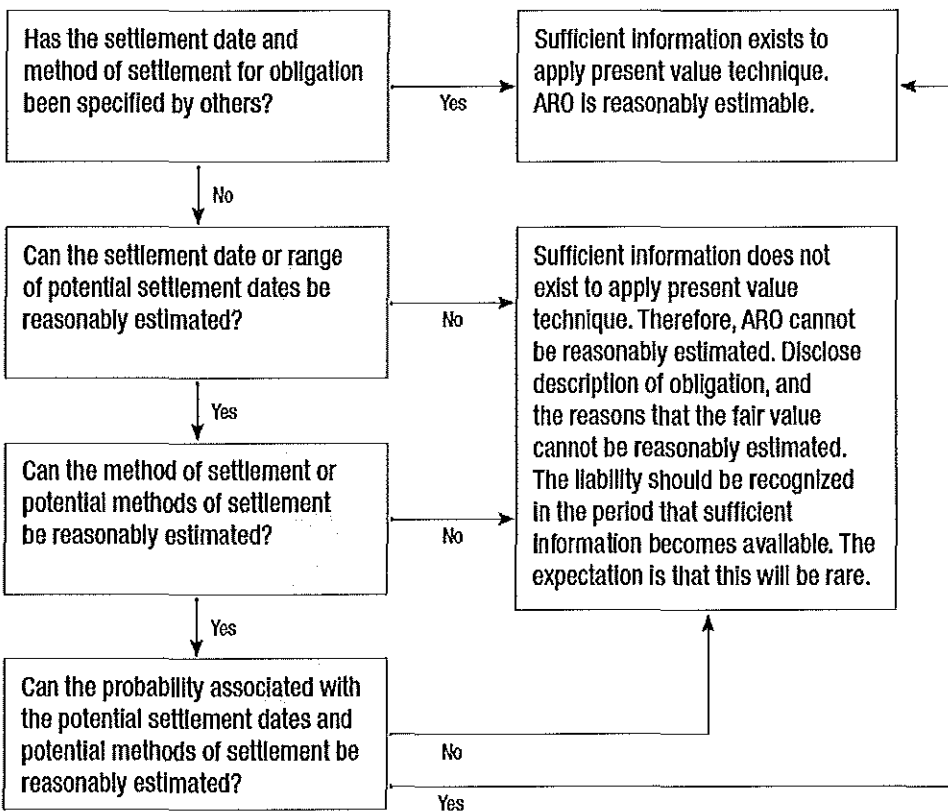
Identifying and estimating potential AROs will require the skills of a multidisciplinary team. We recommend establishing a team that includes representatives from legal, accounting, operations (e.g., facilities and engineering), finance and budget. Major steps in the implementation process include those listed below.

#### 1. Take an inventory.

The first step, and perhaps one of the most time-consuming steps, will be taking an inventory of long-lived assets that have retirement obligations.

#### 2. Determine if there is sufficient information.

The team must determine if the institution has sufficient information to reasonably estimate the value of the ARO using, for most institutions, an expected present value technique. We suggest using the following decision tree.



An ARO is initially measured at fair value. An institution can use either an observable market price (i.e., current market price for the service required) or a reasonable estimate as a starting point for measurement. Most institutions will use the expected cash flow approach discussed in FASB Concepts Statement 7 (CON 7), *Using Cash Flow Information and Present Value in Accounting Measurements*. SFAS 143 (paragraph 8) states:

"... the expected cash flow approach will usually be the only appropriate technique for an asset retirement obligation."

The expected cash flow approach incorporates multiple cash flow scenarios to reflect a range of possible outcomes, discounted at a credit-adjusted risk-free rate.

Institutions can use past experience to help determine how the ARO would be settled. How has the institution retired long-lived obligations in the past? The answer to this question would probably provide management with a good starting point.

## 5. Develop financial reports and disclosures.

The inflation rate should reflect the increase that management is estimating for the type(s) of service(s) that will be required to remove the legal obligation. Again, for determining the institution's credit-adjusted risk-free rate, past experience, or even current experience, may be a useful guide. This rate may approximate the institution's borrowing rate for a similar amount over a similar period of time.

For a more detailed discussion of each of these elements, see the Q&A in Appendix A of this paper.

### 4. Develop appropriate policies and documentation.

Institutions will need to develop written policies to codify the accounting for FIN 47/SFAS 143 transactions. In addition, they will need to adequately document their assumptions as well as the estimates that support their financial statement accruals and disclosures. Keep in mind that the auditors will need to audit all significant judgments and estimates.

**PwC observation:** If an institution concludes that it cannot make a reasonable estimate of the obligation, SFAS 143 requires that it disclose that fact along with the reasons. In these situations, the institution should make sure to adequately document its analysis and the basis for its conclusion. Further, it should develop and implement procedures to periodically reevaluate its conclusion.

### Financial reporting

At initial adoption, institutions should recognize the items in Table 2 in their statements of financial position and statements of activities.

### Disclosures

Significant SFAS 143 disclosure requirements include a description of AROs, the fair value of the assets restricted for purposes of settling retirement obligations (if any), and a reconciliation of the beginning and ending carrying amount of the ARO. In addition, in the initial year of adoption, institutions are required to provide pro forma disclosure of the amount of the liability for AROs as if SFAS 143 had been applied for all periods presented. Also, institutions should consider the disclosures required by paragraphs 19(c), 19(d) and 21 of APB Opinion No. 20, *Accounting Changes*.

**PwC observation:** The transition provisions described above are not impacted by the issuance of SFAS Statement No. 154, *Accounting Changes and Error Corrections*.

**Table 2**

Recognition of ARO on statement of financial position and statement of activities

	Statement of financial position	Statement of activities
Initial adoption	<ul style="list-style-type: none"> <li>■ Record ARO equal to the fair value of the legal obligation, adjust for cumulative accretion to date of adoption</li> <li>■ Capitalize ARO by increasing the carrying value of the asset (the asset retirement cost or ARC), adjust for cumulative depreciation</li> <li>■ Reverse amounts recognized previously</li> <li>■ Recognize effects of regulatory treatment by recording or adjusting regulatory assets and liabilities</li> </ul>	<ul style="list-style-type: none"> <li>■ Record net impact as a cumulative effect of a change in accounting principle</li> </ul>

## IV. Conclusion

We believe that institutions should immediately begin identifying long-lived assets with AROs. The process will take time. For each ARO, institutions will need to determine the settlement date, the settlement method, and the settlement cost using current dollars. They will then need to inflate the cost to the settlement date and discount the future cost using a credit-adjusted risk-free rate and record the ARO. This is for the first year; annually thereafter, the work will need to be updated and adjusted.

The FASB's presumption in SFAS 143 is that, with the exception of land, assets do not last forever, and legal obligations to retire assets in a legally mandated manner must eventually be met. When there is asbestos in a building, for example, the institution will eventually have to replace the HVAC or the walls containing asbestos. The legal obligation to dispose of the asbestos in a certain way exists. It is a question of when (settlement date) the obligation will be incurred and how (method of settlement) the obligation will be fulfilled. The guidance in FIN 47 makes it unlikely that institutions will be able to defer recording liabilities for AROs.

### Frequently asked questions

In this Appendix, we explore three categories of implementation issues. The first category is the non-industry-specific issues that entities must consider when implementing FIN 47/SFAS 143. The second category is the implementation issues that are unique to colleges, universities and other types of not-for-profit organizations. The third category is accounting issues that may arise in the years after implementation of this standard.

#### A. Non-industry-specific implementation issues

How should my organization begin implementing FIN 47/SFAS 143?

Management needs to look at this in two parts. First, does the organization have a legal obligation to take action as a result of owning (or operating) a particular asset. This is a "yes" or "no" question. If the answer is "no," there is no ARC or ARO that needs to be recorded. If the response is "yes," then move to step two.

We strongly recommend that institutions seek advice from counsel on the timing and structure of their legal obligations. See also the question on page 10 about how legislation might impact the CARO.

Once a legal obligation is established, the next step is to address measurement issues. Management needs to determine how and when to address the legal obligation. Then management needs to assign a probability factor to each option. (Note that the sum of the probabilities needs to equal 100%.) After this, apply the inflation rate and discount rate to determine the amount of the ARC and ARO.

Can I set FIN 47 aside and address it during the fiscal year-end close?

No. The impact of FIN 47 can be significant. Identifying a team that includes financial, physical plant, legal, and other officers and staff is essential, and might require start-up time. We highly recommend that efforts to assess FIN 47 be started as soon as possible and that the audit committee (or similar governing body) be kept abreast of the developments.

PwC observation: Management should ensure that differences in depreciable lives, planned asset retirement dates, and license expiration or extension dates are supportable. In addition, the asset retirement cost capitalized as part of the asset should be depreciated over the depreciable life of the asset, not the planned asset retirement date.

Can I take the position that I cannot estimate the ARO, and therefore nothing has to be recorded?

Rarely. Example 3 of FIN 47 includes an example of a situation where an organization does not have sufficient information to estimate an ARO. In most cases, we believe sufficient information will be available to estimate the fair value of the ARO. Although an organization may have no plans or expectation of plans to undertake a major renovation that would require removal of the asbestos, organizations should consider the useful life of the long-lived asset, technology changes, operational changes, the entity's past practice or industry practice and other factors that may impact the timing of a major renovation.

If management is unable to arrive at the necessary estimates to perform the calculation, FIN 47 requires that management disclose the reasons why in the footnotes. For example, an organization might disclose what actions management took to obtain settlement cost estimates or to identify legal obligations and why reasonable settlement dates could not be determined. It would be expected that determining discount rates and inflation rates would not be the cause for not recording an ARO.

What if the settlement date is not known?

The exact settlement date will probably not be known. FIN 47 concludes that if a range of possible settlement dates exists, the ARO can be estimated. Organizations will need to work with the range of possible dates, make assumptions and calculate probabilities, which in sum will equal 100%, to establish a liability for the ARO.

PwC observation: The FASB noted that uncertainty regarding timing and method of settlement are factors relevant to the *measurement* of the liability, not the *recognition* of the liability.

Does the timing of retirement have to coincide with the asset's useful life?

No. The asset's depreciable life provides one data point about the potential timing of its retirement. Also, management might need to make a distinction between the physical lives of 100% of the asset's components and the date the retirement obligation will be settled.

How would I determine future cash flows?

Organizations can use past experience to help determine how the ARO would be settled and they will need to make assumptions about the expected amount of future cash flows (i.e., costs), per SFAS 143, paragraph A20. A third party, for example, would incur overhead, equipment and other charges when handling and disposing of asbestos. An organization would need to consider costs under a variety of scenarios as well as the relative probability of each scenario to determine future cash flows.

How would I determine the credit-adjusted risk-free rate?

As discussed in SFAS 143, paragraph 9, when an organization uses the expected cash flow approach, the estimated cash flows should be discounted using a credit-adjusted risk-free rate. The risk-free interest rate is the interest rate on monetary assets that are essentially risk free (in the U.S., zero coupon U.S. treasury instruments) and that have maturity dates that coincide with the expected timing of the estimated cash flows required to satisfy the ARO. If there is an equal chance that retirement will occur in 2020 or 2030, for example, the organization would apply one rate to the 2020 retirement and another to the 2030 retirement, based on the estimated forward yield curves at the date the obligation is calculated.

CON 7 requires an adjustment to the risk-free interest rate to reflect the entity's credit standing. The credit adjustment should be determined based on the credit standing of the specific organization with the legal liability for asset retirement.

Consistency in the choice of discount rates is important. If different discount rates are being used for similar time periods, management should be prepared to explain why.

What should I use as my inflation rate?

The inflation rate should reflect the increase that management is estimating for the type(s) of service(s) it would be required

Is there a practice aid that I can use as I begin to assess

FIN 47's impact on my organization?

The checklist included in Appendix C of this paper may be helpful in assisting management to begin to assess FIN 47's impact.

#### B. Q&A for industry-specific implementation issues

What is the impact on the operating results for the year of adoption?

In the year of adoption, the cumulative effect of the AROs would be reported on the institution's statement of activities as a cumulative change of an accounting principle. This impact would be reflected in a separate line directly before the total change in net assets as part of unrestricted net assets.

What is the impact on fund accounting?

For institutions that use fund accounting for internal reporting purposes, the ARC and ARO would be recorded in "Invested in Plant Fund," as would the annual ARC depreciation and ARO accretion.

What is the impact on functional expenses?

In a manner similar to that used to allocate interest expense across functional expense categories, the ARC depreciation and ARO accretion would be reported in a functional expense category. Management will need to review the purpose of the asset for which the ARC and ARO are related. If the annual depreciation/accretion expenses are associated with a piece of research equipment, then those depreciation/accretion expenses should be classified as "research." If the depreciation/accretion expenses are related to a HVAC system in a multi-purpose building, then the depreciation/accretion expenses should probably be allocated among functional expense categories in a manner similar to those used for the annual interest expense on that specific building.

What impact might FIN 47/SFAS 143 have on sponsored research programs?

The impact of FIN 47/SFAS 143 should be discussed with your federal oversight agency as soon as it is reasonably estimated. Your institution may want to negotiate an agreement with the agency to recover the cumulative impact to net assets. The federal agency may not allow a reimbursement all in

to obtain in order to fulfil its legal obligation regarding the settlement. This inflation rate may be different than a general inflation factor for the organization's industry or geographic location. Management should ensure that its inflation estimates are comparable to those used in other models, such as the organization's long-term budgeting models.

Should I consider component parts?

Yes. SFAS 143 (paragraph A14) states:

"An asset retirement obligation may exist for component parts of a larger system. In some circumstances, the retirement of the component parts may be required before the retirement of the larger system to which the component parts belong."

If the recognition criteria have been met, SFAS 143 requires organizations to identify the costs of retirement that can be measured and recorded as part of an organization's AROs. Note that buildings with component parts may be an advantage. It might be easier to segregate the disposal costs.

In SFAS 143, the FASB provides an example of an ARO with component parts—a kiln lined with a special type of brick. The bricks become contaminated with hazardous chemicals during use and they wear out after five years. When the bricks are removed, they must be disposed of at a hazardous waste site. The disposal of the bricks would be covered by SFAS 143, but the cost of the replacement bricks and their installation would not be part of the ARO.

Another example would be asbestos that is wrapped around HVAC pipes. An organization would not necessarily have to tear down an entire building to remove its obligation; rather it would need to remove/replace the HVAC pipes that are wrapped in asbestos.

What impact might FIN 47 have on other financial metrics?

Management should evaluate all instances in which financial results or performance metrics are utilized, such as bond covenants, Title IV ratios, benchmarking, third-party rankings and credit ratings. Management should meet with lenders and other affected parties as soon as possible to discuss the impact of FIN 47 and any modifications to existing agreements that may be necessary.

Charnas  
 dangerous products or uses that should be subject to federal control. As enacted, TSCA also included a provision requiring EPA to take specific measures to control the risks from polychlorinated biphenyls (PCBs) [Section 6(e)]. Subsequently, three titles have been added to address concerns about other specific toxic substances— asbestos in 1986, radon in 1988, and lead in 1992.

one fiscal year, but may allow the amount to be recovered over a specified period.

The annual impact of FIN 47/SFAS 143 will be allocated to the affected facilities. Since some of the facilities (and equipment) might be for research, the institution may be able to negotiate an increase in its federal indirect cost rate prior to the expiration of the current agreement. It will be important for institutions to demonstrate that a rigorous analysis was performed to identify the obligations as well as to determine the cost estimates and the allocation methodology.

Even prior to considering the impact on the federal indirect cost recovery rate, institutions that are required to submit a DS-2 should begin to assess the impact of FIN 47/SFAS 143. Again, communication with the applicable federal agency that approves the DS-2 is important in order to inform them that such a change will be submitted.

Does the Clean Air Act or any other legislation impact the CARO?

Legislation (including the three acts described below that set limits on pollutants, hazardous substances, and toxic chemicals) might impact the CARO. Institutions should consult with legal counsel about the timing of legislation and how it might affect the capitalization of the CARO.

#### 1) Clean Air Act

The Clean Air Act, codified as 42 U.S.C. 7401 et seq., is the comprehensive federal law that regulates air emissions from area, stationary, and mobile sources. It sets limits on how much of a pollutant (e.g., asbestos fibers) can be in the air. The U.S. Congress passed the Clean Air Act in 1963, the Clean Air Act Amendment in 1966, the Clean Air Act Extension in 1970, and Clean Air Act Amendments in 1977 and 1990.

#### 2) Pollution Prevention Act (PPA)

The Pollution Prevention Act of 1990, codified as 42 U.S.C. 13101-13109, focuses on reducing the amount of hazardous substances, pollutants or contaminants being released into the environment that may harm the environment or public health.

#### 3) Toxic Substances Control Act (TSCA)

The Toxic Substances Control Act (TSCA, 15 U.S.C. 2601 et seq.) authorizes EPA to screen existing and new chemicals used in manufacturing and commerce to identify potentially

#### C. Subsequent accounting

What if an ARO is identified subsequent to the year of adopting FIN 47?

Management has a responsibility to make a concerted effort to identify the complete population of AROs in the year of adoption. Subsequent "discoveries" of unidentified AROs could call into question the adequacy of management's initial attempt to address these requirements, as well as raise questions as to what other unidentified AROs still exist.

If an ARO is identified subsequent to initial adoption of FIN 47, then management and their auditors need to assess for materiality. If the subsequently discovered ARO is material and should have been recorded in a prior period, then management may be required to restate previously issued financial statements.

This is why it is imperative that a multi-discipline team be assembled in order to identify potential AROs. The team should be comprised of members from finance, physical plant, research, legal, purchasing, technicians, etc. It is also recommended that the team perform an actual walk-through of the facilities in order to ensure the completeness of the list of potential AROs.

What are the changes in the ARO due to the passage of time?

Because the ARO is initially recorded at fair value (i.e., it is discounted from the expected settlement date), SFAS 143 requires that organizations recognize changes in the ARO that result from the passage of time.

Organizations should determine the interest component resulting from the passage of time by applying the interest method of allocation. In applying this method, the organization should use the credit-adjusted risk-free rate(s) applied when the liability (or a portion thereof) was initially measured. Changes resulting from the passage of time should be recognized as an increase in the carrying amount of the liability, with a corresponding period cost classified in the operating section of the income statement. The amount should be

What if there are changes in the amount of undiscounted cash flows?

Charlas

separately disclosed to the extent it is material. SFAS 143 allows the use of any descriptor for this item "so long as it conveys the underlying nature of the expense." (Note: Accretion amounts recognized in accordance with SFAS 143 cannot be included as interest costs for purposes of applying SFAS Statement No. 34, *Capitalization of Interest Cost*.)

A change that is due to the passage of time should be incorporated prior to any revisions that are made to the ARO as a result of changes in either the timing or amount of estimated cash flows.

Table 3 below summarizes the financial statement impact of changes due to the passage of time.

Based on current available information, I need to change my ARO estimates. How should I handle this?

As indicated above, management is required to review their estimates on an annual basis (but no changes are to be made to the inflation rate or discount rate). A new method to address the legal obligation may become available or more current cost estimates may be obtained, or there may be changes in the expected timing of settlement. Management will need to recalculate the ARO based on any changes in the underlying estimates and record the changes to the ARO in the current year. If the asset is fully depreciated, subsequent changes to the ARO will be recorded directly in the current year statement of activities. If the asset is not fully depreciated, any subsequent changes to the ARO will also result in an increase or decrease in carrying amount of the related long-lived asset.

SFAS 143 requires that organizations recognize changes in the ARO that result from revisions made to the amount of future cash flows. Such changes should be recognized in the period of change as an increase or decrease in: a) the carrying amount of the ARO and b) the related asset retirement costs capitalized as part of the carrying amount of the related long-lived asset. Except for fully-depreciated assets, the adjustment initially will not have any income statement impact in the period of change. However, it will impact the future recognition of depreciation and accretion expense.

The change in obligation amount should be measured using the following credit-adjusted risk-free interest rate:

- Increases in the ARO: Consider upward revisions of future cash flows as a new obligation, which should be initially measured using the current credit-adjusted risk-free interest rate.
- Decreases in the ARO: Consider downward revisions in cash flow estimates as an adjustment to the existing ARO. Measure the adjustment at the historical interest rate used to measure the initial ARO to which the downward revision relates.

Organizations will have to document and track the rates used to measure and record the initial ARO and any incremental adjustments.

**Table 3**

Financial statement impact of ARO over time

	Statement of financial position	Statement of activities
Passage of time	<ul style="list-style-type: none"> <li>■ ARO: increase ARO by amount of periodic accretion expense</li> <li>■ ARC: allocate to expense through a systematic and rational method over useful life</li> <li>■ Recognize effects of regulatory treatment</li> </ul>	<ul style="list-style-type: none"> <li>■ Record periodic accretion expense as a component of operating expense</li> <li>■ Record ARC depreciation</li> <li>■ Recognize effects of regulatory treatment</li> </ul>



What if there are revisions to the timing of future cash flows?

SFAS 143 also requires that organizations recognize changes in the ARO that result from revisions made to the timing of future cash flows. Under the expected cash flow approach, the credit-adjusted risk-free rate for each scenario will depend on the expected timing of the cash outflows. That is, if an organization has scenarios under which the retirement could occur in 2010, 2025 and 2030, each scenario would be discounted at a different credit-adjusted risk-free interest rate based on the forward yield curves at the date the obligation is calculated. The applicable discount rate is determined based on the year of expected settlement.

How should I consider AROs and ARCs in their asset impairment tests?

Management must test for impairment and recoverability in accordance with FASB Statement No. 144 (SFAS 144), *Accounting for the Impairment of Disposal of Long-Lived Assets*. SFAS 143 (paragraph 12) states:

"In applying the provisions of Statement 144, the carrying amount of the asset being tested for impairment shall include amounts of capitalized asset retirement costs. Estimated future cash flows related to the liability for an asset retirement obligation that has been recognized in the financial statements should be excluded from (a) the undiscounted cash flows used to test the asset for recoverability and (b) the discounted cash flows used to measure the asset's fair value."

If the organization was not previously including the cost of retirement or disposal in the impairment test, the increase in the asset carrying value could result in an impairment that must be recorded at the time of adoption of SFAS 143/FIN 47. Subsequent increases to the asset retirement cost, if significant, should also be considered for potential impairment.

I've completed the settlement of the ARO, now what?

Once the legal obligation is eliminated, then the corresponding ARC (net amount) and ARO must be removed from the organization's financial records. As a result of the removal, the organization may need to recognize a gain or loss on settlement because of the utilization of internal resources (as opposed to the third-party estimates used in the cash flow analysis).

## Appendix B

### Examples

#### Fully depreciated assets

Let's consider the case of a college that has determined that it has six buildings with asbestos in the ceilings. Two of the buildings are used for teaching and the other four are dormitories. The two classroom buildings were constructed in 1970 and the dormitories were constructed in 1975. Although the buildings' depreciable lives are 30 years, the original ceilings are still in place. The college's master plan (as well as its shorter-term facilities annual plan) specifies that the ceilings will be replaced within the next 10 years at an estimated disposal cost of \$1 million or \$2 million, based on third-party estimates and depending on how the replacement will be performed. The institutions' credit-adjusted risk-free rate is 5% and inflation is assumed to be 2%.

The ARO calculation requires two schedules, one for the classrooms (see below) and another for the dormitories (see next page). We are assuming that all other factors are identical within these two groups.

#### #1: Classroom buildings

Scenarios	Replacement date (A)	Settlement cost (B)	Probability	Future value (C)	Discounted cost (D)	Probability-weighted ARO (E)
Scenario 1	2011	\$ 1,000,000	25%	\$1,126,162	\$194,440	\$ 48,610
Scenario 2	2011	\$ 2,000,000	75%	\$2,252,325	\$388,881	\$291,660
						\$340,270 (i - to above)

- (A) The replacement date is based on management's "best estimate" for removal. In our example, we estimated the date based on the institution's master capital plan.
- (B) The settlement cost (\$1 million and \$2 million) is stated in current (2005) dollars. We are assuming that a cost study was conducted on one building and that the conditions are the same for the second building.
- (C) The future value is the settlement cost adjusted for 2% inflation from 2005 until the replacement date.
- (D) This is the discounted cost of the future value, discounted back to when the legal obligation was created. For this example, we are assuming legislation became effective in 1975. Therefore, the discount is calculated back to 1975. (Institutions should seek legal advice on the timing of their obligations.)
- (E) The probability-weighted ARO is the discounted cost weighted for the probability of each scenario.

The following entries would have been made in 1975 to record the ARO based on the above scenario:

Dr. Asset retirement cost	\$ 340,270 (i - from below)
Cr. ARO	\$ 340,270

Since the ceilings are fully depreciated by 2005, there is no entry to record the asset retirement cost (as that would be fully depreciated by 2005 as well). To record the liability at June 30, 2005:

Initial ARO in 1975	\$ 340,270 (i - from below)
Accretion in 1976 at 5% (credit-adjusted risk free rate)	\$ 17,014 (\$340,270 x 0.05) <sup>†</sup>
ARO in 1976	\$ 357,284 <sup>††</sup>
ARO at June 30, 2005 (after 30 years)	\$1,470,630 <sup>††</sup>

† Note that the amount is not a fixed amount each year as the interest method is used.

†† In 1976, multiply the \$357,284 by 5% (to get \$17,864). Add the two together (\$357,284 + \$17,864 = \$375,148). In 1977, multiply the \$375,148 by 5% (to get \$18,757). Add the two together (\$375,148 + \$18,757 = \$393,906). Continue this process until the year ended June 30, 2006 when the result would be \$1,470,630. A similar process would be used in the examples on the following pages.

## #2: Dormitories

Scenarios	Replacement date (F)	Settlement cost (G)	Probability	Future value (H)	Discounted cost (I)	Probability-weighted ARO (J)
Scenario 1	2010	\$ 1,000,000	10%	\$1,104,081	\$200,189	\$ 20,016
Scenario 2	2010	\$ 2,000,000	50%	\$2,208,162	\$400,318	\$200,159
Scenario 3	2015	\$ 1,000,000	10%	\$1,218,994	\$173,153	\$ 17,315
Scenario 4	2015	\$ 2,000,000	30%	\$2,437,989	\$346,306	\$103,892
						\$341,382 (ii - to below)

- (F) The replacement date is based on the institution's master plan for replacement of the ceilings. In 2015, the institution plans to renovate the entire group of dormitory buildings.
- (G) The settlement cost (\$1 million and \$2 million) is stated in current (2005) dollars. We are assuming that a cost study was conducted on one building and that the conditions are the same for the three other buildings.
- (H) The future value is the settlement cost adjusted for 2% inflation from 2005 until the replacement date.
- (I) This is the discounted cost of the future value, discounted back to the date of construction. We are assuming that the date of construction and the date when the legal obligation began are the same.
- (J) The probability-weighted ARO is the discounted cost weighted for the probability of each scenario.

## #1 Classrooms, continued

For the year ended on June 30, 2006, the cumulative catch-up adjustment would be as follows:

Dr. Cumulative change in accounting principle	\$1,470,630
Dr. Current interest expense	\$ 73,531 (\$1,470,630 x 0.05)
Cr. ARO	\$1,544,161

Each year, the accretion at 5% would continue to be recorded until the settlement date. The calculation would be updated for changes in settlement date or cost of settlement (with no change to the credit-adjusted risk-free rate or inflation for the initial ARO, once they are established in the initial calculation). These changes would be recognized as normal period costs through the statement of activities.

## #2: Dormitories

The following entries would have been made in 1975 to record the ARO:

Dr. Asset retirement cost	\$ 341,382 (ii - from above)
Cr. ARO	\$ 341,382

Since the ceilings are fully depreciated by 2005, there is no entry to record the asset retirement cost (as that would be fully depreciated by 2005 as well).

## #2: Dormitories (continued)

To record the liability at June 30, 2005:

Initial ARO in 1970	\$ 341,382
Accretion at 5% (credit-adjusted risk-free rate)	\$ 17,069 (\$341,382 x 0.05)
ARO at June 30, 2005 (after 35 years)	\$1,475,434

For the fiscal year ended June 30, 2006, the cumulative catch-up adjustment and current year expense would be as follows:

Dr. Cumulative change in accounting principle	\$1,475,434
Dr. Current year expense	\$ 73,772 (\$1,470,630 x 0.05)
Cr. ARO	\$1,549,206

Similar to the classroom example, the accretion at 5% would continue to be recorded until the settlement date and the calculation would be updated for changes in settlement date or cost of settlement (there would be no change to credit-adjusted risk-free rate or inflation, once they are established in the initial calculation). These changes would be recognized as normal period costs through the statement of activities.

## #3: Classroom buildings

Scenarios	Replacement date (K)	Settlement cost (L)	Probability	Future value (M)	Discounted cost (N)	Probability-weighted ARO (O)
Scenario 1	2011	\$ 1,000,000	25%	\$1,126,162	\$404,227	\$101,057
Scenario 2	2011	\$ 2,000,000	75%	\$2,252,325	\$808,455	\$606,341
						\$707,398 (ii - to below)

- (K) The replacement date is based on management's "best estimate" for removal. In our example, we estimated the date based on the institution's master capital plan.
- (L) The settlement cost (\$1 million and \$2 million) is stated in current (2005) dollars. We are assuming that a cost study was conducted on one building and that the conditions are the same for the second building; therefore, the settlement cost is the same.
- (M) The future value is the settlement cost adjusted for 2% inflation from 2005 until the replacement date.
- (N) This is the discounted cost of the future value, discounted back to the date of construction. We are assuming that the date of construction and the date when the legal obligation began are the same.
- (O) The probability-weighted ARO is the discounted cost weighted for the probability of each scenario.

## #3: Classroom buildings (assets not fully depreciated)

For this example, assume the same facts as above, but the classroom buildings were acquired in 1990, have a remaining useful life of 20 years, and are not yet fully depreciated.

The following entries would have been made in 1990 to record the ARO:

Dr. Asset retirement cost	\$ 707,398 (iii - from above)
Cr. ARO	\$ 707,398

Since the ceilings are not fully depreciated by 2005, there is an entry to record the accumulated depreciation on the asset through June 30, 2005 and the 2006 depreciation expense:

Dr. Cumulative change in accounting principle	\$ 530,549
Dr. Current year depreciation	\$ 35,370 (\$707,398 x 0.05)
Cr. Accumulated Depreciation	\$ 565,919

To calculate the ARO balance in 2005:

Initial ARO in 1990	\$ 707,398
Accretion in 1991 at 5% (credit-adjusted risk free rate)	\$ 35,370 (\$707,398 x 0.05)
ARO at June 30, 2005 (after 15 years)	\$1,470,630
Accretion in 2006	\$ 73,531 (\$1,470,630 x 0.05)
ARO at June 30, 2006	\$1,544,161

At June 30, 2005, the cumulative catch-up adjustment would be as follows:

Dr. Cumulative change in accounting principle	\$ 763,232†††
Cr. ARO	\$ 763,232†††

The net impact of the two entries in fiscal year 2006 is:

Dr. Asset retirement cost	\$ 707,398 (iii - from above)
Dr. Current year depreciation expense	\$ 35,370 (\$707,398 x 0.05)
Dr. Cumulative change in accounting principle	\$1,293,781
Dr. Current ARO accretion	\$ 73,531 (\$1,470,630 x 0.05)
Cr. Accumulated depreciation	\$ 565,919
Cr. ARO	\$1,544,161

As in the above examples, each year, the accretion at 5% would continue to be recorded until the settlement date.

The calculation would be updated for changes in settlement date or cost of settlement (with no change to the credit-adjusted risk-free rate or inflation for the initial ARO, once they are established in the initial calculation). These changes would be recognized as normal period costs through the statement of activities.

Interested readers can find other examples in Appendix C and D of SFAS 143.

††† \$1,470,630 - \$707,398

Charnas<sup>iii</sup>. Estimated costs to assume risk or surcharges for hazardous materials (i.e., "hazmat").

## Appendix C

### Implementation checklist

1. Develop a policy to consider asset retirement obligations during property acquisition, when purchasing certain fixed assets or when entering into long-term agreements. The policy should include a provision to depreciate the Asset Retirement Cost (ARC), to accrete interest on the Asset Retirement Obligation (ARO), and to evaluate the retirement obligation based on new facts and circumstances that may cause a change to the original ARO. Additionally, the policy should prescribe financial statement reporting and disclosure, how the inflation factor will be derived and how the institution will determine its credit-adjusted risk-free rate.
  - b) Estimate the probability of the different cost scenarios.
  - c) Estimate the timeliness and related probability of satisfying the ARO.
  - d) Apply inflation adjustment based on estimated settlement.
  - e) Apply present value based on credit-adjusted risk-free rate of return.
2. Assess existing AROs for the current fiscal year. NOTE: the requirement for conditional asset retirement obligations is for fiscal years ending after December 15, 2005. Consider what assets may be affected by taking the following actions:
  - a) Obtain a list of property, plant and equipment.
  - b) Inquire with facilities management regarding possible asset requirement obligations that may be relevant for buildings and property.
  - c) Inquire with program officers, equipment technicians or other persons knowledgeable about specialized equipment or assets that may trigger possible AROs.
  - d) Obtain lease and other purchase agreements and review for possible AROs.
  - e) Inquire with counsel or other personnel who are familiar with federal, state or local laws that may trigger possible AROs.
3. For each possible ARO, identify the legal obligation to perform an asset retirement activity. Quantify the obligation and the related asset by taking the following actions:
  - a) Estimate the cost or cost scenarios for the AROs and substantiate your estimates with supportable assumptions. Use techniques similar to cash flow modelling.
    - i. Labor costs based on prevailing wages.
    - ii. Overhead charges for labor based on current applicable rates.
  4. For the first year-end after December 15, 2005, evaluate and recognize the applicable cumulative depreciation for the ARC and the cumulative interest accretion of the ARO.
  5. Because this is recognized as a change in accounting principle, compute the change on a pro forma basis and disclose the adjustment in the footnotes for the beginning of the earliest year presented and at the end of all years presented as if FIN 47 had been applied during all periods affected. NOTE: Most not-for-profit organizations present single year or comparative financial information only. As applicable, assess effect on bond covenants and other financial statement measures.
  6. For subsequent years, depreciate the ARC and continue to accrete interest on the ARO, as well as re-evaluate the estimates used in the calculation for appropriateness.
  7. Prepare a disclosure template for financial reporting.

## About PricewaterhouseCoopers

Charitas

### About the authors

John A. Mattie is PricewaterhouseCoopers' National Education & Nonprofit Practice Leader. He has over 25 years of diversified audit and consulting experience with particular expertise serving public and private research universities as well as independent schools and other types of not-for-profit organizations.

Christina Dutch is a senior audit manager at PricewaterhouseCoopers. For the past 18 months, she has been serving in PwC's National Risk & Quality (R&Q) as one of the technical consultants on FIN 47 as well as on other technical matters related to not-for-profit organizations.

Claire Esten is a senior audit manager in the Boston office of PricewaterhouseCoopers. She serves colleges, universities, independent schools, and other types of not-for-profit organizations in the Northeast region.

Lee Ann Leahy is a PricewaterhouseCoopers' audit partner with more than 20 years of experience serving education, academic medical centers, and other types of not-for-profit organizations. Lee has served in our National office as a consultant on not-for-profit industry issues, including financial reporting standards for not-for-profit entities.

Sean Riley is a PricewaterhouseCoopers' audit partner. He has been a frequent presenter on accounting and financial reporting issues, including FIN 47, at various higher education forums. He serves on the audits of colleges, universities, independent schools, and other not-for-profit organizations in the Northeast region.

Rick Wentzel is a PricewaterhouseCoopers' audit partner who is based in our Los Angeles office. He specializes in serving colleges, universities and other not-for-profit organizations on the west coast. Rick was formerly a controller at a college in the Los Angeles area.

PricewaterhouseCoopers is a leading provider of professional services for colleges, universities, academic medical centers (AMCs), and other types of not-for-profit organizations. Our goal is to help our clients turn their complex business issues into opportunities and measurably enhance their ability to build value, manage risk and improve performance.

For more information about our education and nonprofit services, call us in the U.S. at 1 888 272 3236 or visit our web site at <http://www.pwc.com/education>.

PricewaterhouseCoopers ([www.pwc.com](http://www.pwc.com)) provides industry-focused assurance, tax and advisory services to build public trust and enhance value for its clients and their stakeholders. More than 130,000 people in 148 countries work collaboratively using Connected Thinking to develop fresh perspectives and practical advice.

"PricewaterhouseCoopers" refers to the network of member firms of PricewaterhouseCoopers International Limited, each of which is a separate and independent legal entity.

### Endnotes

- 1 A helpful website for asbestos-related information is: <http://www.epa.gov/region4/air/asbestos/inform.htm>
- 2 Other examples would include research universities that have laboratories and instruments with mercury, lead, radioactive materials or chemicals that might be subject to unique disposal regulations. Underground storage tanks for fuel or kilns also might be examples of asset retirement obligations that are within the scope of the FASB's pronouncement.

The information is provided as is, with no assurance or guarantee of completeness, accuracy, or timeliness, and without warranty of any kind, expressed or implied, including but not limited to warranties of performance, merchantability, and fitness for a particular purpose. In no event will PricewaterhouseCoopers LLP or its professionals be liable in any way to the reader or anyone else for any decision made or action taken in reliance on the information or for any direct, indirect, consequential, special, or other damages related to the reader or the reader's use of the information, even if advised of the possibilities of such damages.

**Crescente, Angela**

---

**From:** Stratman, Paul  
**Sent:** Tuesday, April 17, 2012 4:09 PM  
**To:** Leenerts, Patricia  
**Cc:** Porter, Janice; Crescente, Angela  
**Subject:** RE: Distribution Blanket

Yes.

Cutout, abandonment, retirement, "cut, cap and purge" all mean the exact same thing.

---

**From:** Leenerts, Patricia  
**Sent:** Tuesday, April 17, 2012 3:57 PM  
**To:** Stratman, Paul  
**Cc:** Porter, Janice; Crescente, Angela  
**Subject:** RE: Distribution Blanket

So a cutout would always force an ARO retirement? A permanent retirement requiring cut, cap and/or purge.

Thanks,

Pat  
502-627-3811

---

**From:** Stratman, Paul  
**Sent:** Tuesday, April 17, 2012 3:08 PM  
**To:** Leenerts, Patricia  
**Cc:** Porter, Janice  
**Subject:** RE: Distribution Blanket

The project and tasks in the spreadsheet are associated with retirements/cutouts/abandonments of miscellaneous gas mains that are abandoned in any given year.

You are correct, the couplings are generally left in service, but they wouldn't be needed if we didn't have to retire the pipe adjacent to their installation.

This has been a consistent practice in the gas department for many, many years.

---

**From:** Leenerts, Patricia  
**Sent:** Tuesday, April 17, 2012 2:23 PM  
**To:** Stratman, Paul  
**Cc:** Porter, Janice  
**Subject:** FW: Distribution Blanket

Paul, I'm reviewing the above project for unitization in April. I'm hoping you can help by answering my questions or pointing me to the correct person.



You had reviewed some projects for Diana Wacker – which I use as my guide. As well as the file attached below in Jan2011 email.

For TBRD419G the indication is that Pipe is charged to individual tasks.

I have attached a file with some detail regarding the removal costs charged to this project. There's about 23K of material charged to the retirement. Purchase materials charged to COR is unusual as usually the cups, etc are attached to the existing pipe and charged to the investment tasks.

My main concern is that would any of the COR be for permanently retired, cut, cap and purged pipe whether left in the ground or removed?

A task on this, and other projects, is CUTOUTS. Wouldn't a true cutout result in purging and cutting? Is the cutout pipe that is left in the ground always capped? Is the true order to purge the pipe, cut it, then cap what is not reattached to the existing main line?

It would be appreciated to get the correct person pretty soon, so that person or you will be able to answer my questions by Friday, the 20<sup>th</sup>. Thanks for your help.

<< File: TBRD416G-removal.xlsx >>

Thanks,

Pat  
502-627-3811

---

**From:** Stratman, Paul  
**Sent:** Friday, January 14, 2011 2:36 PM  
**To:** Leenerts, Patricia  
**Subject:** RE: Distribution Blanket

Here's my first pass. Let me know if you'd like to discuss anything in greater detail.

<< File: Blankets for review by Paul-sent.xls >>

---

**From:** Leenerts, Patricia  
**Sent:** Friday, January 07, 2011 8:19 PM  
**To:** Stratman, Paul  
**Subject:** Distribution Blanket

I have attached a file of the gas blankets. I would appreciate you helping me to understand the purpose and how the charges flow on these gas blankets. For instance on some (electric) blankets we know that we retire what we are installing. Sometimes STORMS feeds me the retires, which I would use. Some of these you may cover on the other email that I'm sending at this time although if you didn't already address the dollars this would be the place to do that. The dollar columns are to determine where the charges should have been charged and not necessarily the account that they hit, 108901 vs. 108799 and the associated dollar amounts.

I really appreciate your help. If you have to delay this (even into February), just let me know, but obviously for me the sooner the better. << File: Blankets for review by Paul-sent.xls >>

Thanks,

Pat  
502-627-3811

**Crescente, Angela**

---

**From:** Crescente, Angela  
**Sent:** Tuesday, April 17, 2012 10:46 AM  
**To:** Clyde, Peter  
**Cc:** Porter, Janice; Leenerts, Patricia  
**Subject:** LGE Project Numbers 135586 and 132621

Pete,

There was \$7K charged to 135586 (Task CP ASBESTOS) in February and then it was reversed in March, but the invoice appeared to be all asbestos (NEC) related. Then, in March, half of the invoice was charged to 135586 and the other half was charged to 132621. However, on 132621, it was charged to a regular removal task instead of an ARO removal task. I just wanted to be sure I understood everything and wanted to know if I should set up an ARO removal task on 132621 to charge to for the NEC costs. Please call me when you get a chance.

Thanks for your help!  
Angela

**Crescente, Angela**

---

**From:** Crescente, Angela  
**Sent:** Monday, March 26, 2012 9:44 AM  
**To:** Mooney, Mike (BOC 3)  
**Subject:** RE: Asbestos Task

Mike,

I have created a task called CP ASBESTOS to capture the testing and removal of asbestos. A task for lead will not be needed as it can be charged to the normal 108901, but please ask the contractors to ensure that they code the invoices to separate asbestos and lead since we do not have any AROs for lead. We will not want to include lead costs in the asbestos cost.

Thanks so much for your help!  
Angela

---

**From:** Mooney, Mike (BOC 3)  
**Sent:** Monday, March 26, 2012 9:30 AM  
**To:** Crescente, Angela  
**Subject:** Asbestos Task

Angela,

Mill Creek is having some tests run on a building they will be working on for the Mill Creek Env projects. They will be testing for asbestos and lead. Will we need an asbestos task set up for this testing? Project is 130875.

**Mike Mooney**  
Budget Analyst III, Project Engineering  
BOC 3  
BOC Phone: (502) 627-3671  
Fax: (502) 217- 2943  
E-mail: [Mike.Mooney@lge-ku.com](mailto:Mike.Mooney@lge-ku.com)

**Crescente, Angela**

---

**From:** Crescente, Angela  
**Sent:** Tuesday, March 20, 2012 1:53 PM  
**To:** Reeves, Stephen; Woodworth, Steve; Archer, Jamie; Purvis, Neal  
**Cc:** Clark, Lynda  
**Subject:** RE: NETVLT343-CP ASBESTOS 2010

All,

Thanks for checking on the material charged. It sounds like it was not material intended for ARO asbestos work. I am most concerned if whether or not any asbestos removal charges exist on the entire project and if so, which task would they have been charged to? Then, the charges would need to be moved to the CP ASBESTOS 2010 task. If not, then the material charged to the CP ASBESTOS 2010 task needs to be moved to a different task.

Thanks,  
Angela

---

**From:** Reeves, Stephen  
**Sent:** Monday, March 19, 2012 7:46 AM  
**To:** Crescente, Angela  
**Cc:** Woodworth, Steve; Archer, Jamie  
**Subject:** FW: NETVLT343-CP ASBESTOS 2010

Angela,  
See emails below – let me know if there is anything I need to do.

Thanks,  
Steve

---

**From:** Woodworth, Steve  
**Sent:** Friday, March 16, 2012 6:08 PM  
**To:** Reeves, Stephen  
**Subject:** FW: NETVLT343-CP ASBESTOS 2010

FYI

---

**From:** Archer, Jamie  
**Sent:** Friday, March 16, 2012 12:34 PM  
**To:** Woodworth, Steve  
**Subject:** FW: NETVLT343-CP ASBESTOS 2010

FYI

---

**From:** Purvis, Neal  
**Sent:** Friday, March 16, 2012 12:18 PM

**To:** Archer, Jamie  
**Subject:** RE: NETVLT343-CP ASBESTOS 2010

Just for inventory.

---

**From:** Archer, Jamie  
**Sent:** Thursday, February 23, 2012 10:41 AM  
**To:** Byrd, David; Purvis, Neal  
**Subject:** FW: NETVLT343-CP ASBESTOS 2010

It looks like you charged out a barrel for asbestos removal. Did you do some removal or is this just in inventory for the next time you need it? If you did do some removal, do you know what WR the labor charges went on?

---

**From:** Reeves, Stephen  
**Sent:** Wednesday, February 22, 2012 8:39 AM  
**To:** Woodworth, Steve; Archer, Jamie  
**Cc:** Crescente, Angela  
**Subject:** FW: NETVLT343-CP ASBESTOS 2010

Steve and Jamie,

See Angela's email below. I ran a transaction report and the only thing that comes up is materials and burdens on the materials. The material listed is "DRUM, OPEN HEAD, 1A2/Y/1.5/150, DOT 17C, NEW STEEL, W/LOCK RING RETAINER LID & SPONGE". There is no labor charged. Should there be labor? If so, where would it have been charged?

Steve

---

**From:** Crescente, Angela  
**Sent:** Friday, February 17, 2012 4:24 PM  
**To:** Reeves, Stephen  
**Cc:** Clark, Lynda  
**Subject:** NETVLT343-CP ASBESTOS 2010

Hey Steve,

NETVLT343 Task CP ASBESTOS 2010 has \$50.10 charged to it. I would not expect an ARO task to have much material, mostly labor, but the only charges on there are some very small material. Do you know if there was asbestos removal on that project and which task they would have charged it to?

Thanks,  
Angela

description	Ending Liability	month_yr
Big Stone Gap Substation - ASB-Dist	132,839.45	12/2077
BR-Ash Pond	20,959,629.94	12/2026
BR-Auxiliary Pond	4,996,684.32	12/2026
BR-Coal Storage	127,687.30	12/2026
BR-Lab	25,483.66	12/2019
BR-Nuclear Sources	31,525.29	12/2026
BR-Oil Storage	13,911.62	12/2026
BR-Oil Storage CT - OP	64,801.42	12/2036
Brown Unit 1 - ASB	4,819,013.64	12/2059
Brown Unit 2 - ASB	9,704,402.51	12/2059
Brown Unit 3 - ASB	22,077,217.00	12/2059
Dix Dam - ASB - Hydro	1,144,884.47	12/2069
GH-Ash Pond	52,411,634.11	12/2036
GH-Chemical Storage	41,556.07	12/2036
GH-Coal Storage	1,471,482.08	12/2036
Ghent Unit 1 - ASB	22,512,027.72	12/2059
Ghent Unit 2 - ASB	30,447,763.48	12/2060
Ghent Unit 3 - ASB	6,488,401.45	12/2069
Ghent Unit 4 - ASB	6,488,401.45	12/2069
GH-Environmental Ponds	1,429,058.16	12/2036
GH-Gypsum Stack-GH 1 Scrubber	8,325,471.98	12/2026
GH-Nuclear Sources	446,997.03	12/2036
GH-Oil Storage	17,413.18	12/2026
GH-Sewage Treatment Plant	36,124.09	12/2026
GH-trn-GH Spare GSU Transformer	4,415.67	12/2031
GH-trn-GH1 GSU Transformer	3,465.27	12/2020
GH-trn-GH2 GSU Transformer	3,779.52	12/2024
GH-trn-GH3 GSU Transformer	4,099.06	12/2028
GH-trn-GH4 GSU Transformer	4,423.96	12/2031
GR-Ash Pond	7,760,286.57	12/2018
GR-Chemical Storage	824.57	12/2018
GR-Coal Storage	260,530.10	12/2018
Green River Unit 1 - ASB	4,252,214.07	12/2051
Green River Unit 2 - ASB	3,907,439.21	12/2051
Green River Unit 3 - ASB	4,263,706.13	12/2051
Green River Unit 4 - ASB	4,999,224.75	12/2051
GR-Limestone Silo	1,909.83	12/2018
GR-Oil Storage	1,170.69	12/2018
GR-Sewage Treatment Plant	10,792.24	12/2018
GR-trn-G1-2 GSU Transformer	8,296.15	12/2016
GR-trn-GR3 GSU Transformer	8,338.99	12/2016
GR-trn-GR4 GSU Transformer	8,506.81	12/2017
GR-trn-GSU Spare Transformer	8,495.84	12/2017

KU - General Facilities - ASB	4,068,976.18	12/2073
KU Distribution Subs (478) - ASB	3,446,235.00	12/2077
KU Transmission Subs (69) - ASB	2,865,833.27	12/2079
Pineville - ASB	3,293,168.39	12/2043
Pineville-Ash Pond	1,415,844.87	12/2018
TY-Ash Pond	1,271,651.44	12/2018
TY-Chemical Storage	535.16	12/2018
TY-Coal Storage	86,843.66	12/2018
TY-Oil Storage	12,652.28	12/2018
Tyrone Unit 1 (Retired) - ASB	3,687,031.65	12/2051
Tyrone Unit 2 (Retired) - ASB	3,629,527.08	12/2051
Tyrone Unit 3 - ASB	4,994,739.82	12/2051
TY-Service Water Pump Structure	259,659.16	12/2018
TY-Sewage Treatment Plant	70,480.86	12/2018



**Crescente, Angela**

---

**From:** Reeves, Stephen  
**Sent:** Monday, March 19, 2012 7:46 AM  
**To:** Crescente, Angela  
**Cc:** Woodworth, Steve; Archer, Jamie  
**Subject:** FW: NETVLT343-CP ASBESTOS 2010

Angela,  
See emails below – let me know if there is anything I need to do.

Thanks,  
Steve

---

**From:** Woodworth, Steve  
**Sent:** Friday, March 16, 2012 6:08 PM  
**To:** Reeves, Stephen  
**Subject:** FW: NETVLT343-CP ASBESTOS 2010

FYI

---

**From:** Archer, Jamie  
**Sent:** Friday, March 16, 2012 12:34 PM  
**To:** Woodworth, Steve  
**Subject:** FW: NETVLT343-CP ASBESTOS 2010

FYI

---

**From:** Purvis, Neal  
**Sent:** Friday, March 16, 2012 12:18 PM  
**To:** Archer, Jamie  
**Subject:** RE: NETVLT343-CP ASBESTOS 2010

Just for inventory.

---

**From:** Archer, Jamie  
**Sent:** Thursday, February 23, 2012 10:41 AM  
**To:** Byrd, David; Purvis, Neal  
**Subject:** FW: NETVLT343-CP ASBESTOS 2010

It looks like you charged out a barrel for asbestos removal. Did you do some removal or is this just in inventory for the next time you need it? If you did do some removal, do you know what WR the labor charges went on?

---

**From:** Reeves, Stephen  
**Sent:** Wednesday, February 22, 2012 8:39 AM

**To:** Woodworth, Steve; Archer, Jamie  
**Cc:** Crescente, Angela  
**Subject:** FW: NETVLT343-CP ASBESTOS 2010

Steve and Jamie,

See Angela's email below. I ran a transaction report and the only thing that comes up is materials and burdens on the materials. The material listed is "DRUM, OPEN HEAD, 1A2/Y/1.5/150, DOT 17C, NEW STEEL, W/LOCK RING RETAINER LID & SPONGE". There is no labor charged. Should there be labor? If so, where would it have been charged?

Steve

---

**From:** Crescente, Angela  
**Sent:** Friday, February 17, 2012 4:24 PM  
**To:** Reeves, Stephen  
**Cc:** Clark, Lynda  
**Subject:** NETVLT343-CP ASBESTOS 2010

Hey Steve,

NETVLT343 Task CP ASBESTOS 2010 has \$50.10 charged to it. I would not expect an ARO task to have much material, mostly labor, but the only charges on there are some very small material. Do you know if there was asbestos removal on that project and which task they would have charged it to?

Thanks,  
Angela

**Crescente, Angela**

---

**From:** Purvis, Neal  
**Sent:** Tuesday, March 13, 2012 11:35 AM  
**To:** Crescente, Angela  
**Subject:** FW: NETVLT343-CP ASBESTOS 2010

Angela,

Could you tell me when this drum was charged to the asbestos number. Trying to track down what we ordered it for.

Thanks,  
Neal Purvis

---

**From:** Archer, Jamie  
**Sent:** Thursday, February 23, 2012 10:41 AM  
**To:** Byrd, David; Purvis, Neal  
**Subject:** FW: NETVLT343-CP ASBESTOS 2010

It looks like you charged out a barrel for asbestos removal. Did you do some removal or is this just in inventory for the next time you need it? If you did do some removal, do you know what WR the labor charges went on?

---

**From:** Reeves, Stephen  
**Sent:** Wednesday, February 22, 2012 8:39 AM  
**To:** Woodworth, Steve; Archer, Jamie  
**Cc:** Crescente, Angela  
**Subject:** FW: NETVLT343-CP ASBESTOS 2010

Steve and Jamie,

See Angela's email below. I ran a transaction report and the only thing that comes up is materials and burdens on the materials. The material listed is "DRUM, OPEN HEAD, 1A2/Y/1.5/150, DOT 17C, NEW STEEL, W/LOCK RING RETAINER LID & SPONGE". There is no labor charged. Should there be labor? If so, where would it have been charged?

Steve

---

**From:** Crescente, Angela  
**Sent:** Friday, February 17, 2012 4:24 PM  
**To:** Reeves, Stephen  
**Cc:** Clark, Lynda  
**Subject:** NETVLT343-CP ASBESTOS 2010

Hey Steve,

NETVLT343 Task CP ASBESTOS 2010 has \$50.10 charged to it. I would not expect an ARO task to have much material, mostly labor, but the only charges on there are some very small material. Do you know if there was asbestos removal on that project and which task they would have charged it to?

Thanks,

Angela

**Crescente, Angela**

---

**From:** Porter, Janice  
**Sent:** Wednesday, March 07, 2012 12:54 PM  
**To:** Wright, Sharon  
**Cc:** Crescente, Angela  
**Subject:** FW: LSMR414 and PMR414

---

**From:** Crescente, Angela  
**Sent:** Wednesday, March 07, 2012 11:21 AM  
**To:** Porter, Janice; Stratman, Paul  
**Cc:** Leenerts, Patricia  
**Subject:** LSMR414 and PMR414

Janice and Paul,

I have set up new CP ARO 2012 tasks on these projects for your use in 2012. Please forward this information to anyone who needs it.

Please feel free to contact me if you have any questions.

Thanks!  
Angela

**Crescente, Angela**

---

**From:** Crescente, Angela  
**Sent:** Wednesday, March 07, 2012 11:21 AM  
**To:** Porter, Janice; Stratman, Paul  
**Cc:** Leenerts, Patricia  
**Subject:** LSMR414 and PMR414

Janice and Paul,

I have set up new CP ARO 2012 tasks on these projects for your use in 2012. Please forward this information to anyone who needs it.

Please feel free to contact me if you have any questions.

Thanks!  
Angela

description	ending liability	month_yr
Canal (Retired) - ASB	1,735,822.47	12/2015
Cane Run Unit 1 (Retired) - ASB	6,343,843.71	12/2051
Cane Run Unit 2 (Retired) - ASB	5,976,084.88	12/2051
Cane Run Unit 3 (Retired) - ASB	6,734,586.88	12/2051
Cane Run Unit 4 - ASB	7,159,808.84	12/2051
Cane Run Unit 5 - ASB	6,334,678.23	12/2055
Cane Run Unit 6 - ASB	7,432,419.77	12/2056
Center Gas Storage Field - UGS	6,452,002.42	12/2033
City Gate DR 237900-ASB-Dist	43,616.29	12/2066
City Gate Prest 237900-ASB-Dist	43,183.12	12/2058
CR-Ash Pond	8,608,069.71	12/2023
CR-Coal Storage	432,289.77	12/2023
CR-Environmental Ponds	415,212.06	12/2023
CR-Land Fill	2,349,829.05	12/2023
CR-Nuclear Sources	70,054.97	12/2023
CR-Sewage Treatment Plant	19,882.11	12/2023
Doe Run 235300-ASB-UGS	599,317.92	12/2066
Doe Run Gas Storage Field - UGS	4,377,102.16	12/2033
Gas Main & Serv Abandons-Dist	91,273,146.26	12/2050
LGE Distribution Subs (66) - ASB	3,592,366.78	12/2078
LGE Transmission Subs (11) - ASB	453,537.08	12/2079
Magnolia 235120-ASB-UGS	251,278.23	12/2075
Magnolia 235300-ASB-UGS	627,417.31	12/2066
Magnolia 235600-ASB-UGS	86,281.17	12/2069
Magnolia Gas Storage Field - UGS	4,508,467.21	12/2033
Manholes - ASB	25,798,847.64	12/2094
MC-Ash Pond	17,137,864.44	12/2036
MC-Chemical Storage	29,796.43	12/2036
MC-Coal Storage	626,130.26	12/2036
MC-Environmental Ponds	520,486.66	12/2036
MC-Landfill	3,073,433.68	12/2036
MC-Nuclear Sources	45,500.15	12/2036
MC-Oil Storage	2,174.18	12/2036
Mill Creek Unit 1 - ASB	9,620,019.34	12/2059
Mill Creek Unit 2 - ASB	8,388,765.42	12/2059
Mill Creek Unit 3 - ASB	5,806,361.11	12/2069
Mill Creek Unit 4 - ASB	8,628,115.08	12/2069
Muldraugh 235120-ASB-UGS	356,289.69	12/2075
Muldraugh 235300-ASB-UGS	471,342.18	12/2066
Muldraugh 235600-ASB-UGS	381,616.97	12/2069
Muldraugh 237520-ASB-Gas Dist	22,519.08	12/2050
Muldraugh Gas Storage Field - UGS	1,765,893.07	12/2033
Ohio Falls - ASB	2,057,472.95	12/2069

Paddy's (Unit 11) - ASB	5,069,703.26	12/2015
Riggs Junction 235120-ASB-UGS	264,813.33	12/2075
Seventh&Ormsby - ComGenPln-ASB	1,215,058.91	12/2059
TC-Ash Pond	24,276,692.92	12/2036
TC-Chemical Storage	40,314.15	12/2036
TC-Coal Storage	971,025.49	12/2036
TC-Environmental Ponds	596,743.76	12/2036
TC-Nuclear Sources	55,224.03	12/2036
TC-Sewage Treatment Plant	44,302.45	12/2036
Trn- CR Spare GSU	4,079.07	12/2017
Trn-CR4 GSU	4,075.50	12/2017
Trn-CR5 GSU	4,075.50	12/2017
Trn-CR6 GSU	4,081.14	12/2017
Trn-MC 3 GSU	4,614.72	12/2023
Trn-MC Spare GSU	5,124.62	12/2028
Trn-MC1 GSU	4,162.33	12/2018
Trn-MC2 GSU	4,265.13	12/2019
Trn-MC4 GSU	5,124.62	12/2028
Zorn - ASB	204,988.90	12/2043



**Crescente, Angela**

---

**From:** Crescente, Angela  
**Sent:** Tuesday, March 06, 2012 8:36 AM  
**To:** Cummins, Michael  
**Cc:** Porter, Janice; Griffin, John; Clyde, Peter; Leenerts, Patricia  
**Subject:** RE: Project 135587 Question AIP Project Approval - 135587 - REVISION MAGNOLIA 20" REPAIRS

<b>Tracking:</b>	<b>Recipient</b>	<b>Read</b>
	Cummins, Michael	Read: 3/6/2012 8:37 AM
	Porter, Janice	Read: 3/6/2012 8:47 AM
	Griffin, John	
	Clyde, Peter	Read: 3/6/2012 6:13 PM
	Leenerts, Patricia	

Hi Mike,

Feel free to call me if you have any asbestos coating that you will have to dispose of properly or if the project winds up being a permanent cut, cap and purge activity instead of just a temporary cut, cap and purge for pipe replacing. I will be happy to set up a task for you if it becomes necessary. Also, feel free to call if you have any questions.

Thanks,  
Angela

---

**From:** Leenerts, Patricia  
**Sent:** Tuesday, March 06, 2012 8:21 AM  
**To:** Cummins, Michael  
**Cc:** Porter, Janice; Griffin, John; Clyde, Peter; Crescente, Angela  
**Subject:** RE: Project 135587 Question AIP Project Approval - 135587 - REVISION MAGNOLIA 20" REPAIRS

Thanks Mike, I appreciate getting the detail info. I have updated the detail description on the AIP so that the scanned copy will have that info. Please make sure that if an ARO event is deemed necessary that an ARO task for removal is utilized. Please check with Angela regarding questions on AROs.

Pat

---

**From:** Cummins, Michael  
**Sent:** Tuesday, March 06, 2012 7:58 AM  
**To:** Leenerts, Patricia  
**Cc:** Porter, Janice; Griffin, John; Clyde, Peter  
**Subject:** RE: Project 135587 Question AIP Project Approval - 135587 - REVISION MAGNOLIA 20" REPAIRS

Pat,

The project will consist of excavating and removing anomalies discovered during a 2011 in-line inspection. Cut-out does imply replacement. This project will deal with replacing relatively short (<20 ft.) sections of pipe, so the retired (cut-out) section of pipe will not remain in the ground. The retired pipe will be removed from the ground, tested for hazardous materials, and disposed of accordingly.

Thanks,

**Mike Cummins**

Pipeline Integrity Engineer  
Louisville Gas and Electric  
502-364-8339

---

**From:** Clyde, Peter  
**Sent:** Tuesday, March 06, 2012 7:42 AM  
**To:** Cummins, Michael  
**Cc:** Leenerts, Patricia; Porter, Janice; Griffin, John  
**Subject:** FW: Project 135587 Question AIP Project Approval - 135587 - REVISION MAGNOLIA 20" REPAIRS

Mike,  
Please reply to Pat. Thanks.

**Pete Clyde**  
Manager, Gas Regulatory Compliance  
Louisville Gas & Electric Company  
[peter.clyde@lge-ku.com](mailto:peter.clyde@lge-ku.com)  
(502) 364-8715

---

**From:** Leenerts, Patricia  
**Sent:** Monday, March 05, 2012 11:24 AM  
**To:** Porter, Janice; Clyde, Peter  
**Subject:** FW: Project 135587 Question AIP Project Approval - 135587 - REVISION MAGNOLIA 20" REPAIRS

135587-CUT-OUT SECTION OF THE MAGNOLIA 20" PIPELINE is the current description of this project.

Could you please provide me with some additional information. Does cut-out imply physical removal and replacement (non ARO event)? Could the cut-out section remain retired in place (an ARO event)? If that happened I guess new pipe would be laid to go around the old pipe. What specifically is going on with this project?

At this moment there is not unitizable material on the project (that may be what you are about to purchase with the AIP revision).

I appreciate the info so that I may update the description prior to my approval of the revised AIP, if possible.

Pat

---

**From:** Garrett, Chris  
**Sent:** Monday, March 05, 2012 9:18 AM  
**To:** Leenerts, Patricia  
**Subject:** AIP Project Approval - 135587 - REVISION

LG&E project number 135587 (MAGNOLIA 20" REPAIRS) has been submitted for your approval. Please login to PowerPlant and respond to the items awaiting your approval.

[login to powerplant](#)

**Crescente, Angela**

---

**From:** Leenerts, Patricia  
**Sent:** Tuesday, March 06, 2012 8:21 AM  
**To:** Cummins, Michael  
**Cc:** Porter, Janice; Griffin, John; Clyde, Peter; Crescente, Angela  
**Subject:** RE: Project 135587 Question AIP Project Approval - 135587 - REVISION MAGNOLIA 20" REPAIRS

Thanks Mike, I appreciate getting the detail info. I have updated the detail description on the AIP so that the scanned copy will have that info. Please make sure that if an ARO event is deemed necessary that an ARO task for removal is utilized. Please check with Angela regarding questions on AROs.

Pat

---

**From:** Cummins, Michael  
**Sent:** Tuesday, March 06, 2012 7:58 AM  
**To:** Leenerts, Patricia  
**Cc:** Porter, Janice; Griffin, John; Clyde, Peter  
**Subject:** RE: Project 135587 Question AIP Project Approval - 135587 - REVISION MAGNOLIA 20" REPAIRS

Pat,

The project will consist of excavating and removing anomalies discovered during a 2011 in-line inspection. Cut-out does imply replacement. This project will deal with replacing relatively short (<20 ft.) sections of pipe, so the retired (cut-out) section of pipe will not remain in the ground. The retired pipe will be removed from the ground, tested for hazardous materials, and disposed of accordingly.

Thanks,

**Mike Cummins**  
**Pipeline Integrity Engineer**  
**Louisville Gas and Electric**  
**502-364-8339**

---

**From:** Clyde, Peter  
**Sent:** Tuesday, March 06, 2012 7:42 AM  
**To:** Cummins, Michael  
**Cc:** Leenerts, Patricia; Porter, Janice; Griffin, John  
**Subject:** FW: Project 135587 Question AIP Project Approval - 135587 - REVISION MAGNOLIA 20" REPAIRS

Mike,  
Please reply to Pat. Thanks.

**Pete Clyde**  
Manager, Gas Regulatory Compliance  
Louisville Gas & Electric Company  
[peter.clyde@lge-ku.com](mailto:peter.clyde@lge-ku.com)  
(502) 364-8715

---

**From:** Leenerts, Patricia  
**Sent:** Monday, March 05, 2012 11:24 AM  
**To:** Porter, Janice; Clyde, Peter  
**Subject:** FW: Project 135587 Question AIP Project Approval - 135587 - REVISION MAGNOLIA 20" REPAIRS

135587-CUT-OUT SECTION OF THE MAGNOLIA 20" PIPELINE is the current description of this project.

Could you please provide me with some additional information. Does cut-out imply physical removal and replacement (non ARO event)? Could the cut-out section remain retired in place (an ARO event)? If that happened I guess new pipe would be laid to go around the old pipe. What specifically is going on with this project?

At this moment there is not unitizable material on the project (that may be what you are about to purchase with the AIP revision).

I appreciate the info so that I may update the description prior to my approval of the revised AIP, if possible.

Pat

---

**From:** Garrett, Chris  
**Sent:** Monday, March 05, 2012 9:18 AM  
**To:** Leenerts, Patricia  
**Subject:** AIP Project Approval - 135587 - REVISION

LG&E project number 135587 (MAGNOLIA 20" REPAIRS) has been submitted for your approval. Please login to PowerPlant and respond to the items awaiting your approval.

[login to powerplant](#)

description	Ending Liability	month_yr
Big Stone Gap Substation - ASB-Dist	132,839.45	12/2077
BR-Ash Pond	20,959,629.94	12/2026
BR-Auxiliary Pond	4,996,684.32	12/2026
BR-Coal Storage	127,687.30	12/2026
BR-Lab	25,483.66	12/2019
BR-Nuclear Sources	31,525.29	12/2026
BR-Oil Storage	13,911.62	12/2026
BR-Oil Storage CT - OP	64,801.42	12/2036
Brown Unit 1 - ASB	4,819,013.64	12/2059
Brown Unit 2 - ASB	9,704,402.51	12/2059
Brown Unit 3 - ASB	22,077,217.00	12/2059
Dix Dam - ASB - Hydro	1,144,884.47	12/2069
GH-Ash Pond	52,411,634.11	12/2036
GH-Chemical Storage	41,556.07	12/2036
GH-Coal Storage	1,471,482.08	12/2036
Ghent Unit 1 - ASB	22,512,027.72	12/2059
Ghent Unit 2 - ASB	30,447,763.48	12/2060
Ghent Unit 3 - ASB	6,488,401.45	12/2069
Ghent Unit 4 - ASB	6,488,401.45	12/2069
GH-Environmental Ponds	1,429,058.16	12/2036
GH-Gypsum Stack-GH 1 Scrubber	8,325,471.98	12/2026
GH-Nuclear Sources	446,997.03	12/2036
GH-Oil Storage	17,413.18	12/2026
GH-Sewage Treatment Plant	36,124.09	12/2026
GH-trn-GH Spare GSU Transformer	4,415.67	12/2031
GH-trn-GH1 GSU Transformer	3,465.27	12/2020
GH-trn-GH2 GSU Transformer	3,779.52	12/2024
GH-trn-GH3 GSU Transformer	4,099.06	12/2028
GH-trn-GH4 GSU Transformer	4,423.96	12/2031
GR-Ash Pond	7,760,286.57	12/2018
GR-Chemical Storage	824.57	12/2018
GR-Coal Storage	260,530.10	12/2018
Green River Unit 1 - ASB	4,252,214.07	12/2051
Green River Unit 2 - ASB	3,907,439.21	12/2051
Green River Unit 3 - ASB	4,263,706.13	12/2051
Green River Unit 4 - ASB	4,999,224.75	12/2051
GR-Limestone Silo	1,909.83	12/2018
GR-Oil Storage	1,170.69	12/2018
GR-Sewage Treatment Plant	10,792.24	12/2018
GR-trn-G1-2 GSU Transformer	8,296.15	12/2016
GR-trn-GR3 GSU Transformer	8,338.99	12/2016
GR-trn-GR4 GSU Transformer	8,506.81	12/2017
GR-trn-GSU Spare Transformer	8,495.84	12/2017

KU - General Facilities - ASB	4,068,976.18	12/2073
KU Distribution Subs (478) - ASB	3,446,235.00	12/2077
KU Transmission Subs (69) - ASB	2,865,833.27	12/2079
Pineville - ASB	3,293,168.39	12/2043
Pineville-Ash Pond	1,415,844.87	12/2018
TY-Ash Pond	1,271,651.44	12/2018
TY-Chemical Storage	535.16	12/2018
TY-Coal Storage	86,843.66	12/2018
TY-Oil Storage	12,652.28	12/2018
Tyrone Unit 1 (Retired) - ASB	3,687,031.65	12/2051
Tyrone Unit 2 (Retired) - ASB	3,629,527.08	12/2051
Tyrone Unit 3 - ASB	4,994,739.82	12/2051
TY-Service Water Pump Structure	259,659.16	12/2018
TY-Sewage Treatment Plant	70,480.86	12/2018

**Crescente, Angela**

---

**From:** Crescente, Angela  
**Sent:** Wednesday, February 22, 2012 1:43 PM  
**To:** Thomas, Zach  
**Cc:** Skaggs, John; Porter, Janice; Leenerts, Patricia  
**Subject:** RE: Project 134431 - REPL INSULATION\_PIPING PURIF

Tracking:	Recipient	Read
	Thomas, Zach	Read: 2/22/2012 1:44 PM
	Skaggs, John	
	Porter, Janice	Read: 2/27/2012 9:38 AM
	Leenerts, Patricia	Read: 2/22/2012 3:19 PM

Zach,

I went ahead and set up a task called CP ASBESTOS 2012 should you need it. If there is removal for asbestos, please charge the portion of costs to remove and dispose of the asbestos to this new task. If there winds up being no asbestos, then you can just leave it be and not charge to that task and that will be fine. Any other normal removal would go to the 108901 task.

Thanks and feel free to call if you have any questions.  
Angela

---

**From:** Leenerts, Patricia  
**Sent:** Wednesday, February 22, 2012 12:22 PM  
**To:** Crescente, Angela  
**Subject:** FW: Project 134431 - REPL INSULATION\_PIPING PURIF

Should they go ahead and have an ARO task setup?

---

**From:** Thomas, Zach  
**Sent:** Wednesday, February 22, 2012 12:15 PM  
**To:** Leenerts, Patricia  
**Cc:** Skaggs, John; Porter, Janice  
**Subject:** FW: Project 134431 - REPL INSULATION\_PIPING PURIF

Pat,  
There is a potential for some of the insulation to have asbestos in it. We will have samples of the materials analyzed before we remove the insulation.

Thanks,  
Zach

---

**From:** Skaggs, John  
**Sent:** Wednesday, February 22, 2012 11:37 AM  
**To:** Thomas, Zach  
**Subject:** FW: Project 134431 - REPL INSULATION\_PIPING PURIF

**Crescente, Angela**

---

**From:** Daly, Karen  
**Sent:** Saturday, January 07, 2012 8:25 AM  
**To:** Crescente, Angela  
**Subject:** FW: Journal Entries for December 2011 Revaluation.xlsx

**Follow Up Flag:** Follow up  
**Flag Status:** Completed

Will need the full dollars and pennies on these when you have time (for the transfers page).

---

**From:** Wiseman, Sara  
**Sent:** Saturday, January 07, 2012 8:19 AM  
**To:** Amlung, Kim; Clark, Ed; Clark, Lynda; Crescente, Angela; Daly, Karen; Griffin, Sharon; Kinder, Debra; Kuntz, John; Leenerts, Patricia; Riggs, Eric; Rose, Bruce; Wacker, Diana  
**Subject:** FW: Journal Entries for December 2011 Revaluation.xlsx

Here are the journal entries that resulted from this month's ARO transactions.

---

**From:** Crescente, Angela  
**Sent:** Friday, January 06, 2012 2:47 PM  
**To:** Wiseman, Sara  
**Subject:** Journal Entries for December 2011 Revaluation.xlsx



Journal Entries for  
December 2...



(In Thousands)

Revaluation of Canal and Paddy's

LGE

Account	Debit	Credit
182	592	
230		592

(In Thousands)

Settlements

LGE

Account	Debit	Credit
101		46
108	4	
182		6
230	48	

KU

Account	Debit	Credit
101		313
108	40	
182		53
230	326	

LKE

Account	Debit	Credit
101		359
108	44	
182		59
230	374	

New AROs

LGE

Account	Debit	Credit
101	1,666	
230		1,666

KU

Account	Debit	Credit
101	1,495	
230		1,495

LKE

Account	Debit	Credit
101	3,161	
230		3,161

Total

LGE

Account	Debit	Credit
101	1,620	
108	4	
182		6
230		1,618

KU

Account	Debit	Credit
101	1,182	
108	40	
182		53
230		1,169

LKE

Account	Debit	Credit
101	2,802	
108	44	
182		59
230		2,787

**Crescente, Angela**

---

**From:** Wiseman, Sara  
**Sent:** Saturday, January 07, 2012 8:19 AM  
**To:** Amlung, Kim; Clark, Ed; Clark, Lynda; Crescente, Angela; Daly, Karen; Griffin, Sharon; Kinder, Debra; Kuntz, John; Leenerts, Patricia; Riggs, Eric; Rose, Bruce; Wacker, Diana  
**Subject:** FW: Journal Entries for December 2011 Revaluation.xlsx

**Follow Up Flag:** Follow up  
**Flag Status:** Completed

Here are the journal entries that resulted from this month's ARO transactions.

---

**From:** Crescente, Angela  
**Sent:** Friday, January 06, 2012 2:47 PM  
**To:** Wiseman, Sara  
**Subject:** Journal Entries for December 2011 Revaluation.xlsx



Journal Entries for  
December 2...

(In Thousands)

Revaluation of Canal and Paddy's

LGE

Account	Debit	Credit
182	592	
230		592

(In Thousands)

Settlements

LGE

Account	Debit	Credit
101		46
108	4	
182		6
230	48	

KU

Account	Debit	Credit
101		313
108	40	
182		53
230	326	

LKE

Account	Debit	Credit
101		359
108	44	
182		59
230	374	

New AROs

LGE

Account	Debit	Credit
101	1,666	
230		1,666

KU

Account	Debit	Credit
101	1,495	
230		1,495

LKE

Account	Debit	Credit
101	3,161	
230		3,161

Total

LGE

Account	Debit	Credit
101	1,620	
108	4	
182		6
230		1,618

KU

Account	Debit	Credit
101	1,182	
108	40	
182		53
230		1,169

LKE

Account	Debit	Credit
101	2,802	
108	44	
182		59
230		2,787

**Crescente, Angela**

---

**From:** Charnas, Shannon  
**Sent:** Friday, January 06, 2012 2:04 PM  
**To:** Wiseman, Sara  
**Cc:** Crescente, Angela  
**Subject:** RE: Asset Retirement Obligation Review -1-6-12.docx

**Follow Up Flag:** Follow up  
**Flag Status:** Completed

These are great, and Valerie is OK with them as well. I will send along to the distribution list. If any further updates come up we can resend.

**Shannon Charnas**  
*Director, Accounting & Regulatory Reporting*  
*LG&E and KU*  
*(502) 627-4978*

---

**From:** Wiseman, Sara  
**Sent:** Friday, January 06, 2012 1:19 PM  
**To:** Charnas, Shannon  
**Cc:** Crescente, Angela  
**Subject:** Asset Retirement Obligation Review -1-6-12.docx

<< File: Asset Retirement Obligation Review -1-6-12.docx >>

Shannon: We have tried to address Valerie's questions. Please let me know if you think I need to do something more.

Sara

**Crescente, Angela**

---

**From:** Crescente, Angela  
**Sent:** Friday, January 06, 2012 10:27 AM  
**To:** Daly, Karen; Amlung, Kim  
**Subject:** RE: 108799 For December 2011

**Follow Up Flag:** Follow up  
**Flag Status:** Completed

<b>Tracking:</b>	<b>Recipient</b>	<b>Read</b>
	Daly, Karen	Read: 1/6/2012 10:27 AM
	Amlung, Kim	

There was no 108799 settlement activity for December 2011.

---

**From:** Crescente, Angela  
**Sent:** Friday, January 06, 2012 10:26 AM  
**To:** Amlung, Kim; Clark, Lynda; Daly, Karen; Leenerts, Patricia; Riggs, Eric; Smith, Richard; Wacker, Diana  
**Subject:** 108799 For December 2011

All:

The activity for 108799 for December 2011 is as follows:

KU – Generation Steam – (\$123,586.81)  
LGE – Generation Steam – \$457,427.04  
LGE – Generation Hydro – (\$4,648.40)

Thanks,  
Angela

**Crescente, Angela**

---

**From:** Crescente, Angela  
**Sent:** Friday, January 06, 2012 10:26 AM  
**To:** Amlung, Kim; Clark, Lynda; Daly, Karen; Leenerts, Patricia; Riggs, Eric; Smith, Richard; Wacker, Diana  
**Subject:** 108799 For December 2011

**Follow Up Flag:** Follow up  
**Flag Status:** Completed

All:

The activity for 108799 for December 2011 is as follows:

KU – Generation Steam – (\$123,586.81)  
LGE – Generation Steam – \$457,427.04  
LGE – Generation Hydro – (\$4,648.40)

Thanks,  
Angela



**Crescente, Angela**

---

**From:** Daly, Karen  
**Sent:** Thursday, January 05, 2012 8:16 AM  
**To:** Crescente, Angela  
**Subject:** FW: Journal Entries for September 2011 Revaluation.xlsx

**Follow Up Flag:** Follow up  
**Flag Status:** Completed

Angela – I need these numbers to the penny – sorry. Karen

---

**From:** Wiseman, Sara  
**Sent:** Monday, October 03, 2011 6:42 PM  
**To:** Clark, Ed; Clark, Lynda; Crescente, Angela; Daly, Karen; Griffin, Sharon; Kinder, Debra; Kuntz, John; Leenerts, Patricia; Riggs, Eric; Rose, Bruce; Wacker, Diana  
**Subject:** Journal Entries for September 2011 Revaluation.xlsx



Journal Entries for  
September ...

Please see the attached spreadsheet for the ARO entries which will be posted on day 4 as part of the PowerPlant close. Please note there are 2 tabs.

(In Thousands)

TC Settlement - LGE

Account	Debit	Credit
101		7,255
108	230	
182		564
230	7,589	

TC New - LGE

Account	Debit	Credit
101	3,969	
108		114
182	267	
230		4,122

TC New - KU

Account	Debit	Credit
101	3,664	
108		105
182	247	
230		3,806

TC - LKE

Account	Debit	Credit
101	378	
108	11	
182		50
230		339

(In Thousands)

Gas Transmission Mains

Account	Debit	Credit
101	3,942	
108		9
182	9	
230		3,942

Cane Run Landfill

Account	Debit	Credit
101	876	
230		876

Mill Creek Landfill

Account	Debit	Credit
101	1,797	
230		1,797

**Crescente, Angela**

---

**From:** Erskine, Greg  
**Sent:** Wednesday, January 18, 2012 11:19 AM  
**To:** Wiseman, Sara; Crescente, Angela  
**Subject:** FW: ARO Footnote - 2011 10-K

Angela and Sara:

I've attached a copy of the current version of the ARO footnote from the 10-K. This version reflects the change to the ARO rollforward that Angela gave me earlier this morning. Can one of you take a look at it and e-mail me back and let me know if all the information for LKE, LG&E and KU looks OK, please?

Thanks,

Greg



Doc1.docx

---

**From:** Erskine, Greg  
**Sent:** Wednesday, January 18, 2012 9:52 AM  
**To:** Wiseman, Sara; Crescente, Angela  
**Subject:** ARO Footnote - 2011 10-K

Angela and Sara:

I've attached a copy of the current version of the ARO footnote from the 10-K. Can one of you take a look at it and e-mail me back and let me know if all the information for LKE, LG&E and KU looks OK, please?

Thanks,

Greg

## 21. Asset Retirement Obligations

(PPL)

WPD has recorded conditional AROs required by U.K. law related to treated wood poles, gas-filled switchgear and fluid-filled cables.

(PPL and PPL Energy Supply)

PPL Energy Supply has recorded liabilities in the financial statements to reflect various legal obligations associated with the retirement of long-lived assets, the most significant of which relates to the decommissioning of the Susquehanna plant. The accrued nuclear decommissioning obligation was \$##D<SusqAROAROfnCY> million and \$##D<SusqAROAROfnPY> million at December 31, 2011 and 2010, and is included in "Asset retirement obligations" on the Balance Sheets. The fair value of investments that are legally restricted for the decommissioning of the Susquehanna nuclear plant was \$##D<NDTCYBSCorp> million and \$##D<NDTPYBSCorp> million at December 31, 2011 and 2010, and is included in "Nuclear plant decommissioning trust funds" on the Balance Sheets. See Notes ##FVMCC and ##AFS for additional information on the nuclear decommissioning trust funds. Other AROs recorded relate to various environmental requirements for coal piles, ash basins and other waste basin retirements.

PPL Energy Supply has recorded several conditional AROs, the most significant of which related to the removal and disposal of asbestos-containing material. In addition to the AROs that were recorded for asbestos-containing material, PPL Energy Supply identified other asbestos-related obligations, but were unable to reasonably estimate their fair values. PPL Energy Supply management was unable to reasonably estimate a settlement date or range of settlement dates for the remediation of all of the asbestos-containing material at certain of the generation plants. If economic events or other circumstances change that enable PPL Energy Supply to reasonably estimate the fair value of these retirement obligations, they will be recorded at that time.

PPL Energy Supply also identified legal retirement obligations associated with the retirement of a reservoir that could not be reasonably estimated due to an indeterminable settlement date.

(PPL and PPL Electric)

PPL Electric has identified legal retirement obligations for the retirement of certain transmission assets that could not be reasonably estimated due to indeterminable settlement dates. These assets are located on rights-of-way that allow the grantor to require PPL Electric to relocate or remove the assets. Since this option is at the discretion of the grantor of the right-of-way, PPL Electric is unable to determine when these events may occur.

(PPL, LKE, LG&E and KU)

LG&E's and KU's AROs are primarily related to the final retirement of assets associated with generating units. LG&E also has AROs related to natural gas mains and wells. LG&E's and KU's transmission and distribution lines largely operate under perpetual property easement agreements which do not generally require restoration upon removal of the property. Therefore, no material AROs are recorded for transmission and distribution assets. As described in Notes ##SSAP and ##RegMat, the accretion recorded by LG&E and KU is offset with a regulatory asset, such that there is no income statement impact.

The changes in the carrying amounts of AROs were:

	PPL		PPL Energy Supply	
	2011	2010	2011	2010
ARO at beginning of period	\$ 448	\$ 426	\$ 345	\$ 426
Accretion expense	25	32	20	31
Obligations assumed in acquisition of LKE		103		
Obligations assumed in acquisition of WPD Midlands (a)	15			
Derecognition (b)			(5)	
Obligations incurred	11	4	11	4
Changes in estimated cash flow or settlement date	3	(100)	(4)	(100)
Obligations settled	(13)	(17)	(13)	(16)
ARO at end of period	<u>\$ 489</u>	<u>\$ 448</u>	<u>\$ 354</u>	<u>\$ 345</u>
		<u>LKE</u>	<u>LG&amp;E</u>	<u>KU</u>

## Charnas

ARO at December 31, 2009, Predecessor	\$ 65	\$ 31	\$ 34
Accretion expense	4	2	2
Changes in estimated cash flow or settlement date	54	30	24
Removal cost incurred	(1)	(1)	
ARO at October 31, 2010, Predecessor	122	62	60
Purchase accounting	(19)	(13)	(6)
ARO at December 31, 2010, Successor	103	49	54
Accretion expense	6	3	3
New obligations incurred	3	2	1
Changes in estimated cash flow or settlement date	7	4	3
Obligations settled	(1)	(1)	
ARO at December 31, 2011, Successor	<u>\$ 118</u>	<u>\$ 57</u>	<u>\$ 61</u>

- (a) Obligations required under U.K. law related to treated wood poles, gas-filled switchgear and fluid-filled cables. See Note ##AcqEON for additional information on the acquisition.
- (b) Represents AROs derecognized as a result of PPL Energy Supply's distribution of its membership interest in PPL Global to PPL Energy Supply's parent, PPL Energy Funding. See Note ##DOps for additional information on the distribution.

The classification of AROs on the Balance Sheet was as follows.

	December 31, 2011				
	PPL	PPL Energy Supply	LKE	LG&E	KU
Current portion (a)	\$ 10	\$ 9	\$ 2	\$ 2	
Long-term portion (b)	479	345	116	55	61
Total	<u>\$ 489</u>	<u>\$ 354</u>	<u>\$ 118</u>	<u>\$ 57</u>	<u>\$ 61</u>

	December 31, 2010				
	PPL	PPL Energy Supply	LKE	LG&E	KU
Current portion (a)	\$ 13	\$ 13			
Long-term portion (b)	435	332	103	49	54
Total	<u>\$ 448</u>	<u>\$ 345</u>	<u>\$ 103</u>	<u>\$ 49</u>	<u>\$ 54</u>

- (a) Included in "Other current liabilities."
- (b) Included in "Asset retirement obligations."

**Crescente, Angela**

---

**From:** Crescente, Angela  
**Sent:** Wednesday, January 18, 2012 10:31 AM  
**To:** Erskine, Greg  
**Cc:** Wiseman, Sara  
**Subject:** RE: ARO Footnote - 2011 10-K

Greg,

Please use this one instead. I accidentally had one of my signs flipped. Please update Clarity with this new information and let Joel know when it is completed.



ARO Footnote 4th  
Quarter.xlsx

Thanks,  
Angela

---

**From:** Erskine, Greg  
**Sent:** Wednesday, January 18, 2012 9:52 AM  
**To:** Wiseman, Sara; Crescente, Angela  
**Subject:** ARO Footnote - 2011 10-K

Angela and Sara:

I've attached a copy of the current version of the ARO footnote from the 10-K. Can one of you take a look at it and e-mail me back and let me know if all the information for LKE, LG&E and KU looks OK, please?

Thanks,

Greg

<< File: Doc1.docx >>

LKE CONSOLIDATED  
Asset Retirement Obligations  
12ME 12/31/11  
12/31/11 Reporting

08/02/12  
4:05 PM

	LKE	LG&E	KU
12/31/10 balance	103	49	54
Accretion expense	6	3	3
Obligations assumed in acquisition of LKE	???	???	???
Obligations assumed in acquisition of CN	???	???	???
ARO derecognized	???	???	???
New obligations incurred	3	2	1
Changes in estimated cash flow or settlement date	7	4	3
Effect of foreign currency exchange rates	???	???	???
Obligations settled	(1)	(1)	???
12/31/11 balance	<u>118</u>	<u>57</u>	<u>61</u>
Balance-sheet classification at 12/31/11:			
Current	2	2	???
Noncurrent	<u>116</u>	<u>55</u>	<u>61</u>
Totals	<u>118</u>	<u>57</u>	<u>61</u>
Balance-sheet classification at 12/31/10:			
Current			
Noncurrent	<u>103</u>	<u>49</u>	<u>54</u>
Totals	<u>103</u>	<u>49</u>	<u>54</u>



**Crescente, Angela**

---

**From:** Erskine, Greg  
**Sent:** Wednesday, January 18, 2012 9:52 AM  
**To:** Wiseman, Sara; Crescente, Angela  
**Subject:** ARO Footnote - 2011 10-K

Angela and Sara:

I've attached a copy of the current version of the ARO footnote from the 10-K. Can one of you take a look at it and e-mail me back and let me know if all the information for LKE, LG&E and KU looks OK, please?

Thanks,

Greg



Doc1.docx

## 21. Asset Retirement Obligations

(PPL)

WPD has recorded conditional AROs required by U.K. law related to treated wood poles, gas-filled switchgear and fluid-filled cables.

(PPL and PPL Energy Supply)

PPL Energy Supply has recorded liabilities in the financial statements to reflect various legal obligations associated with the retirement of long-lived assets, the most significant of which relates to the decommissioning of the Susquehanna plant. The accrued nuclear decommissioning obligation was \$##D<SusqAROAROfnCY> million and \$##D<SusqAROAROfnPY> million at December 31, 2011 and 2010, and is included in "Asset retirement obligations" on the Balance Sheets. The fair value of investments that are legally restricted for the decommissioning of the Susquehanna nuclear plant was \$##D<NDTCYBSCorp> million and \$##D<NDTPYBSCorp> million at December 31, 2011 and 2010, and is included in "Nuclear plant decommissioning trust funds" on the Balance Sheets. See Notes ##FVMCC and ##AFS for additional information on the nuclear decommissioning trust funds. Other AROs recorded relate to various environmental requirements for coal piles, ash basins and other waste basin retirements.

PPL Energy Supply has recorded several conditional AROs, the most significant of which related to the removal and disposal of asbestos-containing material. In addition to the AROs that were recorded for asbestos-containing material, PPL Energy Supply identified other asbestos-related obligations, but were unable to reasonably estimate their fair values. PPL Energy Supply management was unable to reasonably estimate a settlement date or range of settlement dates for the remediation of all of the asbestos-containing material at certain of the generation plants. If economic events or other circumstances change that enable PPL Energy Supply to reasonably estimate the fair value of these retirement obligations, they will be recorded at that time.

PPL Energy Supply also identified legal retirement obligations associated with the retirement of a reservoir that could not be reasonably estimated due to an indeterminable settlement date.

(PPL and PPL Electric)

PPL Electric has identified legal retirement obligations for the retirement of certain transmission assets that could not be reasonably estimated due to indeterminable settlement dates. These assets are located on rights-of-way that allow the grantor to require PPL Electric to relocate or remove the assets. Since this option is at the discretion of the grantor of the right-of-way, PPL Electric is unable to determine when these events may occur.

(PPL, LKE, LG&E and KU)

LG&E's and KU's AROs are primarily related to the final retirement of assets associated with generating units. LG&E also has AROs related to natural gas mains and wells. LG&E's and KU's transmission and distribution lines largely operate under perpetual property easement agreements which do not generally require restoration upon removal of the property. Therefore, no material AROs are recorded for transmission and distribution assets. As described in Notes ##SSAP and ##RegMat, the accretion recorded by LG&E and KU is offset with a regulatory asset, such that there is no income statement impact.

The changes in the carrying amounts of AROs were:

	PPL		PPL Energy Supply	
	2011	2010	2011	2010
ARO at beginning of period	\$ 448	\$ 426	\$ 345	\$ 426
Accretion expense	25	32	20	31
Obligations assumed in acquisition of LKE		103		
Obligations assumed in acquisition of WPD Midlands (a)	15			
Derecognition (b)			(5)	
Obligations incurred	11	4	11	4
Changes in estimated cash flow or settlement date	3	(100)	(4)	(100)
Obligations settled	(13)	(17)	(13)	(16)
ARO at end of period	<u>\$ 489</u>	<u>\$ 448</u>	<u>\$ 354</u>	<u>\$ 345</u>
		<u>LKE</u>	<u>LG&amp;E</u>	<u>KU</u>

## Charnas

ARO at December 31, 2009, Predecessor	\$ 65	\$ 31	\$ 34
Accretion expense	4	2	2
Changes in estimated cash flow or settlement date	54	30	24
Removal cost incurred	(1)	(1)	
ARO at October 31, 2010, Predecessor	122	62	60
Purchase accounting	(19)	(13)	(6)
ARO at December 31, 2010, Successor	103	49	54
Accretion expense	5	2	3
New obligations incurred	3	2	1
Changes in estimated cash flow or settlement date	6	3	3
Obligations settled	1	1	
ARO at December 31, 2011, Successor	<u>\$ 118</u>	<u>\$ 57</u>	<u>\$ 61</u>

- (a) Obligations required under U.K. law related to treated wood poles, gas-filled switchgear and fluid-filled cables. See Note ##AcqEON for additional information on the acquisition.
- (b) Represents AROs derecognized as a result of PPL Energy Supply's distribution of its membership interest in PPL Global to PPL Energy Supply's parent, PPL Energy Funding. See Note ##DOps for additional information on the distribution.

The classification of AROs on the Balance Sheet was as follows.

	December 31, 2011				
	PPL	PPL Energy Supply	LKE	LG&E	KU
Current portion (a)	\$ 10	\$ 9	\$ 2	\$ 2	
Long-term portion (b)	479	345	116	55	\$ 61
Total	<u>\$ 489</u>	<u>\$ 354</u>	<u>\$ 118</u>	<u>\$ 57</u>	<u>\$ 61</u>

	December 31, 2010				
	PPL	PPL Energy Supply	LKE	LG&E	KU
Current portion (a)	\$ 13	\$ 13			
Long-term portion (b)	435	332	\$ 103	\$ 49	\$ 54
Total	<u>\$ 448</u>	<u>\$ 345</u>	<u>\$ 103</u>	<u>\$ 49</u>	<u>\$ 54</u>

- (a) Included in "Other current liabilities."
- (b) Included in "Asset retirement obligations."

**Crescente, Angela**

---

**From:** Erskine, Greg  
**Sent:** Wednesday, January 18, 2012 8:30 AM  
**To:** Crescente, Angela  
**Subject:** RE: ARO Footnote - 12/31/11

**Follow Up Flag:** Follow up  
**Flag Status:** Flagged

Thanks, Angela.

Greg

---

**From:** Crescente, Angela  
**Sent:** Tuesday, January 17, 2012 4:46 PM  
**To:** Erskine, Greg  
**Cc:** Wiseman, Sara  
**Subject:** FW: ARO Footnote - 12/31/11

Greg,

Please see the attached footnote:

<< File: ARO Footnote 4th Quarter.xlsx >>

Please note, I am in balance for the non-current ARO Liability that we discussed after this email was sent. The new numbers are:

LKE	116
LG&E	55
KU	61

Thanks,  
Angela

---

**From:** Erskine, Greg  
**Sent:** Monday, January 09, 2012 11:18 AM  
**To:** Crescente, Angela  
**Subject:** FW: ARO Footnote - 12/31/11

Angela:

I mentioned below that the 12/31/11 noncurrent ARO liability balances (in millions) that you put into the attached file need to agree with the 12/31/11 noncurrent ARO liability balances that will appear in the 12/31/11 balance sheets for LKE, LG&E and KU (in millions). I also mentioned that I didn't yet know the noncurrent ARO liability balances that will appear in the 12/31/11 balance sheets, but I would know them on or near Tuesday, January 10, and that I would e-mail the balances to you when I knew them. Well, I know them now, and here they are:

LKE	115
LG&E	54
KU	61

Please make sure that the 12/31/11 noncurrent balances that you put into the attached file equal the above balances.

If you have any questions, let me know.

Thanks,

Greg

---

**From:** Erskine, Greg  
**Sent:** Wednesday, December 14, 2011 3:33 PM  
**To:** Crescente, Angela  
**Subject:** ARO Footnote - 12/31/11

Angela:

I need to get information from you to complete the LKE, LG&E and KU sections of the ARO footnote that will appear in the 12/31/11 PPL Form 10-K. I've attached a file that shows the information I need. Can you replace the question marks in the file with amounts and return the file to me by Wednesday, January 11, please?

The file calls for a rollforward of the ARO liabilities for LKE, LG&E and KU for the twelve months ended 12/31/11 (in millions). It also calls for a split of the 12/31/11 ARO liability balances between current and noncurrent for LKE, LG&E and KU (also in millions).

The 12/31/11 noncurrent ARO liability balances (in millions) that you put into the attached file need to agree with the 12/31/11 noncurrent ARO liability balances that will appear in the 12/31/11 balance sheets for LKE, LG&E and KU (in millions). I don't yet know the noncurrent ARO liability balances that will appear in the 12/31/11 balance sheets, but I should know them on or near Tuesday, January 10. I will e-mail the balances to you when I know them. Please make sure that the 12/31/11 noncurrent balances that you put into the attached file equal the balances that I e-mail to you.

Please do not change the beginning balances in the attached file. Also, please do not change any of the formulas I've put into the file. If you feel that you need to change the beginning balances or a formula, please contact me before you do anything.

Please do not change the descriptions that appear in column A in the file and please do not add any new rows. PPL came up with the descriptions, and we can't change them.

Some of the formulas in the attached file return #VALUE!. After you replace the question marks with the correct 9/30/11 amounts, the #VALUE!s should go away.

I included the split between current and noncurrent we reported at 12/31/10 in the attached file for your reference.

Thanks,

Greg

<< File: Book7.xlsx >>

**Crescente, Angela**

---

**From:** Crescente, Angela  
**Sent:** Tuesday, January 17, 2012 4:46 PM  
**To:** Erskine, Greg  
**Cc:** Wiseman, Sara  
**Subject:** FW: ARO Footnote - 12/31/11

Greg,

Please see the attached footnote:



ARO Footnote 4th  
Quarter.xlsx

Please note, I am in balance for the non-current ARO Liability that we discussed after this email was sent. The new numbers are:

LKE	116
LG&E	55
KU	61

Thanks,  
Angela

---

**From:** Erskine, Greg  
**Sent:** Monday, January 09, 2012 11:18 AM  
**To:** Crescente, Angela  
**Subject:** FW: ARO Footnote - 12/31/11

Angela:

I mentioned below that the 12/31/11 noncurrent ARO liability balances (in millions) that you put into the attached file need to agree with the 12/31/11 noncurrent ARO liability balances that will appear in the 12/31/11 balance sheets for LKE, LG&E and KU (in millions). I also mentioned that I didn't yet know the noncurrent ARO liability balances that will appear in the 12/31/11 balance sheets, but I would know them on or near Tuesday, January 10, and that I would e-mail the balances to you when I knew them. Well, I know them now, and here they are:

LKE	115
LG&E	54
KU	61

Please make sure that the 12/31/11 noncurrent balances that you put into the attached file equal the above balances.

If you have any questions, let me know.

Thanks,

Greg

---

**From:** Erskine, Greg  
**Sent:** Wednesday, December 14, 2011 3:33 PM  
**To:** Crescente, Angela  
**Subject:** ARO Footnote - 12/31/11

Angela:

I need to get information from you to complete the LKE, LG&E and KU sections of the ARO footnote that will appear in the 12/31/11 PPL Form 10-K. I've attached a file that shows the information I need. Can you replace the question marks in the file with amounts and return the file to me by Wednesday, January 11, please?

The file calls for a rollforward of the ARO liabilities for LKE, LG&E and KU for the twelve months ended 12/31/11 (in millions). It also calls for a split of the 12/31/11 ARO liability balances between current and noncurrent for LKE, LG&E and KU (also in millions).

The 12/31/11 noncurrent ARO liability balances (in millions) that you put into the attached file need to agree with the 12/31/11 noncurrent ARO liability balances that will appear in the 12/31/11 balance sheets for LKE, LG&E and KU (in millions). I don't yet know the noncurrent ARO liability balances that will appear in the 12/31/11 balance sheets, but I should know them on or near Tuesday, January 10. I will e-mail the balances to you when I know them. Please make sure that the 12/31/11 noncurrent balances that you put into the attached file equal the balances that I e-mail to you.

Please do not change the beginning balances in the attached file. Also, please do not change any of the formulas I've put into the file. If you feel that you need to change the beginning balances or a formula, please contact me before you do anything.

Please do not change the descriptions that appear in column A in the file and please do not add any new rows. PPL came up with the descriptions, and we can't change them.

Some of the formulas in the attached file return #VALUE!. After you replace the question marks with the correct 9/30/11 amounts, the #VALUE!s should go away.

I included the split between current and noncurrent we reported at 12/31/10 in the attached file for your reference.

Thanks,

Greg



Book7.xlsx

LKE CONSOLIDATED  
Asset Retirement Obligations  
12ME 12/31/11  
12/31/11 Reporting

08/02/12  
4:06 PM

	LKE	LG&E	KU
12/31/10 balance	103	49	54
Accretion expense	5	2	3
Obligations assumed in acquisition of LKE	???	???	???
Obligations assumed in acquisition of CN	???	???	???
ARO derecognized	???	???	???
New obligations incurred	3	2	1
Changes in estimated cash flow or settlement date	6	3	3
Effect of foreign currency exchange rates	???	???	???
Obligations settled	1	1	???
12/31/11 balance	<u>118</u>	<u>57</u>	<u>61</u>
Balance-sheet classification at 12/31/11:			
Current	2	2	???
Noncurrent	<u>116</u>	<u>55</u>	<u>61</u>
Totals	<u>118</u>	<u>57</u>	<u>61</u>
Balance-sheet classification at 12/31/10:			
Current			
Noncurrent	<u>103</u>	<u>49</u>	<u>54</u>
Totals	<u>103</u>	<u>49</u>	<u>54</u>



**Crescente, Angela**

---

**From:** Simpson, Sheri  
**Sent:** Monday, January 16, 2012 10:37 AM  
**To:** Crescente, Angela  
**Cc:** Wiseman, Sara  
**Subject:** FW: Critical Accounting Policies - Asset Retirement Obligation

Hi Angela,

I wanted to send a reminder that financial and non-financial updates to the Critical Accounting Policies – Asset Retirement Obligations are due to Financial Reporting on this Wednesday, January 18, 2012 by noon. Please let me know if you believe there will be an issue with meeting this suspense date. Additionally, if you have any questions, please feel free to let me know. Thanks so much for your help.

Kind Regards,  
**Sheri Simpson**  
502-627-3606

---

**From:** Simpson, Sheri  
**Sent:** Tuesday, January 03, 2012 5:04 PM  
**To:** Crescente, Angela  
**Cc:** Wiseman, Sara  
**Subject:** Critical Accounting Policies - Asset Retirement Obligation

Hello Angela,

I am responsible for the Critical Accounting Policies (CrAP) section of the 10-K and on the Responsibilities Matrix, your name is assigned to the Asset Retirement Obligation accounting policy. I have attached the language from the most recent version (preliminary draft) of the 10-k for each company. You should find that the required information is similar to what was included in our S-4 (Registration Statement), however the format may have been changed to be consistent with PPL's formatting.

Please review the disclosure and let me know if any of the information (both financial and non-financial) needs to be updated/changed.

If you have any questions, comments, or concerns, feel free to let me know. Please note, I will need this information no later than noon on Wednesday, January 18, 2012. If you believe this date is not conducive for your schedule, please bring it to my attention as soon as possible. I thank you in advance for your help.



Asset Retirement  
Obligation.do...

**Sheri N. Simpson**  
Accounting Analyst III  
Financial Reporting  
LG&E and KU Energy, LLC  
220 W. Main Street, 9th Floor  
Louisville, KY 40202  
P: (502) 627-3606

## LKE

### 5) Asset Retirement Obligations

LKE is required to recognize a liability for legal obligations associated with the retirement of long-lived assets. The initial obligation is measured at its estimated fair value. A conditional ARO must be recognized when incurred if the fair value of the ARO can be reasonably estimated. An equivalent amount is recorded as an increase in the value of the capitalized asset and allocated to expense over the useful life of the asset. Until the obligation is settled, the liability is increased, through the recognition of accretion expense in the Consolidated Statements of Income, for changes in the obligation due to the passage of time. LKE's estimated costs of removal for all assets are recovered in rates as a component of depreciation. Since the costs of removal are collected in rates prior to payment of such costs, the accrual for these costs of removal is classified as a regulatory liability. The regulatory liability is relieved as costs are incurred. The depreciation and accretion expense related to an ARO is recorded as a regulatory asset. See Note 21 to the Financial Statements for ARO disclosures.

In determining AROs, management must make significant judgments and estimates to calculate fair value. Fair value is developed using an expected present value technique based on assumptions of market participants that considers estimated retirement costs in current period dollars that are inflated to the anticipated retirement date and then discounted back to the date the ARO was incurred. Changes in assumptions and estimates included within the calculations of the fair value of AROs could result in significantly different results than those identified and recorded in the financial statements. Estimated ARO costs and settlement dates, which affect the carrying value of various AROs and the related assets, are reviewed periodically to ensure that any material changes are incorporated into the estimate of the obligations. Any change to the capitalized asset is amortized over the remaining life of the associated long-lived asset.

At December 31, 2011, LKE had AROs totaling \$7,777 million recorded on the Balance Sheet. Of the total amount, \$7,777 million, or 7777%, relates to LKE's ash ponds and landfills. The most significant assumptions surrounding AROs are the forecasted retirement costs, the discount rates and the inflation rates. A variance in the forecasted retirement costs, the discount rates or the inflation rates could have a significant impact on the ARO liabilities.

The following chart reflects the sensitivities related to LKE's ARO liabilities for ash ponds and landfills as of December 31, 2011:

	<u>Change in Assumption</u>	<u>Impact on ARO Liability</u>
Retirement Cost	7777%	7,777
Discount Rate	7777%	7,777
Inflation Rate	7777%	7,777

## LG&E

### 5) Asset Retirement Obligations

LG&E is required to recognize a liability for legal obligations associated with the retirement of long-lived assets. The initial obligation is measured at its estimated fair value. A conditional ARO must be recognized when incurred if the fair value of the ARO can be reasonably estimated. An equivalent amount is recorded as an increase in the value of the capitalized asset and allocated to expense over the useful life of the asset. Until the obligation is settled, the liability is increased, through the recognition of accretion expense in the Consolidated Statements of Income, for changes in the obligation due to the passage of time. LG&E's estimated costs of removal for all assets are recovered in rates as a component of depreciation. Since the costs of removal are collected in rates prior to payment of such costs, the accrual for these costs of removal is classified as a regulatory liability. The regulatory liability is relieved as costs are incurred. The depreciation and accretion expense related to an ARO is recorded as a regulatory asset. See Note 21 to the Financial Statements for ARO disclosures.

In determining AROs, management must make significant judgments and estimates to calculate fair value. Fair value is developed using an expected present value technique based on assumptions of market participants that

considers estimated retirement costs in current period dollars that are inflated to the anticipated retirement date and then discounted back to the date the ARO was incurred. Changes in assumptions and estimates included within the calculations of the fair value of AROs could result in significantly different results than those identified and recorded in the financial statements. Estimated ARO costs and settlement dates, which affect the carrying value of various AROs and the related assets, are reviewed periodically to ensure that any material changes are incorporated into the estimate of the obligations. Any change to the capitalized asset is amortized over the remaining life of the associated long-lived asset.

At December 31, 2011, LG&E had AROs totaling \$7,777 million recorded on the Balance Sheet. Of the total amount, \$7,777 million, or 7777%, relates to LG&E's ash ponds and landfills. The most significant assumptions surrounding AROs are the forecasted retirement costs, the discount rates and the inflation rates. A variance in the forecasted retirement costs, the discount rates or the inflation rates could have a significant impact on the ARO liabilities.

The following chart reflects the sensitivities related to LG&E's ARO liabilities for ash ponds and landfills as of December 31, 2011:

	<u>Change in Assumption</u>	<u>Impact on ARO Liability</u>
Retirement Cost	7777%	7,777
Discount Rate	7777%	7,777
Inflation Rate	7777%	7,777

## KU

### 5) Asset Retirement Obligations

KU is required to recognize a liability for legal obligations associated with the retirement of long-lived assets. The initial obligation is measured at its estimated fair value. A conditional ARO must be recognized when incurred if the fair value of the ARO can be reasonably estimated. An equivalent amount is recorded as an increase in the value of the capitalized asset and allocated to expense over the useful life of the asset. Until the obligation is settled, the liability is increased, through the recognition of accretion expense in the Consolidated Statements of Income, for changes in the obligation due to the passage of time. KU's estimated costs of removal for all assets are recovered in rates as a component of depreciation. Since the costs of removal are collected in rates prior to payment of such costs, the accrual for these costs of removal is classified as a regulatory liability. The regulatory liability is relieved as costs are incurred. The depreciation and accretion expense related to an ARO is recorded as a regulatory asset. See Note 21 to the Financial Statements for ARO disclosures.

In determining AROs, management must make significant judgments and estimates to calculate fair value. Fair value is developed using an expected present value technique based on assumptions of market participants that considers estimated retirement costs in current period dollars that are inflated to the anticipated retirement date and then discounted back to the date the ARO was incurred. Changes in assumptions and estimates included within the calculations of the fair value of AROs could result in significantly different results than those identified and recorded in the financial statements. Estimated ARO costs and settlement dates, which affect the carrying value of various AROs and the related assets, are reviewed periodically to ensure that any material changes are incorporated into the estimate of the obligations. Any change to the capitalized asset is amortized over the remaining life of the associated long-lived asset.

At December 31, 2011, KU had AROs totaling \$7,777 million recorded on the Balance Sheet. Of the total amount, \$7,777 million, or 7777%, relates to KU's ash ponds and landfills. The most significant assumptions surrounding AROs are the forecasted retirement costs, the discount rates and the inflation rates. A variance in the forecasted retirement costs, the discount rates or the inflation rates could have a significant impact on the ARO liabilities.

The following chart reflects the sensitivities related to KU's ARO liabilities for ash ponds and landfills as of December 31, 2011:

	<u>Change in Assumption</u>	<u>Impact on ARO Liability</u>
Retirement Cost	7777%	7,777
Discount Rate	7777%	7,777
Inflation Rate	7777%	7,777

**Crescente, Angela**

---

**From:** Erskine, Greg  
**Sent:** Monday, January 09, 2012 11:18 AM  
**To:** Crescente, Angela  
**Subject:** FW: ARO Footnote - 12/31/11

Angela:

I mentioned below that the 12/31/11 noncurrent ARO liability balances (in millions) that you put into the attached file need to agree with the 12/31/11 noncurrent ARO liability balances that will appear in the 12/31/11 balance sheets for LKE, LG&E and KU (in millions). I also mentioned that I didn't yet know the noncurrent ARO liability balances that will appear in the 12/31/11 balance sheets, but I would know them on or near Tuesday, January 10, and that I would e-mail the balances to you when I knew them. Well, I know them now, and here they are:

LKE	115
LG&E	54
KU	61

Please make sure that the 12/31/11 noncurrent balances that you put into the attached file equal the above balances.

If you have any questions, let me know.

Thanks,

Greg

---

**From:** Erskine, Greg  
**Sent:** Wednesday, December 14, 2011 3:33 PM  
**To:** Crescente, Angela  
**Subject:** ARO Footnote - 12/31/11

Angela:

I need to get information from you to complete the LKE, LG&E and KU sections of the ARO footnote that will appear in the 12/31/11 PPL Form 10-K. I've attached a file that shows the information I need. Can you replace the question marks in the file with amounts and return the file to me by Wednesday, January 11, please?

The file calls for a rollforward of the ARO liabilities for LKE, LG&E and KU for the twelve months ended 12/31/11 (in millions). It also calls for a split of the 12/31/11 ARO liability balances between current and noncurrent for LKE, LG&E and KU (also in millions).

The 12/31/11 noncurrent ARO liability balances (in millions) that you put into the attached file need to agree with the 12/31/11 noncurrent ARO liability balances that will appear in the 12/31/11 balance sheets for LKE, LG&E and KU (in millions). I don't yet know the noncurrent ARO liability balances that will appear in the 12/31/11 balance sheets, but I should know them on or near Tuesday, January 10. I will e-mail the balances to you when I know them. Please make sure that the 12/31/11 noncurrent balances that you put into the attached file equal the balances that I e-mail to you.

Charnas

Please do not change the beginning balances in the attached file. Also, please do not change any of the formulas I've put into the file. If you feel that you need to change the beginning balances or a formula, please contact me before you do anything.

Please do not change the descriptions that appear in column A in the file and please do not add any new rows. PPL came up with the descriptions, and we can't change them.

Some of the formulas in the attached file return #VALUE!. After you replace the question marks with the correct 9/30/11 amounts, the #VALUE!s should go away.

I included the split between current and noncurrent we reported at 12/31/10 in the attached file for your reference.

Thanks,

Greg



Book7.xlsx

**Crescente, Angela**

---

**From:** Simpson, Sheri  
**Sent:** Tuesday, January 03, 2012 5:04 PM  
**To:** Crescente, Angela  
**Cc:** Wiseman, Sara  
**Subject:** Critical Accounting Policies - Asset Retirement Obligation

Hello Angela,

I am responsible for the Critical Accounting Policies (CrAP) section of the 10-K and on the Responsibilities Matrix, your name is assigned to the Asset Retirement Obligation accounting policy. I have attached the language from the most recent version (preliminary draft) of the 10-k for each company. You should find that the required information is similar to what was included in our S-4 (Registration Statement), however the format may have been changed to be consistent with PPL's formatting.

Please review the disclosure and let me know if any of the information (both financial and non-financial) needs to be updated/changed.

If you have any questions, comments, or concerns, feel free to let me know. Please note, I will need this information no later than noon on Wednesday, January 18, 2012. If you believe this date is not conducive for your schedule, please bring it to my attention as soon as possible. I thank you in advance for your help.



Asset Retirement  
Obligation.do...

**Sheri N. Simpson**  
Accounting Analyst III  
Financial Reporting  
LG&E and KU Energy, LLC  
220 W. Main Street, 9th Floor  
Louisville, KY 40202  
P: (502) 627-3606

## LKE

### 5) Asset Retirement Obligations

LKE is required to recognize a liability for legal obligations associated with the retirement of long-lived assets. The initial obligation is measured at its estimated fair value. A conditional ARO must be recognized when incurred if the fair value of the ARO can be reasonably estimated. An equivalent amount is recorded as an increase in the value of the capitalized asset and allocated to expense over the useful life of the asset. Until the obligation is settled, the liability is increased, through the recognition of accretion expense in the Consolidated Statements of Income, for changes in the obligation due to the passage of time. LKE's estimated costs of removal for all assets are recovered in rates as a component of depreciation. Since the costs of removal are collected in rates prior to payment of such costs, the accrual for these costs of removal is classified as a regulatory liability. The regulatory liability is relieved as costs are incurred. The depreciation and accretion expense related to an ARO is recorded as a regulatory asset. See Note 21 to the Financial Statements for ARO disclosures.

In determining AROs, management must make significant judgments and estimates to calculate fair value. Fair value is developed using an expected present value technique based on assumptions of market participants that considers estimated retirement costs in current period dollars that are inflated to the anticipated retirement date and then discounted back to the date the ARO was incurred. Changes in assumptions and estimates included within the calculations of the fair value of AROs could result in significantly different results than those identified and recorded in the financial statements. Estimated ARO costs and settlement dates, which affect the carrying value of various AROs and the related assets, are reviewed periodically to ensure that any material changes are incorporated into the estimate of the obligations. Any change to the capitalized asset is amortized over the remaining life of the associated long-lived asset.

At December 31, 2011, LKE had AROs totaling \$7,777 million recorded on the Balance Sheet. Of the total amount, \$7,777 million, or 7777%, relates to LKE's ash ponds and landfills. The most significant assumptions surrounding AROs are the forecasted retirement costs, the discount rates and the inflation rates. A variance in the forecasted retirement costs, the discount rates or the inflation rates could have a significant impact on the ARO liabilities.

The following chart reflects the sensitivities related to LKE's ARO liabilities for ash ponds and landfills as of December 31, 2011:

	<u>Change in Assumption</u>	<u>Impact on ARO Liability</u>
Retirement Cost	7777%	7,777
Discount Rate	7777%	7,777
Inflation Rate	7777%	7,777

## LG&E

### 5) Asset Retirement Obligations

LG&E is required to recognize a liability for legal obligations associated with the retirement of long-lived assets. The initial obligation is measured at its estimated fair value. A conditional ARO must be recognized when incurred if the fair value of the ARO can be reasonably estimated. An equivalent amount is recorded as an increase in the value of the capitalized asset and allocated to expense over the useful life of the asset. Until the obligation is settled, the liability is increased, through the recognition of accretion expense in the Consolidated Statements of Income, for changes in the obligation due to the passage of time. LG&E's estimated costs of removal for all assets are recovered in rates as a component of depreciation. Since the costs of removal are collected in rates prior to payment of such costs, the accrual for these costs of removal is classified as a regulatory liability. The regulatory liability is relieved as costs are incurred. The depreciation and accretion expense related to an ARO is recorded as a regulatory asset. See Note 21 to the Financial Statements for ARO disclosures.

In determining AROs, management must make significant judgments and estimates to calculate fair value. Fair value is developed using an expected present value technique based on assumptions of market participants that



considers estimated retirement costs in current period dollars that are inflated to the anticipated retirement date and then discounted back to the date the ARO was incurred. Changes in assumptions and estimates included within the calculations of the fair value of AROs could result in significantly different results than those identified and recorded in the financial statements. Estimated ARO costs and settlement dates, which affect the carrying value of various AROs and the related assets, are reviewed periodically to ensure that any material changes are incorporated into the estimate of the obligations. Any change to the capitalized asset is amortized over the remaining life of the associated long-lived asset.

At December 31, 2011, LG&E had AROs totaling \$7,777 million recorded on the Balance Sheet. Of the total amount, \$7,777 million, or 7777%, relates to LG&E's ash ponds and landfills. The most significant assumptions surrounding AROs are the forecasted retirement costs, the discount rates and the inflation rates. A variance in the forecasted retirement costs, the discount rates or the inflation rates could have a significant impact on the ARO liabilities.

The following chart reflects the sensitivities related to LG&E's ARO liabilities for ash ponds and landfills as of December 31, 2011:

	<u>Change in Assumption</u>	<u>Impact on ARO Liability</u>
Retirement Cost	7777%	7,777
Discount Rate	7777%	7,777
Inflation Rate	7777%	7,777

## KU

### 5) Asset Retirement Obligations

KU is required to recognize a liability for legal obligations associated with the retirement of long-lived assets. The initial obligation is measured at its estimated fair value. A conditional ARO must be recognized when incurred if the fair value of the ARO can be reasonably estimated. An equivalent amount is recorded as an increase in the value of the capitalized asset and allocated to expense over the useful life of the asset. Until the obligation is settled, the liability is increased, through the recognition of accretion expense in the Consolidated Statements of Income, for changes in the obligation due to the passage of time. KU's estimated costs of removal for all assets are recovered in rates as a component of depreciation. Since the costs of removal are collected in rates prior to payment of such costs, the accrual for these costs of removal is classified as a regulatory liability. The regulatory liability is relieved as costs are incurred. The depreciation and accretion expense related to an ARO is recorded as a regulatory asset. See Note 21 to the Financial Statements for ARO disclosures.

In determining AROs, management must make significant judgments and estimates to calculate fair value. Fair value is developed using an expected present value technique based on assumptions of market participants that considers estimated retirement costs in current period dollars that are inflated to the anticipated retirement date and then discounted back to the date the ARO was incurred. Changes in assumptions and estimates included within the calculations of the fair value of AROs could result in significantly different results than those identified and recorded in the financial statements. Estimated ARO costs and settlement dates, which affect the carrying value of various AROs and the related assets, are reviewed periodically to ensure that any material changes are incorporated into the estimate of the obligations. Any change to the capitalized asset is amortized over the remaining life of the associated long-lived asset.

At December 31, 2011, KU had AROs totaling \$7,777 million recorded on the Balance Sheet. Of the total amount, \$7,777 million, or 7777%, relates to KU's ash ponds and landfills. The most significant assumptions surrounding AROs are the forecasted retirement costs, the discount rates and the inflation rates. A variance in the forecasted retirement costs, the discount rates or the inflation rates could have a significant impact on the ARO liabilities.

The following chart reflects the sensitivities related to KU's ARO liabilities for ash ponds and landfills as of December 31, 2011:

	<u>Change in Assumption</u>	<u>Impact on ARO Liability</u>
Retirement Cost	7777%	7,777
Discount Rate	7777%	7,777
Inflation Rate	7777%	7,777

**Crescente, Angela**

---

**From:** Crescente, Angela  
**Sent:** Monday, January 23, 2012 4:14 PM  
**To:** Fackler, Andrea  
**Cc:** Wiseman, Sara  
**Subject:** RE: 10-K language surrounding AROs

**Follow Up Flag:** Follow up  
**Flag Status:** Completed

Andrea,

No, this is not correct. ARO accretion and depreciation is not included in the rates process. It is best to leave it the way it was written last year which is:

LG&E for example:

Note 3 - Rates and Regulatory Matters

(h) When an asset with an ARO is retired, the related ARO regulatory asset will be offset against the associated regulatory liability, ARO asset and ARO liability.

The accretion and depreciation issue is discussed in a little more detail in the Summary of Significant Accounting Policies Sensitivity Analysis for AROs.

Thanks,  
Angela

---

**From:** Fackler, Andrea  
**Sent:** Monday, January 23, 2012 3:58 PM  
**To:** Crescente, Angela  
**Cc:** Wiseman, Sara  
**Subject:** 10-K language surrounding AROs

Angela,

Please review the following language for the ARO discussion in the regulatory footnote. PPL added the first sentence and modified the second sentence as I have shown below. If any of this is not correct, please let me know.

AROs

The regulatory asset associated with AROs represents the accumulated depreciation and accretion related to an ARO permitted to be recovered through regulated customer rates. When an asset with an ARO is retired, the related ARO regulatory asset will be offset against the associated ARO regulatory liability, ~~ARO asset~~ PP&E and ARO liability.

Thanks,  
Andrea

Andrea Fackler, CPA  
Accounting Analyst III

Financial Reporting  
LG&E and KU Energy, LLC  
220 W. Main Street  
Louisville, KY 40202  
P. (502) 627-3442

**Crescente, Angela**

---

**From:** Crescente, Angela  
**Sent:** Friday, January 20, 2012 3:12 PM  
**To:** Erskine, Greg  
**Cc:** Wiseman, Sara  
**Subject:** FW: ARO Footnote - 2011 10-K

Greg,

It looks OK to me.

Thanks,  
Angela

---

**From:** Erskine, Greg  
**Sent:** Wednesday, January 18, 2012 11:19 AM  
**To:** Wiseman, Sara; Crescente, Angela  
**Subject:** FW: ARO Footnote - 2011 10-K

Angela and Sara:

I've attached a copy of the current version of the ARO footnote from the 10-K. This version reflects the change to the ARO rollforward that Angela gave me earlier this morning. Can one of you take a look at it and e-mail me back and let me know if all the information for LKE, LG&E and KU looks OK, please?

Thanks,

Greg



Doc1.docx

---

**From:** Erskine, Greg  
**Sent:** Wednesday, January 18, 2012 9:52 AM  
**To:** Wiseman, Sara; Crescente, Angela  
**Subject:** ARO Footnote - 2011 10-K

Angela and Sara:

I've attached a copy of the current version of the ARO footnote from the 10-K. Can one of you take a look at it and e-mail me back and let me know if all the information for LKE, LG&E and KU looks OK, please?

Thanks,

**21. Asset Retirement Obligations**

*(PPL)*

WPD has recorded conditional AROs required by U.K. law related to treated wood poles, gas-filled switchgear and fluid-filled cables.

*(PPL and PPL Energy Supply)*

PPL Energy Supply has recorded liabilities in the financial statements to reflect various legal obligations associated with the retirement of long-lived assets, the most significant of which relates to the decommissioning of the Susquehanna plant. The accrued nuclear decommissioning obligation was \$##D<SusqAROAROfnCY> million and \$##D<SusqAROAROfnPY> million at December 31, 2011 and 2010, and is included in "Asset retirement obligations" on the Balance Sheets. The fair value of investments that are legally restricted for the decommissioning of the Susquehanna nuclear plant was \$##D<NDTCYBSCorp> million and \$##D<NDTPYBSCorp> million at December 31, 2011 and 2010, and is included in "Nuclear plant decommissioning trust funds" on the Balance Sheets. See Notes ##FVMCC and ##AFS for additional information on the nuclear decommissioning trust funds. Other AROs recorded relate to various environmental requirements for coal piles, ash basins and other waste basin retirements.

PPL Energy Supply has recorded several conditional AROs, the most significant of which related to the removal and disposal of asbestos-containing material. In addition to the AROs that were recorded for asbestos-containing material, PPL Energy Supply identified other asbestos-related obligations, but were unable to reasonably estimate their fair values. PPL Energy Supply management was unable to reasonably estimate a settlement date or range of settlement dates for the remediation of all of the asbestos-containing material at certain of the generation plants. If economic events or other circumstances change that enable PPL Energy Supply to reasonably estimate the fair value of these retirement obligations, they will be recorded at that time.

PPL Energy Supply also identified legal retirement obligations associated with the retirement of a reservoir that could not be reasonably estimated due to an indeterminable settlement date.

*(PPL and PPL Electric)*

PPL Electric has identified legal retirement obligations for the retirement of certain transmission assets that could not be reasonably estimated due to indeterminable settlement dates. These assets are located on rights-of-way that allow the grantor to require PPL Electric to relocate or remove the assets. Since this option is at the discretion of the grantor of the right-of-way, PPL Electric is unable to determine when these events may occur.

*(PPL, LKE, LG&E and KU)*

LG&E's and KU's AROs are primarily related to the final retirement of assets associated with generating units. LG&E also has AROs related to natural gas mains and wells. LG&E's and KU's transmission and distribution lines largely operate under perpetual property easement agreements which do not generally require restoration upon removal of the property. Therefore, no material AROs are recorded for transmission and distribution assets. As described in Notes ##SSAP and ##RegMat, the accretion recorded by LG&E and KU is offset with a regulatory asset, such that there is no income statement impact.

The changes in the carrying amounts of AROs were:

	PPL		PPL Energy Supply	
	2011	2010	2011	2010
ARO at beginning of period	\$ 448	\$ 426	\$ 345	\$ 426
Accretion expense	25	32	20	31
Obligations assumed in acquisition of LKE		103		
Obligations assumed in acquisition of WPD Midlands (a)	15			
Derecognition (b)			(5)	
Obligations incurred	11	4	11	4
Changes in estimated cash flow or settlement date	3	(100)	(4)	(100)
Obligations settled	(13)	(17)	(13)	(16)
ARO at end of period	<u>\$ 489</u>	<u>\$ 448</u>	<u>\$ 354</u>	<u>\$ 345</u>
		<u>LKE</u>	<u>LG&amp;E</u>	<u>KU</u>

## Charnas

ARO at December 31, 2009, Predecessor	\$ 65	\$ 31	\$ 34
Accretion expense	4	2	2
Changes in estimated cash flow or settlement date	54	30	24
Removal cost incurred	(1)	(1)	
ARO at October 31, 2010, Predecessor	122	62	60
Purchase accounting	(19)	(13)	(6)
ARO at December 31, 2010, Successor	103	49	54
Accretion expense	6	3	3
New obligations incurred	3	2	1
Changes in estimated cash flow or settlement date	7	4	3
Obligations settled	(1)	(1)	
ARO at December 31, 2011, Successor	<u>\$ 118</u>	<u>\$ 57</u>	<u>\$ 61</u>

- (a) Obligations required under U.K. law related to treated wood poles, gas-filled switchgear and fluid-filled cables. See Note ##AcqEON for additional information on the acquisition.
- (b) Represents AROs derecognized as a result of PPL Energy Supply's distribution of its membership interest in PPL Global to PPL Energy Supply's parent, PPL Energy Funding. See Note ##DOps for additional information on the distribution.

The classification of AROs on the Balance Sheet was as follows.

	December 31, 2011				
	PPL	PPL Energy Supply	LKE	LG&E	KU
Current portion (a)	\$ 10	\$ 9	\$ 2	\$ 2	
Long-term portion (b)	479	345	116	55	\$ 61
Total	<u>\$ 489</u>	<u>\$ 354</u>	<u>\$ 118</u>	<u>\$ 57</u>	<u>\$ 61</u>

	December 31, 2010				
	PPL	PPL Energy Supply	LKE	LG&E	KU
Current portion (a)	\$ 13	\$ 13			
Long-term portion (b)	435	332	\$ 103	\$ 49	\$ 54
Total	<u>\$ 448</u>	<u>\$ 345</u>	<u>\$ 103</u>	<u>\$ 49</u>	<u>\$ 54</u>

- (a) Included in "Other current liabilities."
- (b) Included in "Asset retirement obligations."

**Crescente, Angela**

---

**From:** Simpson, Sheri  
**Sent:** Wednesday, January 18, 2012 6:08 PM  
**To:** Crescente, Angela  
**Subject:** RE: Critical Accounting Policies - Asset Retirement Obligation

Absolutely no problem. It's a part of my job to make these type of edits/corrections.

Kind Regards,  
**Sheri Simpson**  
502-627-3606

---

**From:** Crescente, Angela  
**Sent:** Wednesday, January 18, 2012 6:07 PM  
**To:** Simpson, Sheri  
**Subject:** RE: Critical Accounting Policies - Asset Retirement Obligation

I'm sorry if I caused you any problems.

---

**From:** Simpson, Sheri  
**Sent:** Wednesday, January 18, 2012 6:07 PM  
**To:** Crescente, Angela  
**Subject:** RE: Critical Accounting Policies - Asset Retirement Obligation

Thanks Angela.

Kind Regards,  
**Sheri Simpson**  
502-627-3606

---

**From:** Crescente, Angela  
**Sent:** Wednesday, January 18, 2012 6:04 PM  
**To:** Simpson, Sheri  
**Cc:** Wiseman, Sara  
**Subject:** FW: Critical Accounting Policies - Asset Retirement Obligation

Sheri,

I made some additional wording changes in order to make it more consistent with how it looked last year. Please note, I also changed dollars and percentages on KU and LKE by just a little bit.

<< File: Asset Retirement Obligation.docx >>



Thanks,  
Angela

---

**From:** Simpson, Sheri  
**Sent:** Monday, January 16, 2012 10:37 AM  
**To:** Crescente, Angela  
**Cc:** Wiseman, Sara  
**Subject:** FW: Critical Accounting Policies - Asset Retirement Obligation

Hi Angela,  
I wanted to send a reminder that financial and non-financial updates to the Critical Accounting Policies – Asset Retirement Obligations are due to Financial Reporting on this Wednesday, January 18, 2012 by noon. Please let me know if you believe there will be an issue with meeting this suspense date. Additionally, if you have any questions, please feel free to let me know. Thanks so much for your help.

Kind Regards,  
**Sheri Simpson**  
502-627-3606

---

**From:** Simpson, Sheri  
**Sent:** Tuesday, January 03, 2012 5:04 PM  
**To:** Crescente, Angela  
**Cc:** Wiseman, Sara  
**Subject:** Critical Accounting Policies - Asset Retirement Obligation

Hello Angela,  
I am responsible for the Critical Accounting Policies (CrAP) section of the 10-K and on the Responsibilities Matrix, your name is assigned to the Asset Retirement Obligation accounting policy. I have attached the language from the most recent version (preliminary draft) of the 10-k for each company. You should find that the required information is similar to what was included in our S-4 (Registration Statement), however the format may have been changed to be consistent with PPL's formatting.

Please review the disclosure and let me know if any of the information (both financial and non-financial) needs to be updated/changed.

If you have any questions, comments, or concerns, feel free to let me know. Please note, I will need this information no later than noon on Wednesday, January 18, 2012. If you believe this date is not conducive for your schedule, please bring it to my attention as soon as possible. I thank you in advance for your help.

<< File: Asset Retirement Obligation.docx >>

**Sheri N. Simpson**  
Accounting Analyst III  
Financial Reporting  
LG&E and KU Energy, LLC  
220 W. Main Street, 9th Floor  
Louisville, KY 40202  
P: (502) 627-3606

**Crescente, Angela**

---

**From:** Wiseman, Sara  
**Sent:** Monday, January 09, 2012 11:06 AM  
**To:** Crescente, Angela  
**Subject:** FW: Error assessment memo on AROs

**Follow Up Flag:** Follow up  
**Flag Status:** Completed

---

**From:** Charnas, Shannon  
**Sent:** Monday, January 09, 2012 11:03 AM  
**To:** Kelly, Mimi; Wiseman, Sara  
**Cc:** Hickman, James; Ising, John  
**Subject:** RE: Error assessment memo on AROs

OK, thanks.

**Shannon Charnas**  
*Director, Accounting & Regulatory Reporting*  
*LG&E and KU*  
*(502) 627-4978*

---

**From:** Kelly, Mimi  
**Sent:** Monday, January 09, 2012 10:54 AM  
**To:** Charnas, Shannon; Wiseman, Sara  
**Cc:** Hickman, James; Ising, John  
**Subject:** FW: Error assessment memo on AROs

Hi Shannon & Sara –

Attached please find the template that we use to input control exceptions into FCM (PPL's database). We spoke with PPL and since this has action items in 2012, it will be "open" at 12/31/11 even though the financial statements have been corrected. Audit Services will track the management action items and verify they have been implemented during 2012.

Please do not hesitate to call me if you have any questions.

Thanks,

*Mimi Kelly*  
*502-627-2482*

---

**From:** Hickman, James  
**Sent:** Monday, January 09, 2012 10:30 AM  
**To:** Kelly, Mimi  
**Subject:** RE: Error assessment memo on AROs

Please review the attached.

James Hickman, CPA  
Sarbanes-Oxley Compliance Analyst  
(502)627-2396

---

**From:** Kelly, Mimi  
**Sent:** Friday, January 06, 2012 4:49 PM  
**To:** Hickman, James  
**Subject:** FW: Error assessment memo on AROs

*Mimi Kelly*  
502-627-2482

---

**From:** Hickman, James  
**Sent:** Friday, January 06, 2012 3:28 PM  
**To:** Kelly, Mimi  
**Subject:** RE: Error assessment memo on AROs

Mimi,

Please review the attached.

James Hickman, CPA  
Sarbanes-Oxley Compliance Analyst  
(502)627-2396

---

**From:** Kelly, Mimi  
**Sent:** Friday, January 06, 2012 2:15 PM  
**To:** Hickman, James  
**Cc:** Ising, John  
**Subject:** FW: Error assessment memo on AROs

James –  
Please prepare the issue input form for input into FCM.

John –  
FYI. Once James has prepared the form and I have reviewed we will send to you for input into the AS database. It looks to me like this will be an open issue at 12/31 as one of the action items will not be put in place until Q1 2012, am I looking at that the right way?

Thanks,

*Mimi Kelly*  
502-627-2482

---

**From:** Charnas, Shannon  
**Sent:** Friday, January 06, 2012 2:10 PM  
**To:** [ritu.furlan@ey.com](mailto:ritu.furlan@ey.com); Jennifer Beneke ([jennifer.beneke@ey.com](mailto:jennifer.beneke@ey.com)); [Brett.Wemer@ey.com](mailto:Brett.Wemer@ey.com); Matt Crawley ([Matt.crawley@ey.com](mailto:Matt.crawley@ey.com))  
**Cc:** Scott, Valerie; Wiseman, Sara; Crescente, Angela; Shelton, Debbie; Hudson, Rusty; Kelly, Mimi; Pienaar, Lesley; McFarland, Beth; Trimble, Robert; Allen, Lisa; Miller, Jon; Cosby, David  
**Subject:** Error assessment memo on AROs

Attached is a memo regarding some additional AROs that needed to be recorded in Q4. Please let me know if you have any questions.

Thanks, << File: Asset Retirement Obligation EAM - 1-6-12.docx >>

**Shannon Charnas**

*Director, Accounting & Regulatory Reporting  
LG&E and KU  
(502) 627-4978*

**Crescente, Angela**

---

**From:** Wiseman, Sara  
**Sent:** Monday, January 09, 2012 8:54 AM  
**To:** 'Jacki Hall'  
**Cc:** Crescente, Angela  
**Subject:** FW: Trimble County ARO  
**Attachments:** Book1.xls

**Follow Up Flag:** Follow up  
**Flag Status:** Completed

Hi Jacki:

Turns out we did make some minor changes to our AROs. Please see the yellow highlighting on the attached spreadsheet. We added the generation wells and reversed the sewage treatment plant. Hope this helps.

Sara

---

**From:** Crescente, Angela  
**Sent:** Monday, January 09, 2012 8:43 AM  
**To:** Wiseman, Sara  
**Subject:** FW: Trimble County ARO

---

**From:** Wiseman, Sara  
**Sent:** Wednesday, January 05, 2011 10:52 AM  
**To:** Jacki Hall  
**Cc:** Riggs, Eric  
**Subject:** RE: Trimble County ARO

Jacki:

I've attached a summary of the new estimated costs of the AROs. I hope this helps.

Sara Wiseman  
Manager, Property Accounting  
Office 502.627.3189  
Cell 502.338.0886

---

**From:** Jacki Hall [<mailto:jhall@impa.com>]  
**Sent:** Thursday, December 30, 2010 11:04 AM  
**To:** Wiseman, Sara  
**Cc:** Riggs, Eric  
**Subject:** Trimble County ARO

Hi Sara,

I'm following up on the conversation we had December 13 regarding ARO. When will the updated ARO information for Trimble County be forwarded to us?

Thanks,

Jacki

Jacqueline R. Hall  
Senior Accountant  
Indiana Municipal Power Agency  
11610 North College Avenue  
Carmel, IN 46032  
P: 317-575-3875  
F: 317-575-3372  
E: [jhall@impa.com](mailto:jhall@impa.com)

---

***NOTE: The extension for all E.ON U.S. e-mail addresses has changed from @eon-us.com to @lge-ku.com. Please update your address book accordingly.***

---

---

***The information contained in this transmission is intended only for the person or entity to which it is directly addressed or copied. It may contain material of confidential and/or private nature. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon, this information by persons or entities other than the intended recipient is not allowed. If you received this message and the information contained therein by error, please contact the sender and delete the material from your/any storage medium.***

Asset Retirement Obligation  
Summary of Details

Location	Description	Legal Requirement	Estimated Settlement Date	Estimated Cost	
TC1	TC-Ash Pond	Resource Conservation and Recovery Act, Clean Water Act	12/1/2036	14,339,500	
TC1	TC-Chemical Storage	Clean Water Act, Resource Conservation and Recovery Act	12/1/2036	23,798	
TC CTs	TC-Coal Storage	Clean Water Act	12/1/2036	573,500	
TC1	TC-Environmental Ponds	Resource Conservation and Recovery Act, Clean Water Act	12/1/2036	723,000	
TC1	TC-Nuclear Sources	The Cabinet for Human Resources - KRS 211.844, regulation 902 KAR Chapter 100	12/1/2036	32,620	
TC1	TC-Generation Wells	Resource Conservation and Recovery Act, Clean Water Act	12/1/2036	182,000	
TC1	TC-Sewage Treatment Plant	Clean Water Act	12/1/2036	<u>26,155</u>	Settled - No longer considered ARO
<b>Total</b>				<b><u>\$ 15,900,573</u></b>	

**Crescente, Angela**

---

**From:** Leenerts, Patricia  
**Sent:** Wednesday, February 22, 2012 1:36 PM  
**To:** Crescente, Angela  
**Subject:** RE: Project 134431 - REPL INSULATION\_PIPING PURIF

Okay, do you want to email Zach, John and Janice (cc me) when you are finished or I will if you let me know when it is setup.

---

**From:** Crescente, Angela  
**Sent:** Wednesday, February 22, 2012 1:35 PM  
**To:** Leenerts, Patricia  
**Subject:** RE: Project 134431 - REPL INSULATION\_PIPING PURIF

I can set one up and they can just not use it if it turns out to not have any asbestos.

---

**From:** Leenerts, Patricia  
**Sent:** Wednesday, February 22, 2012 12:22 PM  
**To:** Crescente, Angela  
**Subject:** FW: Project 134431 - REPL INSULATION\_PIPING PURIF

Should they go ahead and have an ARO task setup?

---

**From:** Thomas, Zach  
**Sent:** Wednesday, February 22, 2012 12:15 PM  
**To:** Leenerts, Patricia  
**Cc:** Skaggs, John; Porter, Janice  
**Subject:** FW: Project 134431 - REPL INSULATION\_PIPING PURIF

Pat,

There is a potential for some of the insulation to have asbestos in it. We will have samples of the materials analyzed before we remove the insulation.

Thanks,  
Zach

---

**From:** Skaggs, John  
**Sent:** Wednesday, February 22, 2012 11:37 AM  
**To:** Thomas, Zach  
**Subject:** FW: Project 134431 - REPL INSULATION\_PIPING PURIF

---

**From:** Leenerts, Patricia



**Sent:** Wednesday, February 22, 2012 10:22 AM  
**To:** Skaggs, John  
**Cc:** Porter, Janice  
**Subject:** Project 134431 - REPL INSULATION\_PIPING PURIF

I don't know what OLF mean, so that may be the answer. Could there be asbestos in the piping insulation? This project is awaiting approval. I would appreciate a reply by the end of day today (Wed, 2/22)

Thanks,  
Pat

**Crescente, Angela**

---

**From:** Leenerts, Patricia  
**Sent:** Wednesday, February 22, 2012 12:22 PM  
**To:** Crescente, Angela  
**Subject:** FW: Project 134431 - REPL INSULATION\_PIPING PURIF

Should they go ahead and have an ARO task setup?

---

**From:** Thomas, Zach  
**Sent:** Wednesday, February 22, 2012 12:15 PM  
**To:** Leenerts, Patricia  
**Cc:** Skaggs, John; Porter, Janice  
**Subject:** FW: Project 134431 - REPL INSULATION\_PIPING PURIF

Pat,  
There is a potential for some of the insulation to have asbestos in it. We will have samples of the materials analyzed before we remove the insulation.

Thanks,  
Zach

---

**From:** Skaggs, John  
**Sent:** Wednesday, February 22, 2012 11:37 AM  
**To:** Thomas, Zach  
**Subject:** FW: Project 134431 - REPL INSULATION\_PIPING PURIF

---

**From:** Leenerts, Patricia  
**Sent:** Wednesday, February 22, 2012 10:22 AM  
**To:** Skaggs, John  
**Cc:** Porter, Janice  
**Subject:** Project 134431 - REPL INSULATION\_PIPING PURIF

I don't know what OLF mean, so that may be the answer. Could there be asbestos in the piping insulation? This project is awaiting approval. I would appreciate a reply by the end of day today (Wed, 2/22)

Thanks,  
Pat

**Crescente, Angela**

---

**From:** Reeves, Stephen  
**Sent:** Wednesday, February 22, 2012 8:39 AM  
**To:** Woodworth, Steve; Archer, Jamie  
**Cc:** Crescente, Angela  
**Subject:** FW: NETVLT343-CP ASBESTOS 2010

Steve and Jamie,

See Angela's email below. I ran a transaction report and the only thing that comes up is materials and burdens on the materials. The material listed is "DRUM, OPEN HEAD, 1A2/Y/1.5/150, DOT 17C, NEW STEEL, W/LOCK RING RETAINER LID & SPONGE". There is no labor charged. Should there be labor? If so, where would it have been charged?

Steve

---

**From:** Crescente, Angela  
**Sent:** Friday, February 17, 2012 4:24 PM  
**To:** Reeves, Stephen  
**Cc:** Clark, Lynda  
**Subject:** NETVLT343-CP ASBESTOS 2010

Hey Steve,

NETVLT343 Task CP ASBESTOS 2010 has \$50.10 charged to it. I would not expect an ARO task to have much material, mostly labor, but the only charges on there are some very small material. Do you know if there was asbestos removal on that project and which task they would have charged it to?

Thanks,  
Angela

**Crescente, Angela**

---

**From:** Crescente, Angela  
**Sent:** Friday, February 17, 2012 4:24 PM  
**To:** Reeves, Stephen  
**Cc:** Clark, Lynda  
**Subject:** NETVLT343-CP ASBESTOS 2010

Hey Steve,

NETVLT343 Task CP ASBESTOS 2010 has \$50.10 charged to it. I would not expect an ARO task to have much material, mostly labor, but the only charges on there are some very small material. Do you know if there was asbestos removal on that project and which task they would have charged it to?

Thanks,  
Angela

**Crescente, Angela**

---

**From:** Crescente, Angela  
**Sent:** Thursday, February 02, 2012 9:29 AM  
**To:** Wemer, Brett  
**Cc:** Wiseman, Sara  
**Subject:** Accretion Calculation.xlsx

Brett,

This is the accretion recalculation you requested including the gain/loss calculation you requested for TC Ash Pond.



Accretion  
Calculation.xlsx

Thanks,  
Angela

Accretion Calculation from 11/1/2010 to 1/1/2011

ARO	Start Month	Beginning Liability	Discount Rate	Montly Accretion	Ending Liability
Purc-CR Ash Pond	11/1/2010	\$ 5,057,335.67	4.50%	\$ 18,965.01	\$ 5,076,300.68
	12/1/2010	\$ 5,076,300.68	4.50%	\$ 19,036.13	\$ 5,095,336.81
	1/1/2011	\$ 5,095,336.81	4.50%	\$ 19,107.51	\$ 5,114,444.32
Purc-MC Ash Pond	11/1/2010	\$ 4,696,835.38	5.40%	\$ 21,135.76	\$ 4,717,971.14
	12/1/2010	\$ 4,717,971.14	5.40%	\$ 21,230.87	\$ 4,739,202.01
	1/1/2011	\$ 4,739,202.01	5.40%	\$ 21,326.41	\$ 4,760,528.42
Purc-Paddy's Run-ASB	11/1/2010	\$ 4,550,929.02	2.60%	\$ 9,860.35	\$ 4,560,789.37
	12/1/2010	\$ 4,560,789.37	2.60%	\$ 9,881.71	\$ 4,570,671.08
	1/1/2011	\$ 4,570,671.08	2.60%	\$ 9,903.12	\$ 4,580,574.20
Purc-GasMain&ServAbandon-Dist	11/1/2010	\$ 11,999,962.06	5.50%	\$ 54,999.83	\$ 12,054,961.89
	12/1/2010	\$ 12,054,961.89	5.50%	\$ 55,251.91	\$ 12,110,213.79
	1/1/2011	\$ 12,110,213.79	5.50%	\$ 55,505.15	\$ 12,165,718.94

Gain Loss Calculation

ARO	Start Month	Beginning Liability	Discount Rate	Montly Accretion	Ending Liability
Purc-TC Ash Pond	9/1/2011	\$ 6,959,409.88	5.40%	\$ 31,317.34	\$ 6,990,727.22

**Crescente, Angela**

---

**From:** Christopher.Holland@ey.com  
**Sent:** Saturday, January 21, 2012 9:47 AM  
**To:** Crescente, Angela  
**Subject:** Year-End ARO population

**Follow Up Flag:** Follow up  
**Flag Status:** Completed

Angela,  
I am finishing my year-end testing of fixed asset controls and I still need to test those controls surrounding ARO's. Can you please send me the total population of ARO's for the year. Depending how many ARO's occurred during the year, I may have to test some additional selections. Let me know if you have trouble providing this population.

Thanks,  
Chris



**Christopher J. Holland | Assurance**

Ernst & Young LLP  
400 West Market St Suite 2400, Louisville, KY 40202, United States of America  
Office: (502) 585-1400 | [Christopher.Holland@ey.com](mailto:Christopher.Holland@ey.com)  
Website: [www.ey.com](http://www.ey.com)

Thank you for considering the environmental impact of printing emails.

**Any U.S. tax advice contained in the body of this e-mail was not intended or written to be used, and cannot be used, by the recipient for the purpose of avoiding penalties that may be imposed under the Internal Revenue Code or applicable state or local tax law provisions.**

The information contained in this message may be privileged and confidential and protected from disclosure. If the reader of this message is not the intended recipient, or an employee or agent responsible for delivering this message to the intended recipient, you are hereby notified that any dissemination, distribution or copying of this communication is strictly prohibited. If you have received this communication in error, please notify us immediately by replying to the message and deleting it from your computer.

Notice required by law: This e-mail may constitute an advertisement or solicitation under U.S. law, if its primary purpose is to advertise or promote a commercial product or service. You may choose not to receive advertising and promotional messages from Ernst & Young LLP (except for Ernst & Young Online and the ey.com website, which track e-mail preferences through a separate process) at this e-mail address by forwarding this message to [no-more-mail@ey.com](mailto:no-more-mail@ey.com). If you do so, the sender of this message will be notified promptly. Our principal postal address is 5 Times Square, New York, NY 10036. Thank you. Ernst & Young LLP

**Crescente, Angela**

---

**From:** Crescente, Angela  
**Sent:** Wednesday, January 04, 2012 9:06 AM  
**To:** Legler, Steve  
**Cc:** Wiseman, Sara; Hudson, Rusty  
**Subject:** Canal and Paddy's

Steve,

Do you still agree with the expected ARO removal dollar estimate for both Canal and Paddy's that we got from you last year? We have Canal listed at about \$1,575,000 in total for asbestos removal and Paddy's is listed in total at about \$4,600,000 for asbestos removal. I understand we are expecting some demolition charges in 2012, which would mean I will need to set up some expected retirement activity in the ARO estimates. In order to book this estimate for December, I need to know as soon as possible.

Thanks for your help,  
Angela



**Crescente, Angela**

---

**From:** Wiseman, Sara  
**Sent:** Thursday, January 12, 2012 4:07 PM  
**To:** Amlung, Kim; Clark, Ed; Clark, Lynda; Crescente, Angela; Daly, Karen; Griffin, Sharon; Kinder, Debra; Kuntz, John; Leenerts, Patricia; Riggs, Eric; Rose, Bruce; Wacker, Diana  
**Subject:** FW: Journal Entries for December 2011 Revaluation.xlsx

**Follow Up Flag:** Follow up  
**Flag Status:** Completed

The ARO entries have been posted. See below for a new journal entry summary. Karen will be re-issuing the plant reports later today or by mid day tomorrow.

---

**From:** Crescente, Angela  
**Sent:** Thursday, January 12, 2012 3:58 PM  
**To:** Wiseman, Sara  
**Subject:** Journal Entries for December 2011 Revaluation.xlsx



Journal Entries for  
December 2...

(In Thousands)

Settlements

LGE

Account	Debit	Credit
101		46
108	4	
182		6
230	48	

KU

Account	Debit	Credit
101		313
108	40	
182		53
230	326	

LKE

Account	Debit	Credit
101		359
108	44	
182		59
230	374	

New AROs

LGE

Account	Debit	Credit
101	1,811	
230		1,811

KU

Account	Debit	Credit
101	1,680	
230		1,680

LKE

Account	Debit	Credit
101	3,491	
230		3,491

Total

LGE

Account	Debit	Credit
101	1,765	
108	4	
182		6
230		1,763

KU

Account	Debit	Credit
101	1,367	
108	40	
182		53
230		1,354

LKE

Account	Debit	Credit
101	3,132	
108	44	
182		59
230		3,117

**Crescente, Angela**

---

**From:** Wiseman, Sara  
**Sent:** Thursday, January 12, 2012 9:50 AM  
**To:** Charnas, Shannon  
**Cc:** Crescente, Angela  
**Subject:** RE: Error assessment memo on AROs

**Follow Up Flag:** Follow up  
**Flag Status:** Completed

Angela is working on the numbers and I have scheduled 2 PM to talk to you.

I spoke with Kelli—she is looking at Friday night very late, best case, to book her entries. If at all possible, I'd like to re-open after Angela has her entry done (as opposed to waiting on Kelli) so we can move forward with re-issuing the plant reports and re-doing all of the other stuff that will be required. We can talk about this at the meeting.

---

**From:** Charnas, Shannon  
**Sent:** Wednesday, January 11, 2012 6:24 PM  
**To:** Wiseman, Sara; Crescente, Angela  
**Subject:** RE: Error assessment memo on AROs

Sara/Angela –

If I am looking at this correctly, the numbers are significant – over \$1M for bushings, is that correct? You will need to run the current amount, I'm sure, so I'm curious what that is. I think we will need to add it to our memo as well as book it this week – getting prepared to book as soon as possible and the pension entries are ready to go. Let's discuss status briefly tomorrow.

Thanks,

**Shannon Charnas**  
*Director, Accounting & Regulatory Reporting*  
*LG&E and KU*  
*(502) 627-4978*

---

**From:** McFarland, Beth  
**Sent:** Wednesday, January 11, 2012 4:02 PM  
**To:** Charnas, Shannon; Wiseman, Sara  
**Cc:** Simon, Denise  
**Subject:** RE: Error assessment memo on AROs

Sara, Shannon,

Attached is the ARO information on bushings and pts.

Let me know if you have questions.

Thanks!  
Beth

<< File: ARO Dist Subs Bushings PTs 011112.xlsx >>

---

**From:** McFarland, Beth  
**Sent:** Tuesday, January 10, 2012 9:48 PM  
**To:** Charnas, Shannon; Wiseman, Sara  
**Cc:** Simon, Denise  
**Subject:** RE: Error assessment memo on AROs

Sara, Shannon,

I was hoping to get something to you today but we are still completing some research on AROs for bushings and now PTs/CTs. Information/records on distribution PTs/CTs are not readily available and we are having to complete some order-of-magnitude estimates. As soon as we are able to pull this information together, I will forward it to you.

I apologize for the delay.

*Beth McFarland  
Manager Substation Construction and Maintenance  
LG&E/KU  
South Service Center  
502-364-8681 Office  
502-645-8699 Cell  
502-326-0255 Home  
502-217-2420 FAX  
[Beth.McFarland@LGE-KU.com](mailto:Beth.McFarland@LGE-KU.com)*

---

**From:** McFarland, Beth  
**Sent:** Monday, January 09, 2012 10:42 PM  
**To:** Charnas, Shannon; Wiseman, Sara  
**Subject:** FW: Error assessment memo on AROs

Shannon, Sara,

Similar to Transmission, Distribution will be submitting AROs for PCB contaminated Distribution Substation bushings. Transmission Substations and Distribution Substations should be consistent in the manner in which they are reporting AROs. Transmission Substations has provided us with their information submitted and we will be creating something very similar for Distribution Substations.

Thank you and let me know if you have any questions.

*Beth McFarland  
Manager Substation Construction and Maintenance*

*LG&E/KU*  
*South Service Center*  
*502-364-8681 Office*  
*502-645-8699 Cell*  
*502-326-0255 Home*  
*502-217-2420 FAX*  
*[Beth.McFarland@LGE-KU.com](mailto:Beth.McFarland@LGE-KU.com)*

---

**From:** Charnas, Shannon  
**Sent:** Friday, January 06, 2012 2:10 PM  
**To:** [ritu.furlan@ey.com](mailto:ritu.furlan@ey.com); Jennifer Beneke ([jennifer.beneke@ey.com](mailto:jennifer.beneke@ey.com)); [Brett.Wemer@ey.com](mailto:Brett.Wemer@ey.com); Matt Crawley ([Matt.crawley@ey.com](mailto:Matt.crawley@ey.com))  
**Cc:** Scott, Valerie; Wiseman, Sara; Crescente, Angela; Shelton, Debbie; Hudson, Rusty; Kelly, Mimi; Pienaar, Lesley; McFarland, Beth; Trimble, Robert; Allen, Lisa; Miller, Jon; Cosby, David  
**Subject:** Error assessment memo on AROs

Attached is a memo regarding some additional AROs that needed to be recorded in Q4. Please let me know if you have any questions.

Thanks, << File: Asset Retirement Obligation EAM - 1-6-12.docx >>

***Shannon Charnas***  
*Director, Accounting & Regulatory Reporting*  
*LG&E and KU*  
*(502) 627-4978*

**Crescente, Angela**

---

**From:** Keatseangsilp, Janna - GCM <janna.keatseangsilp@baml.com>  
**Sent:** Thursday, January 12, 2012 9:08 AM  
**To:** Horne, Elliott  
**Cc:** Crescente, Angela  
**Subject:** RE: Yield Curve request

**Follow Up Flag:** Follow up  
**Flag Status:** Completed

Elliot and Angela,

As of January 3:

3mth	1.5029
6mth	1.5741
1yr	1.8108
2yr	2.1671
3yr	2.5142
4yr	2.9002
5yr	3.2255
7yr	3.9045
8yr	4.1475
9yr	4.2999
10yr	4.5207
15yr	5.1108
20yr	5.2175
25yr	5.2451
30yr	5.3225

Thanks and let me know if you need anything else.

Best,  
Janna

**Janna Keatseangsilp**  
Bank of America Merrill Lynch | Debt Capital Markets  
Merrill Lynch, Pierce, Fenner & Smith Incorporated  
One Bryant Park, 8th Floor | New York, NY 10036  
T: (646) 855-9563 | [janna.keatseangsilp@baml.com](mailto:janna.keatseangsilp@baml.com)

---

**From:** Horne, Elliott [<mailto:Elliott.Horne@lge-ku.com>]  
**Sent:** Thursday, January 12, 2012 8:50 AM  
**To:** Keatseangsilp, Janna - GCM  
**Cc:** Crescente, Angela  
**Subject:** FW: Yield Curve request

Happy New Year Janna,

I just wanted to follow up on Angela's e-mail below to see if you were able to provide the data as of January 3, 2012.

**From:** Crescente, Angela  
**Sent:** Tuesday, January 10, 2012 4:15 PM  
**To:** 'Keatseangsilp, Janna - GCM'  
**Cc:** Horne, Elliott; Wiseman, Sara  
**Subject:** RE: Yield Curve request

Janna,

Would you please provide me the yield curve for a BBB+ rated entity as of January 1, 2012? I apologize for the short notice, but would it be possible to receive this information by tomorrow, January 12<sup>th</sup>?

Thanks so much for your time and patience,  
Angela

---

**From:** Keatseangsilp, Janna - GCM [<mailto:janna.keatseangsilp@baml.com>]  
**Sent:** Wednesday, December 14, 2011 11:03 AM  
**To:** Crescente, Angela  
**Cc:** Horne, Elliott  
**Subject:** RE: Yield Curve request

As of Dec 1:

3mth	1.5396
6mth	1.5919
1yr	1.8292
2yr	2.2080
3yr	2.5602
4yr	2.9684
5yr	3.3269
7yr	4.0283
8yr	4.2862
9yr	4.4654
10yr	4.6760
15yr	5.2881
20yr	5.3818
25yr	5.3746
30yr	5.4468

Let me know if you need anything else.

Janna

**Janna Keatseangsilp**  
Bank of America Merrill Lynch | Debt Capital Markets  
Merrill Lynch, Pierce, Fenner & Smith Incorporated  
One Bryant Park, 8th Floor | New York, NY 10036  
T: (646) 855-9563 | [janna.keatseangsilp@baml.com](mailto:janna.keatseangsilp@baml.com)

---

**From:** Crescente, Angela [<mailto:Angela.Crescente@lge-ku.com>]  
**Sent:** Wednesday, December 14, 2011 10:40 AM  
**To:** Keatseangsilp, Janna - GCM  
**Cc:** Horne, Elliott  
**Subject:** FW: Yield Curve request

Janna,

Charnas

Please forgive me if I have misplaced your email. Would you mind resending me the rates as requested below?

Thanks,  
Angela

---

**From:** Crescente, Angela  
**Sent:** Friday, December 02, 2011 11:09 AM  
**To:** 'Keatseangsilp, Janna - GCM'  
**Cc:** Horne, Elliott  
**Subject:** RE: Yield Curve request

Janna,

Would you please provide me the yield curve for a BBB+ rated entity as of December 1, 2011?

Thanks,  
Angela

---

**From:** Keatseangsilp, Janna - GCM [<mailto:janna.keatseangsilp@baml.com>]  
**Sent:** Monday, November 07, 2011 11:20 AM  
**To:** Horne, Elliott  
**Cc:** Crescente, Angela  
**Subject:** RE: Yield Curve request

As of Nov 1:

3mth	1.3677
6mth	1.4157
1yr	1.6590
2yr	2.0150
3yr	2.3937
4yr	2.7604
5yr	3.0911
7yr	3.7862
8yr	4.0351
9yr	4.1927
10yr	4.4398
15yr	5.0435
20yr	5.1601
25yr	5.1474
30yr	5.2111

Let me know if you need anything else!

Janna

**Janna Keatseangsilp**  
Bank of America Merrill Lynch | Debt Capital Markets  
Merrill Lynch, Pierce, Fenner & Smith Incorporated  
One Bryant Park, 8th Floor | New York, NY 10036  
T: (646) 855-9563 | [janna.keatseangsilp@baml.com](mailto:janna.keatseangsilp@baml.com)

---

**From:** Horne, Elliott [<mailto:Elliott.Horne@lge-ku.com>]  
**Sent:** Monday, November 07, 2011 9:27 AM  
**To:** Keatseangsilp, Janna - GCM



Charnas

**Cc:** Crescente, Angela  
**Subject:** FW: Yield Curve request

Hello Janna,  
 Can you forward me the yield curve for a BBB+ rated entity as of November 1, 2011? (Provided below is similar information that you sent me earlier this year.) Please copy Angela Crescente on your response. Thanks!

---

**From:** Keatseangsilp, Janna - GCM [mailto:janna.keatseangsilp@baml.com]  
**Sent:** Tuesday, September 27, 2011 8:51 AM  
**To:** Horne, Elliott; Crescente, Angela  
**Subject:** RE: Yield Curve request

**Elliott and Angela,**

**Please see below. Let me know if you need anything else!**

**Thanks,  
 Janna**

**Jan 3:**

3mth	.7328
6mth	.8291
1yr	1.2084
2yr	1.7600
3yr	2.1971
4yr	2.6696
5yr	3.1507
7yr	3.8689
8yr	4.1816]
9yr	4.3678
10yr	4.6041
15yr	5.3941
20yr	5.8834
25yr	5.7692
30yr	5.8071

**Sep 1:**

3mth	.8099
6mth	.8697
1yr	1.1926
2yr	1.5599
3yr	1.7176
4yr	1.9274
5yr	2.2404
7yr	2.8034
8yr	3.1254
9yr	3.3178
10yr	3.6592
15yr	4.5424
20yr	4.9412
25yr	4.9120
30yr	4.9964

**Sep 23:**

3mth	.8815
------	-------

6mth	.9090
1yr	1.2480
2yr	1.6578
3yr	1.8533
4yr	2.0436
5yr	2.2925
7yr	2.7826
8yr	3.0642
9yr	3.1825
10yr	3.4890
15yr	4.2507
20yr	4.5705
25yr	4.4882
30yr	4.5228

**Janna Keatseangsilp**  
Bank of America Merrill Lynch | Debt Capital Markets  
Merrill Lynch, Pierce, Fenner & Smith Incorporated  
One Bryant Park, 8th Floor | New York, NY 10036  
T: (646) 855-9563 | [janna.keatseangsilp@baml.com](mailto:janna.keatseangsilp@baml.com)

---

**From:** Horne, Elliott [<mailto:Elliott.Horne@lge-ku.com>]  
**Sent:** Monday, September 26, 2011 4:37 PM  
**To:** Keatseangsilp, Janna - GCM  
**Subject:** FW: Yield Curve request

Hello Janna,  
Thanks so much for the information. Please see request below from our accounting department and advise if you are able to accommodate.

---

**From:** Crescente, Angela  
**Sent:** Monday, September 26, 2011 3:56 PM  
**To:** Horne, Elliott  
**Subject:** RE: Yield Curve request

Thanks Elliott! Would she also be able to add 3 month, 6 month, 4 year, 8 year, 9 year, 15 year, and 25 year for both January and September? Would she also be able to provide the rates as of September 1, 2011? Thanks so much for your help. I'm sorry, I should have asked for these specifically before, but I didn't know that the Deloitte spreadsheet was going to be so specific.

Thanks so much!  
Angela

P.S. Please thank her too!

---

**From:** Horne, Elliott  
**Sent:** Monday, September 26, 2011 3:33 PM  
**To:** Crescente, Angela  
**Cc:** Arbough, Dan  
**Subject:** FW: Yield Curve request

Angela,  
Attached are the BBB+ yield curve rates as of January and September of 2011.

---

**From:** Keatseangsilp, Janna - GCM [<mailto:janna.keatseangsilp@baml.com>]  
**Sent:** Monday, September 26, 2011 3:19 PM  
**To:** Horne, Elliott  
**Cc:** Timmeny, Sean H - GCM  
**Subject:** RE: Yield Curve request

Hi Eliot,

Here are the yield curves per your request. Please let me know if I can help with anything else.

Jan 3:

1yr	1.2084
2yr	1.7600
3yr	2.1971
5yr	3.1507
7yr	3.8689
10yr	4.6041
20yr	5.8834
30yr	5.8071

Sep 23:

1yr	1.2480
2yr	1.6578
3yr	1.8533
5yr	2.2925
7yr	2.7826
10yr	3.4890
20yr	4.5705
30yr	4.5228

Best,  
Janna

**Janna Keatseangsilp**  
Bank of America Merrill Lynch | Debt Capital Markets  
Merrill Lynch, Pierce, Fenner & Smith Incorporated  
One Bryant Park, 8th Floor | New York, NY 10036  
T: (646) 855-9563 | [janna.keatseangsilp@baml.com](mailto:janna.keatseangsilp@baml.com)

---

**From:** Horne, Elliott [<mailto:Elliott.Horne@lge-ku.com>]  
**Sent:** Monday, September 26, 2011 2:28 PM  
**To:** Keatseangsilp, Janna - GCM  
**Cc:** Timmeny, Sean H - GCM  
**Subject:** Yield Curve request

Thanks Janna,

Can you forward me the yield curve for a BBB+ rated entity (as of January 2011 and most recent available)? The periods that I need in particular are below. Please call me if you have any questions. Thanks!

1yr  
2yr

3yr  
5yr  
7yr  
10yr  
20yr  
30yr

---

**From:** Keatseangsilp, Janna - GCM [<mailto:janna.keatseangsilp@baml.com>]  
**Sent:** Monday, September 26, 2011 2:26 PM  
**To:** Horne, Elliott  
**Subject:** Sean Timmeny and Janna's email

Hi Elliot,

This is my email address. Sean Timmeny's is [sean.timmeny@baml.com](mailto:sean.timmeny@baml.com). Let me know what you need again and we'll start working on it.

Thanks!

Janna

**Janna Keatseangsilp**  
Bank of America Merrill Lynch | Debt Capital Markets  
Merrill Lynch, Pierce, Fenner & Smith Incorporated  
One Bryant Park, 8th Floor | New York, NY 10036  
T: (646) 855-9563 | [janna.keatseangsilp@bamf.com](mailto:janna.keatseangsilp@bamf.com)

---

This message w/attachments (message) is intended solely for the use of the intended recipient(s) and may contain information that is privileged, confidential or proprietary. If you are not an intended recipient, please notify the sender, and then please delete and destroy all copies and attachments, and be advised that any review or dissemination of, or the taking of any action in reliance on, the information contained in or attached to this message is prohibited.

Unless specifically indicated, this message is not an offer to sell or a solicitation of any investment products or other financial product or service, an official confirmation of any transaction, or an official statement of Sender. Subject to applicable law, Sender may intercept, monitor, review and retain e-communications (EC) traveling through its networks/systems and may produce any such EC to regulators, law enforcement, in litigation and as required by law.

The laws of the country of each sender/recipient may impact the handling of EC, and EC may be archived, supervised and produced in countries other than the country in which you are located. This message cannot be guaranteed to be secure or free of errors or viruses.

References to "Sender" are references to any subsidiary of Bank of America Corporation. Securities and Insurance Products: \* Are Not FDIC Insured \* Are Not Bank Guaranteed \* May Lose Value \* Are Not a Bank Deposit \* Are Not a Condition to Any Banking Service or Activity \* Are

Charnas

Not Insured by Any Federal Government Agency. Attachments that are part of this EC may have additional important disclosures and disclaimers, which you should read. This message is subject to terms available at the following link:

<http://www.bankofamerica.com/emaildisclaimer>. By messaging with Sender you consent to the foregoing.

---

This message w/attachments (message) is intended solely for the use of the intended recipient(s) and may contain information that is privileged, confidential or proprietary. If you are not an intended recipient, please notify the sender, and then please delete and destroy all copies and attachments, and be advised that any review or dissemination of, or the taking of any action in reliance on, the information contained in or attached to this message is prohibited.

Unless specifically indicated, this message is not an offer to sell or a solicitation of any investment products or other financial product or service, an official confirmation of any transaction, or an official statement of Sender. Subject to applicable law, Sender may intercept, monitor, review and retain e-communications (EC) traveling through its networks/systems and may produce any such EC to regulators, law enforcement, in litigation and as required by law. The laws of the country of each sender/recipient may impact the handling of EC, and EC may be archived, supervised and produced in countries other than the country in which you are located. This message cannot be guaranteed to be secure or free of errors or viruses.

References to "Sender" are references to any subsidiary of Bank of America Corporation. Securities and Insurance Products: \* Are Not FDIC Insured \* Are Not Bank Guaranteed \* May Lose Value \* Are Not a Bank Deposit \* Are Not a Condition to Any Banking Service or Activity \* Are Not Insured by Any Federal Government Agency. Attachments that are part of this EC may have additional important disclosures and disclaimers, which you should read. This message is subject to terms available at the following link:

<http://www.bankofamerica.com/emaildisclaimer>. By messaging with Sender you consent to the foregoing.

---

***The information contained in this transmission is intended only for the person or entity to which it is directly addressed or copied. It may contain material of confidential and/or private nature. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon, this information by persons or entities other than the intended recipient is not allowed. If you received this message and the information contained therein by error, please contact the sender and delete the material from your/any storage medium.***

---

This message w/attachments (message) is intended solely for the use of the intended recipient(s) and may contain information that is privileged, confidential or proprietary. If you are not an intended recipient, please notify the sender, and then please delete and destroy all copies and attachments, and be advised that any review or dissemination of, or the taking of any action in reliance on, the information contained in or attached to this message is prohibited.

Unless specifically indicated, this message is not an offer to sell or a solicitation of any investment products or other financial product or service, an official confirmation of any

Charnas

transaction, or an official statement of Sender. Subject to applicable law, Sender may intercept, monitor, review and retain e-communications (EC) traveling through its networks/systems and may produce any such EC to regulators, law enforcement, in litigation and as required by law.

The laws of the country of each sender/recipient may impact the handling of EC, and EC may be archived, supervised and produced in countries other than the country in which you are located. This message cannot be guaranteed to be secure or free of errors or viruses.

References to "Sender" are references to any subsidiary of Bank of America Corporation. Securities and Insurance Products: \* Are Not FDIC Insured \* Are Not Bank Guaranteed \* May Lose Value \* Are Not a Bank Deposit \* Are Not a Condition to Any Banking Service or Activity \* Are Not Insured by Any Federal Government Agency. Attachments that are part of this EC may have additional important disclosures and disclaimers, which you should read. This message is subject to terms available at the following link: <http://www.bankofamerica.com/emaildisclaimer>. By messaging with Sender you consent to the foregoing.

---

***The information contained in this transmission is intended only for the person or entity to which it is directly addressed or copied. It may contain material of confidential and/or private nature. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon, this information by persons or entities other than the intended recipient is not allowed. If you received this message and the information contained therein by error, please contact the sender and delete the material from your/any storage medium.***

---

This message w/attachments (message) is intended solely for the use of the intended recipient(s) and may contain information that is privileged, confidential or proprietary. If you are not an intended recipient, please notify the sender, and then please delete and destroy all copies and attachments, and be advised that any review or dissemination of, or the taking of any action in reliance on, the information contained in or attached to this message is prohibited.

Unless specifically indicated, this message is not an offer to sell or a solicitation of any investment products or other financial product or service, an official confirmation of any transaction, or an official statement of Sender. Subject to applicable law, Sender may intercept, monitor, review and retain e-communications (EC) traveling through its networks/systems and may produce any such EC to regulators, law enforcement, in litigation and as required by law. The laws of the country of each sender/recipient may impact the handling of EC, and EC may be archived, supervised and produced in countries other than the country in which you are located. This message cannot be guaranteed to be secure or free of errors or viruses.

References to "Sender" are references to any subsidiary of Bank of America Corporation. Securities and Insurance Products: \* Are Not FDIC Insured \* Are Not Bank Guaranteed \* May Lose Value \* Are Not a Bank Deposit \* Are Not a Condition to Any Banking Service or Activity \* Are Not Insured by Any Federal Government Agency. Attachments that are part of this EC may have additional important disclosures and disclaimers, which you should read. This message is subject to terms available at the following link: <http://www.bankofamerica.com/emaildisclaimer>. By messaging with Sender you consent to the foregoing.

---

Charnas

*The information contained in this transmission is intended only for the person or entity to which it is directly addressed or copied. It may contain material of confidential and/or private nature. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon, this information by persons or entities other than the intended recipient is not allowed. If you received this message and the information contained therein by error, please contact the sender and delete the material from your/any storage medium.*

---

*The information contained in this transmission is intended only for the person or entity to which it is directly addressed or copied. It may contain material of confidential and/or private nature. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon, this information by persons or entities other than the intended recipient is not allowed. If you received this message and the information contained therein by error, please contact the sender and delete the material from your/any storage medium.*

---

This message w/attachments (message) is intended solely for the use of the intended recipient(s) and may contain information that is privileged, confidential or proprietary. If you are not an intended recipient, please notify the sender, and then please delete and destroy all copies and attachments, and be advised that any review or dissemination of, or the taking of any action in reliance on, the information contained in or attached to this message is prohibited.

Unless specifically indicated, this message is not an offer to sell or a solicitation of any investment products or other financial product or service, an official confirmation of any transaction, or an official statement of Sender. Subject to applicable law, Sender may intercept, monitor, review and retain e-communications (EC) traveling through its networks/systems and may produce any such EC to regulators, law enforcement, in litigation and as required by law.

The laws of the country of each sender/recipient may impact the handling of EC, and EC may be archived, supervised and produced in countries other than the country in which you are located. This message cannot be guaranteed to be secure or free of errors or viruses.

References to "Sender" are references to any subsidiary of Bank of America Corporation. Securities and Insurance Products: \* Are Not FDIC Insured \* Are Not Bank Guaranteed \* May Lose Value \* Are Not a Bank Deposit \* Are Not a Condition to Any Banking Service or Activity \* Are Not Insured by Any Federal Government Agency. Attachments that are part of this EC may have additional important disclosures and disclaimers, which you should read. This message is subject to terms available at the following link:

<http://www.bankofamerica.com/emaildisclaimer>. By messaging with Sender you consent to the foregoing.

---

*The information contained in this transmission is intended only for the person or entity to which it is directly addressed or copied. It may contain material of confidential and/or private nature. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon, this information by persons or entities other than the intended recipient is not allowed. If you received this message and the information contained therein by error, please contact the sender and delete the material from your/any storage medium.*

---

This message w/attachments (message) is intended solely for the use of the intended recipient(s) and may contain information that is privileged, confidential or proprietary. If you are not an intended recipient, please notify the sender, and then please delete and destroy all copies and attachments, and be advised that any review or dissemination of, or the taking of any action in reliance on, the information contained in or attached to this message is prohibited.

Charnas

Unless specifically indicated, this message is not an offer to sell or a solicitation of any investment products or other financial product or service, an official confirmation of any transaction, or an official statement of Sender. Subject to applicable law, Sender may intercept, monitor, review and retain e-communications (EC) traveling through its networks/systems and may produce any such EC to regulators, law enforcement, in litigation and as required by law.

The laws of the country of each sender/recipient may impact the handling of EC, and EC may be archived, supervised and produced in countries other than the country in which you are located. This message cannot be guaranteed to be secure or free of errors or viruses.

References to "Sender" are references to any subsidiary of Bank of America Corporation. Securities and Insurance Products: \* Are Not FDIC Insured \* Are Not Bank Guaranteed \* May Lose Value \* Are Not a Bank Deposit \* Are Not a Condition to Any Banking Service or Activity \* Are Not Insured by Any Federal Government Agency. Attachments that are part of this EC may have additional important disclosures and disclaimers, which you should read. This message is subject to terms available at the following link: <http://www.bankofamerica.com/emaildisclaimer>. By messaging with Sender you consent to the foregoing.



**Crescente, Angela**

---

**From:** Horne, Elliott  
**Sent:** Thursday, January 12, 2012 7:51 AM  
**To:** Crescente, Angela  
**Subject:** RE: Inflation Rate

**Follow Up Flag:** Follow up  
**Flag Status:** Completed

Hi Angela,  
Please find attached the inflation rate information that you requested.



2012InflRates.xls

---

**From:** Crescente, Angela  
**Sent:** Tuesday, January 10, 2012 4:18 PM  
**To:** Horne, Elliott  
**Subject:** FW: Inflation Rate

Elliott,

Could you provide me the inflation rate as of 1/1/2012, please? As I mentioned in Janna's email, would it be possible for me to receive this information by tomorrow, January 12<sup>th</sup>? I'm so sorry for the short notice, it was out of my control.

Thanks so much,  
Angela

---

**From:** Horne, Elliott  
**Sent:** Friday, December 02, 2011 12:55 PM  
**To:** Crescente, Angela  
**Subject:** RE: Inflation Rate

Happy Friday Angela. Please see attached. (Inflation rate didn't change).

<< File: 2011InflRates.xls >>

---

**From:** Crescente, Angela  
**Sent:** Friday, December 02, 2011 11:07 AM  
**To:** Horne, Elliott  
**Subject:** FW: Inflation Rate

Elliott,

Could you provide me the inflation rate as of 12/1/2011, please?

Thanks,  
Angela

---

**From:** Horne, Elliott  
**Sent:** Monday, November 07, 2011 11:47 AM  
**To:** Crescente, Angela  
**Subject:** Inflation Rate

<< File: 2011Rates.xls >>

Angela,

The inflation rate as of 11/1/2011 is approximately 2.25%. (The attached file shows how this rate was determined.)  
Please let me know if you need any additional information.

## January 2012 Inflation Rate Information

### Inflation Rate Calculation

30-Yr Treasury as of 1/3/2012	2.98%
30-Yr TIPS as of 1/3/2012	<u>0.81%</u>
Expected Inflation Rate	2.17%

**Crescente, Angela**

---

**From:** Crescente, Angela  
**Sent:** Wednesday, July 18, 2012 11:22 AM  
**To:** Koellner, Corey  
**Cc:** Wiseman, Sara  
**Subject:** RE: LGE ARO Regulatory Assets

**Follow Up Flag:** Follow up  
**Flag Status:** Completed

Corey,

This should be left as a credit due to settlement activity and the offsetting account is 230016.

Thanks,  
Angela

---

**From:** Koellner, Corey  
**Sent:** Tuesday, July 17, 2012 12:02 PM  
**To:** Crescente, Angela  
**Cc:** Wiseman, Sara  
**Subject:** LGE ARO Regulatory Assets

I'm preparing the LGE regulatory asset information that will be included in the Form 3; I have identified the following ARO assets with credit activity in 2Q12:

Account	Account	Line Description	Je Name	Credits
182326	OTHER REGULATORY ASSETS ARO - GAS	PP ARO USD 01-JUN-12	Journal Import Created	750,064.05

Can you let me know if this item should be documented as a credit, or if it should be netted against the debits due to the nature of the activity?

Thanks in advance for the help!

Corey Koellner  
Regulatory Accounting & Reporting  
LG&E and KU Energy LLC  
Direct: (502) 627-2965



**Crescente, Angela**

---

**From:** Koellner, Corey  
**Sent:** Tuesday, July 17, 2012 12:02 PM  
**To:** Crescente, Angela  
**Cc:** Wiseman, Sara  
**Subject:** LGE ARO Regulatory Assets

**Follow Up Flag:** Follow up  
**Flag Status:** Completed

I'm preparing the LGE regulatory asset information that will be included in the Form 3; I have identified the following ARO assets with credit activity in 2Q12:

Account	Account	Line Description	Je Name	Credits
182326	OTHER REGULATORY ASSETS ARO - GAS	PP ARO USD 01-JUN-12	Journal Import Created	750,064.05

Can you let me know if this item should be documented as a credit, or if it should be netted against the debits due to the nature of the activity?

Thanks in advance for the help!

Corey Koellner  
Regulatory Accounting & Reporting  
LG&E and KU Energy LLC  
Direct: (502) 627-2965  
Fax: (502) 627-3800  
[corey.koellner@lge-ku.com](mailto:corey.koellner@lge-ku.com)

**Crescente, Angela**

---

**From:** Koellner, Corey  
**Sent:** Wednesday, July 18, 2012 11:32 AM  
**To:** Crescente, Angela  
**Subject:** RE: LGE ARO Regulatory Assets

**Follow Up Flag:** Follow up  
**Flag Status:** Completed

Thank you!

---

**From:** Crescente, Angela  
**Sent:** Wednesday, July 18, 2012 11:22 AM  
**To:** Koellner, Corey  
**Cc:** Wiseman, Sara  
**Subject:** RE: LGE ARO Regulatory Assets

Corey,

This should be left as a credit due to settlement activity and the offsetting account is 230016.

Thanks,  
Angela

---

**From:** Koellner, Corey  
**Sent:** Tuesday, July 17, 2012 12:02 PM  
**To:** Crescente, Angela  
**Cc:** Wiseman, Sara  
**Subject:** LGE ARO Regulatory Assets

I'm preparing the LGE regulatory asset information that will be included in the Form 3; I have identified the following ARO assets with credit activity in 2Q12:

Account	Account	Line Description	Je Name	Credits
182326	OTHER REGULATORY ASSETS ARO - GAS	PP ARO USD 01-JUN-12	Journal Import Created	750,064.05

Can you let me know if this item should be documented as a credit, or if it should be netted against the debits due to the nature of the activity?

Thanks in advance for the help!

Corey Koellner  
Regulatory Accounting & Reporting  
LG&E and KU Energy LLC  
Direct: (502) 627-2965  
Fax: (502) 627-3800  
[corey.koellner@lge-ku.com](mailto:corey.koellner@lge-ku.com)



**Crescente, Angela**

---

**From:** Koellner, Corey  
**Sent:** Monday, July 23, 2012 11:35 AM  
**To:** Crescente, Angela  
**Subject:** KU ARO Regulatory Liabs

**Follow Up Flag:** Follow up  
**Flag Status:** Completed

I'm preparing the KU regulatory liability information that will be included in the Form 3; I have identified the following ARO liabs with debit activity in 2Q12:

Account	Account	Je Name	Line Description	Debits
254014	REGULATORY LIABILITY ARO - GENERATION	PP ARO USD 01-APR-12	Journal Import Created	6,257.17
254014	REGULATORY LIABILITY ARO - GENERATION	PP ARO USD 01-JUN-12	Journal Import Created	6,257.17
254014	REGULATORY LIABILITY ARO - GENERATION	PP ARO USD 01-MAY-12	Journal Import Created	6,257.17

Can you let me know if these items should be documented as debits, or if they should be netted against the credit (like 1Q12) due to the nature of the activity?

Thanks in advance for the help!

Corey Koellner  
Regulatory Accounting & Reporting  
LG&E and KU Energy LLC  
Direct: (502) 627-2965  
Fax: (502) 627-3800  
[corey.koellner@lge-ku.com](mailto:corey.koellner@lge-ku.com)

**Crescente, Angela**

---

**From:** Crescente, Angela  
**Sent:** Monday, July 23, 2012 12:06 PM  
**To:** Koellner, Corey  
**Cc:** Wiseman, Sara  
**Subject:** RE: KU ARO Regulatory Liabs

**Follow Up Flag:** Follow up  
**Flag Status:** Flagged

Corey,

The three lines of \$6,257.17 should be netted against the credit for normal activity.

Thanks,  
Angela

---

**From:** Koellner, Corey  
**Sent:** Monday, July 23, 2012 11:35 AM  
**To:** Crescente, Angela  
**Subject:** KU ARO Regulatory Liabs

I'm preparing the KU regulatory liability information that will be included in the Form 3; I have identified the following ARO liabs with debit activity in 2Q12:

Account	Account	Je Name	Line Description	Debits
254014	REGULATORY LIABILITY ARO - GENERATION	PP ARO USD 01-APR-12	Journal Import Created	6,257.17
254014	REGULATORY LIABILITY ARO - GENERATION	PP ARO USD 01-JUN-12	Journal Import Created	6,257.17
254014	REGULATORY LIABILITY ARO - GENERATION	PP ARO USD 01-MAY-12	Journal Import Created	6,257.17

Can you let me know if these items should be documented as debits, or if they should be netted against the credit (like 1Q12) due to the nature of the activity?

Thanks in advance for the help!

Corey Koellner  
Regulatory Accounting & Reporting  
LG&E and KU Energy LLC  
Direct: (502) 627-2965



**Crescente, Angela**

---

**From:** Crescente, Angela  
**Sent:** Monday, July 23, 2012 11:09 AM  
**To:** Koellner, Corey  
**Cc:** Wiseman, Sara  
**Subject:** RE: LGE ARO Regulatory Liabs

**Follow Up Flag:** Follow up  
**Flag Status:** Completed

Corey,

The three lines of \$55.74 should be netted against the credit for normal activity.

Thanks,  
Angela

---

**From:** Koellner, Corey  
**Sent:** Monday, July 23, 2012 10:44 AM  
**To:** Crescente, Angela  
**Subject:** LGE ARO Regulatory Liabs

I'm preparing the LGE regulatory liability information that will be included in the Form 3; I have identified the following ARO liabs with debit activity in 2Q12:

Account	Account	Je Name	Line Description	Debits
254014	REGULATORY LIABILITY ARO - GENERATION	PP ARO USD 01-APR-12	Journal Import Created	55.74
254014	REGULATORY LIABILITY ARO - GENERATION	PP ARO USD 01-JUN-12	Journal Import Created	55.74
254014	REGULATORY LIABILITY ARO - GENERATION	PP ARO USD 01-MAY-12	Journal Import Created	55.74

Can you let me know if these items should be documented as debits, or if they should be netted against the credit (as they were in 1Q12) due to the nature of the activity?

Thanks in advance for the help!

Corey Koellner  
Regulatory Accounting & Reporting

LG&E and KU Energy LLC  
Direct: (502) 627-2965  
Fax: (502) 627-3800  
[corey.koellner@lge-ku.com](mailto:corey.koellner@lge-ku.com)

**Crescente, Angela**

---

**From:** Koellner, Corey  
**Sent:** Monday, July 23, 2012 10:44 AM  
**To:** Crescente, Angela  
**Subject:** LGE ARO Regulatory Liabs

**Follow Up Flag:** Follow up  
**Flag Status:** Completed

I'm preparing the LGE regulatory liability information that will be included in the Form 3; I have identified the following ARO liabs with debit activity in 2Q12:

Account	Account	Je Name	Line Description	Debits
254014	REGULATORY LIABILITY ARO - GENERATION	PP ARO USD 01-APR-12	Journal Import Created	55.74
254014	REGULATORY LIABILITY ARO - GENERATION	PP ARO USD 01-JUN-12	Journal Import Created	55.74
254014	REGULATORY LIABILITY ARO - GENERATION	PP ARO USD 01-MAY-12	Journal Import Created	55.74

Can you let me know if these items should be documented as debits, or if they should be netted against the credit (as they were in 1Q12) due to the nature of the activity?

Thanks in advance for the help!

Corey Koellner  
Regulatory Accounting & Reporting  
LG&E and KU Energy LLC  
Direct: (502) 627-2965  
Fax: (502) 627-3800  
[corey.koellner@lge-ku.com](mailto:corey.koellner@lge-ku.com)

**Crescente, Angela**

---

**From:** Wiseman, Sara  
**Sent:** Monday, February 20, 2012 11:08 AM  
**To:** Charnas, Shannon  
**Cc:** Crescente, Angela  
**Subject:** ARO policy changes--very minor



652 - Capital -  
ARO Policies a...

Shannon:

Attached is a copy of the ARO policy. A minor wording change has been made to the policy and we just send one instead of two. You approved the wording before we started using it last year, but I didn't take the time then to ask you to update the policy.

I know the normal procedure is to meet with you and Valerie, but since it is so minor I thought you might forgo that. I'm glad to do whatever is necessary. Or you may decide that we don't need to revise the policy for such a minor change.

**LG&E and KU Energy LLC Accounting Policy and Procedures**

Date 3/20/12  
Page 1 of 5

**652 – Capital - Asset Retirement Obligations Policy and Procedures**

**Policy:** An asset retirement obligation (“ARO”) will be established when a legal obligation exists, in compliance with ARO guidance per FASB Accounting Standards Codification (“ASC”) Topics 410 and 980-410 (formerly Statement of Financial Accounting Standards No. 143 (“SFAS 143”), Accounting for AROs and the subsequent FASB Interpretation No. 47 (“FIN 47”).

**Procedure:** Criteria for the recognition and accounting of legal retirement obligations related to tangible long lived assets are detailed below.

**Scope:** All legal retirement obligations of LG&E and KU Energy LLC (“LKE” or the “Company”) and its subsidiaries including Louisville Gas & Electric Company (“LG&E”), Kentucky Utilities Company (“KU”) and LG&E and KU Services Company (“Servco”).

**Objective of Procedure:** Accurate identification of and provision for Asset Retirement Obligations as defined in ASC Topics 410 and 980-410.

**General Requirements:**

**Definition of ARO:** A legal retirement obligation is an obligation that a party is required to settle as a result of an existing or enacted law, statute, ordinance or contract. A retirement encompasses the sale, abandonment or disposal in some other manner of a long lived asset. After an entity retires an asset, the asset is no longer under the control of that entity, or no longer in existence, or no longer capable of being used in the manner for which it was originally acquired. Retirement does not encompass the temporary idling of a long lived asset. (ASC 410-20-05)

Legal and Environmental Department personnel, in coordination with line of business and Property Accounting personnel, determine the need to establish an ARO based upon review of legal documents including laws, statutes, contracts, permits, certificates of need, right of way agreements and environmental regulations.

Additionally, Property Accounting will distribute ARO Questionnaires quarterly. See Appendix A for the questionnaires and target audiences.

**Initial ARO Establishment:**

A long lived tangible asset is determined to give rise to a legal retirement obligation.

The need to add an ARO is considered during the approval process for asset additions. During the AIP process, Property Accounting Analysts review the projects to determine if the need for an ARO may exist. If the project is identified as having the potential to require an ARO, a copy of the AIP is forwarded to the Property Accounting Analyst in charge of ARO accounting for further action. The Property Accounting Analyst in charge of ARO accounting reviews the AIP



**LG&E and KU Energy LLC Accounting Policy and Procedures**

Date 32/3120/4412  
Page 2 of 5

**652 – Capital - Asset Retirement Obligations Policy and Procedures**

and if appropriate, contacts the Legal and Environmental personnel who will make the final determination of the need to establish an ARO based upon review of existing legal documents including laws, statutes, contracts, permits, certificates of need, right of way agreements and environmental regulations. Cost estimates for the AROs are determined based on discussions with appropriate field personnel, the Legal Department and the Environmental Department. Cost estimates are to be reviewed periodically. The cost associated with the recognition of the asset retirement obligation is capitalized as part of the related tangible asset's book cost and is depreciated over a life dictated by the settlement date of the ARO liability. The asset retirement obligation book cost is initially recorded at fair value. An expected cash flow approach is used to determine the cash flows by incorporating probabilities of cost into the measurement. A market risk premium is also incorporated due to the uncertainty of the costs in the future. For U.S. GAAP purposes, the interest rates used in this calculation are provided by the Treasurer. These rates are based on the credit rating of the utilities. New interest rates are used when a new ARO is recorded or when the liabilities must be recalculated due to a change in the estimate. Also, a new interest rate is used for the new ARO when it is recorded. The fair value of the obligation is assigned to the appropriate FERC plant account and tracked using the PowerPlant fixed asset system.

The ARO asset and an offsetting liability equal to the fair value of the ARO are also recorded by PowerPlant via the following entry:

Dr. 101XXX - Plant In Service – ARO Asset Retirement Cost  
Cr. 230XXX - ARO Liability

***Depreciation:***

Depreciation on ARO assets is calculated on a straight line basis (consistent with all utility depreciation calculations) over a life dictated by the settlement date of the ARO liability.

The PowerPlant journal entry reflecting depreciation expense for the ARO asset is:

Dr. 403XXX - Depreciation Expense  
Cr. 108XXX - Accumulated Depreciation – ARO Asset Retirement Cost

***Accretion:***

As depreciation expense allocates the cost of installing an asset over its useful life, accretion expense allocates the increase in the cost of removing an asset over its useful life. Each period the ARO liability is increased through the recognition of accretion expense. The PowerPlant journal entry reflecting accretion is as follows:

Dr. 411XXX - Accretion Expense  
Cr. 230XXX - ARO Liability

**LG&E and KU Energy LLC Accounting Policy and Procedures**

Date 32/3120/4412  
Page 3 of 5

**652 – Capital - Asset Retirement Obligations Policy and Procedures**

**Regulatory Assets and Liabilities:** Pursuant to ASC 980-410, depreciation and accretion expense related to the ARO asset and liability is offset with a regulatory asset. The PowerPlant journal entry to record the offset is:

Dr. 182XXX - Other Regulatory Assets ARO  
Cr. 407XXX - Regulatory Credits

**Settlement:** At the time of settlement the appropriate ARO amounts in accounts 101XXX, 108XXX, 182XXX and 230XXX are reversed.

**Reports Generated and Recipients:**

- ARO Quarterly Rollforward Report – provided to external auditors
- ARO account reconciliation reports:
- PowerPlant report ARO Report Reg – 1001 (182 accounts)
- PowerPlant report ARO Report ARO – 1100 (230 accounts)

**Additional Controls or Responsibility Provided by Other Procedures:**

- N/A

**Regulatory Requirements:**

- FERC Accounting Guidelines
- Kentucky Public Service Commission Order Case No. 2003-00426

**Reference:**

- ASC Topic 410
- ASC Topic 980-410
- FERC Order 552
- FERC Order 631

**Corresponding PPL Policy No. and Name:**

407 – Asset Retirement Obligation

**Key Contact:** Manager, Property Accounting

**Administrative Responsibility:** Director, Accounting and Regulatory Reporting

*Date Created:* 08/24/05

*Dates Revised:* 10/21/06; 12/31/09; 12/01/10; 03/31/11, 2/202/12

**LG&E and KU Energy LLC Accounting Policy and Procedures**

Date 3/20/12  
Page 4 of 5

**652 – Capital - Asset Retirement Obligations Policy and Procedures**

**APPENDIX A**

*Questionnaire*

Distribution: Environmental, Legal, Budget Managers for each operating line of business

Please answer the following questions for the period since the date of your last completed questionnaire.

1. To the best of your knowledge, are you aware of any changes that would impact the valuation of the asset retirement obligations (“AROs”) that have been identified? Such changes may include changes in laws, statutes, regulations, precedents set by the Company, contracts, permits, certificates of need, right of way agreements, market costs or available resources for remediation, or planned retirements. (Please list)
2. To the best of your knowledge, are you aware of any acquired assets, land, or leases that will create an ARO? (Please list, include location)
3. To the best of your knowledge, are you aware of any new construction that will create an ARO? (Please list, include location)
4. In certain very limited circumstances the Company could be determined to be obligated to retire an asset or a group of assets based upon a commitment made to a third party. Are you aware of any communications either written or verbal between representatives of LKE and third parties with respect to retirement of an asset or a group of assets owned by LKE at the end of operations or a specific point in time? If so, please list the identities of the LKE representatives and assets involved, as well as the third party or parties who were involved and the context in which the discussions took place.  
3.

Formatted: Numbered + Level: 1 + Numbering Style: 1, 2, 3, ... + Start at: 1 + Alignment: Left + Aligned at: 0.25" + Indent at: 0.5"

Formatted: Numbered + Level: 1 + Numbering Style: 1, 2, 3, ... + Start at: 1 + Alignment: Left + Aligned at: 0.25" + Indent at: 0.5"

Formatted: List Paragraph, Numbered + Level: 1 + Numbering Style: 1, 2, 3, ... + Start at: 1 + Alignment: Left + Aligned at: 0.25" + Indent at: 0.5"

Formatted: List Paragraph, Numbered + Level: 1 + Numbering Style: 1, 2, 3, ... + Start at: 1 + Alignment: Left + Aligned at: 0.25" + Indent at: 0.5"

Formatted: Indent: Left: 0.5", No bullets or numbering

**LG&E and KU Energy LLC Accounting Policy and Procedures**

Date 32/3120/1112  
Page 5 of 5

**652 – Capital – Asset Retirement Obligations Policy and Procedures**

Questionnaire

*Asset Retirement Obligation Promissory Estoppel*

Formatted: Heading 2

***Distribution: Environmental, Legal, Budget Managers for each line of business***

***Please answer the following question.***

~~In certain very limited circumstances the Company could be determined to be obligated to retire an asset or a group of assets based upon a commitment made to a third party. Are you aware of any communications either written or verbal between representatives of LKE and third parties with respect to retirement of an asset or a group of assets owned by LKE at the end of operations or a specific point in time? If so, please list the identities of the LKE representatives and assets involved, as well as the third party or parties who were involved and the context in which the discussions took place.~~

**Breakers:** Disposal of oil found in breakers is an ARO. However, non PCB oil can generally be recycled at no cost to the Company or even sold. The Company must pay to dispose of or recycle PCB contaminated oil. However, Company personnel estimate that there are few breakers remaining which may contain PCB contaminated oil. Therefore the amount of the PCB contaminated oil remaining is considered to be minimal and cannot be estimated. Recent breaker purchases by the Company contain SF6 gas. SF6 gas is not considered to be an ARO as greenhouse gas regulations rules only require reporting of SF6, they do not include requirements on control. SF6 will be sold or recycled upon retirement. Due to this fact, no ARO has been recorded for oil or SF6.

**Batteries:** Batteries do need to be disposed of in a certain manner for environmental reasons; however, most batteries are recycled at no cost to the Company upon retirement. Therefore, no ARO has been recorded.

**Freon (HVAC):** There are certain regulations for disposal of Freon. Only have 4 control houses with air conditioning. Future plans would be to add air conditioning one per year. Due to the small dollar amounts involved, no ARO was established.

**Easement, Leases:** A review of a sample of main easement/lease forms by the Legal Department did not reveal any legal requirements to remove property upon retirement. The Legal Department will continue to review easement forms as they are revised to ensure this finding does not change. Therefore, no ARO is recorded.  
**Underground Electric Lines:** There is a minimal amount of oil found in underground electric lines, however, it is not PCB contaminated. The oil is pumped out of the lines upon removal or abandonment. Non PCB oil can generally be recycled at no cost to the Company or even sold. Therefore, since there is no cost to the Company an ARO is not required.

**Poles:** Poles may be coated with creosote. However, there is no additional cost for disposal of creosote covered poles. Therefore, no ARO has been recorded.

~~~~~

**The following items are not considered to be AROs (for the reasons documented):**

**Sewage Facilities:** There is no legal obligation. We do remove sewage facilities in a certain way to satisfy our best practice approach, but not for a legal obligation.

~~~~~

**The following item was established as an ARO due to materiality purposes in December 2011:**

**Bushings:** Disposal of oil found in bushings is an ARO. Non-PCB oil can generally be recycled at no cost to the Company or even sold. The Company must pay to dispose of or recycle PCB contaminated oil. After a certain date, manufacturers stopped manufacturing bushings with PCB contaminated oil. The Company does have some transmission bushings that contain PCB; therefore, an ARO was established.

**Crescente, Angela**

---

**From:** Crescente, Angela  
**Sent:** Monday, January 16, 2012 2:15 PM  
**To:** Daly, Karen; Leenerts, Patricia  
**Cc:** Riggs, Eric  
**Subject:** RE: LGE Transfer (Fin) Detail PG3

<b>Tracking:</b>	<b>Recipient</b>	<b>Read</b>
	Daly, Karen	Read: 1/16/2012 2:16 PM
	Leenerts, Patricia	Read: 1/16/2012 2:15 PM
	Riggs, Eric	Read: 1/16/2012 2:15 PM

If it is what I am remembering correctly, it is the Zorn ARO asset, right? If so, it was a transfer from Steam to Other Production to correct the ARO depr group.

Thanks,  
Angela

---

**From:** Daly, Karen  
**Sent:** Monday, January 16, 2012 2:04 PM  
**To:** Leenerts, Patricia  
**Cc:** Riggs, Eric; Crescente, Angela  
**Subject:** RE: LGE Transfer (Fin) Detail PG3

I wasn't planning on changing the report.

Angela, Please describe for both of us for our support.

Karen

---

**From:** Leenerts, Patricia  
**Sent:** Monday, January 16, 2012 2:00 PM  
**To:** Daly, Karen  
**Cc:** Riggs, Eric; Crescente, Angela  
**Subject:** RE: LGE Transfer (Fin) Detail PG3

Karen, please let me know when you have updated the description on the Plant Report so they I my reprint for my backup.

Thanks,

Pat  
502-627-3811

---

**From:** Daly, Karen

**Sent:** Monday, January 16, 2012 1:58 PM  
**To:** Leenerts, Patricia; Crescente, Angela  
**Cc:** Riggs, Eric  
**Subject:** RE: LGE Transfer (Fin) Detail PG3

Ok...I didn't split it enough on the page. The electric part is ARO – for which Angela can explain. The Gas part is the transfer of meters.

---

**From:** Leenerts, Patricia  
**Sent:** Monday, January 16, 2012 1:51 PM  
**To:** Crescente, Angela  
**Cc:** Daly, Karen  
**Subject:** FW: LGE Transfer (Fin) Detail PG3

I intended on copying you.

Thanks,

Pat  
502-627-3811

---

**From:** Leenerts, Patricia  
**Sent:** Monday, January 16, 2012 1:50 PM  
**To:** Daly, Karen  
**Subject:** LGE Transfer (Fin) Detail PG3

Karen, I'm not sure that the explanation shown for Mar-2011 (A) is correct. It is an ARO transfer and Angela said it didn't have anything to do with meters. Could you let me know what the correct description should be so I can write my footnote? Thanks

Pat

**Crescente, Angela**

---

**From:** Wiseman, Sara  
**Sent:** Thursday, January 12, 2012 4:07 PM  
**To:** Amlung, Kim; Clark, Ed; Clark, Lynda; Crescente, Angela; Daly, Karen; Griffin, Sharon; Kinder, Debra; Kuntz, John; Leenerts, Patricia; Riggs, Eric; Rose, Bruce; Wacker, Diana  
**Subject:** FW: Journal Entries for December 2011 Revaluation.xlsx

The ARO entries have been posted. See below for a new journal entry summary. Karen will be re-issuing the plant reports later today or by mid day tomorrow.

---

**From:** Crescente, Angela  
**Sent:** Thursday, January 12, 2012 3:58 PM  
**To:** Wiseman, Sara  
**Subject:** Journal Entries for December 2011 Revaluation.xlsx



Journal Entries for  
December 2...



(In Thousands)

Settlements

LGE

Account	Debit	Credit
101		46
108	4	
182		6
230	48	

KU

Account	Debit	Credit
101		313
108	40	
182		53
230	326	

LKE

Account	Debit	Credit
101		359
108	44	
182		59
230	374	

New AROs

LGE

Account	Debit	Credit
101	1,811	
230		1,811

KU

Account	Debit	Credit
101	1,680	
230		1,680

LKE

Account	Debit	Credit
101	3,491	
230		3,491

Total

LGE

Account	Debit	Credit
101	1,765	
108	4	
182		6
230		1,763

KU

Account	Debit	Credit
101	1,367	
108	40	
182		53
230		1,354

LKE

Account	Debit	Credit
101	3,132	
108	44	
182		59
230		3,117

**Crescente, Angela**

---

**From:** Koellner, Corey  
**Sent:** Monday, January 30, 2012 12:59 PM  
**To:** Crescente, Angela  
**Cc:** Wiseman, Sara  
**Subject:** LGE ARO Regulatory Assets

**Follow Up Flag:** Follow up  
**Flag Status:** Completed

I'm preparing the LGE regulatory asset information that will be included in the Form 1; I have identified the following ARO assets with credit activity in 4Q11:

Account	Account	Line Description	Je Name	Credits
182317	OTHER REGULATORY ASSETS ARO - GENERATION	J425-0100-1211 Adjustment USD 31-DEC-11	Journal Import Created	6,166.72
182317	OTHER REGULATORY ASSETS ARO - GENERATION	PP ARO USD 01-DEC-11	Journal Import Created	48,850.45
182317	OTHER REGULATORY ASSETS ARO - GENERATION	PP ARO USD 01-OCT-11	Journal Import Created	232,768.16
182317	OTHER REGULATORY ASSETS ARO - GENERATION	Reverses "J425-0100-1211 Adjustment USD 31-DEC-11"06-JAN-12 12:59:12	Journal Import Created	592,005.19
182326	OTHER REGULATORY ASSETS ARO - GAS	PP ARO USD 01-DEC-11	Journal Import Created	2,723.43

Can you let me know if these items should be documented as credits, or if they should be netted against the debit due to the nature of the activity?

Thanks in advance for the help!

Corey Koellner  
Regulatory Accounting & Reporting  
LG&E and KU Energy LLC  
Direct: (502) 627-2965  
Fax: (502) 627-3800  
[corey.koellner@lge-ku.com](mailto:corey.koellner@lge-ku.com)

**Crescente, Angela**

---

**From:** Crescente, Angela  
**Sent:** Tuesday, January 31, 2012 10:05 AM  
**To:** Koellner, Corey  
**Subject:** RE: KU ARO Regulatory Liabs

**Follow Up Flag:** Follow up  
**Flag Status:** Completed

Corey,

The \$37,069.71 reclass activity offsetting account is 108116. The \$1,060,171.41 reclass activity offsetting account is 108116.

Thanks,  
Angela

---

**From:** Crescente, Angela  
**Sent:** Tuesday, January 31, 2012 8:25 AM  
**To:** Koellner, Corey  
**Cc:** Wiseman, Sara  
**Subject:** RE: KU ARO Regulatory Liabs

Corey,

In regards to the \$1,054,478.91, that is a journal entry reversal so go ahead and net that against the credits. The \$43,326.88 should be split by \$6,257.17 netting against the credit for normal activity, and the \$37,069.71 staying as a debit for reclass activity. The two lines of \$6,257.17 should be netted against the credit for normal activity and the \$1,060,171.41 should be left as a debit for reclass activity.

Thanks,  
Angela

---

**From:** Koellner, Corey  
**Sent:** Monday, January 30, 2012 2:32 PM

**To:** Crescente, Angela  
**Cc:** Wiseman, Sara  
**Subject:** KU ARO Regulatory Liabs

I'm preparing the KU regulatory liability information that will be included in the Form 1; I have identified the following ARO liabs with debit activity in 4Q11:

Account	Account	Je Name	Line Description	Debits
254014	REGULATORY LIABILITY ARO - GENERATION	J440-0110-1211 Adjustment USD 31-DEC-11	Journal Import Created	1,054,478.91
254014	REGULATORY LIABILITY ARO - GENERATION	PP ARO USD 01-DEC-11	Journal Import Created	43,326.88
254014	REGULATORY LIABILITY ARO - GENERATION	PP ARO USD 01-NOV-11	Journal Import Created	6,257.17
254014	REGULATORY LIABILITY ARO - GENERATION	PP ARO USD 01-OCT-11	Journal Import Created	6,257.17
254015	REGULATORY LIABILITY ARO - TRANSMISSION	PP ARO USD 01-DEC-11	Journal Import Created	1,060,171.41

Can you let me know if these items should be documented as debits, or if they should be netted against the credit due to the nature of the activity?

Thanks in advance for the help!

Corey Koellner  
Regulatory Accounting & Reporting  
LG&E and KU Energy LLC  
Direct: (502) 627-2965  
Fax: (502) 627-3800  
[corey.koellner@lge-ku.com](mailto:corey.koellner@lge-ku.com)

**Crescente, Angela**

---

**From:** Crescente, Angela  
**Sent:** Tuesday, January 31, 2012 10:00 AM  
**To:** Koellner, Corey  
**Subject:** RE: LGE ARO Regulatory Assets

**Follow Up Flag:** Follow up  
**Flag Status:** Completed

Corey,

The \$3,083.36 reclass amount offsetting account is 108107. The \$48,850.45 and the \$232,768.16 settlement activity offsetting account is 230012. The \$2,723.43 settlement activity offsetting account is 230016. I went ahead and added the last three numbers of the account for my own documentation purposes in case I ever wind up needing to explain. I may not remember as well in the future.

Thanks,  
Angela

---

**From:** Crescente, Angela  
**Sent:** Tuesday, January 31, 2012 8:10 AM  
**To:** Koellner, Corey  
**Cc:** Wiseman, Sara  
**Subject:** RE: LGE ARO Regulatory Assets

Corey,

In regards to the \$6,166.72, \$3,083.36 of it should net against the debit because it was a journal entry reversal. The other \$3,083.36 was a reclass and should be left as a credit. The \$48,850.45, \$232,768.16, and \$2,723.43 should be left as a credit due to settlement activity. The \$592,005.19 was a journal entry reversal and should be netted against the debit.

Thanks,  
Angela

---

**From:** Koellner, Corey

**Sent:** Monday, January 30, 2012 12:59 PM  
**To:** Crescente, Angela  
**Cc:** Wiseman, Sara  
**Subject:** LGE ARO Regulatory Assets

I'm preparing the LGE regulatory asset information that will be included in the Form 1; I have identified the following ARO assets with credit activity in 4Q11:

Account	Account	Line Description	Je Name	Credits
182317	OTHER REGULATORY ASSETS ARO - GENERATION	J425-0100-1211 Adjustment USD 31-DEC-11	Journal Import Created	6,166.72
182317	OTHER REGULATORY ASSETS ARO - GENERATION	PP ARO USD 01-DEC-11	Journal Import Created	48,850.45
182317	OTHER REGULATORY ASSETS ARO - GENERATION	PP ARO USD 01-OCT-11	Journal Import Created	232,768.16
182317	OTHER REGULATORY ASSETS ARO - GENERATION	Reverses "J425-0100-1211 Adjustment USD 31-DEC-11"06-JAN-12 12:59:12	Journal Import Created	592,005.19
182326	OTHER REGULATORY ASSETS ARO - GAS	PP ARO USD 01-DEC-11	Journal Import Created	2,723.43

Can you let me know if these items should be documented as credits, or if they should be netted against the debit due to the nature of the activity?

Thanks in advance for the help!

Corey Koellner  
Regulatory Accounting & Reporting  
LG&E and KU Energy LLC  
Direct: (502) 627-2965  
Fax: (502) 627-3800  
[corey.koellner@lge-ku.com](mailto:corey.koellner@lge-ku.com)

**Crescente, Angela**

---

**From:** Crescente, Angela  
**Sent:** Tuesday, January 31, 2012 9:37 AM  
**To:** Koellner, Corey  
**Subject:** RE: KU ARO Regulatory Assets

**Follow Up Flag:** Follow up  
**Flag Status:** Completed

It is 230012.

---

**From:** Koellner, Corey  
**Sent:** Tuesday, January 31, 2012 8:53 AM  
**To:** Crescente, Angela  
**Subject:** RE: KU ARO Regulatory Assets

Could you let me know the offset account(s)?

---

**From:** Crescente, Angela  
**Sent:** Monday, January 30, 2012 4:07 PM  
**To:** Koellner, Corey  
**Cc:** Wiseman, Sara  
**Subject:** RE: KU ARO Regulatory Assets

Corey,

Since this is settlement related activity, please document the activity below as a credit.

Thanks,  
Angela

---

**From:** Koellner, Corey  
**Sent:** Monday, January 30, 2012 2:21 PM  
**To:** Crescente, Angela  
**Cc:** Wiseman, Sara  
**Subject:** KU ARO Regulatory Assets

I'm preparing the KU regulatory asset information that will be included in the Form 1; I identified the following ARO asset with credit activity in 4Q11:

Account	Account	Line Description	Je Name	Credits
182317	OTHER REGULATORY ASSETS ARO - GENERATION	PP ARO USD 01-DEC-11	Journal Import Created	326,707.17

Can you let me know if this item should be documented as a credit, or if it should be netted against the debit due to the nature of the activity?

Thanks in advance for the help!

Corey Koellner  
Regulatory Accounting & Reporting  
LG&E and KU Energy LLC  
Direct: (502) 627-2965  
Fax: (502) 627-3800  
[corey.koellner@lge-ku.com](mailto:corey.koellner@lge-ku.com)



**Crescente, Angela**

---

**From:** Crescente, Angela  
**Sent:** Tuesday, January 31, 2012 8:25 AM  
**To:** Koellner, Corey  
**Cc:** Wiseman, Sara  
**Subject:** RE: KU ARO Regulatory Liabs

**Follow Up Flag:** Follow up  
**Flag Status:** Completed

Corey,

In regards to the \$1,054,478.91, that is a journal entry reversal so go ahead and net that against the credits. The \$43,326.88 should be split by \$6,257.17 netting against the credit for normal activity, and the \$37,069.71 staying as a debit for reclass activity. The two lines of \$6,257.17 should be netted against the credit for normal activity and the \$1,060,171.41 should be left as a debit for reclass activity.

Thanks,  
Angela

---

**From:** Koellner, Corey  
**Sent:** Monday, January 30, 2012 2:32 PM  
**To:** Crescente, Angela  
**Cc:** Wiseman, Sara  
**Subject:** KU ARO Regulatory Liabs

I'm preparing the KU regulatory liability information that will be included in the Form 1; I have identified the following ARO liabs with debit activity in 4Q11:

Account	Account	Je Name	Line Description	Debits
254014	REGULATORY LIABILITY ARO - GENERATION	J440-0110-1211 Adjustment USD 31-DEC-11	Journal Import Created	1,054,478.91
254014	REGULATORY LIABILITY ARO - GENERATION	PP ARO USD 01-DEC-11	Journal Import Created	43,326.88
254014	REGULATORY LIABILITY ARO - GENERATION	PP ARO USD 01-NOV-11	Journal Import Created	6,257.17
254014	REGULATORY LIABILITY ARO - GENERATION	PP ARO USD 01-OCT-11	Journal Import Created	6,257.17
254015	REGULATORY LIABILITY ARO -	PP ARO USD 01-DEC-11	Journal Import Created	1,060,171.41

TRANSMISSION

Can you let me know if these items should be documented as debits, or if they should be netted against the credit due to the nature of the activity?

Thanks in advance for the help!

Corey Koellner  
Regulatory Accounting & Reporting  
LG&E and KU Energy LLC  
Direct: (502) 627-2965  
Fax: (502) 627-3800  
[corey.koellner@lge-ku.com](mailto:corey.koellner@lge-ku.com)

**Crescente, Angela**

---

**From:** Crescente, Angela  
**Sent:** Tuesday, January 31, 2012 8:22 AM  
**To:** 'Koellner, Corey'  
**Cc:** Wiseman, Sara  
**Subject:** RE: LGE ARO Regulatory Liabs

**Follow Up Flag:** Follow up  
**Flag Status:** Completed

Corey,

In regards to the \$17,218.85, that is a journal entry reversal so go ahead and net that against the credits. The \$85,639.66 should be split by \$55.74 netting against the credit for normal activity, and the \$85,583.92 staying as a debit for reclass activity. The two lines of \$55.74 should be netted against the credit for normal activity and the \$18,472.98 should be left as a debit for reclass activity.

Thanks,  
Angela

---

**From:** Koellner, Corey  
**Sent:** Monday, January 30, 2012 1:47 PM  
**To:** Crescente, Angela  
**Cc:** Wiseman, Sara  
**Subject:** LGE ARO Regulatory Liabs

I'm preparing the LGE regulatory liability information that will be included in the Form 1; I have identified the following ARO liabs with debit activity in 4Q11:

Account	Account	Je Name	Line Description	Debits
254014	REGULATORY LIABILITY ARO - GENERATION	J431-0100-1211 Adjustment USD 31-DEC-11	Journal Import Created	17,218.85
254014	REGULATORY LIABILITY ARO - GENERATION	PP ARO USD 01-DEC-11	Journal Import Created	85,639.66
254014	REGULATORY LIABILITY ARO - GENERATION	PP ARO USD 01-NOV-11	Journal Import Created	55.74
254014	REGULATORY LIABILITY ARO - GENERATION	PP ARO USD 01-OCT-11	Journal Import Created	55.74
254015	REGULATORY LIABILITY ARO - TRANSMISSION	PP ARO USD 01-DEC-11	Journal Import Created	18,472.98

Can you let me know if these items should be documented as debits, or if they should be netted against the credit due to the nature of the activity?

Thanks in advance for the help!

Corey Koellner  
Regulatory Accounting & Reporting  
LG&E and KU Energy LLC  
Direct: (502) 627-2965  
Fax: (502) 627-3800  
[corey.koellner@lge-ku.com](mailto:corey.koellner@lge-ku.com)

**Crescente, Angela**

---

**From:** Crescente, Angela  
**Sent:** Tuesday, January 31, 2012 8:10 AM  
**To:** Koellner, Corey  
**Cc:** Wiseman, Sara  
**Subject:** RE: LGE ARO Regulatory Assets

**Follow Up Flag:** Follow up  
**Flag Status:** Completed

Corey,

In regards to the \$6,166.72, \$3,083.36 of it should net against the debit because it was a journal entry reversal. The other \$3,083.36 was a reclass and should be left as a credit. The \$48,850.45, \$232,768.16, and \$2,723.43 should be left as a credit due to settlement activity. The \$592,005.19 was a journal entry reversal and should be netted against the debit.

Thanks,  
Angela

---

**From:** Koellner, Corey  
**Sent:** Monday, January 30, 2012 12:59 PM  
**To:** Crescente, Angela  
**Cc:** Wiseman, Sara  
**Subject:** LGE ARO Regulatory Assets

I'm preparing the LGE regulatory asset information that will be included in the Form 1; I have identified the following ARO assets with credit activity in 4Q11:

Account	Account	Line Description	Je Name	Credits
182317	OTHER REGULATORY ASSETS ARO - GENERATION	J425-0100-1211 Adjustment USD 31-DEC-11	Journal Import Created	6,166.72
182317	OTHER REGULATORY ASSETS ARO - GENERATION	PP ARO USD 01-DEC-11	Journal Import Created	48,850.45
182317	OTHER REGULATORY ASSETS ARO - GENERATION	PP ARO USD 01-OCT-11	Journal Import Created	232,768.16

182317	OTHER REGULATORY ASSETS ARO - GENERATION	Reverses "J425-0100-1211 Adjustment USD 31-DEC-11"06-JAN-12 12:59:12	Charnas Journal Import Created	592,005.19
182326	OTHER REGULATORY ASSETS ARO - GAS	PP ARO USD 01-DEC-11	Journal Import Created	2,723.43

Can you let me know if these items should be documented as credits, or if they should be netted against the debit due to the nature of the activity?

Thanks in advance for the help!

Corey Koellner  
 Regulatory Accounting & Reporting  
 LG&E and KU Energy LLC  
 Direct: (502) 627-2965  
 Fax: (502) 627-3800  
[corey.koellner@lge-ku.com](mailto:corey.koellner@lge-ku.com)

**Crescente, Angela**

---

**From:** Crescente, Angela  
**Sent:** Monday, January 30, 2012 4:07 PM  
**To:** Koellner, Corey  
**Cc:** Wiseman, Sara  
**Subject:** RE: KU ARO Regulatory Assets

**Follow Up Flag:** Follow up  
**Flag Status:** Completed

Corey,

Since this is settlement related activity, please document the activity below as a credit.

Thanks,  
Angela

---

**From:** Koellner, Corey  
**Sent:** Monday, January 30, 2012 2:21 PM  
**To:** Crescente, Angela  
**Cc:** Wiseman, Sara  
**Subject:** KU ARO Regulatory Assets

I'm preparing the KU regulatory asset information that will be included in the Form 1; I identified the following ARO asset with credit activity in 4Q11:

Account	Account	Line Description	Je Name	Credits
182317	OTHER REGULATORY ASSETS ARO - GENERATION	PP ARO USD 01-DEC-11	Journal Import Created	326,707.17

Can you let me know if this item should be documented as a credit, or if it should be netted against the debit due to the nature of the activity?

Thanks in advance for the help!

Corey Koellner  
Regulatory Accounting & Reporting

LG&E and KU Energy LLC  
Direct: (502) 627-2965  
Fax: (502) 627-3800  
[corey.koellner@lge-ku.com](mailto:corey.koellner@lge-ku.com)



**Crescente, Angela**

---

**From:** Koellner, Corey  
**Sent:** Monday, January 30, 2012 2:32 PM  
**To:** Crescente, Angela  
**Cc:** Wiseman, Sara  
**Subject:** KU ARO Regulatory Liabs

**Follow Up Flag:** Follow up  
**Flag Status:** Completed

I'm preparing the KU regulatory liability information that will be included in the Form 1; I have identified the following ARO liabs with debit activity in 4Q11:

Account	Account	Je Name	Line Description	Debits
254014	REGULATORY LIABILITY ARO - GENERATION	J440-0110-1211 Adjustment USD 31-DEC-11	Journal Import Created	1,054,478.91
254014	REGULATORY LIABILITY ARO - GENERATION	PP ARO USD 01-DEC-11	Journal Import Created	43,326.88
254014	REGULATORY LIABILITY ARO - GENERATION	PP ARO USD 01-NOV-11	Journal Import Created	6,257.17
254014	REGULATORY LIABILITY ARO - GENERATION	PP ARO USD 01-OCT-11	Journal Import Created	6,257.17
254015	REGULATORY LIABILITY ARO - TRANSMISSION	PP ARO USD 01-DEC-11	Journal Import Created	1,060,171.41

Can you let me know if these items should be documented as debits, or if they should be netted against the credit due to the nature of the activity?

Thanks in advance for the help!

Corey Koellner  
Regulatory Accounting & Reporting  
LG&E and KU Energy LLC  
Direct: (502) 627-2965  
Fax: (502) 627-3800  
[corey.koellner@lge-ku.com](mailto:corey.koellner@lge-ku.com)

**Crescente, Angela**

---

**From:** Koellner, Corey  
**Sent:** Monday, January 30, 2012 2:21 PM  
**To:** Crescente, Angela  
**Cc:** Wiseman, Sara  
**Subject:** KU ARO Regulatory Assets

**Follow Up Flag:** Follow up  
**Flag Status:** Completed

I'm preparing the KU regulatory asset information that will be included in the Form 1; I identified the following ARO asset with credit activity in 4Q11:

Account	Account	Line Description	Je Name	Credits
182317	OTHER REGULATORY ASSETS ARO - GENERATION	PP ARO USD 01-DEC-11	Journal Import Created	326,707.17

Can you let me know if this item should be documented as a credit, or if it should be netted against the debit due to the nature of the activity?

Thanks in advance for the help!

Corey Koellner  
Regulatory Accounting & Reporting  
LG&E and KU Energy LLC  
Direct: (502) 627-2965  
Fax: (502) 627-3800  
[corey.koellner@lge-ku.com](mailto:corey.koellner@lge-ku.com)

**Crescente, Angela**

---

**From:** Koellner, Corey  
**Sent:** Monday, January 30, 2012 1:47 PM  
**To:** Crescente, Angela  
**Cc:** Wiseman, Sara  
**Subject:** LGE ARO Regulatory Liabs

**Follow Up Flag:** Follow up  
**Flag Status:** Completed

I'm preparing the LGE regulatory liability information that will be included in the Form 1; I have identified the following ARO liabs with debit activity in 4Q11:

Account	Account	Je Name	Line Description	Debits
254014	REGULATORY LIABILITY ARO - GENERATION	J431-0100-1211 Adjustment USD 31-DEC-11	Journal Import Created	17,218.85
254014	REGULATORY LIABILITY ARO - GENERATION	PP ARO USD 01-DEC-11	Journal Import Created	85,639.66
254014	REGULATORY LIABILITY ARO - GENERATION	PP ARO USD 01-NOV-11	Journal Import Created	55.74
254014	REGULATORY LIABILITY ARO - GENERATION	PP ARO USD 01-OCT-11	Journal Import Created	55.74
254015	REGULATORY LIABILITY ARO - TRANSMISSION	PP ARO USD 01-DEC-11	Journal Import Created	18,472.98

Can you let me know if these items should be documented as debits, or if they should be netted against the credit due to the nature of the activity?

Thanks in advance for the help!

Corey Koellner  
Regulatory Accounting & Reporting  
LG&E and KU Energy LLC  
Direct: (502) 627-2965  
Fax: (502) 627-3800  
[corey.koellner@lge-ku.com](mailto:corey.koellner@lge-ku.com)

**Crescente, Angela**

---

**From:** Koellner, Corey  
**Sent:** Monday, January 30, 2012 12:59 PM  
**To:** Crescente, Angela  
**Cc:** Wiseman, Sara  
**Subject:** LGE ARO Regulatory Assets

**Follow Up Flag:** Follow up  
**Flag Status:** Completed

I'm preparing the LGE regulatory asset information that will be included in the Form 1; I have identified the following ARO assets with credit activity in 4Q11:

Account	Account	Line Description	Je Name	Credits
182317	OTHER REGULATORY ASSETS ARO - GENERATION	J425-0100-1211 Adjustment USD 31-DEC-11	Journal Import Created	6,166.72
182317	OTHER REGULATORY ASSETS ARO - GENERATION	PP ARO USD 01-DEC-11	Journal Import Created	48,850.45
182317	OTHER REGULATORY ASSETS ARO - GENERATION	PP ARO USD 01-OCT-11	Journal Import Created	232,768.16
182317	OTHER REGULATORY ASSETS ARO - GENERATION	Reverses "J425-0100-1211 Adjustment USD 31-DEC-11"06-JAN-12 12:59:12	Journal Import Created	592,005.19
182326	OTHER REGULATORY ASSETS ARO - GAS	PP ARO USD 01-DEC-11	Journal Import Created	2,723.43

Can you let me know if these items should be documented as credits, or if they should be netted against the debit due to the nature of the activity?

Thanks in advance for the help!

Corey Koellner  
Regulatory Accounting & Reporting  
LG&E and KU Energy LLC  
Direct: (502) 627-2965  
Fax: (502) 627-3800  
[corey.koellner@lge-ku.com](mailto:corey.koellner@lge-ku.com)

**Crescente, Angela**

---

**From:** Crescente, Angela  
**Sent:** Monday, January 16, 2012 2:15 PM  
**To:** Daly, Karen; Leenerts, Patricia  
**Cc:** Riggs, Eric  
**Subject:** RE: LGE Transfer (Fin) Detail PG3

**Follow Up Flag:** Follow up  
**Flag Status:** Completed

<b>Tracking:</b>	<b>Recipient</b>	<b>Read</b>
	Daly, Karen	Read: 1/16/2012 2:16 PM
	Leenerts, Patricia	Read: 1/16/2012 2:15 PM
	Riggs, Eric	Read: 1/16/2012 2:15 PM

If it is what I am remembering correctly, it is the Zorn ARO asset, right? If so, it was a transfer from Steam to Other Production to correct the ARO depr group.

Thanks,  
Angela

---

**From:** Daly, Karen  
**Sent:** Monday, January 16, 2012 2:04 PM  
**To:** Leenerts, Patricia  
**Cc:** Riggs, Eric; Crescente, Angela  
**Subject:** RE: LGE Transfer (Fin) Detail PG3

I wasn't planning on changing the report.

Angela, Please describe for both of us for our support.

Karen

---

**From:** Leenerts, Patricia  
**Sent:** Monday, January 16, 2012 2:00 PM  
**To:** Daly, Karen  
**Cc:** Riggs, Eric; Crescente, Angela  
**Subject:** RE: LGE Transfer (Fin) Detail PG3

Karen, please let me know when you have updated the description on the Plant Report so they I my reprint for my backup.

Thanks,

Pat  
502-627-3811

---

**From:** Daly, Karen  
**Sent:** Monday, January 16, 2012 1:58 PM  
**To:** Leenerts, Patricia; Crescente, Angela  
**Cc:** Riggs, Eric  
**Subject:** RE: LGE Transfer (Fin) Detail PG3

Ok...I didn't split it enough on the page. The electric part is ARO – for which Angela can explain. The Gas part is the transfer of meters.

---

**From:** Leenerts, Patricia  
**Sent:** Monday, January 16, 2012 1:51 PM  
**To:** Crescente, Angela  
**Cc:** Daly, Karen  
**Subject:** FW: LGE Transfer (Fin) Detail PG3

I intended on copying you.

Thanks,

Pat  
502-627-3811

---

**From:** Leenerts, Patricia  
**Sent:** Monday, January 16, 2012 1:50 PM  
**To:** Daly, Karen  
**Subject:** LGE Transfer (Fin) Detail PG3

Karen, I'm not sure that the explanation shown for Mar-2011 (A) is correct. It is an ARO transfer and Angela said it didn't have anything to do with meters. Could you let me know what the correct description should be so I can write my footnote? Thanks

Pat

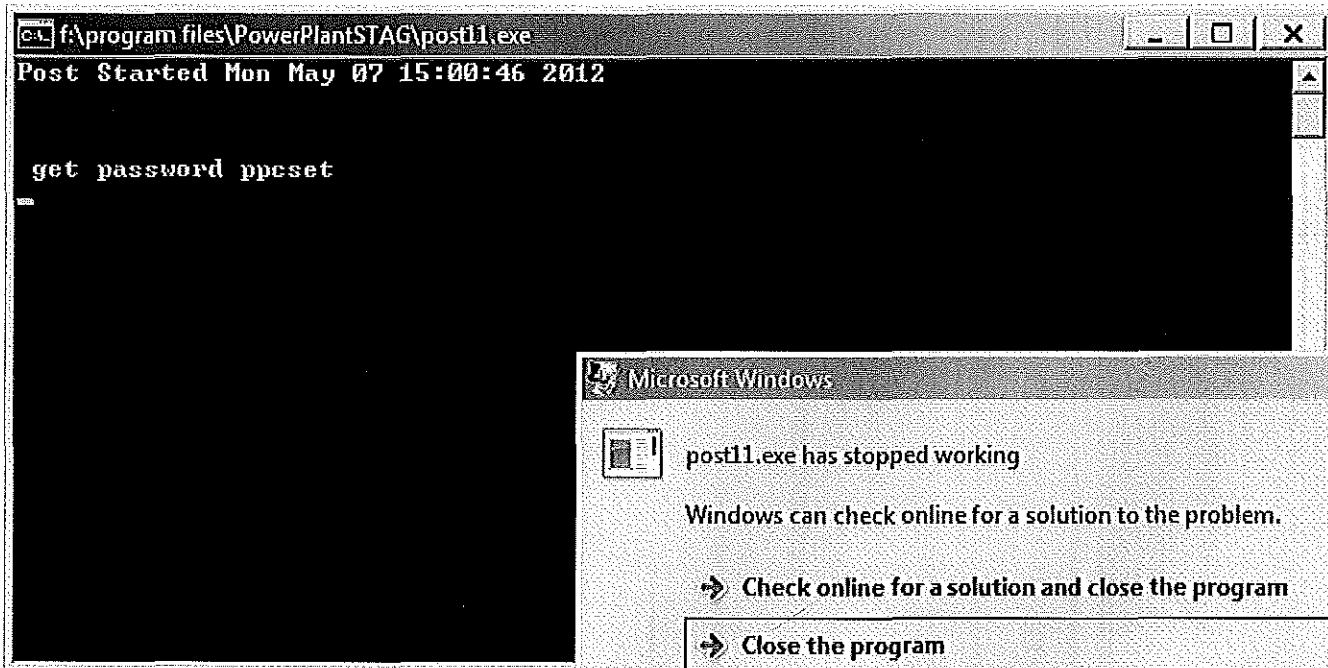
**Clark, Ed**

---

**From:** Wacker, Diana  
**Sent:** Monday, May 07, 2012 3:03 PM  
**To:** 'Vu Nguyen'; Crescente, Angela  
**Cc:** Kinder, Debra; Rubsch, Derik; Neal, Susan; Wiseman, Sara  
**Subject:** RE: New Post11 - ARO Post issue Number 43-Critical

**Importance:** High

Vu: We are still having issues with POST. We are getting the following:



This is in STAG.

We are going to recreate some transactions and try in TEST.

Diana

---

**From:** Vu Nguyen [<mailto:vnguyen@pwrplan.com>]  
**Sent:** Monday, May 07, 2012 12:21 PM  
**To:** Crescente, Angela  
**Cc:** Wacker, Diana; Kinder, Debra; Rubsch, Derik; Neal, Susan; Wiseman, Sara  
**Subject:** RE: New Post11 - ARO Post issue Number 43-Critical

Please kick off Post again.

Thanks,

**Vu Nguyen**  
*Manager, Professional Services*

PowerPlan, Inc.

200 Galleria Parkway  
Atlanta, GA 30339

O: +1 770.618.2294  
M: +1 404.492.8291  
[vnguyen@pwrplan.com](mailto:vnguyen@pwrplan.com)

---

**From:** Crescente, Angela [<mailto:Angela.Crescente@lge-ku.com>]  
**Sent:** Monday, 07 May, 2012 10:56 AM  
**To:** Vu Nguyen  
**Cc:** Wacker, Diana; Kinder, Debra; Rubsch, Derik; Neal, Susan; Wiseman, Sara  
**Subject:** New Post11 - ARO Post issue Number 43-Critical

Vu,

After the new post version went in this morning, I tried to post ARO Retirements in PTAXSTAG and got an error. I successfully posted ARO retirements on Friday before the new version of Post in PTAXSTAG.

Thanks,  
Angela

---

**From:** Wacker, Diana  
**Sent:** Monday, May 07, 2012 10:53 AM  
**To:** Crescente, Angela  
**Subject:** FW: New Post11

---

**From:** Rubsch, Derik  
**Sent:** Monday, May 07, 2012 10:37 AM  
**To:** 'Vu Nguyen'  
**Cc:** Wacker, Diana; Jim Ogilvie; Neal, Susan; Duce, John  
**Subject:** RE: New Post11

Diana,

I copied the executable to PTAXSTAG and PTAXTEST if you want to test it.

Thanks,  
Derik

---

**From:** Vu Nguyen [<mailto:vnguyen@pwrplan.com>]  
**Sent:** Monday, May 07, 2012 10:29 AM  
**To:** Rubsch, Derik  
**Cc:** Wacker, Diana; Jim Ogilvie; Neal, Susan; Duce, John  
**Subject:** New Post11

Derik – Please copy the new Post11.exe from the bin folder to pTaxStag and pTaxTest – It should have today's date as the modified date.

Diana – Once the copy is done, please re-test your preliminary retirement.

Thanks.



**Vu Nguyen**  
Manager, Professional Services

PowerPlan, Inc.  
200 Galleria Parkway  
Atlanta, GA 30339

O: +1 770.618.2294  
M: +1 404.492.8291  
[vnguyen@pwrplan.com](mailto:vnguyen@pwrplan.com)

This e-mail message is for the sole use of the intended recipient(s). It may contain confidential information, legally privileged information or other information subject to legal restrictions. If you are not the intended recipient, you may not read it, copy it, use it, or disclose it. Please notify the sender by replying to this message, and then delete or destroy all copies of this message in all media. Also, this email message is not an offer or acceptance, and it is not intended to be all or part of an agreement. Thank you.

---

***The information contained in this transmission is intended only for the person or entity to which it is directly addressed or copied. It may contain material of confidential and/or private nature. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon, this information by persons or entities other than the intended recipient is not allowed. If you received this message and the information contained therein by error, please contact the sender and delete the material from your/any storage medium.***

This e-mail message is for the sole use of the intended recipient(s). It may contain confidential information, legally privileged information or other information subject to legal restrictions. If you are not the intended recipient, you may not read it, copy it, use it, or disclose it. Please notify the sender by replying to this message, and then delete or destroy all copies of this message in all media. Also, this email message is not an offer or acceptance, and it is not intended to be all or part of an agreement. Thank you.

Clark, Ed

---

**From:** Wacker, Diana  
**Sent:** Monday, May 07, 2012 12:35 PM  
**To:** 'Vu Nguyen'; Crescente, Angela  
**Cc:** Kinder, Debra; Rubsch, Derik; Neal, Susan; Wiseman, Sara  
**Subject:** RE: New Post11 - ARO Post issue Number 43-Critical

The transactions posted. We will check the results and if ok, then close the incident.

Diana

---

**From:** Vu Nguyen [<mailto:vnguyen@pwrplan.com>]  
**Sent:** Monday, May 07, 2012 12:21 PM  
**To:** Crescente, Angela  
**Cc:** Wacker, Diana; Kinder, Debra; Rubsch, Derik; Neal, Susan; Wiseman, Sara  
**Subject:** RE: New Post11 - ARO Post issue Number 43-Critical

Please kick off Post again.

Thanks,

**Vu Nguyen**  
*Manager, Professional Services*

PowerPlan, Inc.  
200 Galleria Parkway  
Atlanta, GA 30339

O: +1 770.618.2294  
M: +1 404.492.8291  
[vnguyen@pwrplan.com](mailto:vnguyen@pwrplan.com)

---

**From:** Crescente, Angela [<mailto:Angela.Crescente@lge-ku.com>]  
**Sent:** Monday, 07 May, 2012 10:56 AM  
**To:** Vu Nguyen  
**Cc:** Wacker, Diana; Kinder, Debra; Rubsch, Derik; Neal, Susan; Wiseman, Sara  
**Subject:** New Post11 - ARO Post issue Number 43-Critical

Vu,

After the new post version went in this morning, I tried to post ARO Retirements in PTAXSTAG and got an error. I successfully posted ARO retirements on Friday before the new version of Post in PTAXSTAG.

Thanks,  
Angela

---

**From:** Wacker, Diana  
**Sent:** Monday, May 07, 2012 10:53 AM  
**To:** Crescente, Angela  
**Subject:** FW: New Post11

**From:** Rubsch, Derik  
**Sent:** Monday, May 07, 2012 10:37 AM  
**To:** 'Vu Nguyen'  
**Cc:** Wacker, Diana; Jim Ogilvie; Neal, Susan; Duce, John  
**Subject:** RE: New Post11

Diana,

I copied the executable to PTAXSTAG and PTAXTEST if you want to test it.

Thanks,  
Derik

---

**From:** Vu Nguyen [<mailto:vnguyen@pwrplan.com>]  
**Sent:** Monday, May 07, 2012 10:29 AM  
**To:** Rubsch, Derik  
**Cc:** Wacker, Diana; Jim Ogilvie; Neal, Susan; Duce, John  
**Subject:** New Post11

Derik – Please copy the new Post11.exe from the bin folder to pTaxStag and pTaxTest – It should have today's date as the modified date.

Diana – Once the copy is done, please re-test your preliminary retirement.

Thanks.

**Vu Nguyen**  
*Manager, Professional Services*

PowerPlan, Inc.  
200 Galleria Parkway  
Atlanta, GA 30339

O: +1 770.618.2294  
M: +1 404.492.8291  
[vnguyen@pwrplan.com](mailto:vnguyen@pwrplan.com)

This e-mail message is for the sole use of the intended recipient(s). It may contain confidential information, legally privileged information or other information subject to legal restrictions. If you are not the intended recipient, you may not read it, copy it, use it, or disclose it. Please notify the sender by replying to this message, and then delete or destroy all copies of this message in all media. Also, this email message is not an offer or acceptance, and it is not intended to be all or part of an agreement. Thank you.

---

*The information contained in this transmission is intended only for the person or entity to which it is directly addressed or copied. It may contain material of confidential and/or private nature. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon, this information by persons or entities other than the intended recipient is not allowed. If you received this message and the information contained therein by error, please contact the sender and delete the material from your/any storage medium.*

This e-mail message is for the sole use of the intended recipient(s). It may contain confidential information, legally privileged information or other information subject to legal restrictions. If you are not the intended

Charnas

recipient, you may not read it, copy it, use it, or disclose it. Please notify the sender by replying to this message, and then delete or destroy all copies of this message in all media. Also, this email message is not an offer or acceptance, and it is not intended to be all or part of an agreement. Thank you.

**Clark, Ed**

---

**From:** Vu Nguyen <[vnguyen@pwrplan.com](mailto:vnguyen@pwrplan.com)>  
**Sent:** Monday, May 07, 2012 12:21 PM  
**To:** Crescente, Angela  
**Cc:** Wacker, Diana; Kinder, Debra; Rubsch, Derik; Neal, Susan; Wiseman, Sara  
**Subject:** RE: New Post11 - ARO Post issue Number 43-Critical

Please kick off Post again.

Thanks,

**Vu Nguyen**  
*Manager, Professional Services*

PowerPlan, Inc.  
200 Galleria Parkway  
Atlanta, GA 30339

O: +1 770.618.2294  
M: +1 404.492.8291  
[vnguyen@pwrplan.com](mailto:vnguyen@pwrplan.com)

---

**From:** Crescente, Angela [<mailto:Angela.Crescente@lge-ku.com>]  
**Sent:** Monday, 07 May, 2012 10:56 AM  
**To:** Vu Nguyen  
**Cc:** Wacker, Diana; Kinder, Debra; Rubsch, Derik; Neal, Susan; Wiseman, Sara  
**Subject:** New Post11 - ARO Post issue Number 43-Critical

Vu,

After the new post version went in this morning, I tried to post ARO Retirements in PTAXSTAG and got an error. I successfully posted ARO retirements on Friday before the new version of Post in PTAXSTAG.

Thanks,  
Angela

---

**From:** Wacker, Diana  
**Sent:** Monday, May 07, 2012 10:53 AM  
**To:** Crescente, Angela  
**Subject:** FW: New Post11

---

**From:** Rubsch, Derik  
**Sent:** Monday, May 07, 2012 10:37 AM  
**To:** 'Vu Nguyen'  
**Cc:** Wacker, Diana; Jim Ogilvie; Neal, Susan; Duce, John  
**Subject:** RE: New Post11

Diana,

I copied the executable to PTAXSTAG and PTAXTEST if you want to test it.

Thanks,  
Derik

---

**From:** Vu Nguyen [<mailto:vnguyen@pwrplan.com>]  
**Sent:** Monday, May 07, 2012 10:29 AM  
**To:** Rubsch, Derik  
**Cc:** Wacker, Diana; Jim Ogilvie; Neal, Susan; Duce, John  
**Subject:** New Post11

Derik – Please copy the new Post11.exe from the bin folder to pTaxStag and pTaxTest – It should have today’s date as the modified date.

Diana – Once the copy is done, please re-test your preliminary retirement.

Thanks.

**Vu Nguyen**  
*Manager, Professional Services*

PowerPlan, Inc.  
200 Galleria Parkway  
Atlanta, GA 30339

O: +1 770.618.2294  
M: +1 404.492.8291  
[vnguyen@pwrplan.com](mailto:vnguyen@pwrplan.com)

This e-mail message is for the sole use of the intended recipient(s). It may contain confidential information, legally privileged information or other information subject to legal restrictions. If you are not the intended recipient, you may not read it, copy it, use it, or disclose it. Please notify the sender by replying to this message, and then delete or destroy all copies of this message in all media. Also, this email message is not an offer or acceptance, and it is not intended to be all or part of an agreement. Thank you.

---

*The information contained in this transmission is intended only for the person or entity to which it is directly addressed or copied. It may contain material of confidential and/or private nature. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon, this information by persons or entities other than the intended recipient is not allowed. If you received this message and the information contained therein by error, please contact the sender and delete the material from your/any storage medium.*

This e-mail message is for the sole use of the intended recipient(s). It may contain confidential information, legally privileged information or other information subject to legal restrictions. If you are not the intended recipient, you may not read it, copy it, use it, or disclose it. Please notify the sender by replying to this message, and then delete or destroy all copies of this message in all media. Also, this email message is not an offer or acceptance, and it is not intended to be all or part of an agreement. Thank you.

**Clark, Ed**

---

**From:** Vu Nguyen <vnnguyen@pwrplan.com>  
**Sent:** Monday, May 07, 2012 11:35 AM  
**To:** Crescente, Angela  
**Subject:** Read: New Post11 - ARO Post issue Number 43-Critical  
**Attachments:** Read: New Post11 - ARO Post issue Number 43-Critical

This e-mail message is for the sole use of the intended recipient(s). It may contain confidential information, legally privileged information or other information subject to legal restrictions. If you are not the intended recipient, you may not read it, copy it, use it, or disclose it. Please notify the sender by replying to this message, and then delete or destroy all copies of this message in all media. Also, this email message is not an offer or acceptance, and it is not intended to be all or part of an agreement. Thank you.

**Clark, Ed**

---

**From:** Vu Nguyen <vnnguyen@pwrplan.com>  
**To:** Crescente, Angela  
**Sent:** Monday, May 07, 2012 11:35 AM  
**Subject:** Read: New Post11 - ARO Post issue Number 43-Critical

Your message

To: Vu Nguyen  
Subject: New Post11 - ARO Post issue Number 43-Critical  
Sent: Monday, May 07, 2012 10:55:53 AM (UTC-05:00) Eastern Time (US & Canada)

was read on Monday, May 07, 2012 11:34:22 AM (UTC-05:00) Eastern Time (US & Canada).



Clark, Ed

**From:** Wacker, Diana  
**Sent:** Monday, May 07, 2012 11:04 AM  
**To:** Crescente, Angela; 'Vnguyen@pwrplan.com'  
**Cc:** Kinder, Debra; Rubsch, Derik; Neal, Susan; Wiseman, Sara  
**Subject:** RE: New Post11 - ARO Post issue Number 43-Critical

Here is the post error – Diana

The screenshot displays the 'PowerPlant' software interface. The main window is titled 'Pending Transaction Administration'. It features a menu bar with options like 'File Administration', 'Utl Cat', 'Projects', 'Budgets', 'Assets', 'Depr', 'Tables', 'FvrTax', 'Provision', 'CR', 'Admin', 'MyPlant', 'Help', 'Calc', and 'Print Win'. Below the menu is a toolbar with icons for various functions. The main area contains a table with columns: 'Company', 'Gl Jo Code', 'Month', and 'Posting Status'. A row is highlighted with the text 'KENTUCKY UTIL ARO RETIREM 05/2012 approved/Failed'. To the right of this table are buttons for 'Select', 'Refresh', 'Defer', and 'Search Wo'. Further right is a 'Work Orders' section with a list containing '124005 CP ASBESTOS CONVERSION' and buttons for 'Files', 'Clear', and 'Select All'. Below the main table is a 'Selected Pending Transactions' section with a table containing columns: 'Asset Service', 'New In Service Year', 'Posting Error', and 'Sut'. The error message 'ORA-00904: "PERCENT\_REMOVAL\_SALVAGE": invalid identifier' is visible in the 'Posting Error' column for two rows. To the right of this table is a vertical list of buttons: 'Update', 'Detail', 'Subledger', 'Batch', 'Delete', 'Delete ALL', 'Approve ALL', 'Post ALL', 'Report', 'Summ Rpt', and 'Cancel'. At the bottom right, there is a 'Plant' label and a 'DANGER' warning icon. The status bar at the bottom indicates 'Rows 1 to 4 of 4' and 'Rows Selected: 1'.

**From:** Crescente, Angela  
**Sent:** Monday, May 07, 2012 10:56 AM  
**To:** 'Vnguyen@pwrplan.com'  
**Cc:** Wacker, Diana; Kinder, Debra; Rubsch, Derik; Neal, Susan; Wiseman, Sara  
**Subject:** New Post11 - ARO Post issue Number 43-Critical

Vu,

Charnas

After the new post version went in this morning, I tried to post ARO Retirements in PTAXSTAG and got an error. I successfully posted ARO retirements on Friday before the new version of Post in PTAXSTAG.

Thanks,  
Angela

---

**From:** Wacker, Diana  
**Sent:** Monday, May 07, 2012 10:53 AM  
**To:** Crescente, Angela  
**Subject:** FW: New Post11

---

**From:** Rubsch, Derik  
**Sent:** Monday, May 07, 2012 10:37 AM  
**To:** 'Vu Nguyen'  
**Cc:** Wacker, Diana; Jim Ogilvie; Neal, Susan; Duce, John  
**Subject:** RE: New Post11

Diana,

I copied the executable to PTAXSTAG and PTAXTEST if you want to test it.

Thanks,  
Derik

---

**From:** Vu Nguyen [<mailto:vnguyen@pwrplan.com>]  
**Sent:** Monday, May 07, 2012 10:29 AM  
**To:** Rubsch, Derik  
**Cc:** Wacker, Diana; Jim Ogilvie; Neal, Susan; Duce, John  
**Subject:** New Post11

Derik – Please copy the new Post11.exe from the bin folder to pTaxStag and pTaxTest – it should have today's date as the modified date.

Diana – Once the copy is done, please re-test your preliminary retirement.

Thanks.

**Vu Nguyen**  
*Manager, Professional Services*

PowerPlan, Inc.  
200 Galleria Parkway  
Atlanta, GA 30339

O: +1 770.618.2294  
M: +1 404.492.8291  
[vnguyen@pwrplan.com](mailto:vnguyen@pwrplan.com)

This e-mail message is for the sole use of the intended recipient(s). It may contain confidential information, legally privileged information or other information subject to legal restrictions. If you are not the intended recipient, you may not read it, copy it, use it, or disclose it. Please notify the sender by replying to this message,

Charnas

and then delete or destroy all copies of this message in all media. Also, this email message is not an offer or acceptance, and it is not intended to be all or part of an agreement. Thank you.

Clark, Ed

---

**From:** Crescente, Angela  
**Sent:** Monday, May 07, 2012 10:56 AM  
**To:** 'Vnguyen@pwrplan.com'  
**Cc:** Wacker, Diana; Kinder, Debra; Rubsch, Derik; Neal, Susan; Wiseman, Sara  
**Subject:** New Post11 - ARO Post issue Number 43-Critical

Vu,

After the new post version went in this morning, I tried to post ARO Retirements in PTAXSTAG and got an error. I successfully posted ARO retirements on Friday before the new version of Post in PTAXSTAG.

Thanks,  
Angela

---

**From:** Wacker, Diana  
**Sent:** Monday, May 07, 2012 10:53 AM  
**To:** Crescente, Angela  
**Subject:** FW: New Post11

---

**From:** Rubsch, Derik  
**Sent:** Monday, May 07, 2012 10:37 AM  
**To:** 'Vu Nguyen'  
**Cc:** Wacker, Diana; Jim Ogilvie; Neal, Susan; Duce, John  
**Subject:** RE: New Post11

Diana,

I copied the executable to PTAXSTAG and PTAXTEST if you want to test it.

Thanks,  
Derik

---

**From:** Vu Nguyen [<mailto:vnguyen@pwrplan.com>]  
**Sent:** Monday, May 07, 2012 10:29 AM  
**To:** Rubsch, Derik  
**Cc:** Wacker, Diana; Jim Ogilvie; Neal, Susan; Duce, John  
**Subject:** New Post11

Derik – Please copy the new Post11.exe from the bin folder to pTaxStag and pTaxTest – It should have today's date as the modified date.

Diana – Once the copy is done, please re-test your preliminary retirement.

Thanks.

**Vu Nguyen**  
*Manager, Professional Services*

PowerPlan, Inc.

200 Galleria Parkway  
Atlanta, GA 30339

O: +1 770.618.2294  
M: +1 404.492.8291  
[vnguyen@pwrplan.com](mailto:vnguyen@pwrplan.com)

This e-mail message is for the sole use of the intended recipient(s). It may contain confidential information, legally privileged information or other information subject to legal restrictions. If you are not the intended recipient, you may not read it, copy it, use it, or disclose it. Please notify the sender by replying to this message, and then delete or destroy all copies of this message in all media. Also, this email message is not an offer or acceptance, and it is not intended to be all or part of an agreement. Thank you.

**Clark, Ed**

---

**From:** Crescente, Angela  
**Sent:** Monday, May 07, 2012 10:15 AM  
**To:** 'Plant Support'  
**Subject:** RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

I'm sorry Elizabeth that it took me so long, I have been closing and testing our upgrade. I have now finished the depr reserve adj in PTAXDEV and posted them on the KU Company.

Thanks,  
Angela

-----Original Message-----

**From:** Crescente, Angela  
**Sent:** Monday, April 30, 2012 8:55 AM  
**To:** 'Plant Support'  
**Subject:** RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Sure, I will let you know when I am done. Thanks!

-----Original Message-----

**From:** Plant Support [mailto:support@pwrplan.com]  
**Sent:** Friday, April 27, 2012 8:30 PM  
**To:** Crescente, Angela; ecowart@pwrplan.com  
**Subject:** RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

I am so sorry, could you do it again. I've copied my direct email on this as well so that I will immediately see when you reply. This will be at the top of my list to investigate.

Thank you!

Elizabeth

----- Original Message -----

**From:** Crescente, Angela [Angela.Crescente@lge-ku.com]  
**Sent:** 4/17/2012 2:47 PM  
**To:** support@pwrplan.com  
**Subject:** RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Elizabeth,

I don't think I have heard back from you on this. Any luck finding anything? Let me know if you need me to do this again since DEV has refreshed again.

Thanks,  
Angela

-----Original Message-----

**From:** Crescente, Angela  
**Sent:** Wednesday, April 04, 2012 1:14 PM  
**To:** 'Plant Support'

Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra  
Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Elizabeth,

I completed and posted the reserve adjustments in DEV in April for LGE. Do you want me to close the CPR or wait?

Thanks,  
Angela

-----Original Message-----

From: Plant Support [mailto:support@pwrplan.com]  
Sent: Wednesday, April 04, 2012 9:07 AM  
To: Crescente, Angela  
Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra  
Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

If you could that would be great.

Thank you,

Elizabeth

----- Original Message -----

From: Crescente, Angela [Angela.Crescente@lge-ku.com]  
Sent: 4/4/2012 8:42 AM  
To: support@pwrplan.com  
Cc: Diana.Wacker@lge-ku.com; Sara.Wiseman@lge-ku.com; Debra.Kinder@lge-ku.com  
Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

I did this in DEV, but it refreshed over the weekend. I can do it again if you want.

-----Original Message-----

From: Plant Support [mailto:support@pwrplan.com]  
Sent: Tuesday, April 03, 2012 5:13 PM  
To: Crescente, Angela  
Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra  
Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Hi Angela,

I connected to look into this in more detail. I cannot see where the reserve adjustment was done to net the reserve to zero on this set of books. Which database were you using. In theory that should eliminate the monthly depr expense, but I wanted to review in the tables once the reserve adjustment was completed.

Elizabeth

----- Original Message -----

From: Crescente, Angela [Angela.Crescente@lge-ku.com]  
Sent: 3/30/2012 5:13 PM  
To: support@pwrplan.com  
Cc: Diana.Wacker@lge-ku.com; Sara.Wiseman@lge-ku.com; Debra.Kinder@lge-ku.com

Charnas

Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Hi Elizabeth,

I hope this is what you were looking for (the query is on the last page). If not, I will have to get Debbie and Diana to help me Monday. Just let me know.

Thanks!  
Angela

-----Original Message-----

From: Plant Support [mailto:support@pwrplan.com]

Sent: Friday, March 30, 2012 4:47 PM

To: Crescente, Angela

Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra

Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Hi Angela,

Could you send screen print of the depreciation groups and the depr ledger query tool for these groups so I can see the reserve/expense in the Depr moduel?

Thanks,

Elizabeth

----- Original Message -----

From: Crescente, Angela [Angela.Crescente@lge-ku.com]

Sent: 3/30/2012 11:08 AM

To: support@pwrplan.com

Cc: Sara.Wiseman@lge-ku.com; Diana.Wacker@lge-ku.com; Debra.Kinder@lge-ku.com

Subject: Purchase Accounting Reserve on an ARO

Support,

A few months ago, I had to create a few transition AROs which should never have any purchase accounting impact. However, on the purchase accounting set of books, reserve was created and depreciated on these AROs without a purchase accounting asset (there should be no purchase accounting asset or reserve, only financial). I do not appear to have this issue on the setup of new AROs as opposed to transitions.

I have been trying to work on how to make the reserve and the depreciation entries stop from happening. In DEV for April, I have booked reserve adjustments to zero out the reserve; however, the depreciation journal entry is still firing for the same amount for April and May even without any reserve. I have been having to book manual GL entries to correct the GL since this entry should not be happening. There is no PP journal layout for this activity either. How can I make the entry stop firing? I have attached the journal rows spreadsheets for April and May to show the depreciation journal entry and system screenshots to show the zeroing of the reserve.

Thanks,  
Angela



-----  
The information contained in this transmission is intended only for the person or entity to which it is directly addressed or copied. It may contain material of confidential and/or private nature. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon, this information by persons or entities other than the intended recipient is not allowed. If you received this message and the information contained therein by error, please contact the sender and delete the material from your/any storage medium.

Thanks,

Elizabeth Cowart  
PowerPlant Support  
770.937.3000  
ref: \_00D60KJDN.\_50060ILZXN:ref

Thanks,

Elizabeth Cowart  
PowerPlant Support  
770.937.3000

Thanks,

Elizabeth Cowart  
PowerPlant Support  
770.937.3000

Thanks,

Elizabeth Cowart  
PowerPlant Support  
770.937.3000

Clark, Ed

---

**From:** Leenerts, Patricia  
**Sent:** Thursday, May 03, 2012 10:21 AM  
**To:** Crescente, Angela  
**Subject:** Please set up CC&P ARO for the following projects

RRCS419G	RR	108799	2299
RRCS421G	RR	108799	2299
RRCS422G	RR	108799	2299

Thanks,

Pat  
502-627-3811

**Clark, Ed**

---

**From:** Leenerts, Patricia  
**Sent:** Tuesday, May 01, 2012 3:15 PM  
**To:** Crescente, Angela  
**Subject:** FW: ARO question

Angela, can you and when will you send written formal clarification from Friday's meeting. FYI, Paul Stratman in on vacation through 5/7. Also, how will existing projects with existing charges be handled? I believe that all Paul's projects will need a JE to move to 108799, but what about Pete's?

Thanks,

Pat  
502-627-3811

---

**From:** Clyde, Peter  
**Sent:** Tuesday, May 01, 2012 2:24 PM  
**To:** Leenerts, Patricia  
**Subject:** RE: ARO question

Installing transmission pipe requires digging a hole, purging the line, cutting the pipe, welding in new pipe and backfilling. You cannot install pipe without doing this. PCB wipe samples and asbestos disposal are the only things that are done exclusively for retirement purposes when the job involves pipe replacement in small lengths.

The digging, purging, cutting, and backfilling could be argued to be needed for the retirement. The same logic would apply to each activity. However, I thought we said at the meeting that if the task was needed for the investment, it was charged to investment.

I made a couple of edits below.

**Pete Clyde**  
Manager, Gas Regulatory Compliance  
Louisville Gas & Electric Company  
[peter.clyde@lge-ku.com](mailto:peter.clyde@lge-ku.com)  
(502) 364-8715

---

**From:** Leenerts, Patricia  
**Sent:** Tuesday, May 01, 2012 1:59 PM  
**To:** Clyde, Peter  
**Subject:** FW: ARO question

I decided to add the section in *italics* below.

Thanks,

Pat  
502-627-3811

---

**From:** Leenerts, Patricia  
**Sent:** Tuesday, May 01, 2012 1:55 PM  
**To:** Clyde, Peter  
**Subject:** ARO question

Pete, this is what I was going to send Angela. It is a little different than our conversation because when I started typing I started remembering. This is not the official answer. Does it make sense or trigger additional memories from the meeting?

Angela,

Pete Clyde called regarding the discussion on AROs related to transmission lines. ~~He is in charge of the Transmission lines.~~ He summarized stating that the only cost to the ARO is the swab for asbestos PCBs, unless asbestos PCBs was found present and additional removal cost incurred at that point. He plans to charge the digging and backfilling as well as charge cutting, capping and purging to the investment task since he is putting the new pipe in. I believe that is half right. He needs to look at it as though he's putting the new pipe in because he has to remove old bad pipe. If the pipe didn't need replacing then we wouldn't be putting new pipe in. So the cutting capping and purging need to be 108799, but the digging and backfilling should be investment. Is that right? When I write that it seems the digging and backfilling should also be retirement. I guess the way to look at it is, installing pipe takes digging a hole, laying the pipe and covering the hole back up. Anything else is ARO.

He commented that he is worried about the correct labor costs getting charged to the ARO tasks. His way, there was no labor (PCB swab only).

I guess the other way to look at is that the cost of the pipe is the investment, the original pipe had labor, etc when it was first installed. All other costs are to the ARO. It always makes more sense during the meeting. I think that Pete's situation is a little different than Paul Stratman's. Maybe Pete's is not as straight forward?

*Also, we used to allocate for retirement based on how the original AIP was setup. Should we consider that as a fix for when the charges come in from the field. Of course that only works when the original AIP has an estimate for removal costs. Did we decide that there is never 108901 retirements for Transmission or Distribution mains.*

Thanks,

Pat  
502-627-3811

**Clark, Ed**

---

**From:** Plant Support <support@pwrplan.com>  
**Sent:** Friday, April 27, 2012 8:30 PM  
**To:** Crescente, Angela; ecowart@pwrplan.com  
**Subject:** RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

I am so sorry, could you do it again. I've copied my direct email on this as well so that I will immediately see when you reply. This will be at the top of my list to investigate.

Thank you!

Elizabeth

----- Original Message -----

**From:** Crescente, Angela [Angela.Crescente@lge-ku.com]  
**Sent:** 4/17/2012 2:47 PM  
**To:** support@pwrplan.com  
**Subject:** RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Elizabeth,

I don't think I have heard back from you on this. Any luck finding anything? Let me know if you need me to do this again since DEV has refreshed again.

Thanks,  
Angela

-----Original Message-----

**From:** Crescente, Angela  
**Sent:** Wednesday, April 04, 2012 1:14 PM  
**To:** 'Plant Support'  
**Cc:** Wiseman, Sara; Wacker, Diana; Kinder, Debra  
**Subject:** RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Elizabeth,

I completed and posted the reserve adjustments in DEV in April for LGE. Do you want me to close the CPR or wait?

Thanks,  
Angela

-----Original Message-----

**From:** Plant Support [mailto:support@pwrplan.com]  
**Sent:** Wednesday, April 04, 2012 9:07 AM  
**To:** Crescente, Angela  
**Cc:** Wiseman, Sara; Wacker, Diana; Kinder, Debra  
**Subject:** RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

If you could that would be great.

Thank you,

Elizabeth

----- Original Message -----

From: Crescente, Angela [Angela.Crescente@lge-ku.com]  
Sent: 4/4/2012 8:42 AM  
To: support@pwrplan.com  
Cc: Diana.Wacker@lge-ku.com; Sara.Wiseman@lge-ku.com; Debra.Kinder@lge-ku.com  
Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

I did this in DEV, but it refreshed over the weekend. I can do it again if you want.

-----Original Message-----

From: Plant Support [mailto:support@pwrplan.com]  
Sent: Tuesday, April 03, 2012 5:13 PM  
To: Crescente, Angela  
Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra  
Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Hi Angela,

I connected to look into this in more detail. I cannot see where the reserve adjustment was done to net the reserve to zero on this set of books. Which database were you using. In theory that should eliminate the monthly depr expense, but I wanted to review in the tables once the reserve adjustment was completed.

Elizabeth

----- Original Message -----

From: Crescente, Angela [Angela.Crescente@lge-ku.com]  
Sent: 3/30/2012 5:13 PM  
To: support@pwrplan.com  
Cc: Diana.Wacker@lge-ku.com; Sara.Wiseman@lge-ku.com; Debra.Kinder@lge-ku.com  
Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Hi Elizabeth,

I hope this is what you were looking for (the query is on the last page). If not, I will have to get Debbie and Diana to help me Monday. Just let me know.

Thanks!  
Angela

-----Original Message-----

From: Plant Support [mailto:support@pwrplan.com]  
Sent: Friday, March 30, 2012 4:47 PM  
To: Crescente, Angela  
Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra  
Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Hi Angela,

Charnas

Could you send screen print of the depreciation groups and the depr ledger query tool for these groups so I can see the reserve/expense in the Depr moduel?

Thanks,

Elizabeth

----- Original Message -----

From: Crescente, Angela [Angela.Crescente@lge-ku.com]

Sent: 3/30/2012 11:08 AM

To: support@pwrplan.com

Cc: Sara.Wiseman@lge-ku.com; Diana.Wacker@lge-ku.com; Debra.Kinder@lge-ku.com

Subject: Purchase Accounting Reserve on an ARO

Support,

A few months ago, I had to create a few transition AROs which should never have any purchase accounting impact. However, on the purchase accounting set of books, reserve was created and depreciated on these AROs without a purchase accounting asset (there should be no purchase accounting asset or reserve, only financial). I do not appear to have this issue on the setup of new AROs as opposed to transitions.

I have been trying to work on how to make the reserve and the depreciation entries stop from happening. In DEV for April, I have booked reserve adjustments to zero out the reserve; however, the depreciation journal entry is still firing for the same amount for April and May even without any reserve. I have been having to book manual GL entries to correct the GL since this entry should not be happening. There is no PP journal layout for this activity either. How can I make the entry stop firing? I have attached the journal rows spreadsheets for April and May to show the depreciation journal entry and system screenshots to show the zeroing of the reserve.

Thanks,  
Angela

-----  
The information contained in this transmission is intended only for the person or entity to which it is directly addressed or copied. It may contain material of confidential and/or private nature. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon, this information by persons or entities other than the intended recipient is not allowed. If you received this message and the information contained therein by error, please contact the sender and delete the material from your/any storage medium.

Thanks,

Elizabeth Cowart  
PowerPlant Support  
770.937.3000

ref:\_00D60KJDN,\_50060ILZXN:ref

Thanks,

Elizabeth Cowart  
PowerPlant Support  
770.937.3000

Thanks,

Elizabeth Cowart  
PowerPlant Support  
770.937.3000

Thanks,

Elizabeth Cowart  
PowerPlant Support  
770.937.3000



**Clark, Ed**

---

**From:** Hiner, Brad  
**Sent:** Friday, April 27, 2012 3:35 PM  
**To:** Crescente, Angela; Satkamp, Mark; Porter, Janice  
**Cc:** Cloyd, Russ  
**Subject:** RE: Gas Control 2012 Regulator Facility Projects and AROs

Angela,

My INV (installation tasks) are linked to account 107001 – Construction Work In Progress  
My RET (retirement tasks) are linked to account 108901 – Retirement – RWIP

Is this set up correctly?

Brad

---

**From:** Crescente, Angela  
**Sent:** Friday, April 27, 2012 3:09 PM  
**To:** Hiner, Brad; Satkamp, Mark; Porter, Janice  
**Cc:** Cloyd, Russ  
**Subject:** RE: Gas Control 2012 Regulator Facility Projects and AROs

There was some discussion after the meeting that the information Property Accounting needs for retirements might better be provided from Maps and Records. If that is the case here as well, let me know because I think there is a meeting that will be planned to discuss this option and there may be a need for only one retirement task. However, if you would rather have separate retirement tasks for your own tracking purposes, that is fine too. I will need to change the tasks you referenced below because the account number is different. I will wait for you to respond to this email about what I stated above before I do anything else.

Thanks,  
Angela

---

**From:** Hiner, Brad  
**Sent:** Friday, April 27, 2012 3:03 PM  
**To:** Crescente, Angela; Satkamp, Mark; Porter, Janice  
**Cc:** Cloyd, Russ  
**Subject:** RE: Gas Control 2012 Regulator Facility Projects and AROs

As of now, I have set up two tasks for each location on the HP Commercial Services Project. The format that I have used is the following:

INV\_???? – Install ????  
RET\_???? – Retire ????

If this is not sufficient let me know. Some of the RET tasks already have materials charges that will need to be transferred if we have to create new retirement tasks with a different naming convention.

Brad

---

**From:** Crescente, Angela  
**Sent:** Friday, April 27, 2012 2:57 PM  
**To:** Satkamp, Mark; Porter, Janice  
**Cc:** Hiner, Brad; Cloyd, Russ  
**Subject:** RE: Gas Control 2012 Regulator Facility Projects and AROs

All,

I don't mind setting up the tasks for you if you would let me know what the locations or facilities are.

Thanks,  
Angela

---

**From:** Satkamp, Mark  
**Sent:** Friday, April 27, 2012 2:54 PM  
**To:** Porter, Janice; Crescente, Angela  
**Cc:** Hiner, Brad; Cloyd, Russ  
**Subject:** Gas Control 2012 Regulator Facility Projects and AROs

Janice and Angela,

From what I think I understand from the meeting today on AROs, we will need to set up retirement tasks for the following 3 projects, as follows:

#134648 2012 Gas Regulation Capacity Project  
#135166 2012 HP Commercial Services Project  
#135170 2012 Gas Regulation Facility Upgrade Project

- 1) Set up a separate retirement task for each location or facility on these projects where retirement costs will be incurred.
- 2) All retirement costs charged to these tasks will be considered as ARO related.

Please let me know if my understanding is not correct.

Thanks,

**Mark Satkamp**  
Manager, Gas Control  
502-627-3135 Office  
[mark.satkamp@lge-ku.com](mailto:mark.satkamp@lge-ku.com)

Clark, Ed

---

**From:** Crescente, Angela  
**Sent:** Friday, April 27, 2012 3:09 PM  
**To:** Hiner, Brad; Satkamp, Mark; Porter, Janice  
**Cc:** Cloyd, Russ  
**Subject:** RE: Gas Control 2012 Regulator Facility Projects and AROs

There was some discussion after the meeting that the information Property Accounting needs for retirements might better be provided from Maps and Records. If that is the case here as well, let me know because I think there is a meeting that will be planned to discuss this option and there may be a need for only one retirement task. However, if you would rather have separate retirement tasks for your own tracking purposes, that is fine too. I will need to change the tasks you referenced below because the account number is different. I will wait for you to respond to this email about what I stated above before I do anything else.

Thanks,  
Angela

---

**From:** Hiner, Brad  
**Sent:** Friday, April 27, 2012 3:03 PM  
**To:** Crescente, Angela; Satkamp, Mark; Porter, Janice  
**Cc:** Cloyd, Russ  
**Subject:** RE: Gas Control 2012 Regulator Facility Projects and AROs

As of now, I have set up two tasks for each location on the HP Commercial Services Project. The format that I have used is the following:

INV\_???? – Install ????  
RET\_???? – Retire ????

If this is not sufficient let me know. Some of the RET tasks already have materials charges that will need to be transferred if we have to create new retirement tasks with a different naming convention.

Brad

---

**From:** Crescente, Angela  
**Sent:** Friday, April 27, 2012 2:57 PM  
**To:** Satkamp, Mark; Porter, Janice  
**Cc:** Hiner, Brad; Cloyd, Russ  
**Subject:** RE: Gas Control 2012 Regulator Facility Projects and AROs

All,

I don't mind setting up the tasks for you if you would let me know what the locations or facilities are.

Thanks,  
Angela

---

**From:** Satkamp, Mark  
**Sent:** Friday, April 27, 2012 2:54 PM  
**To:** Porter, Janice; Crescente, Angela  
**Cc:** Hiner, Brad; Cloyd, Russ  
**Subject:** Gas Control 2012 Regulator Facility Projects and AROs

Janice and Angela,

From what I think I understand from the meeting today on AROs, we will need to set up retirement tasks for the following 3 projects, as follows:

#134648 2012 Gas Regulation Capacity Project  
#135166 2012 HP Commercial Services Project  
#135170 2012 Gas Regulation Facility Upgrade Project

- 1) Set up a separate retirement task for each location or facility on these projects where retirement costs will be incurred.
- 2) All retirement costs charged to these tasks will be considered as ARO related.

Please let me know if my understanding is not correct.

Thanks,

**Mark Satkamp**  
Manager, Gas Control  
502-627-3135 Office  
[mark.satkamp@lge-ku.com](mailto:mark.satkamp@lge-ku.com)

Clark, Ed

---

**From:** Hiner, Brad  
**Sent:** Friday, April 27, 2012 3:03 PM  
**To:** Crescente, Angela; Satkamp, Mark; Porter, Janice  
**Cc:** Cloyd, Russ  
**Subject:** RE: Gas Control 2012 Regulator Facility Projects and AROs

As of now, I have set up two tasks for each location on the HP Commercial Services Project. The format that I have used is the following:

INV\_???? – Install ????  
RET\_???? – Retire ????

If this is not sufficient let me know. Some of the RET tasks already have materials charges that will need to be transferred if we have to create new retirement tasks with a different naming convention.

Brad

---

**From:** Crescente, Angela  
**Sent:** Friday, April 27, 2012 2:57 PM  
**To:** Satkamp, Mark; Porter, Janice  
**Cc:** Hiner, Brad; Cloyd, Russ  
**Subject:** RE: Gas Control 2012 Regulator Facility Projects and AROs

All,

I don't mind setting up the tasks for you if you would let me know what the locations or facilities are.

Thanks,  
Angela

---

**From:** Satkamp, Mark  
**Sent:** Friday, April 27, 2012 2:54 PM  
**To:** Porter, Janice; Crescente, Angela  
**Cc:** Hiner, Brad; Cloyd, Russ  
**Subject:** Gas Control 2012 Regulator Facility Projects and AROs

Janice and Angela,

From what I think I understand from the meeting today on AROs, we will need to set up retirement tasks for the following 3 projects, as follows:

#134648 2012 Gas Regulation Capacity Project  
#135166 2012 HP Commercial Services Project  
#135170 2012 Gas Regulation Facility Upgrade Project

Charnas

- 1) Set up a separate retirement task for each location or facility on these projects where retirement costs will be incurred.
- 2) All retirement costs charged to these tasks will be considered as ARO related.

Please let me know if my understanding is not correct.

Thanks,

**Mark Satkamp**

Manager, Gas Control

502-627-3135 Office

[mark.satkamp@lge-ku.com](mailto:mark.satkamp@lge-ku.com)

**Clark, Ed**

---

**From:** Crescente, Angela  
**Sent:** Friday, April 27, 2012 2:57 PM  
**To:** Satkamp, Mark; Porter, Janice  
**Cc:** Hiner, Brad; Cloyd, Russ  
**Subject:** RE: Gas Control 2012 Regulator Facility Projects and AROs

All,

I don't mind setting up the tasks for you if you would let me know what the locations or facilities are.

Thanks,  
Angela

---

**From:** Satkamp, Mark  
**Sent:** Friday, April 27, 2012 2:54 PM  
**To:** Porter, Janice; Crescente, Angela  
**Cc:** Hiner, Brad; Cloyd, Russ  
**Subject:** Gas Control 2012 Regulator Facility Projects and AROs

Janice and Angela,

From what I think I understand from the meeting today on AROs, we will need to set up retirement tasks for the following 3 projects, as follows:

#134648 2012 Gas Regulation Capacity Project  
#135166 2012 HP Commercial Services Project  
#135170 2012 Gas Regulation Facility Upgrade Project

- 1) Set up a separate retirement task for each location or facility on these projects where retirement costs will be incurred.
- 2) All retirement costs charged to these tasks will be considered as ARO related.

Please let me know if my understanding is not correct.

Thanks,

**Mark Satkamp**  
Manager, Gas Control  
502-627-3135 Office  
[mark.satkamp@lge-ku.com](mailto:mark.satkamp@lge-ku.com)

**Clark, Ed**

---

**From:** Satkamp, Mark  
**Sent:** Friday, April 27, 2012 2:54 PM  
**To:** Porter, Janice; Crescente, Angela  
**Cc:** Hiner, Brad; Cloyd, Russ  
**Subject:** Gas Control 2012 Regulator Facility Projects and AROs

Janice and Angela,

From what I think I understand from the meeting today on AROs, we will need to set up retirement tasks for the following 3 projects, as follows:

#134648 2012 Gas Regulation Capacity Project  
#135166 2012 HP Commercial Services Project  
#135170 2012 Gas Regulation Facility Upgrade Project

- 1) Set up a separate retirement task for each location or facility on these projects where retirement costs will be incurred.
- 2) All retirement costs charged to these tasks will be considered as ARO related.

Please let me know if my understanding is not correct.

Thanks,

**Mark Satkamp**  
Manager, Gas Control  
502-627-3135 Office  
[mark.satkamp@lge-ku.com](mailto:mark.satkamp@lge-ku.com)



Clark, Ed

---

**From:** Erskine, Greg  
**Sent:** Tuesday, April 24, 2012 9:13 AM  
**To:** Crescente, Angela  
**Subject:** RE: ARO Footnote 1st Quarter.xlsx

Angela:

Thanks. I've attached a copy of the current version of the 3/31/12 ARO footnote. Please take a look at it and if you have any questions or suggested changes, please let me know.

Greg



Doc1.docx

---

**From:** Crescente, Angela  
**Sent:** Tuesday, April 24, 2012 9:03 AM  
**To:** Erskine, Greg  
**Cc:** Wiseman, Sara  
**Subject:** ARO Footnote 1st Quarter.xlsx

Greg,

I made some minor changes due to rounding and placement per advice from Lynda who checked my support papers. On the "ARO Footnote 1<sup>st</sup> Quarter" spreadsheet, I just moved the numbers from "Changes in estimated cash flow or settlement date" to "New obligations incurred". All of the numbers are the same in total.

<< File: ARO Footnote 1st Quarter.xlsx >>

On the "ARO Footnote changes", I changed the short term back to the way it was for rounding purposes, so the only thing left is the KU December 31, 2011 number of 61. Please see attached:

<< File: ARO Footnote changes.docx >>

I realize none of this information matters for the actual footnote as it all rounds out, but I wanted to send you the updates so your information will match my supporting documentation.

Thanks,  
Angela

**16. Asset Retirement Obligations***(PPL, PPL Energy Supply, LKE, LG&E and KU)*

The changes in the carrying amounts of AROs were as follows.

	<u>PPL</u>	<u>PPL Energy Supply</u>	<u>LKE</u>	<u>LG&amp;E</u>	<u>KU</u>
ARO at December 31, 2011	\$ 497	\$ 359	\$ 118	\$ 57	\$ 61
Accretion expense	9	6	2	1	1
Changes in estimated cash flow or settlement date	2	2			
Obligations settled	(4)	(4)			
ARO at March 31, 2012	<u>\$ 504</u>	<u>\$ 363</u>	<u>\$ 120</u>	<u>\$ 58</u>	<u>\$ 62</u>

Substantially all of the ARO balance is classified as noncurrent at March 31, 2012 and December 31, 2011.

*(PPL, LKE, LG&E and KU)*

Accretion and depreciation expense recorded by LG&E and KU is offset with a regulatory credit on the income statement, such that there is no earnings impact.

*(PPL and PPL Energy Supply)*

The most significant ARO recorded by PPL and PPL Energy Supply relates to the decommissioning of the Susquehanna nuclear plant. The accrued nuclear decommissioning obligation was \$##D<SusqAROAROfnCY> million and \$##D<SusqAROAROfnPY> million at ##D<CurQtrEnd> and ##D<PreYearEnd>.

Assets in the NDT funds are legally restricted for purposes of settling PPL's and PPL Energy Supply's ARO related to the decommissioning of the Susquehanna plant. The aggregate fair value of these assets was \$##D<NDTCYBSCorp> million and \$##D<NDTPYBSCorp> million at ##D<CurQtrEnd> and ##D<PreYearEnd>, and is included in "Nuclear plant decommissioning trust funds" on the Balance Sheets. See Notes ##FVMCC and ##AFS for additional information on these assets.

Clark, Ed

---

**From:** Crescente, Angela  
**Sent:** Tuesday, April 24, 2012 9:03 AM  
**To:** Erskine, Greg  
**Cc:** Wiseman, Sara  
**Subject:** ARO Footnote 1st Quarter.xlsx

Greg,

I made some minor changes due to rounding and placement per advice from Lynda who checked my support papers. On the "ARO Footnote 1<sup>st</sup> Quarter" spreadsheet, I just moved the numbers from "Changes in estimated cash flow or settlement date" to "New obligations incurred". All of the numbers are the same in total.



ARO Footnote 1st  
Quarter.xlsx

On the "ARO Footnote changes", I changed the short term back to the way it was for rounding purposes, so the only thing left is the KU December 31, 2011 number of 61. Please see attached:



ARO Footnote  
changes.docx

I realize none of this information matters for the actual footnote as it all rounds out, but I wanted to send you the updates so your information will match my supporting documentation.

Thanks,  
Angela

04/24/12

8:33 AM

## LG&amp;E AND KU

## Asset Retirement Obligations

12/31/11 through 03/31/12

( ) Means Debit

03/31/12 Reporting

	LKE	LG&E	KU	FCD
12/31/11 balance	118,299,060.52	56,856,461.36	61,379,032.38	63,566.78
Accretion expense	1,510,355.29	725,537.76	783,723.30	1,094.23
Obligations assumed in acquisition of LKE	0.00	0.00	0.00	0.00
Obligations assumed in acquisition of CN	0.00	0.00	0.00	0.00
ARO derecognized	0.00	0.00	0.00	0.00
New obligations incurred	(103.71)	(23.74)	(79.97)	0.00
Changes in estimated cash flow or settlement date	0.00	0.00	0.00	0.00
Effect of foreign currency exchange rates	0.00	0.00	0.00	0.00
Obligations settled	(42,330.43)	(42,330.43)	0.00	0.00
Other (forced - S/B zero)	0.00	0.00	0.00	0.00
03/31/12 balance	<u>119,766,981.67</u>	<u>57,539,644.95</u>	<u>62,162,675.71</u>	<u>64,661.01</u>

LG&E AND KU  
 Asset Retirement Obligations  
 12/31/11 and 03/31/12  
 03/31/12 Reporting

04/24/12  
 8:33 AM

Acct No	Acct Desc	Curr or Noncurr	12/31/11			03/31/12		
			LG&E 0100	KU 0110	FCD 0304	LG&E 0100	KU 0110	FCD 0304
108799	RWIP-ARO LEGAL	NCURR	1,749,888.89	410,549.80	0.00	1,792,219.32	410,549.80	0.00
230012	ASSET RETIREMENT OBLIGATIONS - STEAM	NCURR	(35,116,397.44)	(60,261,506.99)	(63,566.78)	(35,535,961.67)	(61,026,925.38)	(64,661.01)
230013	ASSET RETIREMENT OBLIGATIONS - TRANSMISSI	NCURR	(253,364.08)	(545,748.17)	0.00	(256,803.61)	(553,172.37)	0.00
230015	ASSET RETIREMENT OBLIGATIONS - DISTRIBUTIC	NCURR	(658,353.57)	(806,034.02)	0.00	(667,350.10)	(816,834.76)	0.00
230016	ASSET RETIREMENT OBLIGATIONS - GAS	NCURR	(20,115,281.12)	0.00	0.00	(20,407,301.74)	0.00	0.00
230017	ASSET RETIREMENT OBLIGATIONS - COMMON	NCURR	(108,093.04)	0.00	0.00	(109,586.15)	0.00	0.00
230022	ASSET RETIREMENT OBLIGATIONS - STEAM - ST	CURR	(800,980.00)	(176,293.00)	0.00	(800,980.00)	(176,293.00)	0.00
230026	ASSET RETIREMENT OBLIGATIONS - GAS - ST	CURR	(1,553,881.00)	0.00	0.00	(1,553,881.00)	0.00	0.00
<b>Totals</b>			<b>(56,856,461.36)</b>	<b>(61,379,032.38)</b>	<b>(63,566.78)</b>	<b>(57,539,644.95)</b>	<b>(62,162,675.71)</b>	<b>(64,661.01)</b>
<u>Summary:</u>								
Current		CURR	(2,354,861.00)	(176,293.00)	0.00	(2,354,861.00)	(176,293.00)	0.00
Noncurrent		NCURR	(54,501,600.36)	(61,202,739.38)	(63,566.78)	(55,184,783.95)	(61,986,382.71)	(64,661.01)
<b>Totals</b>			<b>(56,856,461.36)</b>	<b>(61,379,032.38)</b>	<b>(63,566.78)</b>	<b>(57,539,644.95)</b>	<b>(62,162,675.71)</b>	<b>(64,661.01)</b>

**Clark, Ed**

---

**From:** Crescente, Angela  
**Sent:** Friday, April 13, 2012 3:17 PM  
**To:** Erskine, Greg  
**Cc:** Wiseman, Sara  
**Subject:** FW: ARO Footnote - 3/31/12

Greg,

I made a few changes to the current and noncurrent balances just in case they decide to leave them in. Let me know, but everything else looks good.



ARO Footnote  
changes.docx

Thanks,  
Angela

---

**From:** Erskine, Greg  
**Sent:** Thursday, April 12, 2012 10:11 AM  
**To:** Crescente, Angela  
**Subject:** RE: ARO Footnote - 3/31/12

Angela:

I've updated the ARO footnote using the information you gave me, and I've attached a copy of the updated version. Please take a look at it and if you see something that doesn't look right, let me know.

This version still contains the tables that show the current and noncurrent balances. I suppose they haven't gotten around to taking them out yet.

If you have any questions, let me know.

Greg



Doc1.docx

---

**From:** Crescente, Angela  
**Sent:** Wednesday, April 11, 2012 4:46 PM  
**To:** Erskine, Greg  
**Cc:** Wiseman, Sara  
**Subject:** FW: ARO Footnote - 3/31/12

Greg,

Please see the attached and feel free to contact me if you have any questions.

<< File: ARO Footnote 1st Quarter.xlsx >>

Thanks,  
Angela

---

**From:** Erskine, Greg  
**Sent:** Wednesday, April 11, 2012 4:27 PM  
**To:** Crescente, Angela  
**Subject:** FW: ARO Footnote - 3/31/12

Angela:

I've updated the attached file to include FCD. Can you replace the question marks with amounts in the worksheet named "Rollforward" in the file and e-mail it back to today, please?

Thanks,

Greg

---

**From:** Erskine, Greg  
**Sent:** Tuesday, April 10, 2012 9:23 AM  
**To:** Crescente, Angela  
**Cc:** Wiseman, Sara  
**Subject:** FW: ARO Footnote - 3/31/12

Angela:

I mentioned below that I planned on updating the 3/31/12 balances in the attached file after we closed March. I've updated them now. Can you replace the question marks with amounts in the worksheet named "Rollforward" in the file and e-mail it back to me today, please?

Thanks,

Greg

---

**From:** Erskine, Greg  
**Sent:** Wednesday, March 28, 2012 10:32 AM  
**To:** Crescente, Angela  
**Cc:** Wiseman, Sara  
**Subject:** ARO Footnote - 3/31/12

Angela:

I need to get rollforwards of LG&E's and KU's AROs for the three months ended 3/31/12 to help complete the 3/31/12

Charnas

10-Q. I've attached a file that shows what I need. Can you replace the question marks with amounts in the worksheet named "Rollforward" in the file and e-mail it back to me by Wednesday, April 11, please?

Please make sure the amounts on the row labeled "Other (forced - S/B zero)" equal zero before you send the file back to me.

I've detailed the beginning and ending balances by account on the worksheet named "BalancesByAccount" in the file. The balances in the columns headed "3/31/12" on this worksheet in the attached version of the file actually represent 2/29/12 balances. I plan on updating the amounts in these columns to reflect 3/31/12 balances after we close March, and I plan on sending you copy of the updated file containing the 3/31/12 balances on or about Tuesday, April 10.

If you have any questions, please let me know.

Thanks,

Greg

<< File: Book3.xlsx >>



NOTE: The disclosure within "Note 16 Asset Retirement Obligations" below has been reviewed as part of a "pre-draft" process. Changes to the wording within this disclosure should only be for new events. Should you believe changes are necessary, please contact Jerry Green or Brian Lazarus.

**16. Asset Retirement Obligations**

(PPL, LKE, LG&E and KU)

Accretion and depreciation expense recorded by LG&E and KU is offset with a regulatory credit on the income statement, such that there is no earnings impact.

(PPL, PPL Energy Supply, LKE, LG&E and KU)

The changes in the carrying amounts of AROs were as follows.

	PPL				
	PPL	Energy Supply	LKE	LG&E	KU
ARO at December 31, 2011	\$ 497	\$ 359	\$ 118	\$ 57	\$ 61
Accretion expense	9	7	2	1	1
Derecognition Obligations settled	(3)	(3)			
ARO at March 31, 2012	<u>\$ 503</u>	<u>\$ 358</u>	<u>\$ 120</u>	<u>\$ 58</u>	<u>\$ 62</u>

The classification of AROs on the Balance Sheet was as follows.

**March 31, 2012**

	PPL				
	PPL	Energy Supply	LKE	LG&E	KU
Current portion (a)	\$ 7,777	\$ 7,777	\$ 23	\$ 32	\$
Long-term portion (b)	7,777	7,777	1187	556	62
Total	<u>\$ 15,554</u>	<u>\$ 15,554</u>	<u>\$ 120</u>	<u>\$ 58</u>	<u>\$ 62</u>

**December 31, 2011**

	PPL				
	PPL	Energy Supply	LKE	LG&E	KU
Current portion (a)	\$ 13	\$ 10	\$ 2	\$ 2	\$
Long-term portion (b)	484	349	116	55	621
Total	<u>\$ 497</u>	<u>\$ 359</u>	<u>\$ 118</u>	<u>\$ 57</u>	<u>\$ 621</u>

- (a) Included in "Other current liabilities."
- (b) Included in "Asset retirement obligations."

(PPL and PPL Energy Supply)

The most significant ARO recorded by PPL and PPL Energy Supply relates to the decommissioning of the Susquehanna nuclear plant. The accrued nuclear decommissioning obligation was \$7,777 million and \$292 million at March 31, 2012 and December 31, 2011, and is included in "Asset retirement obligations" on the Balance Sheets.

Assets in the NDT funds are legally restricted for purposes of settling PPL's and PPL Energy Supply's ARO related to the decommissioning of the Susquehanna station. The aggregate fair value of these assets was \$644 million and \$640 million at March 31, 2012 and December 31, 2011, and is included in "Nuclear plant decommissioning trust funds" on the Balance Sheets. See Notes ##FVMCC and ##AFS for additional information on these assets.

Clark, Ed

---

**From:** Crescente, Angela  
**Sent:** Friday, April 13, 2012 1:58 PM  
**To:** Leichthy, Doug  
**Cc:** Wiseman, Sara  
**Subject:** RE: ARO Balances  
**Attachments:** LGE and KU ARO Balances March 2012.pdf

Doug,

Please see the attached and feel free to contact me if you need anything else or have any questions.

Thanks,  
Angela

---

**From:** Leichthy, Doug  
**Sent:** Friday, March 30, 2012 8:52 AM  
**To:** Crescente, Angela  
**Subject:** ARO Balances

In preparation for the upcoming Kentucky rate case, I will need the attached for the 12 months ended March 31, 2012 by April 16, 2012.

Thanks,  
Doug

Account Balance for LG&E

Period Name: MAR-2012

		Balance SUM	
		0100	Sum
Account	Account	Company	
101107	PLANT IN SERVICE-ELECTRIC/ARO/ASSET RETIREMENT COST-EQUIPMENT		28,285,799.15
101125	PLANT IN SERVICE-ELECTRIC/ARO/ASSET RETIREMENT COST-LAND/BUILDING		533,396.11
101207	PLANT IN SERVICE-GAS/ARO/ASSET RETIREMENT COST-EQUIPMENT		21,040,462.23
101225	PLANT IN SERVICE-GAS/ARO/ASSET RETIREMENT COST-LAND/BUILDING		33,839.35
101325	PLANT IN SERVICE-COMMON/ARO/ASSET RETIREMENT COST-LAND/BUILDING		101,389.77
108107	ACCUM DEPR-ELECTRIC/ARO/ASSET RETIREMENT COST-EQUIPMENT		-1,857,310.33
108125	ACCUM DEPR-ELECTRIC/ARO/ASSET RETIREMENT COST-LAND/BUILDING		-10,421.74
108207	ACCUM DEPR-GAS/ARO/ASSET RETIREMENT COST-EQUIPMENT		-793,967.94
108225	ACCUM DEPR-GAS/ARO/ASSET RETIREMENT COST-LAND/BUILDING		-776.07
108325	ACCUM DEPR-COMMON/ARO/ASSET RETIREMENT COST-LAND/BUILDING		-2,918.69
108799	RWMP/ARO/LEGAL		1,792,219.32
182317	OTHER REGULATORY ASSETS/ARO/GENERATION		10,251,402.00
182318	OTHER REG/ASSETS/ARO/TRANSMISSION		7,283.12
182325	OTHER REGULATORY ASSETS/ARO/DISTRIBUTION		50,947.07
182328	OTHER REGULATORY ASSETS/ARO/GAS		1,681,625.17
182327	OTHER REGULATORY ASSETS/ARO/COMMON		11,115.07
230012	ASSET RETIREMENT OBLIGATIONS-STEAM		-35,535,961.67
230013	ASSET RETIREMENT OBLIGATIONS-TRANSMISSION		-256,803.61
230015	ASSET RETIREMENT OBLIGATIONS-DISTRIBUTION		-667,350.10
230016	ASSET RETIREMENT OBLIGATIONS-GAS		-20,407,301.74
230017	ASSET RETIREMENT OBLIGATIONS-COMMON		-109,586.15
230022	ASSET RETIREMENT OBLIGATIONS-STEAM-ST		-800,980.00
230026	ASSET RETIREMENT OBLIGATIONS-GAS-ST		-1,553,881.00
254014	REGULATORY LIABILITY/ARO/GENERATION		-204,350.68
254015	REGULATORY LIABILITY/ARO/TRANSMISSION		0.00
254016	REGULATORY LIABILITY/ARO/GAS		-2,155,824.27
	Sum		-567,955.63

Account Balance for KU

Period Name: MAR-2012

		Balance:SUM	
		0110	Sum
Account	Account		
101107	PLANT IN SERVICE-ELECTRIC ARO ASSET RETIREMENT COST-EQUIPMENT	57,517,797.90	57,517,797.90
101125	PLANT IN SERVICE-ELECTRIC ARO ASSET RETIREMENT COST-LAND/BUILDING	374,327.29	374,327.29
108107	ACCUM DEPR-ELECTRIC ARO ASSET RETIREMENT COST-EQUIPMENT	-4,297,778.61	-4,297,778.61
108125	ACCUM DEPR-ELECTRIC ARO ASSET RETIREMENT COST-LAND/BUILDING	-8,060.09	-8,060.09
108799	RWP ARO LEGAL	410,549.80	410,549.80
182317	OTHER REGULATORY ASSETS ARO GENERATION	8,922,473.85	8,922,473.85
182318	OTHER REG ASSETS ARO TRANSMISSION	19,986.56	19,986.56
182325	OTHER REGULATORY ASSETS ARO DISTRIBUTION	44,478.61	44,478.61
230012	ASSET RETIREMENT OBLIGATIONS-STEAM	-61,026,925.38	-61,026,925.38
230013	ASSET RETIREMENT OBLIGATIONS-TRANSMISSION	-553,172.37	-553,172.37
230015	ASSET RETIREMENT OBLIGATIONS-DISTRIBUTION	-816,834.76	-816,834.76
230022	ASSET RETIREMENT OBLIGATIONS-STEAM-ST	-176,293.00	-176,293.00
254014	REGULATORY LIABILITY ARO GENERATION	-3,538,293.95	-3,538,293.95
254015	REGULATORY LIABILITY ARO TRANSMISSION	0.00	0.00
	Sum	-3,127,744.16	-3,127,744.16

Clark, Ed

---

**From:** Sechler, Joel R <JRSechler@pplweb.com>  
**Sent:** Thursday, April 12, 2012 1:45 PM  
**To:** Erskine, Greg  
**Cc:** Crescente, Angela  
**Subject:** RE: LKE ARO Template

Great. Thanks Greg.

Joel

---

**From:** Erskine, Greg [<mailto:Greg.Erskine@lge-ku.com>]  
**Sent:** Thursday, April 12, 2012 1:42 PM  
**To:** Sechler, Joel R  
**Cc:** Crescente, Angela Michelle  
**Subject:** RE: LKE ARO Template

Joel:

I updated it earlier today.

Greg

---

**From:** Sechler, Joel R [<mailto:JRSechler@pplweb.com>]  
**Sent:** Thursday, April 12, 2012 1:41 PM  
**To:** Crescente, Angela; Erskine, Greg  
**Subject:** LKE ARO Template

Hi Angela and Greg,

Can you let me know when the LKE ARO template is updated? I'll need to include the totals in my note.

Thanks,

*Joel Sechler*  
Financial Accounting - Asset Management  
VTN 220-3948  
[JRSechler@pplweb.com](mailto:JRSechler@pplweb.com), GENTW10

The information contained in this message is intended only for the personal and confidential use of the recipient(s) named above. If the reader of this message is not the intended recipient or an agent responsible for delivering it to the intended recipient, you are hereby notified that you have received this document in error and that any review, dissemination, distribution, or copying of this message is strictly prohibited. If you have received this communication in error, please notify us immediately, and delete the original message.

---

*The information contained in this transmission is intended only for the person or entity to which it is directly addressed or copied. It may contain material of confidential and/or private nature. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon, this information by persons or entities other than the intended recipient is not allowed. If you received this message and the*

*information contained therein by error, please contact the sender and delete the material from your/any storage medium.*

The information contained in this message is intended only for the personal and confidential use of the recipient(s) named above. If the reader of this message is not the intended recipient or an agent responsible for delivering it to the intended recipient, you are hereby notified that you have received this document in error and that any review, dissemination, distribution, or copying of this message is strictly prohibited. If you have received this communication in error, please notify us immediately, and delete the original message.

Clark, Ed

---

**From:** Erskine, Greg  
**Sent:** Thursday, April 12, 2012 1:42 PM  
**To:** 'Sechler, Joel R'  
**Cc:** Crescente, Angela  
**Subject:** RE: LKE ARO Template

Joel:

I updated it earlier today.

Greg

---

**From:** Sechler, Joel R [<mailto:JRSechler@pplweb.com>]  
**Sent:** Thursday, April 12, 2012 1:41 PM  
**To:** Crescente, Angela; Erskine, Greg  
**Subject:** LKE ARO Template

Hi Angela and Greg,

Can you let me know when the LKE ARO template is updated? I'll need to include the totals in my note.

Thanks,

*Joel Sechler*  
Financial Accounting - Asset Management  
VTN 220-3948  
[JRSechler@pplweb.com](mailto:JRSechler@pplweb.com), GENTW10

The information contained in this message is intended only for the personal and confidential use of the recipient(s) named above. If the reader of this message is not the intended recipient or an agent responsible for delivering it to the intended recipient, you are hereby notified that you have received this document in error and that any review, dissemination, distribution, or copying of this message is strictly prohibited. If you have received this communication in error, please notify us immediately, and delete the original message.

**Clark, Ed**

---

**From:** Sechler, Joel R <JRSechler@pplweb.com>  
**Sent:** Thursday, April 12, 2012 1:41 PM  
**To:** Crescente, Angela; Erskine, Greg  
**Subject:** LKE ARO Template

Hi Angela and Greg,

Can you let me know when the LKE ARO template is updated? I'll need to include the totals in my note.

Thanks,

*Joel Sechler*  
Financial Accounting - Asset Management  
VTN 220-3948  
[JRSechler@pplweb.com](mailto:JRSechler@pplweb.com), GENTW10

The information contained in this message is intended only for the personal and confidential use of the recipient(s) named above. If the reader of this message is not the intended recipient or an agent responsible for delivering it to the intended recipient, you are hereby notified that you have received this document in error and that any review, dissemination, distribution, or copying of this message is strictly prohibited. If you have received this communication in error, please notify us immediately, and delete the original message.



**Clark, Ed**

---

**From:** Erskine, Greg  
**Sent:** Thursday, April 12, 2012 10:11 AM  
**To:** Crescente, Angela  
**Subject:** RE: ARO Footnote - 3/31/12

Angela:

I've updated the ARO footnote using the information you gave me, and I've attached a copy of the updated version. Please take a look at it and if you see something that doesn't look right, let me know.

This version still contains the tables that show the current and noncurrent balances. I suppose they haven't gotten around to taking them out yet.

If you have any questions, let me know.

Greg



Doc1.docx

---

**From:** Crescente, Angela  
**Sent:** Wednesday, April 11, 2012 4:46 PM  
**To:** Erskine, Greg  
**Cc:** Wiseman, Sara  
**Subject:** FW: ARO Footnote - 3/31/12

Greg,

Please see the attached and feel free to contact me if you have any questions.

<< File: ARO Footnote 1st Quarter.xlsx >>

Thanks,  
Angela

---

**From:** Erskine, Greg  
**Sent:** Wednesday, April 11, 2012 4:27 PM  
**To:** Crescente, Angela  
**Subject:** FW: ARO Footnote - 3/31/12

Angela:

I've updated the attached file to include FCD. Can you replace the question marks with amounts in the worksheet named "Rollforward" in the file and e-mail it back to today, please?

Thanks,

Greg

---

**From:** Erskine, Greg  
**Sent:** Tuesday, April 10, 2012 9:23 AM  
**To:** Crescente, Angela  
**Cc:** Wiseman, Sara  
**Subject:** FW: ARO Footnote - 3/31/12

Angela:

I mentioned below that I planned on updating the 3/31/12 balances in the attached file after we closed March. I've updated them now. Can you replace the question marks with amounts in the worksheet named "Rollforward" in the file and e-mail it back to me today, please?

Thanks,

Greg

---

**From:** Erskine, Greg  
**Sent:** Wednesday, March 28, 2012 10:32 AM  
**To:** Crescente, Angela  
**Cc:** Wiseman, Sara  
**Subject:** ARO Footnote - 3/31/12

Angela:

I need to get rollforwards of LG&E's and KU's AROs for the three months ended 3/31/12 to help complete the 3/31/12 10-Q. I've attached a file that shows what I need. Can you replace the question marks with amounts in the worksheet named "Rollforward" in the file and e-mail it back to me by Wednesday, April 11, please?

Please make sure the amounts on the row labeled "Other (forced - S/B zero)" equal zero before you send the file back to me.

I've detailed the beginning and ending balances by account on the worksheet named "BalancesByAccount" in the file. The balances in the columns headed "3/31/12" on this worksheet in the attached version of the file actually represent 2/29/12 balances. I plan on updating the amounts in these columns to reflect 3/31/12 balances after we close March, and I plan on sending you copy of the updated file containing the 3/31/12 balances on or about Tuesday, April 10.

If you have any questions, please let me know.

Thanks,

Greg

<< File: Book3.xlsx >>

*NOTE: The disclosure within "Note 16 Asset Retirement Obligations" below has been reviewed as part of a "pre-draft" process. Changes to the wording within this disclosure should only be for new events. Should you believe changes are necessary, please contact Jerry Green or Brian Lazarus.*

## 16. Asset Retirement Obligations

*(PPL, LKE, LG&E and KU)*

Accretion and depreciation expense recorded by LG&E and KU is offset with a regulatory credit on the income statement, such that there is no earnings impact.

*(PPL, PPL Energy Supply, LKE, LG&E and KU)*

The changes in the carrying amounts of AROs were as follows.

	PPL	PPL Energy Supply	LKE	LG&E	KU
ARO at December 31, 2011	\$ 497	\$ 359	\$ 118	\$ 57	\$ 61
Accretion expense	9	7	2	1	1
Derecognition		(5)			
Obligations settled	(3)	(3)			
ARO at March 31, 2012	<u>\$ 503</u>	<u>\$ 358</u>	<u>\$ 120</u>	<u>\$ 58</u>	<u>\$ 62</u>

The classification of AROs on the Balance Sheet was as follows.

	March 31, 2012				
	PPL	PPL Energy Supply	LKE	LG&E	KU
Current portion (a)	\$ 7,777	\$ 7,777	\$ 3	\$ 3	\$
Long-term portion (b)	7,777	7,777	117	55	62
Total	<u>\$ 15,554</u>	<u>\$ 15,554</u>	<u>\$ 120</u>	<u>\$ 58</u>	<u>\$ 62</u>
	December 31, 2011				
	PPL	PPL Energy Supply	LKE	LG&E	KU
Current portion (a)	\$ 13	\$ 10	\$ 2	\$ 2	\$
Long-term portion (b)	484	349	116	55	62
Total	<u>\$ 497</u>	<u>\$ 359</u>	<u>\$ 118</u>	<u>\$ 57</u>	<u>\$ 62</u>

(a) Included in "Other current liabilities."

(b) Included in "Asset retirement obligations."

*(PPL and PPL Energy Supply)*

The most significant ARO recorded by PPL and PPL Energy Supply relates to the decommissioning of the Susquehanna nuclear plant. The accrued nuclear decommissioning obligation was \$7,777 million and \$292 million at March 31, 2012 and December 31, 2011, and is included in "Asset retirement obligations" on the Balance Sheets.

Assets in the NDT funds are legally restricted for purposes of settling PPL's and PPL Energy Supply's ARO related to the decommissioning of the Susquehanna station. The aggregate fair value of these assets was \$644 million and \$640 million at March 31, 2012 and December 31, 2011, and is included in "Nuclear plant decommissioning trust funds" on the Balance Sheets. See Notes ##FVMCC and ##AFS for additional information on these assets.

Clark, Ed

---

**From:** Crescente, Angela  
**Sent:** Wednesday, April 11, 2012 4:46 PM  
**To:** Erskine, Greg  
**Cc:** Wiseman, Sara  
**Subject:** FW: ARO Footnote - 3/31/12

Greg,

Please see the attached and feel free to contact me if you have any questions.



ARO Footnote 1st  
Quarter.xlsx

Thanks,  
Angela

---

**From:** Erskine, Greg  
**Sent:** Wednesday, April 11, 2012 4:27 PM  
**To:** Crescente, Angela  
**Subject:** FW: ARO Footnote - 3/31/12

Angela:

I've updated the attached file to include FCD. Can you replace the question marks with amounts in the worksheet named "Rollforward" in the file and e-mail it back to today, please?

Thanks,

Greg

---

**From:** Erskine, Greg  
**Sent:** Tuesday, April 10, 2012 9:23 AM  
**To:** Crescente, Angela  
**Cc:** Wiseman, Sara  
**Subject:** FW: ARO Footnote - 3/31/12

Angela:

I mentioned below that I planned on updating the 3/31/12 balances in the attached file after we closed March. I've updated them now. Can you replace the question marks with amounts in the worksheet named "Rollforward" in the file and e-mail it back to me today, please?

Thanks,

Greg

---

**From:** Erskine, Greg  
**Sent:** Wednesday, March 28, 2012 10:32 AM  
**To:** Crescente, Angela  
**Cc:** Wiseman, Sara  
**Subject:** ARO Footnote - 3/31/12

Angela:

I need to get rollforwards of LG&E's and KU's AROs for the three months ended 3/31/12 to help complete the 3/31/12 10-Q. I've attached a file that shows what I need. Can you replace the question marks with amounts in the worksheet named "Rollforward" in the file and e-mail it back to me by Wednesday, April 11, please?

Please make sure the amounts on the row labeled "Other (forced - S/B zero)" equal zero before you send the file back to me.

I've detailed the beginning and ending balances by account on the worksheet named "BalancesByAccount" in the file. The balances in the columns headed "3/31/12" on this worksheet in the attached version of the file actually represent 2/29/12 balances. I plan on updating the amounts in these columns to reflect 3/31/12 balances after we close March, and I plan on sending you copy of the updated file containing the 3/31/12 balances on or about Tuesday, April 10.

If you have any questions, please let me know.

Thanks,

Greg



Book3.xlsx

LG&E AND KU  
 Asset Retirement Obligations  
 12/31/11 through 03/31/12  
 ( ) Means Debit  
 03/31/12 Reporting

04/11/12

4:43 PM

	LKE	LG&E	KU	FCD
12/31/11 balance	118,299,060.52	56,856,461.36	61,379,032.38	63,566.78
Accretion expense	1,510,355.29	725,537.76	783,723.30	1,094.23
Obligations assumed in acquisition of LKE	0.00	0.00	0.00	0.00
Obligations assumed in acquisition of CN	0.00	0.00	0.00	0.00
ARO derecognized	0.00	0.00	0.00	0.00
New obligations incurred	0.00	0.00	0.00	0.00
Changes in estimated cash flow or settlement date	(103.71)	(23.74)	(79.97)	0.00
Effect of foreign currency exchange rates	0.00	0.00	0.00	0.00
Obligations settled	(42,330.43)	(42,330.43)	0.00	0.00
Other (forced - S/B zero)	0.00	0.00	0.00	0.00
03/31/12 balance	<u>119,766,981.67</u>	<u>57,539,644.95</u>	<u>62,162,675.71</u>	<u>64,661.01</u>

LG&E AND KU  
 Asset Retirement Obligations  
 12/31/11 and 03/31/12  
 03/31/12 Reporting

04/11/12  
 4:43 PM

Acct No	Acct Desc	Curr or Noncurr	12/31/11			03/31/12		
			LG&E 0100	KU 0110	FCD 0304	LG&E 0100	KU 0110	FCD 0304
108799	RWIP-ARO LEGAL	NCURR	1,749,888.89	410,549.80	0.00	1,792,219.32	410,549.80	0.00
230012	ASSET RETIREMENT OBLIGATIONS - STEAM	NCURR	(35,116,397.44)	(60,261,506.99)	(63,566.78)	(35,535,961.67)	(61,026,925.38)	(64,661.01)
230013	ASSET RETIREMENT OBLIGATIONS - TRANSMISSI	NCURR	(253,364.08)	(545,748.17)	0.00	(256,803.61)	(553,172.37)	0.00
230015	ASSET RETIREMENT OBLIGATIONS - DISTRIBUTIC	NCURR	(658,353.57)	(806,034.02)	0.00	(667,350.10)	(816,834.76)	0.00
230016	ASSET RETIREMENT OBLIGATIONS - GAS	NCURR	(20,115,281.12)	0.00	0.00	(20,407,301.74)	0.00	0.00
230017	ASSET RETIREMENT OBLIGATIONS - COMMON	NCURR	(108,093.04)	0.00	0.00	(109,586.15)	0.00	0.00
230022	ASSET RETIREMENT OBLIGATIONS - STEAM - ST	CURR	(800,980.00)	(176,293.00)	0.00	(800,980.00)	(176,293.00)	0.00
230026	ASSET RETIREMENT OBLIGATIONS - GAS - ST	CURR	(1,553,881.00)	0.00	0.00	(1,553,881.00)	0.00	0.00
Totals			<u>(56,856,461.36)</u>	<u>(61,379,032.38)</u>	<u>(63,566.78)</u>	<u>(57,539,644.95)</u>	<u>(62,162,675.71)</u>	<u>(64,661.01)</u>
<u>Summary:</u>								
Current		CURR	(2,354,861.00)	(176,293.00)	0.00	(2,354,861.00)	(176,293.00)	0.00
Noncurrent		NCURR	<u>(54,501,600.36)</u>	<u>(61,202,739.38)</u>	<u>(63,566.78)</u>	<u>(55,184,783.95)</u>	<u>(61,986,382.71)</u>	<u>(64,661.01)</u>
Totals			<u>(56,856,461.36)</u>	<u>(61,379,032.38)</u>	<u>(63,566.78)</u>	<u>(57,539,644.95)</u>	<u>(62,162,675.71)</u>	<u>(64,661.01)</u>

Clark, Ed

---

**From:** Erskine, Greg  
**Sent:** Wednesday, April 11, 2012 4:27 PM  
**To:** Crescente, Angela  
**Subject:** FW: ARO Footnote - 3/31/12

Angela:

I've updated the attached file to include FCD. Can you replace the question marks with amounts in the worksheet named "Rollforward" in the file and e-mail it back to today, please?

Thanks,

Greg

---

**From:** Erskine, Greg  
**Sent:** Tuesday, April 10, 2012 9:23 AM  
**To:** Crescente, Angela  
**Cc:** Wiseman, Sara  
**Subject:** FW: ARO Footnote - 3/31/12

Angela:

I mentioned below that I planned on updating the 3/31/12 balances in the attached file after we closed March. I've updated them now. Can you replace the question marks with amounts in the worksheet named "Rollforward" in the file and e-mail it back to me today, please?

Thanks,

Greg

---

**From:** Erskine, Greg  
**Sent:** Wednesday, March 28, 2012 10:32 AM  
**To:** Crescente, Angela  
**Cc:** Wiseman, Sara  
**Subject:** ARO Footnote - 3/31/12

Angela:

I need to get rollforwards of LG&E's and KU's AROs for the three months ended 3/31/12 to help complete the 3/31/12 10-Q. I've attached a file that shows what I need. Can you replace the question marks with amounts in the worksheet named "Rollforward" in the file and e-mail it back to me by Wednesday, April 11, please?

Please make sure the amounts on the row labeled "Other (forced - S/B zero)" equal zero before you send the file back to me.

I've detailed the beginning and ending balances by account on the worksheet named "BalancesByAccount" in the file. The balances in the columns headed "3/31/12" on this worksheet in the attached version of the file actually represent



Charnas

2/29/12 balances. I plan on updating the amounts in these columns to reflect 3/31/12 balances after we close March, and I plan on sending you copy of the updated file containing the 3/31/12 balances on or about Tuesday, April 10.

If you have any questions, please let me know.

Thanks,

Greg



Book3.xlsx

LG&E AND KU  
Asset Retirement Obligations  
12/31/11 through 03/31/12  
( ) Means Debit  
03/31/12 Reporting

04/11/12  
4:26 PM

	LKE	LG&E	KU	FCD
12/31/11 balance	118,299,060.52	56,856,461.36	61,379,032.38	63,566.78
Accretion expense	0.00	?????	?????	?????
Obligations assumed in acquisition of LKE	0.00	?????	?????	?????
Obligations assumed in acquisition of CN	0.00	?????	?????	?????
ARO derecognized	0.00	?????	?????	?????
New obligations incurred	0.00	?????	?????	?????
Changes in estimated cash flow or settlement date	0.00	?????	?????	?????
Effect of foreign currency exchange rates	0.00	?????	?????	?????
Obligations settled	0.00	?????	?????	?????
Other (forced - S/B zero)	1,467,921.15	683,183.59	783,643.33	1,094.23
03/31/12 balance	<u>119,766,981.67</u>	<u>57,539,644.95</u>	<u>62,162,675.71</u>	<u>64,661.01</u>

LG&E AND KU  
 Asset Retirement Obligations  
 12/31/11 and 03/31/12  
 03/31/12 Reporting

04/11/12  
 4:25 PM

Acct No	Acct Desc	Curr or Noncurr	12/31/11			03/31/12		
			LG&E 0100	KU 0110	FCD 0304	LG&E 0100	KU 0110	FCD 0304
108799	RWIP-ARO LEGAL	NCURR	1,749,888.89	410,549.80	0.00	1,792,219.32	410,549.80	0.00
230012	ASSET RETIREMENT OBLIGATIONS - STEAM	NCURR	(35,116,397.44)	(60,261,506.99)	(63,566.78)	(35,535,961.67)	(61,026,925.38)	(64,661.01)
230013	ASSET RETIREMENT OBLIGATIONS - TRANSMISSI	NCURR	(253,364.08)	(545,748.17)	0.00	(256,803.61)	(553,172.37)	0.00
230015	ASSET RETIREMENT OBLIGATIONS - DISTRIBUTIC	NCURR	(658,353.57)	(806,034.02)	0.00	(667,350.10)	(816,834.76)	0.00
230016	ASSET RETIREMENT OBLIGATIONS - GAS	NCURR	(20,115,281.12)	0.00	0.00	(20,407,301.74)	0.00	0.00
230017	ASSET RETIREMENT OBLIGATIONS - COMMON	NCURR	(108,093.04)	0.00	0.00	(109,586.15)	0.00	0.00
230022	ASSET RETIREMENT OBLIGATIONS - STEAM - ST	CURR	(800,980.00)	(176,293.00)	0.00	(800,980.00)	(176,293.00)	0.00
230026	ASSET RETIREMENT OBLIGATIONS - GAS - ST	CURR	(1,553,881.00)	0.00	0.00	(1,553,881.00)	0.00	0.00
<b>Totals</b>			<b>(56,856,461.36)</b>	<b>(61,379,032.38)</b>	<b>(63,566.78)</b>	<b>(57,539,644.95)</b>	<b>(62,162,675.71)</b>	<b>(64,661.01)</b>
<u>Summary:</u>								
Current		CURR	(2,354,861.00)	(176,293.00)	0.00	(2,354,861.00)	(176,293.00)	0.00
Noncurrent		NCURR	(54,501,600.36)	(61,202,739.38)	(63,566.78)	(55,184,783.95)	(61,986,382.71)	(64,661.01)
<b>Totals</b>			<b>(56,856,461.36)</b>	<b>(61,379,032.38)</b>	<b>(63,566.78)</b>	<b>(57,539,644.95)</b>	<b>(62,162,675.71)</b>	<b>(64,661.01)</b>

**Crescente, Angela**

---

**From:** Leenerts, Patricia  
**Sent:** Friday, August 03, 2012 10:05 AM  
**To:** Porter, Janice  
**Cc:** Crescente, Angela; Clyde, Peter  
**Subject:** RE: ED RAC Reallocation Needed - ASAP - Pipeline Repairs

**Follow Up Flag:** Follow up  
**Flag Status:** Completed

Janice, I just had the chance to review the 138512. I took the chargeable status off of the 108901 removal task and opened an ARO task. The cut, cap, purge needs to go to the ARO. I believe that the excavation, etc, will be charged to the investment task since the purpose of the work is to replace with new pipe.

Angela, please review my setup of the ARO tasks when you have a break from your rate case duties.

Thanks,

Pat  
502-627-3811

---

**From:** Porter, Janice  
**Sent:** Thursday, August 02, 2012 4:54 PM  
**To:** Leenerts, Patricia  
**Cc:** Allen, Lisa; Wiseman, Sara; Walker, Barry; Neal, Susan; Clyde, Peter  
**Subject:** FW: ED RAC Reallocation Needed - ASAP - Pipeline Repairs  
**Importance:** High

Pat,

These have been submitted for approval, project numbers 138512 Revision and 138669 Original.

Please make them top priority.

Thanks for your help.

Janice

---

**From:** Allen, Lisa  
**Sent:** Thursday, August 02, 2012 3:36 PM

**To:** Walker, Barry; Clyde, Peter; Porter, Janice; McDonald, Pam  
**Subject:** FW: ED RAC Reallocation Needed - ASAP - Pipeline Repairs  
**Importance:** High

These reallocations have been approved by the ED RAC so you can proceed with the AIP on the new WK A Pipeline Repair project. (Record time! Got 2 votes within 5 minutes of the email).

Lisa

---

**From:** Allen, Lisa  
**Sent:** Thursday, August 02, 2012 3:30 PM  
**To:** Malloy, John; Thomas, Greg; Jessee, Tom  
**Cc:** Walker, Barry; Clyde, Peter  
**Subject:** ED RAC Reallocation Needed - ASAP - Pipeline Repairs  
**Importance:** High

All –

Pete has found numerous immediate repair conditions as a result of the WK A Pipeline ILI that requires him to take immediate action. A portion of the line containing most of the immediate repairs conditions will likely take a pressure reduction while they evaluate repair versus replacement options. They have 3 anomalies that are being excavated and repairs need to be completed asap. It is on a section of line that they cannot maintain a pressure reduction into next week. The anomalies are between Muldraugh and Salt River. He needs \$100K for this new repair project at this point to get started on the repairs while he conducts an engineering review of the ILI data and also while he reviews resource availability. He will need to request additional funding later on for the full cost, once it is known.

In addition, he also need \$45K more on the Magnolia 16-inch pipeline repair project between Magnolia and Muldraugh. Three locations have been identified to date that will require capital repairs:

- North (+/-550') of Hwy 60 in Ft. Knox ROW – Internal wall loss involving long seam
- North of Bullion Blvd near Tobacco Leaf Lake – 3 internal anomalies involving long seam
- South of Martin Lane – Corrosion clusters (+/- 35%) at girth weld

This project also will need more funding when the total cost is known and will be requested in a couple of weeks.

We have already allocated the remaining dollars that were in the budget repair pipeline project to the repair projects he is currently working on.

Barry has found 4 projects in his area to cover this \$145K (\$100K for WK A and \$45K for Magnolia 16 inch) at this point – see projects below.

Please let me know ASAP whether or not you approve this request so that we can get a project approved and opened on the WK A Pipeline Repairs.

Thanks.

Project No.	Project Name	Proposed Reallocation Amount (\$000s)	Comments
134885	Purchase replacement equipment trailer - Muld	\$35	Replacement of trailer deferred
134430	Fire detection system upgrade - Mag	\$27	Project scope change and proposed for 2013
134440	Oil/water controls - Mag	\$58	No longer needed due to rework of piping and gauges
134455	Heat tracing freeze protection for Purifier #2 - Muld	\$25	Project under run - actual costs less than project estimate
	<b>Total</b>	<b>\$145</b>	

**Lisa Allen**  
 Manager, Finance & Budgeting - Energy Delivery  
 (502) 627-4903  
[lisa.allen@lge-ku.com](mailto:lisa.allen@lge-ku.com)

**Clark, Ed**

---

**From:** Crescente, Angela  
**Sent:** Wednesday, April 11, 2012 4:27 PM  
**To:** Erskine, Greg  
**Cc:** Wiseman, Sara  
**Subject:** FW: ARO Footnote - 3/31/12

Greg,

Once the numbers for LKE have been updated to include FCD company account 230012, please send the file back to me so I can populate what you need. That may mean that I won't be able to get your information back to you until in the morning.

Thanks,  
Angela

---

**From:** Erskine, Greg  
**Sent:** Tuesday, April 10, 2012 9:23 AM  
**To:** Crescente, Angela  
**Cc:** Wiseman, Sara  
**Subject:** FW: ARO Footnote - 3/31/12

Angela:

I mentioned below that I planned on updating the 3/31/12 balances in the attached file after we closed March. I've updated them now. Can you replace the question marks with amounts in the worksheet named "Rollforward" in the file and e-mail it back to me today, please?

Thanks,

Greg

---

**From:** Erskine, Greg  
**Sent:** Wednesday, March 28, 2012 10:32 AM  
**To:** Crescente, Angela  
**Cc:** Wiseman, Sara  
**Subject:** ARO Footnote - 3/31/12

Angela:

I need to get rollforwards of LG&E's and KU's AROs for the three months ended 3/31/12 to help complete the 3/31/12 10-Q. I've attached a file that shows what I need. Can you replace the question marks with amounts in the worksheet named "Rollforward" in the file and e-mail it back to me by Wednesday, April 11, please?

Please make sure the amounts on the row labeled "Other (forced - S/B zero)" equal zero before you send the file back to me.

I've detailed the beginning and ending balances by account on the worksheet named "BalancesByAccount" in the file. The balances in the columns headed "3/31/12" on this worksheet in the attached version of the file actually represent 2/29/12 balances. I plan on updating the amounts in these columns to reflect 3/31/12 balances after we close March, and I plan on sending you copy of the updated file containing the 3/31/12 balances on or about Tuesday, April 10.

If you have any questions, please let me know.

Thanks,

Greg



Book3.xlsx



LG&E AND KU  
Asset Retirement Obligations  
12/31/11 through 03/31/12  
( ) Means Debit  
03/31/12 Reporting

04/10/12  
9:21 AM

	LKE	LG&E	KU
12/31/11 balance	118,235,493.74	56,856,461.36	61,379,032.38
Accretion expense	0.00	?????	?????
Obligations assumed in acquisition of LKE	0.00	?????	?????
Obligations assumed in acquisition of CN	0.00	?????	?????
ARO derecognized	0.00	?????	?????
New obligations incurred	0.00	?????	?????
Changes in estimated cash flow or settlement date	0.00	?????	?????
Effect of foreign currency exchange rates	0.00	?????	?????
Obligations settled	0.00	?????	?????
Other (forced - S/B zero)	1,466,826.92	683,183.59	783,643.33
03/31/12 balance	<u>119,702,320.66</u>	<u>57,539,644.95</u>	<u>62,162,675.71</u>

LG&E AND KU  
Asset Retirement Obligations  
12/31/11 and 03/31/12  
03/31/12 Reporting

04/10/12  
9:21 AM

Acct No	Acct Desc	Curr or Noncurr	12/31/11		03/31/12	
			LG&E 0100	KU 0110	LG&E 0100	KU 0110
108799	RWIP-ARO LEGAL	NCURR	1,749,888.89	410,549.80	1,792,219.32	410,549.80
230012	ASSET RETIREMENT OBLIGATIONS - STEAM	NCURR	(35,116,397.44)	(60,261,506.99)	(35,535,961.67)	(61,026,925.38)
230013	ASSET RETIREMENT OBLIGATIONS - TRANSMISSI	NCURR	(253,364.08)	(545,748.17)	(256,803.61)	(553,172.37)
230015	ASSET RETIREMENT OBLIGATIONS - DISTRIBUTIC	NCURR	(658,353.57)	(806,034.02)	(667,350.10)	(816,834.76)
230016	ASSET RETIREMENT OBLIGATIONS - GAS	NCURR	(20,115,281.12)	0.00	(20,407,301.74)	0.00
230017	ASSET RETIREMENT OBLIGATIONS - COMMON	NCURR	(108,093.04)	0.00	(109,586.15)	0.00
230022	ASSET RETIREMENT OBLIGATIONS - STEAM - ST	CURR	(800,980.00)	(176,293.00)	(800,980.00)	(176,293.00)
230026	ASSET RETIREMENT OBLIGATIONS - GAS - ST	CURR	(1,553,881.00)	0.00	(1,553,881.00)	0.00
Totals			<u>(56,856,461.36)</u>	<u>(61,379,032.38)</u>	<u>(57,539,644.95)</u>	<u>(62,162,675.71)</u>
<u>Summary:</u>						
Current		CURR	(2,354,861.00)	(176,293.00)	(2,354,861.00)	(176,293.00)
Noncurrent		NCURR	<u>(54,501,600.36)</u>	<u>(61,202,739.38)</u>	<u>(55,184,783.95)</u>	<u>(61,986,382.71)</u>
Totals			<u>(56,856,461.36)</u>	<u>(61,379,032.38)</u>	<u>(57,539,644.95)</u>	<u>(62,162,675.71)</u>

Clark, Ed

---

**From:** Erskine, Greg  
**Sent:** Tuesday, April 10, 2012 9:23 AM  
**To:** Crescente, Angela  
**Cc:** Wiseman, Sara  
**Subject:** FW: ARO Footnote - 3/31/12

Angela:

I mentioned below that I planned on updating the 3/31/12 balances in the attached file after we closed March. I've updated them now. Can you replace the question marks with amounts in the worksheet named "Rollforward" in the file and e-mail it back to me today, please?

Thanks,

Greg

---

**From:** Erskine, Greg  
**Sent:** Wednesday, March 28, 2012 10:32 AM  
**To:** Crescente, Angela  
**Cc:** Wiseman, Sara  
**Subject:** ARO Footnote - 3/31/12

Angela:

I need to get rollforwards of LG&E's and KU's AROs for the three months ended 3/31/12 to help complete the 3/31/12 10-Q. I've attached a file that shows what I need. Can you replace the question marks with amounts in the worksheet named "Rollforward" in the file and e-mail it back to me by Wednesday, April 11, please?

Please make sure the amounts on the row labeled "Other (forced - S/B zero)" equal zero before you send the file back to me.

I've detailed the beginning and ending balances by account on the worksheet named "BalancesByAccount" in the file. The balances in the columns headed "3/31/12" on this worksheet in the attached version of the file actually represent 2/29/12 balances. I plan on updating the amounts in these columns to reflect 3/31/12 balances after we close March, and I plan on sending you copy of the updated file containing the 3/31/12 balances on or about Tuesday, April 10.

If you have any questions, please let me know.

Thanks,

Greg



Book3.xlsx

LG&amp;E AND KU

Asset Retirement Obligations

12/31/11 through 03/31/12

() Means Debit

03/31/12 Reporting

04/10/12

9:21 AM

	LKE	LG&E	KU
12/31/11 balance	118,235,493.74	56,856,461.36	61,379,032.38
Accretion expense	0.00	?????	?????
Obligations assumed in acquisition of LKE	0.00	?????	?????
Obligations assumed in acquisition of CN	0.00	?????	?????
ARO derecognized	0.00	?????	?????
New obligations incurred	0.00	?????	?????
Changes in estimated cash flow or settlement date	0.00	?????	?????
Effect of foreign currency exchange rates	0.00	?????	?????
Obligations settled	0.00	?????	?????
Other (forced - S/B zero)	1,466,826.92	683,183.59	783,643.33
03/31/12 balance	<u>119,702,320.66</u>	<u>57,539,644.95</u>	<u>62,162,675.71</u>

LG&E AND KU  
Asset Retirement Obligations  
12/31/11 and 03/31/12  
03/31/12 Reporting

04/10/12  
9:21 AM

Acct No	Acct Desc	Curr or Noncurr	12/31/11		03/31/12	
			LG&E 0100	KU 0110	LG&E 0100	KU 0110
108799	RWIP-ARO LEGAL	NCURR	1,749,888.89	410,549.80	1,792,219.32	410,549.80
230012	ASSET RETIREMENT OBLIGATIONS - STEAM	NCURR	(35,116,397.44)	(60,261,506.99)	(35,535,961.67)	(61,026,925.38)
230013	ASSET RETIREMENT OBLIGATIONS - TRANSMISSI	NCURR	(253,364.08)	(545,748.17)	(256,803.61)	(553,172.37)
230015	ASSET RETIREMENT OBLIGATIONS - DISTRIBUTIC	NCURR	(658,353.57)	(806,034.02)	(667,350.10)	(816,834.76)
230016	ASSET RETIREMENT OBLIGATIONS - GAS	NCURR	(20,115,281.12)	0.00	(20,407,301.74)	0.00
230017	ASSET RETIREMENT OBLIGATIONS - COMMON	NCURR	(108,093.04)	0.00	(109,586.15)	0.00
230022	ASSET RETIREMENT OBLIGATIONS - STEAM - ST	CURR	(800,980.00)	(176,293.00)	(800,980.00)	(176,293.00)
230026	ASSET RETIREMENT OBLIGATIONS - GAS - ST	CURR	(1,553,881.00)	0.00	(1,553,881.00)	0.00
Totals			<u>(56,856,461.36)</u>	<u>(61,379,032.38)</u>	<u>(57,539,644.95)</u>	<u>(62,162,675.71)</u>
<u>Summary:</u>						
	Current	CURR	(2,354,861.00)	(176,293.00)	(2,354,861.00)	(176,293.00)
	Noncurrent	NCURR	<u>(54,501,600.36)</u>	<u>(61,202,739.38)</u>	<u>(55,184,783.95)</u>	<u>(61,986,382.71)</u>
Totals			<u>(56,856,461.36)</u>	<u>(61,379,032.38)</u>	<u>(57,539,644.95)</u>	<u>(62,162,675.71)</u>

Clark, Ed

---

**From:** Wiseman, Sara  
**Sent:** Monday, April 09, 2012 8:45 AM  
**To:** Scott, Valerie  
**Cc:** Charnas, Shannon; Pienaar, Lesley; Crescente, Angela  
**Subject:** Current Portion ARO emails



RE: Financial Reporting Disclo...    FW: FW: Financial Reporting Di...

*Sara Wiseman  
Manager, Property Accounting  
Office 502.627.3189  
Cell 502.338.0886*

**Clark, Ed**

---

**From:** Crescente, Angela  
**Sent:** Thursday, April 05, 2012 2:04 PM  
**To:** Pienaar, Lesley; Erskine, Greg; Fackler, Andrea; Simpson, Sheri  
**Cc:** Wiseman, Sara  
**Subject:** RE: Financial Reporting Disclosure of Current Portion of AROs

FYI

---

**From:** Sechler, Joel R [<mailto:JRSechler@pplweb.com>]  
**Sent:** Thursday, April 05, 2012 1:54 PM  
**To:** Crescente, Angela  
**Subject:** FW: Financial Reporting Disclosure of Current Portion of AROs

Hi Angela,

Just to give you an update, Financial Reporting and Vince approved the reversal of the current portion of the ARO, as long as it remains below materiality thresholds (1%). We're just running going to run this change by the auditors first. As soon as we have their approval (assuming it goes through), you can reverse the balance out.

If for some reason we don't get a ruling in time for you to book the entry in the March feed, I'll adjust the LKE balance in PPL's general ledger. I'm not sure what time the books close for you. Let me know if you have any questions.

Thanks,

Joel

---

**From:** Nitsche, John P  
**Sent:** Thursday, April 05, 2012 11:32 AM  
**To:** Green Jr, Gerald R  
**Cc:** Sechler, Joel R  
**Subject:** RE: Financial Reporting Disclosure of Current Portion of AROs

I'm going to speak with Scott Hartman after lunch.

---

**From:** Green Jr, Gerald R  
**Sent:** Thursday, April 05, 2012 10:48 AM  
**To:** Nitsche, John P  
**Subject:** RE: Financial Reporting Disclosure of Current Portion of AROs

does LKE have any current? **YES, we've discussed with them and they are awaiting an answer.**

Are you going to reverse the existing? **Yes, that was the plan.**  
Jerry

---

**From:** Lazarus, Brian M  
**Sent:** Thursday, April 05, 2012 10:38 AM  
**To:** Green Jr, Gerald R  
**Cc:** Benfield, Jonathan E  
**Subject:** FW: Financial Reporting Disclosure of Current Portion of AROs

FYI

---

**From:** Sorgi, Vincent  
**Sent:** Thursday, April 05, 2012 10:10 AM  
**To:** Nitsche, John P  
**Cc:** Woods, Mark D; Lazarus, Brian M; Rander, Erik D; Sechler, Joel R  
**Subject:** Re: Financial Reporting Disclosure of Current Portion of AROs

Works for me. Let's just notify EY of this change.

Thanks all.

Vince

---

**From:** Nitsche, John P  
**Sent:** Thursday, April 05, 2012 08:09 AM  
**To:** Sorgi, Vincent  
**Cc:** Woods, Mark D; Lazarus, Brian M; Rander, Erik D; Sechler, Joel R  
**Subject:** Financial Reporting Disclosure of Current Portion of AROs

Vince,

We have been reviewing the various journal entries we prepare in Asset Management, and a number of them are for balance sheet reclassifications for financial reporting. In an effort to reduce the number of manual entries we prepare, we would like to discontinue breaking out the current portion of AROs. The current balance for all of PPL at 12/31/11 was only \$13 million; \$10 million of this is at Energy Supply. We believe this amount is clearly immaterial for both PPL and PPL Energy Supply balance sheets. We propose discontinuing the reclassification, but Asset Management will document current spend (estimated spending for the next 12 months from the balance sheet date), and if this figure becomes material we will consider recording a current liability. We would use a minimum materiality threshold of 1% of current liabilities, which right now for PPL Energy Supply would be \$30 million. We will also coordinate with Kentucky, but right now their current portion of AROs is only \$2 million.

We (Asset Management) meet with Environmental and Generation personnel twice a year to review AROs and at this time we have a good sense what current spend will be. Between these times we see what type of expenditures are hitting the ARO projects and question if there are any unusual increases in expenditures. So we have a good sense of what the level of spending is. Eliminating the reclassification will save us some formal documentation time, including sending emails to various project managers as well as preparation and processing of the journal entry itself. We have reviewed this change with Brian and Mark W., and they are comfortable with eliminating the reclassification at this point, but they suggested making sure you were in agreement as well.

So let us know your thoughts.....thanks.

The information contained in this message is intended only for the personal and confidential use of the recipient(s) named above. If the reader of this message is not the intended recipient or an agent responsible for delivering it to the intended recipient, you are hereby notified that you have received this document in error and that any review, dissemination, distribution, or copying of this message is strictly prohibited. If you have received this communication in error, please notify us immediately, and delete the original message.



Clark, Ed

---

**From:** Sechler, Joel R <JRSechler@pplweb.com>  
**Sent:** Thursday, April 05, 2012 3:52 PM  
**To:** Crescente, Angela  
**Cc:** Nitsche, John P; Wiseman, Sara; Pienaar, Lesley; Erskine, Greg  
**Subject:** FW: FW: Financial Reporting Disclosure of Current Portion of AROs

Hi Angela,

It looks like we have approval to no longer book the current portion of the ARO as long as the amount remains immaterial. I plan to book the reversal on Monday, do you still have time to get an entry in before the flat file is generated and sent to us? If not I can reverse the LKE balance as well.

Let me know if you have any questions or concerns.

Thanks,

Joel

---

**From:** Nitsche, John P  
**Sent:** Thursday, April 05, 2012 3:27 PM  
**To:** Sechler, Joel R  
**Subject:** FW: FW: Financial Reporting Disclosure of Current Portion of AROs

FYI

---

**From:** scott.hartman@ey.com [mailto:scott.hartman@ey.com]  
**Sent:** Thursday, April 05, 2012 3:24 PM  
**To:** Nitsche, John P  
**Subject:** Re: FW: Financial Reporting Disclosure of Current Portion of AROs

John,

Based on current materiality levels, I believe that is fine. However, the quarterly assessment to determine what the amount would/should be is key, because technically it is an error, however, but willing to agree that it is immaterial. We will note it each period as a balance sheet reclassification adjustment, however, it will not need to be reported to the audit committee based on materiality.

Thanks for checking.

Scott



**Scott T. Hartman** | Executive Director | Assurance Services

Ernst & Young LLP  
2005 Market Street, Suite 700, Philadelphia, Pennsylvania 19103, United States of America  
Office: 1-215-448-3388 | Fax: 1-866-373-9710 | [scott.hartman@ey.com](mailto:scott.hartman@ey.com)  
Cell: 1-610-597-8678 | EY/Comm: 9204278  
Website: [www.ey.com](http://www.ey.com)  
Assistant: Meghan G. Kallen | Phone: 1-215-448-5108  
Thank you for considering the environmental impact of printing emails.

From: "Nitsche, John P" <jpnitsche@pplweb.com>  
To: "scott.hartman@ey.com" <scott.hartman@ey.com>  
Date: 04/05/2012 02:40 PM  
Subject: FW: Financial Reporting Disclosure of Current Portion of AROs

---

Scott,  
This is what I wanted to let you now about. Our plan is to no longer break out the current portion of our AROs; we would reverse out what we have currently classified in the current liability account, and then just monitor quarterly to see if the amount becomes "material". Vince was OK with the change, but wanted to make sure you were aware of our plans.

Any questions, let me know.....thanks.

---

**From:** Nitsche, John P  
**Sent:** Thursday, April 05, 2012 8:10 AM  
**To:** Sorgl, Vincent  
**Cc:** Woods, Mark D; Lazarus, Brian M; Rander, Erik D; Sechler, Joel R  
**Subject:** Financial Reporting Disclosure of Current Portion of AROs

Vince,  
We have been reviewing the various journal entries we prepare in Asset Management, and a number of them are for balance sheet reclassifications for financial reporting. In an effort to reduce the number of manual entries we prepare, we would like to discontinue breaking out the current portion of AROs. The current balance for all of PPL at 12/31/11 was only \$13 million; \$10 million of this is at Energy Supply. We believe this amount is clearly immaterial for both PPL and PPL Energy Supply balance sheets. We propose discontinuing the reclassification, but Asset Management will document current spend (estimated spending for the next 12 months from the balance sheet date), and if this figure becomes material we will consider recording a current liability. We would use a minimum materiality threshold of 1% of current liabilities, which right now for PPL Energy Supply would be \$30 million. We will also coordinate with Kentucky, but right now their current portion of AROs is only \$2 million.

We (Asset Management) meet with Environmental and Generation personnel twice a year to review AROs and at this time we have a good sense what current spend will be. Between these times we see what type of expenditures are hitting the ARO projects and question if there are any unusual increases in expenditures. So we have a good sense of what the level of spending is. Eliminating the reclassification will save us some formal documentation time, including sending emails to various project managers as well as preparation and processing of the journal entry itself. We have reviewed this change with Brian and Mark W., and they are comfortable with eliminating the reclassification at this point, but they suggested making sure you were in agreement as well.

So let us know your thoughts.....thanks.

The information contained in this message is intended only for the personal and confidential use of the recipient(s) named above. If the reader of this message is not the intended recipient or an agent responsible for delivering it to the intended recipient, you are hereby notified that you have received this document in error and that any review, dissemination, distribution, or copying of this message is strictly prohibited. If you have received this communication in error, please notify us immediately, and delete the original message.

**Any U.S. tax advice contained in the body of this e-mail was not intended or written to be used, and cannot be used, by the recipient for the purpose of avoiding penalties that may be imposed under the Internal Revenue Code or applicable state or local tax law provisions.**

The information contained in this message may be privileged and confidential and protected from disclosure. If the reader of this message is not the intended recipient, or an employee or agent responsible for delivering this message to the intended recipient, you are hereby notified that any dissemination, distribution or copying of this communication is strictly prohibited. If you have received this communication in error, please notify us immediately by replying to the message and deleting it from your computer.

Notice required by law: This e-mail may constitute an advertisement or solicitation under U.S. law, if its primary purpose is to advertise or promote a commercial product or service. You may choose not to receive advertising and promotional messages from Ernst & Young LLP (except for Ernst & Young Online and the ey.com website, which track e-mail preferences through a separate process) at this e-mail address by forwarding this message to no-more-mail@ey.com. If you do so, the sender of this message will be notified promptly. Our principal postal address is 5 Times Square, New York, NY 10036. Thank you. Ernst & Young LLP

The information contained in this message is intended only for the personal and confidential use of the recipient(s) named above. If the reader of this message is not the intended recipient or an agent responsible for delivering it to the intended recipient, you are hereby notified that you have received this document in error and that any review, dissemination, distribution, or copying of this message is strictly prohibited. If you have received this communication in error, please notify us immediately, and delete the original message.

**Clark, Ed**

---

**From:** Crescente, Angela  
**Sent:** Thursday, April 05, 2012 3:56 PM  
**To:** Charnas, Shannon  
**Cc:** Wiseman, Sara; Pienaar, Lesley; Erskine, Greg  
**Subject:** RE: FW: Financial Reporting Disclosure of Current Portion of AROs

Shannon:

Please read Joel's email below.

Thanks,  
Angela

---

**From:** Sechler, Joel R [mailto:JRSechler@pplweb.com]  
**Sent:** Thursday, April 05, 2012 3:52 PM  
**To:** Crescente, Angela  
**Cc:** Nitsche, John P; Wiseman, Sara; Pienaar, Lesley; Erskine, Greg  
**Subject:** FW: FW: Financial Reporting Disclosure of Current Portion of AROs

Hi Angela,

It looks like we have approval to no longer book the current portion of the ARO as long as the amount remains immaterial. I plan to book the reversal on Monday, do you still have time to get an entry in before the flat file is generated and sent to us? If not I can reverse the LKE balance as well.

Let me know if you have any questions or concerns.

Thanks,

Joel

---

**From:** Nitsche, John P  
**Sent:** Thursday, April 05, 2012 3:27 PM  
**To:** Sechler, Joel R  
**Subject:** FW: FW: Financial Reporting Disclosure of Current Portion of AROs

FYI

---

**From:** [scott.hartman@ey.com](mailto:scott.hartman@ey.com) [mailto:scott.hartman@ey.com]  
**Sent:** Thursday, April 05, 2012 3:24 PM  
**To:** Nitsche, John P  
**Subject:** Re: FW: Financial Reporting Disclosure of Current Portion of AROs

John,

Based on current materiality levels, I believe that is fine. However, the quarterly assessment to determine what the amount would/should be is key, because technically it is an error, however, but willing to agree that it is immaterial. We will note it each period as a balance sheet reclassification adjustment, however, it will not need to be reported to the audit committee based on materiality.

Thanks for checking.

Scott



**Scott T. Hartman | Executive Director | Assurance Services**

Ernst & Young LLP

2005 Market Street, Suite 700, Philadelphia, Pennsylvania 19103, United States of America

Office: 1-215-448-3388 | Fax: 1-866-373-9710 | [scott.hartman@ey.com](mailto:scott.hartman@ey.com)

Cell: 1-610-597-8678 | EY/Comm: 9204278

Website: [www.ey.com](http://www.ey.com)

Assistant: Meghan G. Kallen | Phone: 1-215-448-5108

Thank you for considering the environmental impact of printing emails.

From: "Nitsche, John P" <[jp\\_nitsche@pplweb.com](mailto:jp_nitsche@pplweb.com)>  
To: "'scott.hartman@ey.com'" <[scott.hartman@ey.com](mailto:scott.hartman@ey.com)>  
Date: 04/05/2012 02:40 PM  
Subject: FW: Financial Reporting Disclosure of Current Portion of AROs

Scott,

This is what I wanted to let you now about. Our plan is to no longer break out the current portion of our AROs; we would reverse out what we have currently classified in the current liability account, and then just monitor quarterly to see if the amount becomes "material". Vince was OK with the change, but wanted to make sure you were aware of our plans.

Any questions, let me know.....thanks.

---

**From:** Nitsche, John P  
**Sent:** Thursday, April 05, 2012 8:10 AM  
**To:** Sorgl, Vincent  
**Cc:** Woods, Mark D; Lazarus, Brian M; Rander, Erik D; Sechler, Joel R  
**Subject:** Financial Reporting Disclosure of Current Portion of AROs

Vince,

We have been reviewing the various journal entries we prepare in Asset Management, and a number of them are for balance sheet reclassifications for financial reporting. In an effort to reduce the number of manual entries we prepare, we would like to discontinue breaking out the current portion of AROs. The current balance for all of PPL at 12/31/11 was only \$13 million; \$10 million of this is at Energy Supply. We believe this amount is clearly immaterial for both PPL and PPL Energy Supply balance sheets. We propose discontinuing the reclassification, but Asset Management will document current spend (estimated spending for the next 12 months from the balance sheet date), and if this figure becomes material we will consider recording a current liability. We would use a minimum materiality threshold of 1% of current liabilities, which right now for PPL Energy Supply would be \$30 million. We will also coordinate with Kentucky, but right now their current portion of AROs is only \$2 million.

We (Asset Management) meet with Environmental and Generation personnel twice a year to review AROs and at this time we have a good sense what current spend will be. Between these times we see what type of expenditures are hitting the ARO projects and question if there are any unusual increases in expenditures. So we have a good sense of what the level of spending is. Eliminating the reclassification will save us some formal documentation time, including sending emails to various project managers as well as preparation and processing of the journal entry itself. We have reviewed this change with Brian and Mark W., and they are comfortable with eliminating the reclassification at this point, but they suggested making sure you were in agreement as well.

So let us know your thoughts.....thanks.

The information contained in this message is intended only for the personal and confidential use of the recipient(s) named above. If the reader of this message is not the intended recipient or an agent responsible for delivering it to the intended recipient, you are hereby notified that you have received this document in error and that any review, dissemination, distribution, or copying of this message is strictly prohibited. If you have received this communication in error, please notify us immediately, and delete the original message.

**Any U.S. tax advice contained in the body of this e-mail was not intended or written to be used, and cannot be used, by the recipient for the purpose of avoiding penalties that may be imposed under the Internal Revenue Code or applicable state or local tax law provisions.**

The information contained in this message may be privileged and confidential and protected from disclosure. If the reader of this message is not the intended recipient, or an employee or agent responsible for delivering this message to the intended recipient, you are hereby notified that any dissemination, distribution or copying of this communication is strictly prohibited. If you have received this communication in error, please notify us immediately by replying to the message and deleting it from your computer.

Notice required by law: This e-mail may constitute an advertisement or solicitation under U.S. law, if its primary purpose is to advertise or promote a commercial product or service. You may choose not to receive advertising and promotional messages from Ernst & Young LLP (except for Ernst & Young Online and the ey.com website, which track e-mail preferences through a separate process) at this e-mail address by forwarding this message to [no-more-mail@ey.com](mailto:no-more-mail@ey.com). If you do so, the sender of this message will be notified promptly. Our principal postal address is 5 Times Square, New York, NY 10036. Thank you. Ernst & Young LLP

The information contained in this message is intended only for the personal and confidential use of the recipient(s) named above. If the reader of this message is not the intended recipient or an agent responsible for delivering it to the intended recipient, you are hereby notified that you have received this document in error and that any review, dissemination, distribution, or copying of this message is strictly prohibited. If you have received this communication in error, please notify us immediately, and delete the original message.

Clark, Ed

---

**From:** Sechler, Joel R <JRSechler@pplweb.com>  
**Sent:** Thursday, April 05, 2012 3:52 PM  
**To:** Crescente, Angela  
**Cc:** Nitsche, John P; Wiseman, Sara; Pienaar, Lesley; Erskine, Greg  
**Subject:** FW: FW: Financial Reporting Disclosure of Current Portion of AROs

Hi Angela,

It looks like we have approval to no longer book the current portion of the ARO as long as the amount remains immaterial. I plan to book the reversal on Monday, do you still have time to get an entry in before the flat file is generated and sent to us? If not I can reverse the LKE balance as well.

Let me know if you have any questions or concerns.

Thanks,

Joel

---

**From:** Nitsche, John P  
**Sent:** Thursday, April 05, 2012 3:27 PM  
**To:** Sechler, Joel R  
**Subject:** FW: FW: Financial Reporting Disclosure of Current Portion of AROs

FYI

---

**From:** scott.hartman@ey.com [mailto:scott.hartman@ey.com]  
**Sent:** Thursday, April 05, 2012 3:24 PM  
**To:** Nitsche, John P  
**Subject:** Re: FW: Financial Reporting Disclosure of Current Portion of AROs

John,

Based on current materiality levels, I believe that is fine. However, the quarterly assessment to determine what the amount would/should be is key, because technically it is an error, however, but willing to agree that it is immaterial. We will note it each period as a balance sheet reclassification adjustment, however, it will not need to be reported to the audit committee based on materiality.

Thanks for checking.

Scott



**Scott T. Hartman** | Executive Director | Assurance Services

Ernst & Young LLP  
2005 Market Street, Suite 700, Philadelphia, Pennsylvania 19103, United States of America  
Office: 1-215-448-3388 | Fax: 1-866-373-9710 | [scott.hartman@ey.com](mailto:scott.hartman@ey.com)  
Cell: 1-610-597-8678 | EY/Comm: 9204278  
Website: [www.ey.com](http://www.ey.com)  
Assistant: Meghan G. Kallen | Phone: 1-215-448-5108  
Thank you for considering the environmental impact of printing emails.

From: "Nitsche, John P" <jpnitsche@pplweb.com>  
To: "scott.hartman@ey.com" <scott.hartman@ey.com>  
Date: 04/05/2012 02:40 PM  
Subject: FW: Financial Reporting Disclosure of Current Portion of AROs

---

Scott,

This is what I wanted to let you now about. Our plan is to no longer break out the current portion of our AROs; we would reverse out what we have currently classified in the current liability account, and then just monitor quarterly to see if the amount becomes "material". Vince was OK with the change, but wanted to make sure you were aware of our plans.

Any questions, let me know....thanks.

---

**From:** Nitsche, John P  
**Sent:** Thursday, April 05, 2012 8:10 AM  
**To:** Sorgi, Vincent  
**Cc:** Woods, Mark D; Lazarus, Brian M; Rander, Erik D; Sechler, Joel R  
**Subject:** Financial Reporting Disclosure of Current Portion of AROs

Vince,

We have been reviewing the various journal entries we prepare in Asset Management, and a number of them are for balance sheet reclassifications for financial reporting. In an effort to reduce the number of manual entries we prepare, we would like to discontinue breaking out the current portion of AROs. The current balance for all of PPL at 12/31/11 was only \$13 million; \$10 million of this is at Energy Supply. We believe this amount is clearly immaterial for both PPL and PPL Energy Supply balance sheets. We propose discontinuing the reclassification, but Asset Management will document current spend (estimated spending for the next 12 months from the balance sheet date), and if this figure becomes material we will consider recording a current liability. We would use a minimum materiality threshold of 1% of current liabilities, which right now for PPL Energy Supply would be \$30 million. We will also coordinate with Kentucky, but right now their current portion of AROs is only \$2 million.

We (Asset Management) meet with Environmental and Generation personnel twice a year to review AROs and at this time we have a good sense what current spend will be. Between these times we see what type of expenditures are hitting the ARO projects and question if there are any unusual increases in expenditures. So we have a good sense of what the level of spending is. Eliminating the reclassification will save us some formal documentation time, including sending emails to various project managers as well as preparation and processing of the journal entry itself. We have reviewed this change with Brian and Mark W., and they are comfortable with eliminating the reclassification at this point, but they suggested making sure you were in agreement as well.

So let us know your thoughts.....thanks.

The information contained in this message is intended only for the personal and confidential use of the recipient(s) named above. If the reader of this message is not the intended recipient or an agent responsible for delivering it to the intended recipient, you are hereby notified that you have received this document in error and that any review, dissemination, distribution, or copying of this message is strictly prohibited. If you have received this communication in error, please notify us immediately, and delete the original message.

**Any U.S. tax advice contained in the body of this e-mail was not intended or written to be used, and cannot be used, by the recipient for the purpose of avoiding penalties that may be imposed under the Internal Revenue Code or applicable state or local tax law provisions.**



The information contained in this message may be privileged and confidential and protected from disclosure. If the reader of this message is not the intended recipient, or an employee or agent responsible for delivering this message to the intended recipient, you are hereby notified that any dissemination, distribution or copying of this communication is strictly prohibited. If you have received this communication in error, please notify us immediately by replying to the message and deleting it from your computer.

Notice required by law: This e-mail may constitute an advertisement or solicitation under U.S. law, if its primary purpose is to advertise or promote a commercial product or service. You may choose not to receive advertising and promotional messages from Ernst & Young LLP (except for Ernst & Young Online and the ey.com website, which track e-mail preferences through a separate process) at this e-mail address by forwarding this message to no-more-mail@ey.com. If you do so, the sender of this message will be notified promptly. Our principal postal address is 5 Times Square, New York, NY 10036. Thank you. Ernst & Young LLP

The information contained in this message is intended only for the personal and confidential use of the recipient(s) named above. If the reader of this message is not the intended recipient or an agent responsible for delivering it to the intended recipient, you are hereby notified that you have received this document in error and that any review, dissemination, distribution, or copying of this message is strictly prohibited. If you have received this communication in error, please notify us immediately, and delete the original message.

Clark, Ed

---

**From:** Charnas, Shannon  
**Sent:** Thursday, April 05, 2012 3:44 PM  
**To:** Wiseman, Sara  
**Cc:** Crescente, Angela  
**Subject:** RE: Financial Reporting Disclosure of Current Portion of AROs

Lesley made a comment about this, but I didn't really know what she meant, now I do. While I agree that it is not a material number, I don't really understand why we would stop breaking it out if we are currently recording it that way. It seems like it would be easier to record it that way rather than do an on-going evaluation as to whether or not it is material and then potentially have to back track or have an error. I assume there has been no follow up from E&Y at this point?

***Shannon Charnas***

*Director, Accounting & Regulatory Reporting  
LG&E and KU  
(502) 627-4978*

---

**From:** Wiseman, Sara  
**Sent:** Thursday, April 05, 2012 2:08 PM  
**To:** Charnas, Shannon  
**Cc:** Crescente, Angela  
**Subject:** FW: Financial Reporting Disclosure of Current Portion of AROs

Just an FYI regarding current portion of ARO (230 account). Angela has made Lesley aware of this issue, but I also wanted to give you a heads up. Actually, Angela and I are not against their suggestion, we just felt you should know about it.

---

**From:** Crescente, Angela  
**Sent:** Thursday, April 05, 2012 2:04 PM  
**To:** Plenaar, Lesley; Erskine, Greg; Fackler, Andrea; Simpson, Sheri  
**Cc:** Wiseman, Sara  
**Subject:** RE: Financial Reporting Disclosure of Current Portion of AROs

FYI

---

**From:** Sechler, Joel R [<mailto:JRSechler@pplweb.com>]  
**Sent:** Thursday, April 05, 2012 1:54 PM  
**To:** Crescente, Angela  
**Subject:** FW: Financial Reporting Disclosure of Current Portion of AROs

Hi Angela,

Just to give you an update, Financial Reporting and Vince approved the reversal of the current portion of the ARO, as long as it remains below materiality thresholds (1%). We're just running going to run this change by the auditors first. As soon as we have their approval (assuming it goes through), you can reverse the balance out.

If for some reason we don't get a ruling in time for you to book the entry in the March feed, I'll adjust the LKE balance in PPL's general ledger. I'm not sure what time the books close for you. Let me know if you have any questions.

Thanks,

Joel

---

**From:** Nitsche, John P  
**Sent:** Thursday, April 05, 2012 11:32 AM  
**To:** Green Jr, Gerald R  
**Cc:** Sechler, Joel R  
**Subject:** RE: Financial Reporting Disclosure of Current Portion of AROs

I'm going to speak with Scott Hartman after lunch.

---

**From:** Green Jr, Gerald R  
**Sent:** Thursday, April 05, 2012 10:48 AM  
**To:** Nitsche, John P  
**Subject:** RE: Financial Reporting Disclosure of Current Portion of AROs

does LKE have any current? **YES, we've discussed with them and they are awaiting an answer.**

Are you going to reverse the existing? **Yes, that was the plan.**  
Jerry

---

**From:** Lazarus, Brian M  
**Sent:** Thursday, April 05, 2012 10:38 AM  
**To:** Green Jr, Gerald R  
**Cc:** Benfield, Jonathan E  
**Subject:** FW: Financial Reporting Disclosure of Current Portion of AROs

FYI

---

**From:** Sorgi, Vincent  
**Sent:** Thursday, April 05, 2012 10:10 AM  
**To:** Nitsche, John P  
**Cc:** Woods, Mark D; Lazarus, Brian M; Rander, Erik D; Sechler, Joel R  
**Subject:** Re: Financial Reporting Disclosure of Current Portion of AROs

Works for me. Let's just notify EY of this change.

Thanks all.

Vince

---

**From:** Nitsche, John P  
**Sent:** Thursday, April 05, 2012 08:09 AM  
**To:** Sorgi, Vincent  
**Cc:** Woods, Mark D; Lazarus, Brian M; Rander, Erik D; Sechler, Joel R  
**Subject:** Financial Reporting Disclosure of Current Portion of AROs

Vince,

We have been reviewing the various journal entries we prepare in Asset Management, and a number of them are for balance sheet reclassifications for financial reporting. In an effort to reduce the number of manual entries we prepare, we would like to discontinue breaking out the current portion of AROs. The current balance for all of PPL at 12/31/11 was

Charnas

only \$13 million; \$10 million of this is at Energy Supply. We believe this amount is clearly immaterial for both PPL and PPL Energy Supply balance sheets. We propose discontinuing the reclassification, but Asset Management will document current spend (estimated spending for the next 12 months from the balance sheet date), and if this figure becomes material we will consider recording a current liability. We would use a minimum materiality threshold of 1% of current liabilities, which right now for PPL Energy Supply would be \$30 million. We will also coordinate with Kentucky, but right now their current portion of AROs is only \$2 million.

We (Asset Management) meet with Environmental and Generation personnel twice a year to review AROs and at this time we have a good sense what current spend will be. Between these times we see what type of expenditures are hitting the ARO projects and question if there are any unusual increases in expenditures. So we have a good sense of what the level of spending is. Eliminating the reclassification will save us some formal documentation time, including sending emails to various project managers as well as preparation and processing of the journal entry itself. We have reviewed this change with Brian and Mark W., and they are comfortable with eliminating the reclassification at this point, but they suggested making sure you were in agreement as well.

So let us know your thoughts.....thanks.

The information contained in this message is intended only for the personal and confidential use of the recipient(s) named above. If the reader of this message is not the intended recipient or an agent responsible for delivering it to the intended recipient, you are hereby notified that you have received this document in error and that any review, dissemination, distribution, or copying of this message is strictly prohibited. If you have received this communication in error, please notify us immediately, and delete the original message.

Clark, Ed

---

**From:** Crescente, Angela  
**Sent:** Thursday, April 05, 2012 2:04 PM  
**To:** Pienaar, Lesley; Erskine, Greg; Fackler, Andrea; Simpson, Sheri  
**Cc:** Wiseman, Sara  
**Subject:** RE: Financial Reporting Disclosure of Current Portion of AROs

Tracking:	Recipient	Read
	Pienaar, Lesley	Read: 4/5/2012 2:32 PM
	Erskine, Greg	Read: 4/5/2012 2:27 PM
	Fackler, Andrea	Read: 4/5/2012 2:31 PM
	Simpson, Sheri	Read: 4/5/2012 2:19 PM
	Wiseman, Sara	Read: 4/5/2012 2:04 PM

FYI

---

**From:** Sechler, Joel R [<mailto:JRSechler@pplweb.com>]  
**Sent:** Thursday, April 05, 2012 1:54 PM  
**To:** Crescente, Angela  
**Subject:** FW: Financial Reporting Disclosure of Current Portion of AROs

Hi Angela,

Just to give you an update, Financial Reporting and Vince approved the reversal of the current portion of the ARO, as long as it remains below materiality thresholds (1%). We're just running going to run this change by the auditors first. As soon as we have their approval (assuming it goes through), you can reverse the balance out.

If for some reason we don't get a ruling in time for you to book the entry in the March feed, I'll adjust the LKE balance in PPL's general ledger. I'm not sure what time the books close for you. Let me know if you have any questions.

Thanks,

Joel

---

**From:** Nitsche, John P  
**Sent:** Thursday, April 05, 2012 11:32 AM  
**To:** Green Jr, Gerald R  
**Cc:** Sechler, Joel R  
**Subject:** RE: Financial Reporting Disclosure of Current Portion of AROs

I'm going to speak with Scott Hartman after lunch.

---

**From:** Green Jr, Gerald R  
**Sent:** Thursday, April 05, 2012 10:48 AM  
**To:** Nitsche, John P  
**Subject:** RE: Financial Reporting Disclosure of Current Portion of AROs

does LKE have any current? **YES, we've discussed with them and they are awaiting an answer.**

Are you going to reverse the existing? **Yes, that was the plan.**

Jerry

---

**From:** Lazarus, Brian M  
**Sent:** Thursday, April 05, 2012 10:38 AM  
**To:** Green Jr, Gerald R  
**Cc:** Benfield, Jonathan E  
**Subject:** FW: Financial Reporting Disclosure of Current Portion of AROs

FYI

---

**From:** Sorgi, Vincent  
**Sent:** Thursday, April 05, 2012 10:10 AM  
**To:** Nitsche, John P  
**Cc:** Woods, Mark D; Lazarus, Brian M; Rander, Erik D; Sechler, Joel R  
**Subject:** Re: Financial Reporting Disclosure of Current Portion of AROs

Works for me. Let's just notify EY of this change.

Thanks all.

Vince

---

**From:** Nitsche, John P  
**Sent:** Thursday, April 05, 2012 08:09 AM  
**To:** Sorgi, Vincent  
**Cc:** Woods, Mark D; Lazarus, Brian M; Rander, Erik D; Sechler, Joel R  
**Subject:** Financial Reporting Disclosure of Current Portion of AROs

Vince,

We have been reviewing the various journal entries we prepare in Asset Management, and a number of them are for balance sheet reclassifications for financial reporting. In an effort to reduce the number of manual entries we prepare, we would like to discontinue breaking out the current portion of AROs. The current balance for all of PPL at 12/31/11 was only \$13 million; \$10 million of this is at Energy Supply. We believe this amount is clearly immaterial for both PPL and PPL Energy Supply balance sheets. We propose discontinuing the reclassification, but Asset Management will document current spend (estimated spending for the next 12 months from the balance sheet date), and if this figure becomes material we will consider recording a current liability. We would use a minimum materiality threshold of 1% of current liabilities, which right now for PPL Energy Supply would be \$30 million. We will also coordinate with Kentucky, but right now their current portion of AROs is only \$2 million.

We (Asset Management) meet with Environmental and Generation personnel twice a year to review AROs and at this time we have a good sense what current spend will be. Between these times we see what type of expenditures are hitting the ARO projects and question if there are any unusual increases in expenditures. So we have a good sense of what the level of spending is. Eliminating the reclassification will save us some formal documentation time, including sending emails to various project managers as well as preparation and processing of the journal entry itself. We have reviewed this change with Brian and Mark W., and they are comfortable with eliminating the reclassification at this point, but they suggested making sure you were in agreement as well.

So let us know your thoughts.....thanks.

The information contained in this message is intended only for the personal and confidential use of the recipient(s) named above. If the reader of this message is not the intended recipient or an agent responsible for delivering it to the intended recipient, you are hereby notified that you have received this document in error and

Charnas

that any review, dissemination, distribution, or copying of this message is strictly prohibited. If you have received this communication in error, please notify us immediately, and delete the original message.

Clark, Ed

---

**From:** Sechler, Joel R <JRSechler@pplweb.com>  
**Sent:** Thursday, April 05, 2012 1:54 PM  
**To:** Crescente, Angela  
**Subject:** FW: Financial Reporting Disclosure of Current Portion of AROs

Hi Angela,

Just to give you an update, Financial Reporting and Vince approved the reversal of the current portion of the ARO, as long as it remains below materiality thresholds (1%). We're just running going to run this change by the auditors first. As soon as we have their approval (assuming it goes through), you can reverse the balance out.

If for some reason we don't get a ruling in time for you to book the entry in the March feed, I'll adjust the LKE balance in PPL's general ledger. I'm not sure what time the books close for you. Let me know if you have any questions.

Thanks,

Joel

---

**From:** Nitsche, John P  
**Sent:** Thursday, April 05, 2012 11:32 AM  
**To:** Green Jr, Gerald R  
**Cc:** Sechler, Joel R  
**Subject:** RE: Financial Reporting Disclosure of Current Portion of AROs

I'm going to speak with Scott Hartman after lunch.

---

**From:** Green Jr, Gerald R  
**Sent:** Thursday, April 05, 2012 10:48 AM  
**To:** Nitsche, John P  
**Subject:** RE: Financial Reporting Disclosure of Current Portion of AROs

does LKE have any current? **YES, we've discussed with them and they are awaiting an answer.**

Are you going to reverse the existing? **Yes, that was the plan.**  
Jerry

---

**From:** Lazarus, Brian M  
**Sent:** Thursday, April 05, 2012 10:38 AM  
**To:** Green Jr, Gerald R  
**Cc:** Benfield, Jonathan E  
**Subject:** FW: Financial Reporting Disclosure of Current Portion of AROs

FYI

---

**From:** Sorgi, Vincent  
**Sent:** Thursday, April 05, 2012 10:10 AM  
**To:** Nitsche, John P  
**Cc:** Woods, Mark D; Lazarus, Brian M; Rander, Erik D; Sechler, Joel R  
**Subject:** Re: Financial Reporting Disclosure of Current Portion of AROs



Works for me. Let's just notify EY of this change.

Thanks all.

Vince

---

**From:** Nitsche, John P  
**Sent:** Thursday, April 05, 2012 08:09 AM  
**To:** Sorgi, Vincent  
**Cc:** Woods, Mark D; Lazarus, Brian M; Rander, Erik D; Sechler, Joel R  
**Subject:** Financial Reporting Disclosure of Current Portion of AROs

Vince,

We have been reviewing the various journal entries we prepare in Asset Management, and a number of them are for balance sheet reclassifications for financial reporting. In an effort to reduce the number of manual entries we prepare, we would like to discontinue breaking out the current portion of AROs. The current balance for all of PPL at 12/31/11 was only \$13 million; \$10 million of this is at Energy Supply. We believe this amount is clearly immaterial for both PPL and PPL Energy Supply balance sheets. We propose discontinuing the reclassification, but Asset Management will document current spend (estimated spending for the next 12 months from the balance sheet date), and if this figure becomes material we will consider recording a current liability. We would use a minimum materiality threshold of 1% of current liabilities, which right now for PPL Energy Supply would be \$30 million. We will also coordinate with Kentucky, but right now their current portion of AROs is only \$2 million.

We (Asset Management) meet with Environmental and Generation personnel twice a year to review AROs and at this time we have a good sense what current spend will be. Between these times we see what type of expenditures are hitting the ARO projects and question if there are any unusual increases in expenditures. So we have a good sense of what the level of spending is. Eliminating the reclassification will save us some formal documentation time, including sending emails to various project managers as well as preparation and processing of the journal entry itself. We have reviewed this change with Brian and Mark W., and they are comfortable with eliminating the reclassification at this point, but they suggested making sure you were in agreement as well.

So let us know your thoughts.....thanks.

The information contained in this message is intended only for the personal and confidential use of the recipient(s) named above. If the reader of this message is not the intended recipient or an agent responsible for delivering it to the intended recipient, you are hereby notified that you have received this document in error and that any review, dissemination, distribution, or copying of this message is strictly prohibited. If you have received this communication in error, please notify us immediately, and delete the original message.

**Clark, Ed**

---

**From:** Crescente, Angela  
**Sent:** Wednesday, April 04, 2012 1:14 PM  
**To:** 'Plant Support'  
**Cc:** Wiseman, Sara; Wacker, Diana; Kinder, Debra  
**Subject:** RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Tracking:	Recipient	Read
	'Plant Support'	
	Wiseman, Sara	Read: 4/4/2012 1:16 PM
	Wacker, Diana	Read: 4/4/2012 1:18 PM
	Kinder, Debra	Read: 4/4/2012 1:14 PM

Elizabeth,

I completed and posted the reserve adjustments in DEV in April for LGE. Do you want me to close the CPR or wait?

Thanks,  
Angela

-----Original Message-----

**From:** Plant Support [<mailto:support@pwrplan.com>]  
**Sent:** Wednesday, April 04, 2012 9:07 AM  
**To:** Crescente, Angela  
**Cc:** Wiseman, Sara; Wacker, Diana; Kinder, Debra  
**Subject:** RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

If you could that would be great.

Thank you,

Elizabeth

----- Original Message -----

**From:** Crescente, Angela [[Angela.Crescente@lge-ku.com](mailto:Angela.Crescente@lge-ku.com)]  
**Sent:** 4/4/2012 8:42 AM  
**To:** [support@pwrplan.com](mailto:support@pwrplan.com)  
**Cc:** [Diana.Wacker@lge-ku.com](mailto:Diana.Wacker@lge-ku.com); [Sara.Wiseman@lge-ku.com](mailto:Sara.Wiseman@lge-ku.com); [Debra.Kinder@lge-ku.com](mailto:Debra.Kinder@lge-ku.com)  
**Subject:** RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

I did this in DEV, but it refreshed over the weekend. I can do it again if you want.

-----Original Message-----

**From:** Plant Support [<mailto:support@pwrplan.com>]  
**Sent:** Tuesday, April 03, 2012 5:13 PM  
**To:** Crescente, Angela  
**Cc:** Wiseman, Sara; Wacker, Diana; Kinder, Debra  
**Subject:** RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Hi Angela,

I connected to look into this in more detail. I cannot see where the reserve adjustment was done to net the reserve to zero on this set of books. Which database were you using. In theory that should eliminate the monthly depr expense, but I wanted to review in the tables once the reserve adjustment was completed.

Elizabeth

----- Original Message -----

From: Crescente, Angela [Angela.Crescente@lge-ku.com]  
Sent: 3/30/2012 5:13 PM  
To: [support@pwrplan.com](mailto:support@pwrplan.com)  
Cc: [Diana.Wacker@lge-ku.com](mailto:Diana.Wacker@lge-ku.com); [Sara.Wiseman@lge-ku.com](mailto:Sara.Wiseman@lge-ku.com); [Debra.Kinder@lge-ku.com](mailto:Debra.Kinder@lge-ku.com)  
Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Hi Elizabeth,

I hope this is what you were looking for (the query is on the last page). If not, I will have to get Debbie and Diana to help me Monday. Just let me know.

Thanks!  
Angela

-----Original Message-----

From: Plant Support [<mailto:support@pwrplan.com>]  
Sent: Friday, March 30, 2012 4:47 PM  
To: Crescente, Angela  
Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra  
Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Hi Angela,

Could you send screen print of the depreciation groups and the depr ledger query tool for these groups so I can see the reserve/expense in the Depr moduel?

Thanks,

Elizabeth

----- Original Message -----

From: Crescente, Angela [Angela.Crescente@lge-ku.com]  
Sent: 3/30/2012 11:08 AM  
To: [support@pwrplan.com](mailto:support@pwrplan.com)  
Cc: [Sara.Wiseman@lge-ku.com](mailto:Sara.Wiseman@lge-ku.com); [Diana.Wacker@lge-ku.com](mailto:Diana.Wacker@lge-ku.com); [Debra.Kinder@lge-ku.com](mailto:Debra.Kinder@lge-ku.com)  
Subject: Purchase Accounting Reserve on an ARO

Support,

A few months ago, I had to create a few transition AROs which should never have any purchase accounting impact. However, on the purchase accounting set of books, reserve was created and depreciated on these AROs without a purchase accounting asset (there should be no purchase accounting asset or reserve, only financial). I do not appear to have this issue on the setup of new AROs as opposed to transitions.

I have been trying to work on how to make the reserve and the depreciation entries stop from happening. In DEV for April, I have booked reserve adjustments to zero out the reserve; however, the depreciation journal entry is still firing for the same amount for April and May even without any reserve. I have been having to book manual GL entries to correct the GL since this entry should not be happening. There is no PP journal layout for this activity either. How can I make the entry stop firing? I have attached the journal rows spreadsheets for April and May to show the depreciation journal entry and system screenshots to show the zeroing of the reserve.

Thanks,  
Angela

-----  
The information contained in this transmission is intended only for the person or entity to which it is directly addressed or copied. It may contain material of confidential and/or private nature. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon, this information by persons or entities other than the intended recipient is not allowed. If you received this message and the information contained therein by error, please contact the sender and delete the material from your/any storage medium.

Thanks,

Elizabeth Cowart  
PowerPlant Support  
770.937.3000  
ref:\_00D60KJDN,\_50060ILZXN:ref

Thanks,

Elizabeth Cowart  
PowerPlant Support  
770.937.3000

Thanks,

Elizabeth Cowart  
PowerPlant Support  
770.937.3000

**Clark, Ed**

---

**From:** Plant Support <support@pwrplan.com>  
**Sent:** Wednesday, April 04, 2012 9:07 AM  
**To:** Crescente, Angela  
**Cc:** Wiseman, Sara; Wacker, Diana; Kinder, Debra  
**Subject:** RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

If you could that would be great.

Thank you,

Elizabeth

----- Original Message -----

**From:** Crescente, Angela [Angela.Crescente@lge-ku.com]  
**Sent:** 4/4/2012 8:42 AM  
**To:** [support@pwrplan.com](mailto:support@pwrplan.com)  
**Cc:** [Diana.Wacker@lge-ku.com](mailto:Diana.Wacker@lge-ku.com); [Sara.Wiseman@lge-ku.com](mailto:Sara.Wiseman@lge-ku.com); [Debra.Kinder@lge-ku.com](mailto:Debra.Kinder@lge-ku.com)  
**Subject:** RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

I did this in DEV, but it refreshed over the weekend. I can do it again if you want.

-----Original Message-----

**From:** Plant Support [<mailto:support@pwrplan.com>]  
**Sent:** Tuesday, April 03, 2012 5:13 PM  
**To:** Crescente, Angela  
**Cc:** Wiseman, Sara; Wacker, Diana; Kinder, Debra  
**Subject:** RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Hi Angela,

I connected to look into this in more detail. I cannot see where the reserve adjustment was done to net the reserve to zero on this set of books. Which database were you using. In theory that should eliminate the monthly depr expense, but I wanted to review in the tables once the reserve adjustment was completed.

Elizabeth

----- Original Message -----

**From:** Crescente, Angela [Angela.Crescente@lge-ku.com]  
**Sent:** 3/30/2012 5:13 PM  
**To:** [support@pwrplan.com](mailto:support@pwrplan.com)  
**Cc:** [Diana.Wacker@lge-ku.com](mailto:Diana.Wacker@lge-ku.com); [Sara.Wiseman@lge-ku.com](mailto:Sara.Wiseman@lge-ku.com); [Debra.Kinder@lge-ku.com](mailto:Debra.Kinder@lge-ku.com)  
**Subject:** RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Hi Elizabeth,

I hope this is what you were looking for (the query is on the last page). If not, I will have to get Debbie and Diana to help me Monday. Just let me know.

Thanks!  
Angela

-----Original Message-----

From: Plant Support [<mailto:support@pwrplan.com>]  
Sent: Friday, March 30, 2012 4:47 PM  
To: Crescente, Angela  
Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra  
Subject: RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Hi Angela,

Could you send screen print of the depreciation groups and the depr ledger query tool for these groups so I can see the reserve/expense in the Depr moduel?

Thanks,

Elizabeth

----- Original Message -----

From: Crescente, Angela [[Angela.Crescente@lge-ku.com](mailto:Angela.Crescente@lge-ku.com)]  
Sent: 3/30/2012 11:08 AM  
To: [support@pwrplan.com](mailto:support@pwrplan.com)  
Cc: [Sara.Wiseman@lge-ku.com](mailto:Sara.Wiseman@lge-ku.com); [Diana.Wacker@lge-ku.com](mailto:Diana.Wacker@lge-ku.com); [Debra.Kinder@lge-ku.com](mailto:Debra.Kinder@lge-ku.com)  
Subject: Purchase Accounting Reserve on an ARO

Support,

A few months ago, I had to create a few transition AROs which should never have any purchase accounting impact. However, on the purchase accounting set of books, reserve was created and depreciated on these AROs without a purchase accounting asset (there should be no purchase accounting asset or reserve, only financial). I do not appear to have this issue on the setup of new AROs as opposed to transitions.

I have been trying to work on how to make the reserve and the depreciation entries stop from happening. In DEV for April, I have booked reserve adjustments to zero out the reserve; however, the depreciation journal entry is still firing for the same amount for April and May even without any reserve. I have been having to book manual GL entries to correct the GL since this entry should not be happening. There is no PP journal layout for this activity either. How can I make the entry stop firing? I have attached the journal rows spreadsheets for April and May to show the depreciation journal entry and system screenshots to show the zeroing of the reserve.

Thanks,  
Angela

-----  
The information contained in this transmission is intended only for the person or entity to which it is directly addressed or copied. It may contain material of confidential and/or private nature. Any review, retransmission, dissemination or other use of, or taking of

any action in reliance upon, this information by persons or entities other than the intended recipient is not allowed. If you received this message and the information contained therein by error, please contact the sender and delete the material from your/any storage medium.

Thanks,

Elizabeth Cowart  
PowerPlant Support  
770.937.3000  
ref:\_00D60KJDN.\_50060ILZXN:ref

Thanks,

Elizabeth Cowart  
PowerPlant Support  
770.937.3000

Thanks,

Elizabeth Cowart  
PowerPlant Support  
770.937.3000

Clark, Ed

---

**From:** Sechler, Joel R <JRSechler@pplweb.com>  
**Sent:** Wednesday, April 04, 2012 8:38 AM  
**To:** Crescente, Angela  
**Cc:** Wiseman, Sara; Pienaar, Lesley; Erskine, Greg; Simpson, Sheri; Fackler, Andrea; Nitsche, John P  
**Subject:** RE: Current Portion of the ARO Portion

Angela,

Thanks for the prompt turn around. John and I are going to meet with reporting to discuss this item tomorrow. I'll follow up with you as soon as I have a ruling as to whether or not we need to continue recording the entry.

Joel

---

**From:** Crescente, Angela [<mailto:Angela.Crescente@lge-ku.com>]  
**Sent:** Wednesday, April 04, 2012 8:21 AM  
**To:** Sechler, Joel R  
**Cc:** Wiseman, Sara L; Pienaar, Lesley Ann; Erskine, Gregory P; Simpson, Sheri Noreen; Fackler, Andrea M  
**Subject:** RE: Current Portion of the ARO Portion

Joel,

The current portion for Q1 will be the same as what was reported at year end.

Thanks,  
Angela

---

**From:** Sechler, Joel R [<mailto:JRSechler@pplweb.com>]  
**Sent:** Wednesday, April 04, 2012 8:06 AM  
**To:** Crescente, Angela  
**Subject:** Current Portion of the ARO Portion

Hi Angela,

It looks like we're no longer going to report the current portion of the AROs in ARO note. Financial Reporting feels its immaterial for the note.

Therefore, we're considering not booking a current portion either if we could justify that we're monitoring it routinely and the amount doesn't become material. Anyway, I was wondering if you had an estimate of what the current portion of the LKE ARO's was going to be for Q1? Will it be much larger than at yearend?

Thanks,

*Joel Sechler*  
Financial Accounting - Asset Management  
VTN 220-3948  
[JRSechler@pplweb.com](mailto:JRSechler@pplweb.com), GENTW10

The information contained in this message is intended only for the personal and confidential use of the recipient(s) named above. If the reader of this message is not the intended recipient or an agent responsible for



Charnas  
delivering it to the intended recipient, you are hereby notified that you have received this document in error and that any review, dissemination, distribution, or copying of this message is strictly prohibited. If you have received this communication in error, please notify us immediately, and delete the original message.

---

*The information contained in this transmission is intended only for the person or entity to which it is directly addressed or copied. It may contain material of confidential and/or private nature. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon, this information by persons or entities other than the intended recipient is not allowed. If you received this message and the information contained therein by error, please contact the sender and delete the material from your/any storage medium.*

The information contained in this message is intended only for the personal and confidential use of the recipient(s) named above. If the reader of this message is not the intended recipient or an agent responsible for delivering it to the intended recipient, you are hereby notified that you have received this document in error and that any review, dissemination, distribution, or copying of this message is strictly prohibited. If you have received this communication in error, please notify us immediately, and delete the original message.

Clark, Ed

---

**From:** Crescente, Angela  
**Sent:** Wednesday, April 04, 2012 8:21 AM  
**To:** 'Sechler, Joel R'  
**Cc:** Wiseman, Sara; Pienaar, Lesley; Erskine, Greg; Simpson, Sheri; Fackler, Andrea  
**Subject:** RE: Current Portion of the ARO Portion

Joel,

The current portion for Q1 will be the same as what was reported at year end.

Thanks,  
Angela

---

**From:** Sechler, Joel R [<mailto:JRSechler@pplweb.com>]  
**Sent:** Wednesday, April 04, 2012 8:06 AM  
**To:** Crescente, Angela  
**Subject:** Current Portion of the ARO Portion

Hi Angela,

It looks like we're no longer going to report the current portion of the AROs in ARO note. Financial Reporting feels its immaterial for the note.

Therefore, we're considering not booking a current portion either if we could justify that we're monitoring it routinely and the amount doesn't become material. Anyway, I was wondering if you had an estimate of what the current portion of the LKE ARO's was going to be for Q1? Will it be much larger than at yearend?

Thanks,

*Joel Sechler*  
Financial Accounting - Asset Management  
VTN 220-3948  
[JRSechler@pplweb.com](mailto:JRSechler@pplweb.com), GENTW10

The information contained in this message is intended only for the personal and confidential use of the recipient(s) named above. If the reader of this message is not the intended recipient or an agent responsible for delivering it to the intended recipient, you are hereby notified that you have received this document in error and that any review, dissemination, distribution, or copying of this message is strictly prohibited. If you have received this communication in error, please notify us immediately, and delete the original message.

**Clark, Ed**

---

**From:** Sechler, Joel R <JRSechler@pplweb.com>  
**Sent:** Wednesday, April 04, 2012 8:06 AM  
**To:** Crescente, Angela  
**Subject:** Current Portion of the ARO Portion

Hi Angela,

It looks like we're no longer going to report the current portion of the AROs in ARO note. Financial Reporting feels its immaterial for the note.

Therefore, we're considering not booking a current portion either if we could justify that we're monitoring it routinely and the amount doesn't become material. Anyway, I was wondering if you had an estimate of what the current portion of the LKE ARO's was going to be for Q1? Will it be much larger than at yearend?

Thanks,

*Joel Sechler*  
Financial Accounting - Asset Management  
VTN 220-3948  
[JRSechler@pplweb.com](mailto:JRSechler@pplweb.com), GENTW10

The information contained in this message is intended only for the personal and confidential use of the recipient(s) named above. If the reader of this message is not the intended recipient or an agent responsible for delivering it to the intended recipient, you are hereby notified that you have received this document in error and that any review, dissemination, distribution, or copying of this message is strictly prohibited. If you have received this communication in error, please notify us immediately, and delete the original message.

Clark, Ed

---

**From:** Plant Support <support@pwrplan.com>  
**Sent:** Tuesday, April 03, 2012 5:13 PM  
**To:** Crescente, Angela  
**Cc:** Wiseman, Sara; Wacker, Diana; Kinder, Debra  
**Subject:** RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Hi Angela,

I connected to look into this in more detail. I cannot see where the reserve adjustment was done to net the reserve to zero on this set of books. Which database were you using. In theory that should eliminate the monthly depr expense, but I wanted to review in the tables once the reserve adjustment was completed.

Elizabeth

----- Original Message -----

**From:** Crescente, Angela [Angela.Crescente@lge-ku.com]  
**Sent:** 3/30/2012 5:13 PM  
**To:** [support@pwrplan.com](mailto:support@pwrplan.com)  
**Cc:** [Diana.Wacker@lge-ku.com](mailto:Diana.Wacker@lge-ku.com); [Sara.Wiseman@lge-ku.com](mailto:Sara.Wiseman@lge-ku.com); [Debra.Kinder@lge-ku.com](mailto:Debra.Kinder@lge-ku.com)  
**Subject:** RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Hi Elizabeth,

I hope this is what you were looking for (the query is on the last page). If not, I will have to get Debbie and Diana to help me Monday. Just let me know.

Thanks!  
Angela

-----Original Message-----

**From:** Plant Support [<mailto:support@pwrplan.com>]  
**Sent:** Friday, March 30, 2012 4:47 PM  
**To:** Crescente, Angela  
**Cc:** Wiseman, Sara; Wacker, Diana; Kinder, Debra  
**Subject:** RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Hi Angela,

Could you send screen print of the depreciation groups and the depr ledger query tool for these groups so I can see the reserve/expense in the Depr moduel?

Thanks,

Elizabeth

----- Original Message -----

**From:** Crescente, Angela [Angela.Crescente@lge-ku.com]  
**Sent:** 3/30/2012 11:08 AM  
**To:** [support@pwrplan.com](mailto:support@pwrplan.com)

Cc: Sara.Wiseman@lge-ku.com; Diana.Wacker@lge-ku.com; Debra.Kinder@lge-ku.com

Subject: Purchase Accounting Reserve on an ARO

Support,

A few months ago, I had to create a few transition AROs which should never have any purchase accounting impact. However, on the purchase accounting set of books, reserve was created and depreciated on these AROs without a purchase accounting asset (there should be no purchase accounting asset or reserve, only financial). I do not appear to have this issue on the setup of new AROs as opposed to transitions.

I have been trying to work on how to make the reserve and the depreciation entries stop from happening. In DEV for April, I have booked reserve adjustments to zero out the reserve; however, the depreciation journal entry is still firing for the same amount for April and May even without any reserve. I have been having to book manual GL entries to correct the GL since this entry should not be happening. There is no PP journal layout for this activity either. How can I make the entry stop firing? I have attached the journal rows spreadsheets for April and May to show the depreciation journal entry and system screenshots to show the zeroing of the reserve.

Thanks,  
Angela

-----  
The information contained in this transmission is intended only for the person or entity to which it is directly addressed or copied. It may contain material of confidential and/or private nature. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon, this information by persons or entities other than the intended recipient is not allowed. If you received this message and the information contained therein by error, please contact the sender and delete the material from your/any storage medium.

Thanks,

Elizabeth Cowart  
PowerPlant Support  
770.937.3000  
ref:\_00D60KJDN,\_50060ILZXN:ref

Thanks,

Elizabeth Cowart  
PowerPlant Support  
770.937.3000

**Clark, Ed**

---

**From:** Puckett, Paul  
**Sent:** Monday, April 02, 2012 10:23 AM  
**To:** Freibert, Diana; Crescente, Angela  
**Cc:** McFarland, Beth  
**Subject:** RE: ARO-Bushings

Diana and Angela,

Costs vary a bit, depending on which vendor we used, but in general, I'd say around \$200 per bushing.

Generally, there's a flat rate associated with bushing disposal (usually around \$150), but the oil is an additional amount (and the volume of oil varies, depending on the bushing size) and the transport is part of the cost.

*W. Paul Puckett*

Engineer - Environmental Affairs Department  
LG&E and KU Energy (Louisville Gas & Electric, Kentucky Utilities, and Old Dominion Power)  
220 West Main Street  
P.O. Box 32010  
Louisville, KY 40232  
(502) 627-4659  
(502) 217-4836 (facsimile)  
(502) 648-7842 (mobile)

**Please note the recent change in e-mail address: [paul.puckett@lge-ku.com](mailto:paul.puckett@lge-ku.com)**

---

**From:** Freibert, Diana  
**Sent:** Monday, April 02, 2012 10:16 AM  
**To:** Puckett, Paul; Crescente, Angela  
**Cc:** McFarland, Beth  
**Subject:** RE: ARO-Bushings

Thanks for the info Paul. What is the approximate cost to dispose of PCB-contaminated bushings and the cost to dispose of greater than 500 ppm bushings?

---

**From:** Puckett, Paul  
**Sent:** Monday, April 02, 2012 10:04 AM  
**To:** Crescente, Angela; Freibert, Diana  
**Cc:** McFarland, Beth  
**Subject:** ARO-Bushings

Angela and Diana,

I'm not certain if we discussed this previously, but EAD has tracked PCB analytical results for bushings that have been retired in a manner similar to the line transformers. To date, the results indicate the following:

NON-PCB (<50 ppm): 75%  
PCB-contaminated (50-499 ppm): 21%  
PCB (500 ppm and greater): 4%

**Charnas**

Please note that not all bushings have any dielectric materials (oil or tar) so not all bushings have to be considered for special disposal. Also, note that we do not test every bushing prior to disposal. We only evaluate those manufactured before 1980 so these results may be skewed a bit towards the PCB-regulated side.

*W. Paul Puckett*

Engineer - Environmental Affairs Department  
LG&E and KU Energy (Louisville Gas & Electric, Kentucky Utilities, and Old Dominion Power)  
220 West Main Street  
P.O. Box 32010  
Louisville, KY 40232  
(502) 627-4659  
(502) 217-4836 (facsimile)  
(502) 648-7842 (mobile)

**Please note the recent change in e-mail address: [paul.puckett@lge-ku.com](mailto:paul.puckett@lge-ku.com)**

**Clark, Ed**

---

**From:** Freibert, Diana  
**Sent:** Monday, April 02, 2012 10:16 AM  
**To:** Puckett, Paul; Crescente, Angela  
**Cc:** McFarland, Beth  
**Subject:** RE: ARO-Bushings

Thanks for the info Paul. What is the approximate cost to dispose of PCB-contaminated bushings and the cost to dispose of greater than 500 ppm bushings?

---

**From:** Puckett, Paul  
**Sent:** Monday, April 02, 2012 10:04 AM  
**To:** Crescente, Angela; Freibert, Diana  
**Cc:** McFarland, Beth  
**Subject:** ARO-Bushings

Angela and Diana,  
I'm not certain if we discussed this previously, but EAD has tracked PCB analytical results for bushings that have been retired in a manner similar to the line transformers. To date, the results indicate the following:

NON-PCB (<50 ppm): 75%  
PCB-contaminated (50-499 ppm): 21%  
PCB (500 ppm and greater): 4%

Please note that not all bushings have any dielectric materials (oil or tar) so not all bushings have to be considered for special disposal. Also, note that we do not test every bushing prior to disposal. We only evaluate those manufactured before 1980 so these results may be skewed a bit towards the PCB-regulated side.

*W. Paul Puckett*

Engineer - Environmental Affairs Department  
LG&E and KU Energy (Louisville Gas & Electric, Kentucky Utilities, and Old Dominion Power)  
220 West Main Street  
P.O. Box 32010  
Louisville, KY 40232  
(502) 627-4659  
(502) 217-4836 (facsimile)  
(502) 648-7842 (mobile)

*Please note the recent change in e-mail address: [paul.puckett@lge-ku.com](mailto:paul.puckett@lge-ku.com)*



**Clark, Ed**

---

**From:** Puckett, Paul  
**Sent:** Monday, April 02, 2012 10:04 AM  
**To:** Crescente, Angela; Freibert, Diana  
**Cc:** McFarland, Beth  
**Subject:** ARO-Bushings

Angela and Diana,

I'm not certain if we discussed this previously, but EAD has tracked PCB analytical results for bushings that have been retired in a manner similar to the line transformers. To date, the results indicate the following:

NON-PCB (<50 ppm): 75%  
PCB-contaminated (50-499 ppm): 21%  
PCB (500 ppm and greater): 4%

Please note that not all bushings have any dielectric materials (oil or tar) so not all bushings have to be considered for special disposal. Also, note that we do not test every bushing prior to disposal. We only evaluate those manufactured before 1980 so these results may be skewed a bit towards the PCB-regulated side.

*W. Paul Puckett*

Engineer - Environmental Affairs Department  
LG&E and KU Energy (Louisville Gas & Electric, Kentucky Utilities, and Old Dominion Power)  
220 West Main Street  
P.O. Box 32010  
Louisville, KY 40232  
(502) 627-4659  
(502) 217-4836 (facsimile)  
(502) 648-7842 (mobile)

**Please note the recent change in e-mail address: [paul.puckett@lge-ku.com](mailto:paul.puckett@lge-ku.com)**

**Clark, Ed**

---

**From:** Crescente, Angela  
**Sent:** Friday, March 30, 2012 5:14 PM  
**To:** 'Plant Support'  
**Cc:** Wiseman, Sara; Wacker, Diana; Kinder, Debra  
**Subject:** RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]  
**Attachments:** PA Reserve - Support2.pdf

Hi Elizabeth,

I hope this is what you were looking for (the query is on the last page). If not, I will have to get Debbie and Diana to help me Monday. Just let me know.

Thanks!  
Angela

-----Original Message-----

**From:** Plant Support [<mailto:support@pwrplan.com>]  
**Sent:** Friday, March 30, 2012 4:47 PM  
**To:** Crescente, Angela  
**Cc:** Wiseman, Sara; Wacker, Diana; Kinder, Debra  
**Subject:** RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Hi Angela,

Could you send screen print of the depreciation groups and the depr ledger query tool for these groups so I can see the reserve/expense in the Depr moduel?

Thanks,

Elizabeth

----- Original Message -----

**From:** Crescente, Angela [[Angela.Crescente@lge-ku.com](mailto:Angela.Crescente@lge-ku.com)]  
**Sent:** 3/30/2012 11:08 AM  
**To:** [support@pwrplan.com](mailto:support@pwrplan.com)  
**Cc:** [Sara.Wiseman@lge-ku.com](mailto:Sara.Wiseman@lge-ku.com); [Diana.Wacker@lge-ku.com](mailto:Diana.Wacker@lge-ku.com); [Debra.Kinder@lge-ku.com](mailto:Debra.Kinder@lge-ku.com)  
**Subject:** Purchase Accounting Reserve on an ARO

Support,

A few months ago, I had to create a few transition AROs which should never have any purchase accounting impact. However, on the purchase accounting set of books, reserve was created and depreciated on these AROs without a purchase accounting asset (there should be no purchase accounting asset or reserve, only financial). I do not appear to have this issue on the setup of new AROs as opposed to transitions.

I have been trying to work on how to make the reserve and the depreciation entries stop from happening. In DEV for April, I have booked reserve adjustments to zero out the reserve; however, the depreciation journal entry is still firing for the same amount for April and May even without any reserve. I have been having to book manual GL entries to correct the GL since this entry should not be happening. There is no PP journal layout for this activity either. How can I

Charnas

make the entry stop firing? I have attached the journal rows spreadsheets for April and May to show the depreciation journal entry and system screenshots to show the zeroing of the reserve.

Thanks,  
Angela

-----  
The information contained in this transmission is intended only for the person or entity to which it is directly addressed or copied. It may contain material of confidential and/or private nature. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon, this information by persons or entities other than the intended recipient is not allowed. If you received this message and the information contained therein by error, please contact the sender and delete the material from your/any storage medium.

Thanks,

Elizabeth Cowart  
PowerPlant Support  
770.937.3000  
ref:\_00D60KJDN.\_50060ILZXN:ref

Period Comparison		Depreciation Basis	Reserve Activity	Reserve History
		February 2012		
Beginning Reserve Balance (Less COR)		\$112,441.99		
Depreciation Provision		(\$375.43)		
Depreciation Input Adjustment		\$0.00		
Depreciation Calculated Adjustment		\$0.00		
Reserve Retirements		\$0.00		
Salvage Returns		\$0.00		
Salvage Cash		\$0.00		
Reserve Credits		\$0.00		
Reserve Transfers In		\$0.00		
Reserve Transfers Out		\$0.00		
Reserve Adjustments		\$0.00		
Net Gain Loss		\$0.00		
Ending Reserve Balance (Less COR)		\$112,066.56		
Beginning Reserve Impairment		\$0.00		
Reserve Impairment Activity		\$0.00		
Salvage Provision		\$0.00		
Salvage Input Adjustment		\$0.00		
Salvage Calculated Adjustment		\$0.00		



PowerPlant Depreciation Ledger		Orientation	
Select Criteria: <input checked="" type="radio"/> Monthly    Start Date: February 2012 <input type="radio"/> Quarterly    End Date: February 2012 <input type="radio"/> Annually    Set of Books: PPL Purchase Ac		<input checked="" type="radio"/> Life Reserve <input type="radio"/> COR Reserve <input type="radio"/> Combined Reserve	
<input type="button" value="Select"/> <input type="button" value="Refresh"/>		<input type="button" value="Cancel"/> <input type="button" value="View Rates"/>	
		<input type="button" value="Pick Display"/> KU-131707-ARO Cost Steam (Eip)	
		<input type="button" value="View Factors"/>	
Period Comparison	Depreciation Basis	Reserve Activity	Reserve History
	February 2012		
Beginning Reserve Balance (Less COR)	\$103,792.63		
Depreciation Provision	(\$346.55)		
Depreciation Input Adjustment	\$0.00		
Depreciation Calculated Adjustment	\$0.00		
Reserve Retirements	\$0.00		
Salvage Returns	\$0.00		
Salvage Cash	\$0.00		
Reserve Credits	\$0.00		
Reserve Transfers In	\$0.00		
Reserve Transfers Out	\$0.00		
Reserve Adjustments	\$0.00		
Net Gain Loss	\$0.00		
Ending Reserve Balance (Less COR)	\$103,446.08		
Beginning Reserve Impairment	\$0.00		
Reserve Impairment Activity	\$0.00		
Salvage Provision	\$0.00		
Salvage Input Adjustment	\$0.00		
Salvage Calculated Adjustment	\$0.00		

Charnas

PowerPlant Depreciation Ledger		Orientation		Cancel
Select Criteria:		<input checked="" type="radio"/> Time <input type="radio"/> Group <input checked="" type="radio"/> Life Reserve <input type="radio"/> COR Reserve <input type="radio"/> Combined Reserve		View Rates
<input checked="" type="radio"/> Monthly <input type="radio"/> Quarterly <input type="radio"/> Annually	Start Date: February 2012 End Date: February 2012 Set of Books: PPL Purchase Acct	Select	Refresh	View Factors
		Pick Display: KU-137407-ARD Cost Elec Dist (Eqp)		
Period Comparison	Depreciation Basis	Reserve Activity	Reserve History	
	February 2012			
Beginning Reserve Balance (Less COR)	\$614.11			
Depreciation Provision	(\$2.05)			
Depreciation Input Adjustment	\$0.00			
Depreciation Calculated Adjustment	\$0.00			
Reserve Retirements	\$0.00			
Salvage Returns	\$0.00			
Salvage Cash	\$0.00			
Reserve Credits	\$0.00			
Reserve Transfers In	\$0.00			
Reserve Transfers Out	\$0.00			
Reserve Adjustments	\$0.00			
Net Gain Loss	\$0.00			
Ending Reserve Balance (Less COR)	\$612.06			
Beginning Reserve Impairment	\$0.00			
Reserve Impairment Activity	\$0.00			
Salvage Provision	\$0.00			
Salvage Input Adjustment	\$0.00			
Salvage Calculated Adjustment	\$0.00			

Charnas

DEPR LEDGER - User Defined Query					
Depr Group Id	Gl Post Mo Yr	Set Of Books Id	Begin Reserve	Depreciation Expense	End Reserve
KU-131707-ARO Cost	02/2012	PPL Purchase Account	\$103,792.63	(\$346.55)	\$103,446.08
KU-137407-ARO Cost	02/2012	PPL Purchase Account	\$614.11	(\$2.05)	\$612.06
LGE-137407-ARO Cost	02/2012	PPL Purchase Account	\$446.42	(\$1.38)	\$445.04
LGE-131707-ARO Cost	02/2012	PPL Purchase Account	\$112,441.99	(\$375.43)	\$112,066.56
			\$217,295.15	(\$725.41)	\$216,569.74



Clark, Ed

---

**From:** Plant Support <support@pwrplan.com>  
**Sent:** Friday, March 30, 2012 4:47 PM  
**To:** Crescente, Angela  
**Cc:** Wiseman, Sara; Wacker, Diana; Kinder, Debra  
**Subject:** RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Hi Angela,

Could you send screen print of the depreciation groups and the depr ledger query tool for these groups so I can see the reserve/expense in the Depr moduel?

Thanks,

Elizabeth

----- Original Message -----

**From:** Crescente, Angela [Angela.Crescente@lge-ku.com]  
**Sent:** 3/30/2012 11:08 AM  
**To:** [support@pwrplan.com](mailto:support@pwrplan.com)  
**Cc:** [Sara.Wiseman@lge-ku.com](mailto:Sara.Wiseman@lge-ku.com); [Diana.Wacker@lge-ku.com](mailto:Diana.Wacker@lge-ku.com); [Debra.Kinder@lge-ku.com](mailto:Debra.Kinder@lge-ku.com)  
**Subject:** Purchase Accounting Reserve on an ARO

Support,

A few months ago, I had to create a few transition AROs which should never have any purchase accounting impact. However, on the purchase accounting set of books, reserve was created and depreciated on these AROs without a purchase accounting asset (there should be no purchase accounting asset or reserve, only financial). I do not appear to have this issue on the setup of new AROs as opposed to transitions.

I have been trying to work on how to make the reserve and the depreciation entries stop from happening. In DEV for April, I have booked reserve adjustments to zero out the reserve; however, the depreciation journal entry is still firing for the same amount for April and May even without any reserve. I have been having to book manual GL entries to correct the GL since this entry should not be happening. There is no PP journal layout for this activity either. How can I make the entry stop firing? I have attached the journal rows spreadsheets for April and May to show the depreciation journal entry and system screenshots to show the zeroing of the reserve.

Thanks,  
Angela

-----  
The information contained in this transmission is intended only for the person or entity to which it is directly addressed or copied. It may contain material of confidential and/or private nature. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon, this information by persons or

Charnas

entities other than the intended recipient is not allowed. If you received this message and the information contained therein by error, please contact the sender and delete the material from your/any storage medium.

Thanks,

Elizabeth Cowart  
PowerPlant Support  
770.937.3000  
ref:\_00D60KJDN,\_50060ILZXN:ref

**Clark, Ed**

---

**From:** Plant Support <support@pwrplan.com>  
**Sent:** Friday, March 30, 2012 11:23 AM  
**To:** Crescente, Angela  
**Cc:** Wiseman, Sara; Wacker, Diana; Kinder, Debra  
**Subject:** RE: Purchase Accounting Reserve on an ARO [ ref:\_00D60KJDN.\_50060ILZXN:ref ]

Hello Angela,

We have received your case and I will work with a Subject Matter Expert to provide you with a plan of next steps. In the interim if you have any additional questions please let me know.

Thank you,  
Dennis Hatchett

PowerPlan Consultants, Inc  
200 Galleria Parkway, Ste. 1300  
Atlanta, GA 30339  
O: 770.423.7683  
M: 281.723.3073

----- Original Message -----

**From:** Crescente, Angela [Angela.Crescente@lge-ku.com]  
**Sent:** 3/30/2012 11:08 AM  
**To:** [support@pwrplan.com](mailto:support@pwrplan.com)  
**Cc:** [Sara.Wiseman@lge-ku.com](mailto:Sara.Wiseman@lge-ku.com); [Diana.Wacker@lge-ku.com](mailto:Diana.Wacker@lge-ku.com); [Debra.Kinder@lge-ku.com](mailto:Debra.Kinder@lge-ku.com)  
**Subject:** Purchase Accounting Reserve on an ARO

Support,

A few months ago, I had to create a few transition AROs which should never have any purchase accounting impact. However, on the purchase accounting set of books, reserve was created and depreciated on these AROs without a purchase accounting asset (there should be no purchase accounting asset or reserve, only financial). I do not appear to have this issue on the setup of new AROs as opposed to transitions.

I have been trying to work on how to make the reserve and the depreciation entries stop from happening. In DEV for April, I have booked reserve adjustments to zero out the reserve; however, the depreciation journal entry is still firing for the same amount for April and May even without any reserve. I have been having to book manual GL entries to correct the GL since this entry should not be happening. There is no PP journal layout for this activity either. How can I make the entry stop firing? I have attached the journal rows spreadsheets for April and May to show the depreciation journal entry and system screenshots to show the zeroing of the reserve.

Thanks,  
Angela

Charnas

The information contained in this transmission is intended only for the person or entity to which it is directly addressed or copied. It may contain material of confidential and/or private nature. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon, this information by persons or entities other than the intended recipient is not allowed. If you received this message and the information contained therein by error, please contact the sender and delete the material from your/any storage medium.

ref:\_00D60KJDN.\_50060ILZXN:ref

Clark, Ed

---

**From:** PowerPlant Support <support@pwrplan.com>  
**Sent:** Friday, March 30, 2012 11:09 AM  
**To:** Crescente, Angela  
**Subject:** [Case # 00012422] - Purchase Accounting Reserve on an ARO - [ref:\_00D60KJDN.\_50060ILZXN:ref]

Thank you for contacting PowerPlan Support. Your request has been successfully received and a case has been created. You may reply to this email to add comments to your case.

Thank You  
PowerPlan Support

Case: 00012422  
Subject: Purchase Accounting Reserve on an ARO  
Description: Support,

A few months ago, I had to create a few transition AROs which should never have any purchase accounting impact. However, on the purchase accounting set of books, reserve was created and depreciated on these AROs without a purchase accounting asset (there should be no purchase accounting asset or reserve, only financial). I do not appear to have this issue on the setup of new AROs as opposed to transitions.

I have been trying to work on how to make the reserve and the depreciation entries stop from happening. In DEV for April, I have booked reserve adjustments to zero out the reserve; however, the depreciation journal entry is still firing for the same amount for April and May even without any reserve. I have been having to book manual GL entries to correct the GL since this entry should not be happening. There is no PP journal layout for this activity either. How can I make the entry stop firing? I have attached the journal rows spreadsheets for April and May to show the depreciation journal entry and system screenshots to show the zeroing of the reserve.

Thanks,  
Angela

-----  
The information contained in this transmission is intended only for the person or entity to which it is directly addressed or copied. It may contain material of confidential and/or private nature. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon, this information by persons or entities other than the intended recipient is not allowed. If you received this message and the information contained therein by error, please contact the sender and delete the material from your/any storage medium.

Clark, Ed

---

**From:** Crescente, Angela  
**Sent:** Friday, March 30, 2012 11:08 AM  
**To:** 'Plant Support'  
**Cc:** Wacker, Diana; Kinder, Debra; Wiseman, Sara  
**Subject:** Purchase Accounting Reserve on an ARO

Support,

A few months ago, I had to create a few *transition AROs* which should never have any purchase accounting impact. However, on the purchase accounting set of books, reserve was created and depreciated on these AROs without a purchase accounting asset (there should be no purchase accounting asset or reserve, only financial). I do not appear to have this issue on the setup of new AROs as opposed to transitions.

I have been trying to work on how to make the reserve and the depreciation entries stop from happening. In DEV for April, I have booked reserve adjustments to zero out the reserve; however, the depreciation journal entry is still firing for the same amount for April and May even without any reserve. I have been having to book manual GL entries to correct the GL since this entry should not be happening. There is no PP journal layout for this activity either. How can I make the entry stop firing? I have attached the journal rows spreadsheets for April and May to show the depreciation journal entry and system screenshots to show the zeroing of the reserve.



lge test je rows  
april.xlsx



lge test je rows  
may.xlsx



PA Reserve -  
Support.pdf

Thanks,  
Angela









4/1/2012 000	100	3,004.62	ARO	0100-300-006250-006250-182317-0000-0699-0000-	1	1	LOUISVILLE GAS & ELECTRIC COMPANY	ARO
4/1/2012 000	100	1,177.75	ARO	0100-300-006250-006250-182317-0000-0699-0000-	1	1	LOUISVILLE GAS & ELECTRIC COMPANY	ARO
4/1/2012 000	100	31,008.45	ARO	0100-300-006250-006250-182317-0000-0699-0000-	1	1	LOUISVILLE GAS & ELECTRIC COMPANY	ARO
4/1/2012 000	100	531.47	ARO	0100-300-006250-006250-182317-0000-0699-0000-	1	1	LOUISVILLE GAS & ELECTRIC COMPANY	ARO
4/1/2012 000	100	512.87	ARO	0100-300-006250-006250-182317-0000-0699-0000-	1	1	LOUISVILLE GAS & ELECTRIC COMPANY	ARO
4/1/2012 000	100	8,745.73	ARO	0100-300-006250-006250-182317-0000-0699-0000-	1	1	LOUISVILLE GAS & ELECTRIC COMPANY	ARO
4/1/2012 000	100	3,955.69	ARO	0100-300-006250-006250-182317-0000-0699-0000-	1	1	LOUISVILLE GAS & ELECTRIC COMPANY	ARO
4/1/2012 000	100	2,572.71	ARO	0100-300-006250-006250-182317-0000-0699-0000-	1	1	LOUISVILLE GAS & ELECTRIC COMPANY	ARO
4/1/2012 000	100	3,275.21	ARO	0100-300-006250-006250-182317-0000-0699-0000-	1	1	LOUISVILLE GAS & ELECTRIC COMPANY	ARO
4/1/2012 000	100	0.617	ARO	0100-300-006250-006250-182317-0000-0699-0000-	1	1	LOUISVILLE GAS & ELECTRIC COMPANY	ARO
4/1/2012 000	100	1,088.69	ARO	0100-300-006250-006250-182317-0000-0699-0000-	1	1	LOUISVILLE GAS & ELECTRIC COMPANY	ARO
4/1/2012 000	100	16.57	ARO	0100-300-006250-006250-182317-0000-0699-0000-	1	1	LOUISVILLE GAS & ELECTRIC COMPANY	ARO
4/1/2012 000	100	650.32	ARO	0100-300-006250-006250-182317-0000-0699-0000-	1	1	LOUISVILLE GAS & ELECTRIC COMPANY	ARO
4/1/2012 000	100	568.53	ARO	0100-300-006250-006250-182317-0000-0699-0000-	1	1	LOUISVILLE GAS & ELECTRIC COMPANY	ARO
4/1/2012 000	100	1,815.80	ARO	0100-300-006250-006250-182317-0000-0699-0000-	1	1	LOUISVILLE GAS & ELECTRIC COMPANY	ARO
4/1/2012 000	100	16.42	ARO	0100-300-006250-006250-182317-0000-0699-0000-	1	1	LOUISVILLE GAS & ELECTRIC COMPANY	ARO
4/1/2012 000	100	58.28	ARO	0100-300-006250-006250-182317-0000-0699-0000-	1	1	LOUISVILLE GAS & ELECTRIC COMPANY	ARO
4/1/2012 000	100	38.58	ARO	0100-300-006250-006250-182317-0000-0699-0000-	1	1	LOUISVILLE GAS & ELECTRIC COMPANY	ARO
4/1/2012 000	100	1,414.97	ARO	0100-300-006250-006250-182317-0000-0699-0000-	1	1	LOUISVILLE GAS & ELECTRIC COMPANY	ARO
4/1/2012 000	100	24,722.53	ARO	0100-300-006250-006250-182317-0000-0699-0000-	1	1	LOUISVILLE GAS & ELECTRIC COMPANY	ARO
4/1/2012 000	100	4,447.57	ARO	0100-300-006250-006250-182317-0000-0699-0000-	1	1	LOUISVILLE GAS & ELECTRIC COMPANY	ARO
4/1/2012 000	100	15.57	ARO	0100-300-006250-006250-182317-0000-0699-0000-	1	1	LOUISVILLE GAS & ELECTRIC COMPANY	ARO
4/1/2012 000	100	65.79	ARO	0100-300-006250-006250-182317-0000-0699-0000-	1	1	LOUISVILLE GAS & ELECTRIC COMPANY	ARO
4/1/2012 000	100	58,285.92	ARO	0100-300-006250-006250-182317-0000-0699-0000-	1	1	LOUISVILLE GAS & ELECTRIC COMPANY	ARO
4/1/2012 000	100	23.82	ARO	0100-300-006250-006250-182317-0000-0699-0000-	1	1	LOUISVILLE GAS & ELECTRIC COMPANY	ARO
4/1/2012 000	100	16,492.90	ARO	0100-300-006250-006250-182317-0000-0699-0000-	1	1	LOUISVILLE GAS & ELECTRIC COMPANY	ARO
4/1/2012 000	100	6,449.76	ARO	0100-300-006250-006250-182317-0000-0699-0000-	1	1	LOUISVILLE GAS & ELECTRIC COMPANY	ARO
4/1/2012 000	100	38.58	ARO	0100-300-006250-006250-182317-0000-0699-0000-	1	1	LOUISVILLE GAS & ELECTRIC COMPANY	ARO
4/1/2012 000	100	8,811.73	ARO	0100-300-006250-006250-182317-0000-0699-0000-	1	1	LOUISVILLE GAS & ELECTRIC COMPANY	ARO
4/1/2012 000	100	4,950.61	ARO	0100-300-006250-006250-182317-0000-0699-0000-	1	1	LOUISVILLE GAS & ELECTRIC COMPANY	ARO
4/1/2012 000	100	35.04	ARO	0100-300-006250-006250-182317-0000-0699-0000-	1	1	LOUISVILLE GAS & ELECTRIC COMPANY	ARO
4/1/2012 000	100	2,370.69	ARO	0100-300-006250-006250-182317-0000-0699-0000-	1	1	LOUISVILLE GAS & ELECTRIC COMPANY	ARO
4/1/2012 000	100	14.68	ARO	0100-300-006250-006250-182317-0000-0699-0000-	1	1	LOUISVILLE GAS & ELECTRIC COMPANY	ARO
4/1/2012 000	100	6.34	ARO	0100-500-006250-006250-182317-0000-0699-0000-	1	1	LOUISVILLE GAS & ELECTRIC COMPANY	ARO













Year	Month	Account No.	Account Name	Account Type	Account Category
4/1/2012	000	100	28.66 DEPR EXPENSE	0100-111-000250-000250-403020-0000-0097-0000-	LOUISVILLE GAS & ELECTRIC COMPANY
4/1/2012	000	100	145.49 DEPR EXPENSE	0100-111-000250-000250-403020-0000-0097-0000-	LOUISVILLE GAS & ELECTRIC COMPANY
4/1/2012	000	100	7.91 DEPR EXPENSE	0100-111-000250-000250-403020-0000-0097-0000-	LOUISVILLE GAS & ELECTRIC COMPANY
4/1/2012	000	100	684.36 DEPR EXPENSE	0100-111-000250-000250-403020-0000-0097-0000-	LOUISVILLE GAS & ELECTRIC COMPANY
4/1/2012	000	100	171.99 DEPR EXPENSE	0100-111-000250-000250-403020-0000-0097-0000-	LOUISVILLE GAS & ELECTRIC COMPANY
4/1/2012	000	100	23.87 DEPR EXPENSE	0100-111-000250-000250-403020-0000-0097-0000-	LOUISVILLE GAS & ELECTRIC COMPANY
4/1/2012	000	100	21.04 DEPR EXPENSE	0100-111-000250-000250-403020-0000-0097-0000-	LOUISVILLE GAS & ELECTRIC COMPANY
4/1/2012	000	100	40.31 DEPR EXPENSE	0100-111-000250-000250-403020-0000-0097-0000-	LOUISVILLE GAS & ELECTRIC COMPANY
4/1/2012	000	100	410.20 DEPR EXPENSE	0100-111-000250-000250-403020-0000-0097-0000-	LOUISVILLE GAS & ELECTRIC COMPANY
4/1/2012	000	100	45.02 DEPR EXPENSE	0100-111-000250-000250-403020-0000-0097-0000-	LOUISVILLE GAS & ELECTRIC COMPANY
4/1/2012	000	100	35.46 DEPR EXPENSE	0100-111-000250-000250-403020-0000-0097-0000-	LOUISVILLE GAS & ELECTRIC COMPANY
4/1/2012	000	100	44.67 DEPR EXPENSE	0100-111-000250-000250-403020-0000-0097-0000-	LOUISVILLE GAS & ELECTRIC COMPANY
4/1/2012	000	100	1,852.05 DEPR EXPENSE	0100-111-000250-000250-403020-0000-0097-0000-	LOUISVILLE GAS & ELECTRIC COMPANY
4/1/2012	000	100	327.87 DEPR EXPENSE	0100-111-000250-000250-403020-0000-0097-0000-	LOUISVILLE GAS & ELECTRIC COMPANY
4/1/2012	000	100	409.4 DEPR EXPENSE	0100-111-000250-000250-403020-0000-0097-0000-	LOUISVILLE GAS & ELECTRIC COMPANY
4/1/2012	000	100	1,694.07 DEPR EXPENSE	0100-111-000250-000250-403020-0000-0097-0000-	LOUISVILLE GAS & ELECTRIC COMPANY
4/1/2012	000	100	1,812.05 DEPR EXPENSE	0100-111-000250-000250-403020-0000-0097-0000-	LOUISVILLE GAS & ELECTRIC COMPANY
4/1/2012	000	100	182,305.56 DEPR EXPENSE	0100-111-000250-000250-403020-0000-0097-0000-	LOUISVILLE GAS & ELECTRIC COMPANY
4/1/2012	000	100	2,399.69 DEPR EXPENSE	0100-111-000250-000250-403020-0000-0097-0000-	LOUISVILLE GAS & ELECTRIC COMPANY
4/1/2012	000	100	67,124.06 DEPR EXPENSE	0100-111-000250-000250-403020-0000-0097-0000-	LOUISVILLE GAS & ELECTRIC COMPANY
4/1/2012	000	100	57,444.15 DEPR EXPENSE	0100-111-000250-000250-403020-0000-0097-0000-	LOUISVILLE GAS & ELECTRIC COMPANY
4/1/2012	000	100	7,286.03 DEPR EXPENSE	0100-111-000250-000250-403020-0000-0097-0000-	LOUISVILLE GAS & ELECTRIC COMPANY
4/1/2012	000	100	4,054.94 DEPR EXPENSE	0100-111-000250-000250-403020-0000-0097-0000-	LOUISVILLE GAS & ELECTRIC COMPANY
4/1/2012	000	100	1,694.26 DEPR EXPENSE	0100-111-000250-000250-403020-0000-0097-0000-	LOUISVILLE GAS & ELECTRIC COMPANY



















Case No.	Month	Amount	Description
4/1/2012 000	DEPR EXPENSE	1,676.69	0100-304-000250-108106-0000-0697-0000-
4/1/2012 000	DEPR EXPENSE	0	0100-304-000250-108106-0000-0697-0000-
4/1/2012 000	DEPR EXPENSE	923,988.46	0100-304-000250-108106-0000-0697-0000-
4/1/2012 000	DEPR EXPENSE	99,420.52	0100-304-000250-108106-0000-0697-0000-
4/1/2012 000	DEPR EXPENSE	125,505.09	0100-304-000250-108106-0000-0697-0000-
4/1/2012 000	DEPR EXPENSE	1,355.57	0100-304-000250-108106-0000-0697-0000-
4/1/2012 000	DEPR EXPENSE	32,638.32	0100-304-000250-108106-0000-0697-0000-
4/1/2012 000	DEPR EXPENSE	502,133.88	0100-304-000250-108106-0000-0697-0000-
4/1/2012 000	DEPR EXPENSE	7,409.86	0100-304-000250-108106-0000-0697-0000-
4/1/2012 000	DEPR EXPENSE	214,691.48	0100-304-000250-108106-0000-0697-0000-
4/1/2012 000	DEPR EXPENSE	67,234.06	0100-304-000250-108106-0000-0697-0000-
4/1/2012 000	DEPR EXPENSE	7,286.83	0100-304-000250-108106-0000-0697-0000-
4/1/2012 000	DEPR EXPENSE	129,770.87	0100-304-000250-108106-0000-0697-0000-
4/1/2012 000	DEPR EXPENSE	13,277.88	0100-304-000250-108106-0000-0697-0000-
4/1/2012 000	DEPR EXPENSE	728.80	0100-304-000250-108106-0000-0697-0000-
4/1/2012 000	DEPR EXPENSE	17,782.83	0100-304-000250-108106-0000-0697-0000-
4/1/2012 000	DEPR EXPENSE	10,773.97	0100-304-000250-108106-0000-0697-0000-
4/1/2012 000	DEPR EXPENSE	99,032.67	0100-304-000250-108106-0000-0697-0000-
4/1/2012 000	DEPR EXPENSE	20,232.72	0100-304-000250-108106-0000-0697-0000-
4/1/2012 000	DEPR EXPENSE	47,451.16	0100-304-000250-108106-0000-0697-0000-
4/1/2012 000	DEPR EXPENSE	73,084.40	0100-304-000250-108106-0000-0697-0000-
4/1/2012 000	DEPR EXPENSE	108,301.97	0100-304-000250-108106-0000-0697-0000-
4/1/2012 000	DEPR EXPENSE	13,470.68	0100-304-000250-108106-0000-0697-0000-
4/1/2012 000	DEPR EXPENSE	363.45	0100-304-000250-108106-0000-0697-0000-
4/1/2012 000	DEPR EXPENSE	20,230.74	0100-304-000250-108106-0000-0697-0000-
4/1/2012 000	DEPR EXPENSE	25,898.43	0100-304-000250-108106-0000-0697-0000-
4/1/2012 000	DEPR EXPENSE	1,979.82	0100-304-000250-108106-0000-0697-0000-
4/1/2012 000	DEPR EXPENSE	6,282.59	0100-304-000250-108106-0000-0697-0000-
4/1/2012 000	DEPR EXPENSE	10,826.85	0100-304-000250-108106-0000-0697-0000-
4/1/2012 000	DEPR EXPENSE	18,882.19	0100-304-000250-108106-0000-0697-0000-
4/1/2012 000	DEPR EXPENSE	7,103.63	0100-304-000250-108106-0000-0697-0000-
4/1/2012 000	DEPR EXPENSE	30,414.22	0100-304-000250-108106-0000-0697-0000-
4/1/2012 000	DEPR EXPENSE	7,284.32	0100-304-000250-108106-0000-0697-0000-
4/1/2012 000	DEPR EXPENSE	12,833.52	0100-304-000250-108106-0000-0697-0000-
4/1/2012 000	DEPR EXPENSE	2,840.32	0100-304-000250-108106-0000-0697-0000-
4/1/2012 000	DEPR EXPENSE	4,719.97	0100-304-000250-108106-0000-0697-0000-
4/1/2012 000	DEPR EXPENSE	4,649.97	0100-304-000250-108106-0000-0697-0000-
4/1/2012 000	DEPR EXPENSE	12.23	0100-304-000250-108106-0000-0697-0000-
4/1/2012 000	DEPR EXPENSE	469.71	0100-304-000250-108106-0000-0697-0000-
4/1/2012 000	DEPR EXPENSE	9,745.12	0100-304-000250-108106-0000-0697-0000-
4/1/2012 000	DEPR EXPENSE	61.36	0100-304-000250-108106-0000-0697-0000-
4/1/2012 000	DEPR EXPENSE	1,712.83	0100-304-000250-108106-0000-0697-0000-
4/1/2012 000	DEPR EXPENSE	2,864.32	0100-304-000250-108106-0000-0697-0000-
4/1/2012 000	DEPR EXPENSE	17,172.29	0100-304-000250-108106-0000-0697-0000-
4/1/2012 000	DEPR EXPENSE	359.68	0100-304-000250-108106-0000-0697-0000-
4/1/2012 000	DEPR EXPENSE	6,498.17	0100-304-000250-108106-0000-0697-0000-
4/1/2012 000	DEPR EXPENSE	7,702.30	0100-304-000250-108106-0000-0697-0000-
4/1/2012 000	DEPR EXPENSE	953.36	0100-304-000250-108106-0000-0697-0000-
4/1/2012 000	DEPR EXPENSE	2,045.69	0100-304-000250-108106-0000-0697-0000-
4/1/2012 000	DEPR EXPENSE	910.49	0100-304-000250-108106-0000-0697-0000-
4/1/2012 000	DEPR EXPENSE	331.03	0100-304-000250-108106-0000-0697-0000-
4/1/2012 000	DEPR EXPENSE	3.46	0100-304-000250-108106-0000-0697-0000-
4/1/2012 000	DEPR EXPENSE	12.64	0100-304-000250-108106-0000-0697-0000-
4/1/2012 000	DEPR EXPENSE	5,410.40	0100-304-000250-108106-0000-0697-0000-
4/1/2012 000	DEPR EXPENSE	961.94	0100-304-000250-108106-0000-0697-0000-
4/1/2012 000	DEPR EXPENSE	243.84	0100-304-000250-108106-0000-0697-0000-
4/1/2012 000	DEPR EXPENSE	743.84	0100-304-000250-108106-0000-0697-0000-
4/1/2012 000	DEPR EXPENSE	899.64	0100-304-000250-108106-0000-0697-0000-
4/1/2012 000	DEPR EXPENSE	896.11	0100-304-000250-108106-0000-0697-0000-
4/1/2012 000	DEPR EXPENSE	922.53	0100-304-000250-108106-0000-0697-0000-
4/1/2012 000	DEPR EXPENSE	5,013.83	0100-304-000250-108106-0000-0697-0000-
4/1/2012 000	DEPR EXPENSE	8.96	0100-304-000250-108106-0000-0697-0000-
4/1/2012 000	DEPR EXPENSE	48,529.88	0100-304-000250-108106-0000-0697-0000-
4/1/2012 000	DEPR EXPENSE	66,852.75	0100-304-000250-108106-0000-0697-0000-
4/1/2012 000	DEPR EXPENSE	55,174.93	0100-304-000250-108106-0000-0697-0000-
4/1/2012 000	DEPR EXPENSE	61,613.77	0100-304-000250-108106-0000-0697-0000-
4/1/2012 000	DEPR EXPENSE	49,871.82	0100-304-000250-108106-0000-0697-0000-
4/1/2012 000	DEPR EXPENSE	41,856.53	0100-304-000250-108106-0000-0697-0000-
4/1/2012 000	DEPR EXPENSE	41,603.94	0100-304-000250-108106-0000-0697-0000-
4/1/2012 000	DEPR EXPENSE	44,636.50	0100-304-000250-108106-0000-0697-0000-
4/1/2012 000	DEPR EXPENSE	44,330.28	0100-304-000250-108106-0000-0697-0000-
4/1/2012 000	DEPR EXPENSE	44,045.66	0100-304-000250-108106-0000-0697-0000-
4/1/2012 000	DEPR EXPENSE	13,095.56	0100-304-000250-108106-0000-0697-0000-















































Charnas

Date	Account	Amount	Description	Category
5/1/2012	100	21.20	DEPR EXPENSE	-DEPR-ACCUM-LOC
5/1/2012	100	1.00	DEPR EXPENSE	-DEPR-ACCUM-LOC
5/1/2012	100	2.71	DEPR EXPENSE	-DEPR-ACCUM-LOC
5/1/2012	100	338.50	DEPR EXPENSE	-DEPR-ACCUM-LOC
5/1/2012	100	51.26	DEPR EXPENSE	-DEPR-ACCUM-LOC
5/1/2012	100	14.70	DEPR EXPENSE	-DEPR-ACCUM-LOC
5/1/2012	100	14.68	DEPR EXPENSE	-DEPR-ACCUM-LOC
5/1/2012	100	47.74	DEPR EXPENSE	-DEPR-ACCUM-LOC
5/1/2012	100	47.76	DEPR EXPENSE	-DEPR-ACCUM-LOC
5/1/2012	100	49.18	DEPR EXPENSE	-DEPR-ACCUM-LOC
5/1/2012	100	2.84	DEPR EXPENSE	-DEPR-ACCUM-LOC
5/1/2012	100	2,249.57	DEPR EXPENSE	-DEPR-ACCUM-LOC
5/1/2012	100	5,159.02	DEPR EXPENSE	-DEPR-ACCUM-LOC
5/1/2012	100	2,735.95	DEPR EXPENSE	-DEPR-ACCUM-LOC
5/1/2012	100	2,854.64	DEPR EXPENSE	-DEPR-ACCUM-LOC
5/1/2012	100	1,924.84	DEPR EXPENSE	-DEPR-ACCUM-LOC
5/1/2012	100	1,977.81	DEPR EXPENSE	-DEPR-ACCUM-LOC
5/1/2012	100	1,968.25	DEPR EXPENSE	-DEPR-ACCUM-LOC
5/1/2012	100	379.09	DEPR EXPENSE	-DEPR-ACCUM-LOC
5/1/2012	100	282.10	DEPR EXPENSE	-DEPR-ACCUM-LOC
5/1/2012	100	282.46	DEPR EXPENSE	-DEPR-ACCUM-LOC
5/1/2012	100	191.39	DEPR EXPENSE	-DEPR-ACCUM-LOC
5/1/2012	100	573.75	DEPR EXPENSE	-DEPR-ACCUM-LOC
5/1/2012	100	683.65	DEPR EXPENSE	-DEPR-ACCUM-LOC
5/1/2012	100	229.69	DEPR EXPENSE	-DEPR-ACCUM-LOC
5/1/2012	100	102.44	DEPR EXPENSE	-DEPR-ACCUM-LOC
5/1/2012	100	193.25	DEPR EXPENSE	-DEPR-ACCUM-LOC
5/1/2012	100	230.24	DEPR EXPENSE	-DEPR-ACCUM-LOC
5/1/2012	100	228.67	DEPR EXPENSE	-DEPR-ACCUM-LOC
5/1/2012	100	228.40	DEPR EXPENSE	-DEPR-ACCUM-LOC
5/1/2012	100	228.46	DEPR EXPENSE	-DEPR-ACCUM-LOC
5/1/2012	100	2,769.96	DEPR EXPENSE	-DEPR-ACCUM-LOC
5/1/2012	100	20,121.70	DEPR EXPENSE	-DEPR-ACCUM-LOC
5/1/2012	100	35.10	DEPR EXPENSE	-DEPR-ACCUM-LOC
5/1/2012	100	2,440.81	DEPR EXPENSE	-DEPR-ACCUM-LOC
5/1/2012	100	13,922.72	DEPR EXPENSE	-DEPR-ACCUM-LOC
5/1/2012	100	1,624.09	DEPR EXPENSE	-DEPR-ACCUM-LOC
5/1/2012	100	41,624.62	DEPR EXPENSE	-DEPR-ACCUM-LOC
5/1/2012	100	2,246.69	DEPR EXPENSE	-DEPR-ACCUM-LOC
5/1/2012	100	27,126.17	DEPR EXPENSE	-DEPR-ACCUM-LOC
5/1/2012	100	1,683.51	DEPR EXPENSE	-DEPR-ACCUM-LOC
5/1/2012	100	828.48	DEPR EXPENSE	-DEPR-ACCUM-LOC
5/1/2012	100	4.46	DEPR EXPENSE	-DEPR-ACCUM-LOC
5/1/2012	100	49.34	DEPR EXPENSE	-DEPR-ACCUM-LOC
5/1/2012	100	2,939,745.23	DEPR EXPENSE	-DEPR-ACCUM-LOC
5/1/2012	100	229,374.11	DEPR EXPENSE	-DEPR-ACCUM-LOC
5/1/2012	100	20,828.34	DEPR EXPENSE	-DEPR-ACCUM-LOC
5/1/2012	100	63,941.41	DEPR EXPENSE	-DEPR-ACCUM-LOC
5/1/2012	100	3,297.28	DEPR EXPENSE	-DEPR-ACCUM-LOC
5/1/2012	100	5,528.55	DEPR EXPENSE	-DEPR-ACCUM-LOC
5/1/2012	100	11,119.59	DEPR EXPENSE	-DEPR-ACCUM-LOC
5/1/2012	100	11,862.32	DEPR EXPENSE	-DEPR-ACCUM-LOC
5/1/2012	100	13,919.56	DEPR EXPENSE	-DEPR-ACCUM-LOC
5/1/2012	100	6,020.77	DEPR EXPENSE	-DEPR-ACCUM-LOC
5/1/2012	100	4,980.44	DEPR EXPENSE	-DEPR-ACCUM-LOC
5/1/2012	100	1,602.77	DEPR EXPENSE	-DEPR-ACCUM-LOC
5/1/2012	100	1,676.69	DEPR EXPENSE	-DEPR-ACCUM-LOC
5/1/2012	100	1,194.42	DEPR EXPENSE	-DEPR-ACCUM-LOC
5/1/2012	100	9,018.68	DEPR EXPENSE	-DEPR-ACCUM-LOC
5/1/2012	100	650.77	DEPR EXPENSE	-DEPR-ACCUM-LOC
5/1/2012	100	4,530.41	DEPR EXPENSE	-DEPR-ACCUM-LOC
5/1/2012	100	17.18	DEPR EXPENSE	-DEPR-ACCUM-LOC
5/1/2012	100	1,111.88	DEPR EXPENSE	-DEPR-ACCUM-LOC
5/1/2012	100	194.25	DEPR EXPENSE	-DEPR-ACCUM-LOC
5/1/2012	100	1	DEPR EXPENSE	-DEPR-ACCUM-LOC









Account Number	Account Name	Account Type	Account Description	Account Category
5/1/2012 000	131.61 DEPR EXPENSE	0	0100-304-000250-000250-108416-0000-0697-0000-	-LGE-131200-00 Unit 2 Ball ECM 2005
5/1/2012 000	16877.48 DEPR EXPENSE	0	0100-304-000250-000250-108416-0000-0697-0000-	-LGE-131200-00 Unit 6 Ball ECM 2005
5/1/2012 000	125.01 DEPR EXPENSE	100	0100-304-000250-000250-108416-0000-0697-0000-	-LGE-131200-00 Unit 8 Ball ECM 2005
5/1/2012 000	3,487.60 DEPR EXPENSE	0	0100-304-000250-000250-108416-0000-0697-0000-	-LGE-131200-00 Unit 1 Ball ECM 2005
5/1/2012 000	128.66 DEPR EXPENSE	0	0100-304-000250-000250-108416-0000-0697-0000-	-LGE-131200-00 Unit 1 Ball ECM 2005
5/1/2012 000	16,954.13 DEPR EXPENSE	0	0100-304-000250-000250-108416-0000-0697-0000-	-LGE-131200-00 Unit 1 Ball ECM 2006
5/1/2012 000	140.31 DEPR EXPENSE	0	0100-304-000250-000250-108416-0000-0697-0000-	-LGE-131200-00 Unit 2 Ball ECM 2006
5/1/2012 000	16,173.58 DEPR EXPENSE	0	0100-304-000250-000250-108416-0000-0697-0000-	-LGE-131200-00 Unit 2 Ball ECM 2006
5/1/2012 000	145.02 DEPR EXPENSE	0	0100-304-000250-000250-108416-0000-0697-0000-	-LGE-131200-00 Unit 3 Ball ECM 2006
5/1/2012 000	111,282.80 DEPR EXPENSE	0	0100-304-000250-000250-108416-0000-0697-0000-	-LGE-131200-00 Unit 4 Ball ECM 2006
5/1/2012 000	135.46 DEPR EXPENSE	0	0100-304-000250-000250-108416-0000-0697-0000-	-LGE-131200-00 Unit 4 Ball ECM 2005
5/1/2012 000	122,531.27 DEPR EXPENSE	0	0100-304-000250-000250-108416-0000-0697-0000-	-LGE-131200-00 Unit 4 Ball ECM 2005
5/1/2012 000	145.49 DEPR EXPENSE	0	0100-304-000250-000250-108416-0000-0697-0000-	-LGE-131200-00 Unit 4 Ball ECM 2005
5/1/2012 000	144.47 DEPR EXPENSE	0	0100-304-000250-000250-108416-0000-0697-0000-	-LGE-131200-00 Unit 4 Ball ECM 2005
5/1/2012 000	19,485.45 DEPR EXPENSE	0	0100-304-000250-000250-108416-0000-0697-0000-	-LGE-131200-00 Unit 5 Ball ECM 2005
5/1/2012 000	17,791 DEPR EXPENSE	0	0100-304-000250-000250-108416-0000-0697-0000-	-LGE-131200-00 Unit 5 Ball ECM 2005
5/1/2012 000	13,943.21 DEPR EXPENSE	0	0100-304-000250-000250-108416-0000-0697-0000-	-LGE-131200-00 Unit 5 Ball ECM 2005
5/1/2012 000	1,284.44 DEPR EXPENSE	0	0100-304-000250-000250-108416-0000-0697-0000-	-LGE-131200-00 Unit 5 Ball ECM 2005
5/1/2012 000	1,385.34 DEPR EXPENSE	0	0100-304-000250-000250-108416-0000-0697-0000-	-LGE-131200-00 Unit 5 Ball ECM 2005
5/1/2012 000	1,570.89 DEPR EXPENSE	0	0100-304-000250-000250-108416-0000-0697-0000-	-LGE-131200-00 Unit 5 Ball ECM 2005
5/1/2012 000	175,664.47 DEPR EXPENSE	0	0100-304-000250-000250-108416-0000-0697-0000-	-LGE-131200-00 Unit 5 Ball ECM 2005
5/1/2012 000	3,591.74 DEPR EXPENSE	0	0100-304-000250-000250-108416-0000-0697-0000-	-LGE-131200-00 Unit 5 Ball ECM 2005
5/1/2012 000	6,290.38 DEPR EXPENSE	0	0100-304-000250-000250-108416-0000-0697-0000-	-LGE-131200-00 Unit 5 Ball ECM 2005
5/1/2012 000	5,810.82 DEPR EXPENSE	1	0100-304-000250-000250-108416-0000-0697-0000-	-LGE-131200-00 Unit 5 Ball ECM 2005
5/1/2012 000	49,565 DEPR EXPENSE	1	0100-304-000250-000250-108416-0000-0697-0000-	-LGE-131200-00 Unit 5 Ball ECM 2005







Company Id	Trans Type	Time Stamp	User Id	Je Method Id	Company	Pro
KENTUCKY UTILITIES C	ARO Accretion Credit (liab)	11/3/2010 14:45:3	E009112	GAAP Reversal	ifisco	prcl
KENTUCKY UTILITIES C	Adjustment Debit (1010)	11/3/2010 14:45:3	E009112	GAAP Reversal	ifisco	prcl
KENTUCKY UTILITIES C	Addition Debt (1010/1060)	11/3/2010 14:45:3	E009112	GAAP Reversal	ifisco	prcl
All Companies	Transfer To (Debit)	12/30/2010 20:51:	PWRPLANT	Purchase Acct	pa_co	prcl
IGNORE Entry	Intercompany Transfer To	1/27/2012 14:56:5	E005011	Purchase Acct	pa_co	prcl
IGNORE Entry	Intercompany Transfer From	1/27/2012 14:57:4	E005011	Purchase Acct	pa_co	prcl
IGNORE Entry	ARO addition debit(1016)	10/3/2011 17:44:1	E009595	Purchase Acct	pa_co	prcl
IGNORE Entry	ARO addition credit(1017)	10/3/2011 17:44:1	E009595	Purchase Acct	pa_co	prcl
All Companies	Transfer From (Credit)	12/30/2010 20:51:	PWRPLANT	Purchase Acct	pa_co	prcl
All Companies	Retirement Debit (1080)	12/30/2010 20:51:	PWRPLANT	Purchase Acct	pa_co	prcl
All Companies	Retirement Credit (1010)	12/30/2010 20:51:	PWRPLANT	Purchase Acct	pa_co	prcl
All Companies	Life reserve transfer debit(1018)	12/30/2010 20:51:	PWRPLANT	Purchase Acct	pa_co	prcl
All Companies	Life reserve transfer credit(1019)	12/30/2010 20:51:	PWRPLANT	Purchase Acct	pa_co	prcl
All Companies	Addition Debit (1010/1060)	1/20/2011 08:43:4	PWRPLANT	Purchase Acct	pa_co	prcl
All Companies	Addition Credit (1070)	1/20/2011 08:43:4	PWRPLANT	Purchase Acct	pa_co	prcl
IGNORE Entry	Intercompany Transfer To	1/27/2012 15:02:5	E005011	Purchase Accting Post Acq	pa_co	prcl
IGNORE Entry	Intercompany Transfer From	1/27/2012 15:02:1	E005011	Purchase Accting Post Acq	pa_co	prcl
IGNORE Entry	ARO addition debit(1016)	10/3/2011 17:44:1	E009595	Purchase Accting Post Acq	pa_co	prcl
IGNORE Entry	ARO addition credit(1017)	10/3/2011 17:44:1	E009595	Purchase Accting Post Acq	pa_co	prcl
All Companies	Transfer To (Debit)	2/20/2011 19:09:3	PWRPLANT	Purchase Accting Post Acq	pa_co	prcl

Holdover  
 Update  
 Insert  
 Copy  
 Delete  
 Show Dropdowns  
 Validate  
 Cancel

Key Word Values from f\_autogen\_to\_account  
 gl\_co : gl company no from company  
 acct : external gl account  
 wo\_num : work order number  
 ce : external cost element  
 ext\_dp : external dept group value  
 fp\_num : funding project number  
 woou : work order or class code  
 dpou : dept group or class code  
 oxdept : external dept code from WO dept  
 aroa : ARO DU from Dept group on ARO

Key Word Values from pp\_gl\_transaction  
 gl\_co : gl company no from company  
 wo\_num : work order number  
 ext\_dp : external dept group value  
 acct : external gl account from pend trans  
 cwlp : external gl acct for wo cwp acct  
 twlp : external gl acct for wo removal acct  
 saly : external gl acct for wo saly acct  
 woou : work order or class code  
 dpou : dept group or class code  
 dfrc : default rc for DU  
 oxdept : external dept code from WO dept

resv : external gl acct for depr reserve  
 cor rs : external gl acct for depr cor reserve  
 gn ls : external gl acct for depr gain/loss  
 pa pay : external gl acct for payable acct  
 rec : external gl acct for payable acct  
 la\_co : gl comp no for inter co trans  
 fp\_num : funding project number  
 106n : wo or ce for 106 only  
 106wo : wo num for 106 only  
 106sal : ARO DU acct for 106 only  
 106fp : fp num for 106 only

CPR-Depreciation			
Set of Books:	PPL Purchase Accounting		Update
Asset Id:	43494638	Eng. In Service Year:	12/2010
Asset Description:	Purc. TC Ash Pond-I-GE		Cancel
Company:	LOUISVILLE GAS & ELECTRIC COMPANY		Prev. Mo.
Depr. Group:	LGE-131707-ARO Cost Steam (Eq)		Next Mo.
Accounting Month:	04/2012	Depreciation Base:	\$0.00
Initial Life(mo):	304	Beginning Reserve:	\$102,429.98
Remaining Life:	297.5	Current Depr. Expense:	\$0.00
Monthly Calc. Rate:	0.3361%	Input Expense Adj:	\$0.00
Est. Salvage Pct:	0.0000%	Calc. Expense Adj:	\$0.00
Beginning Value:	\$0.00	Reserve Adj:	(\$102,429.98)
Net Add / Adj:	\$0.00	Reserve Trans In:	\$0.00
Retirements:	\$0.00	Reserve Trans Out:	\$0.00
Transfers In:	\$0.00	Other Credits / Adj:	\$0.00
Transfers Out:	\$0.00	Cost of Removal:	\$0.00
Current Value:	\$0.00	Salvage Proceeds:	\$0.00
		Loss (Gain):	\$0.00
		*Ending Reserve:	\$0.00
		Mid-Period Method:	Straight Line
		Mid-Period Conv.:	0.5
		Depreciation Method:	<none>
		Begin Year Reserve:	\$103,462.88
		YTD Depr. Exp:	(\$1,032.90)
		YTD Expense Adj:	\$0.00
		Prior YTD Depr. Exp:	\$0.00
		Prior YTD Expense Adj:	\$0.00
		Account Distribution Details:	
		403111	
		True-Up Reserve	Depr Adjustment
		Adjustment History	Audits

\* NOTE: Ending Reserve is not calculated until Depreciation Approval has been run

CPR Depreciation			
Set of Books:	PPL Purchase Accounting		Update
Asset Id:	43494648	Eng In Service Year:	12/2010
Asset Description:	Puro TC Coal Storage LGE		
Company:	LOUISVILLE GAS & ELECTRIC COMPANY		
Depr Group:	LGE 191707 ARD Cost Steam (Egp)		
Accounting Month:	04/2012	Depreciation Base:	\$0.00
Initial Life(mo):	304	Beginning Reserve:	\$4,096.66
Remaining Life:	297.6	Current Depr Expense:	\$0.00
Monthly Calc Rate:	0.3361%	Input Expense Adj:	\$0.00
Est. Salvage Pct:	0.0000%	Calc Expense Adj:	\$0.00
Beginning Value:	\$0.00	Reserve Adj:	(\$4,096.66)
Net Add / Adj:	\$0.00	Reserve Trans In:	\$0.00
Retirements:	\$0.00	Reserve Trans Out:	\$0.00
Transfers In:	\$0.00	Other Credits / Adj:	\$0.00
Transfers Out:	\$0.00	Cost of Removal:	\$0.00
Current Value:	\$0.00	Salvage Proceeds:	\$0.00
		Loss (Gain):	\$0.00
		*Ending Reserve:	\$0.00
		Mid Period Method:	Straight Line
		Mid Period Conv:	0.5
		Depreciation Method:	<none>
		Begin Year Reserve:	\$4,137.97
		YTD Depr Exp:	(\$41.31)
		YTD Expense Adj:	\$0.00
		Prior YTD Depr Exp:	\$0.00
		Prior YTD Expense Adj:	\$0.00
* NOTE: Ending Reserve is not calculated until Depreciation Approval has been run.			
Account Distribution Details:			
		403111	
		Time Up Reserve:	Depr Adjustment
		Adjustment History:	Audits

CPR Depreciation			
Set of Books:	PPL Purchase Accounting		Update
Asset Id:	43494657	Eng. In Service Year:	12/2010
Asset Description:	Purc. TC Environmental Ponds LGE		
Company:	LOUISVILLE GAS & ELECTRIC COMPANY		
Depr. Group:	LGE 131707/ARD Cost Steam (Eq)		
Accounting Month:	04/2012	Depreciation Base:	\$0.00
Initial Life(mo):	304	Beginning Reserve:	\$5,164.49
Remaining Life:	297.5	Current Dept Expense:	\$0.00
Monthly Calc Rate:	0.3361%	Input Expense Adj:	\$0.00
Est. Salvage Pct:	0.0000%	Calc Expense Adj:	\$0.00
Beginning Value:	\$0.00	Reserve Adj:	(\$5,164.49)
Net Add / Adj:	\$0.00	Reserve Trans In:	\$0.00
Retirements:	\$0.00	Reserve Trans Out:	\$0.00
Transfers In:	\$0.00	Other Credits / Adj:	\$0.00
Transfers Out:	\$0.00	Cost of Removal:	\$0.00
Current Value:	\$0.00	Salvage Proceeds:	\$0.00
		Loss (Gain):	\$0.00
		*Ending Reserve:	\$0.00
* NOTE: Ending Reserve is not calculated until Depreciation Approval has been run			
Mid-Period Method:	Straight Line		
Mid-Period Conv.:	0.5		
Depreciation Method:	<none>		
Begin Year Reserve:	\$5,216.57		
YTD Depr Exp.:	(\$52.08)		
YTD Expense Adj:	\$0.00		
Prior YTD Depr Exp.:	\$0.00		
Prior YTD Expense Adj:	\$0.00		
Account Distribution Details:			
	403111		
True-Up Reserve:	Depr Adjustment		
Adjustment History:	Audits		

CPR Depreciation			
Set of Books:	PPL Purchase Accounting		
Asset Id:	48080849	Eng In Service Year:	12/2011
Asset Description:	Purc-Dist Bushings LGE-POB		
Company:	LOUISVILLE GAS & ELECTRIC COMPANY		
Depr Group:	LGE-137407-ARO Cost Elctc Dist (Eqp)		
Accounting Month:	04/2012	Depreciation Base:	\$0.00
Initial Life(mo):	324	Beginning Reserve:	\$443.66
Remaining Life:	321.5	Current Depr Expense:	\$0.00
Monthly Calc Rate:	0.3110%	Input Expense Adj:	\$0.00
Est. Salvage Pct:	0.0000%	Calc Expense Adj:	\$0.00
Beginning Value:	\$0.00	Reserve Adj:	[\$443.66]
Net Add / Adj:	\$0.00	Reserve Trans In:	\$0.00
Retirements:	\$0.00	Reserve Trans Out:	\$0.00
Transfers In:	\$0.00	Other Credits / Adj:	\$0.00
Transfers Out:	\$0.00	Cost of Removal:	\$0.00
Current Value:	\$0.00	Salvage Proceeds:	\$0.00
* NOTE: Ending Reserve is not calculated until Depreciation Approval has been run.		Loss (Gain):	\$0.00
		*Ending Reserve:	\$0.00
		Mid-Period Method:	Straight Line
		Mid-Period Conv.:	0.5
		Depreciation Method:	<none>
		Begin Year Reserve:	\$0.00
		YTD Depr Exp:	(\$3.45)
		YTD Expense Adj:	\$0.00
		Prior YTD Depr Exp:	\$0.00
		Prior YTD Expense Adj:	\$0.00
Account Distribution Details:			
		403115	
		True-Up Reserve:	Depr Adjustment
		Adjustment History:	Audits



CPR Depreciation			
Set of Books:	PPL Purchase Accounting		
Asset Id:	43494639	Eng In Service Year:	12/2010
Asset Description:	Purc-TC Ash Pond-LGE		
Company:	LOUISVILLE GAS & ELECTRIC COMPANY		
Depr. Group:	LGE 131707-AHO Cost Steam (Eqp)		
Accounting Month:	05/2012	Depreciation Base:	\$0.00
Initial Life(mo):	304	Beginning Reserve:	\$0.00
Remaining Life:	296.5	Current Depr Expense:	\$0.00
Monthly Calc Rate:	0.3373%	Input Expense Adj:	\$0.00
Est. Salvage Pct:	0.0000%	Calc Expense Adj:	\$0.00
Beginning Value:	\$0.00	Reserve Adj:	\$0.00
Net Add / Adj:	\$0.00	Reserve Trans In:	\$0.00
Retirements:	\$0.00	Reserve Trans Out:	\$0.00
Transfers In:	\$0.00	Other Credits / Adj:	\$0.00
Transfers Out:	\$0.00	Cost of Removal:	\$0.00
Current Value:	\$0.00	Salvage Proceeds:	\$0.00
		Loss (Gain):	\$0.00
		*Ending Reserve:	\$0.00
* NOTE: Ending Reserve is not calculated until Depreciation Approval has been run.			
		Mid Period Method:	Straight Line
		Mid Period Conv:	0.5
		Depreciation Method:	<none>
		Begin Year Reserve:	\$103,462.88
		YTD Depr Exp:	(\$1,032.90)
		YTD Expense Adj:	\$0.00
		Prior YTD Depr Exp:	\$0.00
		Prior YTD Expense Adj:	\$0.00
Account Distribution Details			
		403111	
		True Up Reserve	Depr Adjustment
		Adjustment History	Audits



CPR Depreciation				
Set of Books:	PPL Purchase Accounting		Update	
Asset Id:	43494648	Eng In Service Year:	12/2010	
Asset Description:	Purc TC Coal Storage LGE			
Company:	LOUISVILLE GAS & ELECTRIC COMPANY			
Depr Group:	LGE-131707-ARD Cost Steam (Eqp)			
Accounting Month:	05/2012	Depreciation Base:	\$0.00	
Initial Life(mo):	304	Beginning Reserve:	\$0.00	
Remaining Life:	296.5	Current Depr Expense:	\$0.00	
Monthly Calc Rate:	0.3373%	Input Expense Adj:	\$0.00	
Est. Salvage Pct:	0.0000%	Calc Expense Adj:	\$0.00	
Beginning Value:	\$0.00	Reserve Adj:	\$0.00	
Net Add / Adj:	\$0.00	Reserve Trans In:	\$0.00	
Retirements:	\$0.00	Reserve Trans Out:	\$0.00	
Transfers In:	\$0.00	Other Credits / Adj:	\$0.00	
Transfers Out:	\$0.00	Cost of Removal:	\$0.00	
Current Value:	\$0.00	Salvage Proceeds:	\$0.00	
* NOTE: Ending Reserve is not calculated until Depreciation Approval has been run.		Loss (Gain):	\$0.00	
		*Ending Reserve:	\$0.00	
Mid/Period Method:	Straight Line		Mid-Period Conv.:	0.5
Depreciation Method:	<none>			
Begin Year Reserve:	\$4,137.97			
YTD Depr Exp:	(\$41.31)			
YTD Expense Adj:	\$0.00			
Prior YTD Depr Exp:	\$0.00			
Prior YTD Expense Adj:	\$0.00			
Account Distribution Details:				
		403111		
True-Up Reserve	Depr Adjustment			
Adjustment History	Audits			

GPR Depreciation			
Set of Books:	PPL Purchase Accounting		
Asset Id:	43494657	Eng In Service Year:	12/2010
Asset Description:	Purc-TC Environmental Ponds-LGE		
Company:	LOUISVILLE GAS & ELECTRIC COMPANY		
Depr Group:	LGE-131707-ARD Cost Steam (Eqp)		
Accounting Month:	05/2012	Depreciation Base:	\$0.00
Initial Life(mo):	304	Beginning Reserve:	\$0.00
Remaining Life:	296.5	Current Depr Expense:	\$0.00
Monthly Calc Rate:	0.3373%	Input Expense Adj:	\$0.00
Est. Salvage Pct:	0.0000%	Calc Expense Adj:	\$0.00
Beginning Value:	\$0.00	Reserve Adj:	\$0.00
Net Add / Adj:	\$0.00	Reserve Trans In:	\$0.00
Retirements:	\$0.00	Reserve Trans Out:	\$0.00
Transfers In:	\$0.00	Other Credits / Adj:	\$0.00
Transfers Out:	\$0.00	Cost of Removal:	\$0.00
Current Value:	\$0.00	Salvage Proceeds:	\$0.00
		Loss (Gain):	\$0.00
		*Ending Reserve:	\$0.00
* NOTE: Ending Reserve is not calculated until Depreciation Approval has been run.			
Mid-Period Method:	Straight Line		
Mid-Period Conv:	0.5		
Depreciation Method:	<none>		
Begin Year Reserve:	\$5,216.57		
YTD Depr Exp:	(\$52.08)		
YTD Expense Adj:	\$0.00		
Prior YTD Depr Exp:	\$0.00		
Prior YTD Expense Adj:	\$0.00		
Account Distribution Details:			
	403111		
True-Up Reserve:	Depr Adjustment		
Adjustment History:	Audits		

CPR Depreciation			
Set of Books: PPL Purchase Accounting		Update	
Asset Id: 48080849	Eng In Service Year: 12/2011	Cancel	
Asset Description: Purc Dist Bushings LGE-PCR		Prev Mo	
Company: LOUISVILLE GAS & ELECTRIC COMPANY		Next Mo	
Dept Group: LGE-137407-ARD-Cost Elec Dist (Eqp)			
Accounting Month: 05/2012	Depreciation Base: \$0.00	Mid Period Method: Straight Line	
Initial Life(mo): 324	Beginning Reserve: \$0.00	Mid Period Conv.: 0.5	
Remaining Life: 320.5	Current Depr Expense: \$0.00	Depreciation Method: <none>	
Monthly Calc Rate: 0.3120%	Input Expense Adj: \$0.00	Begin Year Reserve: \$0.00	
Est Salvage Pct: 0.0000%	Calc Expense Adj: \$0.00	YTD Depr Exp: (\$3.45)	
Beginning Value: \$0.00	Reserve Adj: \$0.00	YTD Expense Adj: \$0.00	
Net Add / Adj: \$0.00	Reserve Trans In: \$0.00	Prior YTD Depr Exp: \$0.00	
Retirements: \$0.00	Reserve Trans Out: \$0.00	Prior YTD Expense Adj: \$0.00	
Transfers In: \$0.00	Other Credits / Adj: \$0.00	Account Distribution Details:	
Transfers Out: \$0.00	Cost of Removal: \$0.00	403115	
Current Value: \$0.00	Salvage Proceeds: \$0.00	True Up Reserve:	Depr Adjustment
	Loss (Gain): \$0.00	Adjustment History:	Audits
	*Ending Reserve: \$0.00		

\* NOTE: Ending Reserve is not calculated until Depreciation Approval has been run.

**Clark, Ed**

---

**From:** Leichy, Doug  
**Sent:** Friday, March 30, 2012 8:52 AM  
**To:** Crescente, Angela  
**Subject:** ARO Balances  
**Attachments:** ARO as of 12312011.pdf

In preparation for the upcoming Kentucky rate case, I will need the attached for the 12 months ended March 31, 2012 by April 16, 2012.

Thanks,  
Doug

Account Balance for LG&E

Period Name DEC-2011

		Balance, \$MM	
		Company	Sum
Account	Account	0100	Sum
101107	PLANT IN SERVICE-ELECTRIC/ARO/ASSET RETIREMENT COST-EQUIPMENT	28,285,822.89	28,285,822.89
101125	PLANT IN SERVICE-ELECTRIC/ARO/ASSET RETIREMENT COST-LAND/BUILDING	533,396.11	533,396.11
101207	PLANT IN SERVICE-GAS/ARO/ASSET RETIREMENT COST-EQUIPMENT	21,040,462.23	21,040,462.23
101225	PLANT IN SERVICE-GAS/ARO/ASSET RETIREMENT COST-LAND/BUILDING	33,839.35	33,839.35
101325	PLANT IN SERVICE-COMMON/ARO/ASSET RETIREMENT COST-LAND/BUILDING	101,389.77	101,389.77
108107	ACCUM DEPR-ELECTRIC/ARO/ASSET RETIREMENT COST-EQUIPMENT	-1,405,083.15	-1,405,083.15
108125	ACCUM DEPR-ELECTRIC/ARO/ASSET RETIREMENT COST-LAND/BUILDING	-8,573.89	-8,573.89
108207	ACCUM DEPR-GAS/ARO/ASSET RETIREMENT COST-EQUIPMENT	-636,420.32	-636,420.32
108225	ACCUM DEPR-GAS/ARO/ASSET RETIREMENT COST-LAND/BUILDING	-639.29	-639.29
108325	ACCUM DEPR-COMMON/ARO/ASSET RETIREMENT COST-LAND/BUILDING	-2,403.59	-2,403.59
108799	RWIP/ARO/LEGAL	1,749,888.89	1,749,888.89
182317	OTHER REGULATORY ASSETS/ARO-GENERATION	9,382,874.91	9,382,874.91
182318	OTHER REG ASSETS/ARO-TRANSMISSION	1,804.76	1,804.76
182325	OTHER REGULATORY ASSETS/ARO-DISTRIBUTION	38,853.46	38,853.46
182326	OTHER REGULATORY ASSETS/ARO-GAS	1,233,920.15	1,233,920.15
182327	OTHER REGULATORY ASSETS/ARO-COMMON	9,106.86	9,106.86
230012	ASSET RETIREMENT OBLIGATIONS-STEAM	-35,116,397.44	-35,116,397.44
230013	ASSET RETIREMENT OBLIGATIONS-TRANSMISSION	-253,364.08	-253,364.08
230015	ASSET RETIREMENT OBLIGATIONS-DISTRIBUTION	-658,353.57	-658,353.57
230016	ASSET RETIREMENT OBLIGATIONS-GAS	-20,115,281.12	-20,115,281.12
230017	ASSET RETIREMENT OBLIGATIONS-COMMON	-108,093.04	-108,093.04
230022	ASSET RETIREMENT OBLIGATIONS-STEAM-ST	-800,980.00	-800,980.00
230026	ASSET RETIREMENT OBLIGATIONS-GAS-ST	-1,553,881.00	-1,553,881.00
254014	REGULATORY LIABILITY/ARO-GENERATION	-188,608.63	-188,608.63
254015	REGULATORY LIABILITY/ARO-TRANSMISSION	0.00	0.00
254016	REGULATORY LIABILITY/ARO-GAS	-2,149,408.34	-2,149,408.34
	Sum	-588,128.08	-588,128.08

Account Balance for KU

Period Name: DEC-2011

		Balance SUM	
		0110	Sum
Account	Account		
101107	PLANT IN SERVICE-ELECTRIC/ARO/ASSET RETIREMENT/COST-EQUIPMENT	57,517,877.87	57,517,877.87
101425	PLANT IN SERVICE-ELECTRIC/ARO/ASSET RETIREMENT/COST-LAND/BUILDING	374,327.29	374,327.29
108107	ACCUM DEPR-ELECTRIC/ARO/ASSET RETIREMENT/COST-EQUIPMENT	-3,517,277.38	-3,517,277.38
108125	ACCUM DEPR-ELECTRIC/ARO/ASSET RETIREMENT/COST-LAND/BUILDING	-6,637.64	-6,637.64
108799	RWIP/ARO/LEGAL	410,549.80	410,549.80
182317	OTHER REGULATORY ASSETS/ARO-GENERATION	7,387,106.47	7,387,106.47
182318	OTHER REG ASSETS/ARO-TRANSMISSION	8,472.85	8,472.85
182325	OTHER REGULATORY ASSETS/ARO-DISTRIBUTION	25,712.72	25,712.72
230012	ASSET RETIREMENT OBLIGATIONS-STEAM	-60,261,506.99	-60,261,506.99
230013	ASSET RETIREMENT OBLIGATIONS-TRANSMISSION	-545,748.17	-545,748.17
230015	ASSET RETIREMENT OBLIGATIONS-DISTRIBUTION	-806,034.02	-806,034.02
230022	ASSET RETIREMENT OBLIGATIONS-STEAM-ST	-176,293.00	-176,293.00
254014	REGULATORY LIABILITY/ARO-GENERATION	-3,533,597.56	-3,533,597.56
254015	REGULATORY LIABILITY/ARO-TRANSMISSION	0.00	0.00
	Sum	-3,123,047.76	-3,123,047.76

Clark, Ed

---

**From:** Erskine, Greg  
**Sent:** Wednesday, March 28, 2012 10:32 AM  
**To:** Crescente, Angela  
**Cc:** Wiseman, Sara  
**Subject:** ARO Footnote - 3/31/12

Angela:

I need to get rollforwards of LG&E's and KU's AROs for the three months ended 3/31/12 to help complete the 3/31/12 10-Q. I've attached a file that shows what I need. Can you replace the question marks with amounts in the worksheet named "Rollforward" in the file and e-mail it back to me by Wednesday, April 11, please?

Please make sure the amounts on the row labeled "Other (forced - S/B zero)" equal zero before you send the file back to me.

I've detailed the beginning and ending balances by account on the worksheet named "BalancesByAccount" in the file. The balances in the columns headed "3/31/12" on this worksheet in the attached version of the file actually represent 2/29/12 balances. I plan on updating the amounts in these columns to reflect 3/31/12 balances after we close March, and I plan on sending you copy of the updated file containing the 3/31/12 balances on or about Tuesday, April 10.

If you have any questions, please let me know.

Thanks,

Greg



Book3.xlsx

LG&amp;E AND KU

03/09/12

Asset Retirement Obligations

11:55 AM

12/31/11 through 03/31/12

() Means Debit

03/31/12 Reporting

	LKE	LG&E	KU
12/31/11 balance	118,235,493.74	56,856,461.36	61,379,032.38
Accretion expense	0.00	?????	?????
Obligations assumed in acquisition of LKE	0.00	?????	?????
Obligations assumed in acquisition of CN	0.00	?????	?????
ARO derecognized	0.00	?????	?????
New obligations incurred	0.00	?????	?????
Changes in estimated cash flow or settlement date	0.00	?????	?????
Effect of foreign currency exchange rates	0.00	?????	?????
Obligations settled	0.00	?????	?????
Other (forced - S/B zero)	980,248.76	458,960.71	521,288.05
03/31/12 balance	<u>119,215,742.50</u>	<u>57,315,422.07</u>	<u>61,900,320.43</u>



LG&E AND KU  
 Asset Retirement Obligations  
 12/31/11 and 03/31/12  
 03/31/12 Reporting

03/09/12  
 11:26 AM

Acct No	Acct Desc	Curr or Noncurr	12/31/11		03/31/12	
			LG&E 0100	KU 0110	LG&E 0100	KU 0110
108799	RWIP-ARO LEGAL	NCURR	1,749,888.89	410,549.80	1,773,569.96	410,549.80
230012	ASSET RETIREMENT OBLIGATIONS - STEAM	NCURR	(35,116,397.44)	(60,261,506.99)	(35,395,537.12)	(60,770,699.12)
230013	ASSET RETIREMENT OBLIGATIONS - TRANSMISSI	NCURR	(253,364.08)	(545,748.17)	(255,651.94)	(550,686.48)
230015	ASSET RETIREMENT OBLIGATIONS - DISTRIBUTIC	NCURR	(658,353.57)	(806,034.02)	(664,329.70)	(813,191.63)
230016	ASSET RETIREMENT OBLIGATIONS - GAS	NCURR	(20,115,281.12)	0.00	(20,309,526.10)	0.00
230017	ASSET RETIREMENT OBLIGATIONS - COMMON	NCURR	(108,093.04)	0.00	(109,086.17)	0.00
230022	ASSET RETIREMENT OBLIGATIONS - STEAM - ST	CURR	(800,980.00)	(176,293.00)	(800,980.00)	(176,293.00)
230026	ASSET RETIREMENT OBLIGATIONS - GAS - ST	CURR	(1,553,881.00)	0.00	(1,553,881.00)	0.00
Totals			<u>(56,856,461.36)</u>	<u>(61,379,032.38)</u>	<u>(57,315,422.07)</u>	<u>(61,900,320.43)</u>
<u>Summary:</u>						
Current		CURR	(2,354,861.00)	(176,293.00)	(2,354,861.00)	(176,293.00)
Noncurrent		NCURR	<u>(54,501,600.36)</u>	<u>(61,202,739.38)</u>	<u>(54,960,561.07)</u>	<u>(61,724,027.43)</u>
Totals			<u>(56,856,461.36)</u>	<u>(61,379,032.38)</u>	<u>(57,315,422.07)</u>	<u>(61,900,320.43)</u>

**Clark, Ed**

---

**From:** Crescente, Angela  
**Sent:** Tuesday, March 27, 2012 8:32 AM  
**To:** Williams, Scott  
**Subject:** RE: ARO on Plant Report question

Scott,

I'm sorry, I should have clarified, this is real cost of removal/salvage also known as parent cost of removal.

Thanks,  
Angela

---

**From:** Williams, Scott  
**Sent:** Monday, March 26, 2012 4:16 PM  
**To:** Crescente, Angela  
**Subject:** FW: ARO on Plant Report question

Angela,  
Here is an e mail you sent me last month on topic I left you a voice mail. I just need to know that this is real cost of removal/salvage and not ARO related.  
Thanks  
Scott

---

**From:** Crescente, Angela  
**Sent:** Wednesday, February 29, 2012 2:49 PM  
**To:** Williams, Scott  
**Cc:** Wiseman, Sara; Daly, Karen; Wacker, Diana  
**Subject:** ARO on Plant Report question

Scott,

For LGE, the \$929,05.35 on the transfers detail tab is made up of the following:

- Steam ARO parent cost of removal settlement of \$568,245.24, Gas ARO parent cost of removal settlement of \$258,005.34.
- The remaining \$102,802.77 is due to a reclass from ARO account 254 to the cost of removal and salvage 108 accounts for assets that were no longer deemed to be AROs.

For KU, the \$1,091,548.62 on the transfers detail tab is due to a reclass from ARO account 254 to the cost of removal and salvage 108 accounts for assets that were no longer deemed to be AROs.

Thanks,  
Angela

Clark, Ed

---

**From:** Williams, Scott  
**Sent:** Monday, March 26, 2012 4:16 PM  
**To:** Crescente, Angela  
**Subject:** FW: ARO on Plant Report question

Angela,

Here is an e mail you sent me last month on topic I left you a voice mail. I just need to know that this is real cost of removal/salvage and not ARO related.

Thanks

Scott

---

**From:** Crescente, Angela  
**Sent:** Wednesday, February 29, 2012 2:49 PM  
**To:** Williams, Scott  
**Cc:** Wiseman, Sara; Daly, Karen; Wacker, Diana  
**Subject:** ARO on Plant Report question

Scott,

For LGE, the \$929,05.35 on the transfers detail tab is made up of the following:

- Steam ARO parent cost of removal settlement of \$568,245.24, Gas ARO parent cost of removal settlement of \$258,005.34.
- The remaining \$102,802.77 is due to a reclass from ARO account 254 to the cost of removal and salvage 108 accounts for assets that were no longer deemed to be AROs.

For KU, the \$1,091,548.62 on the transfers detail tab is due to a reclass from ARO account 254 to the cost of removal and salvage 108 accounts for assets that were no longer deemed to be AROs.

Thanks,  
Angela

**Clark, Ed**

---

**From:** PowerPlantAlerts@lge-ku.com  
**Sent:** Friday, March 23, 2012 6:00 AM  
**To:** Crescente, Angela  
**Subject:** PowerPlant Alerts - LGE-KU - AIP - ARO

Project 136368 has ARO

[login to powerplant](#)

**Clark, Ed**

---

**From:** Plant Support <support@pwrplan.com>  
**Sent:** Monday, March 19, 2012 4:30 PM  
**To:** Crescente, Angela  
**Subject:** RE: ARO reclass to 182 regulatory entries [ ref:\_00D60KJDN.\_50060DvSco:ref ]

Wonderful! Thank you.

Elizabeth

----- Original Message -----

**From:** Crescente, Angela [Angela.Crescente@lge-ku.com]  
**Sent:** 3/19/2012 3:39 PM  
**To:** support@pwrplan.com  
**Subject:** RE: ARO reclass to 182 regulatory entries [ ref:\_00D60KJDN.\_50060DvSco:ref ]

Elizabeth,

Believe it or not, we finally got this to work just a couple of weeks ago, with some fancy footwork in the system. I think I'm good now.

Thanks,  
Angela

-----Original Message-----

**From:** Plant Support [mailto:support@pwrplan.com]  
**Sent:** Monday, March 19, 2012 1:58 PM  
**To:** Crescente, Angela  
**Subject:** RE: ARO reclass to 182 regulatory entries [ ref:\_00D60KJDN.\_50060DvSco:ref ]

Hi Angela,

We are going through old support cases. This one is very old. Was someone able to modify the report as requested or is this still needed?

Thanks,

Elizabeth

----- Original Message -----

**From:** Crescente, Angela [Angela.Crescente@lge-ku.com]  
**Sent:** 7/7/2011 10:27 AM  
**To:** support@pwrplan.com  
**Cc:** Sara.Wiseman@lge-ku.com; Debra.Kinder@lge-ku.com; Diana.Wacker@lge-ku.com; Jim.Ogilvie@lge-ku.com  
**Subject:** RE: ARO reclass to 182 regulatory entries

Support,

This report is still not showing what I need it to show, so I believe there is still confusion regarding what I need. I have copied Jim Ogilvie on this email because I gave him some support/screenshots on what I need done when he was here in May. He also helped me set up the reg entries in March that I needed in the hopes that they would make the report

work when I actually performed the work in PowerPlant. So, I figured I should go ahead and follow the procedure for sending this through support as this happened before the new procedure was put into place.

Thanks,  
Angela

From: PowerPlant Support [mailto:support@pwrplan.com]  
Sent: Wednesday, April 13, 2011 11:22 AM  
To: Crescente, Angela  
Subject: RE: ARO reclass to 182 regulatory entries

I create new versions of each report and sent them to Nick to be included in the next rebuild. Whenever this new rebuild is made available, let me know, and I'll help you modify the report setup in Powerplant to point to the new reports so you can test the new reports.

Sunjin Cone  
PowerPlant Support  
770-937-3000

From: Crescente, Angela [mailto:Angela.Crescente@lge-ku.com]  
Sent: Wednesday, 13 April, 2011 9:35 AM  
To: PowerPlant Support  
Subject: RE: ARO reclass to 182 regulatory entries

Sunjin,

Sure thing, you go to Assets>ARO>Reg Entry>Reports and it is report number ARO-4005.

By the way, I remembered on the way home last night that I have this same problem on report "Reg-1001" so the asset adjustment that I did is not showing up on this report by asset either. I'm sorry, I should of thought of that sooner. This report is in the same location as the one above.

Also, Nick Alexander is here today and tomorrow working on some things for us including simple formatting tweaks on my reports, but he doesn't want to send them to the build until you are finished so he doesn't cause you any trouble. So he wanted me to keep him posted of when you are completed with your changes.

Thanks,  
Angela

From: PowerPlant Support [mailto:support@pwrplan.com]  
Sent: Wednesday, April 13, 2011 9:26 AM  
To: Crescente, Angela  
Subject: RE: ARO reclass to 182 regulatory entries

Angela,  
Can you tell me where in Powerplant you go to get to this report? I've lost my notes on how to find this report again.

Sunjin Cone  
PowerPlant Support  
770-937-3000

From: Crescente, Angela [mailto:Angela.Crescente@lge-ku.com]  
Sent: Tuesday, 12 April, 2011 8:32 AM  
To: PowerPlant Support  
Subject: RE: ARO reclass to 182 regulatory entries

Sunjin,

Any word on the progress of the report? Just checking on it because I will be using it for my monthly account reconciliations.

Thanks,  
Angela

From: PowerPlant Support [mailto:support@pwrplan.com]  
Sent: Tuesday, April 05, 2011 3:09 PM  
To: Crescente, Angela  
Subject: RE: ARO reclass to 182 regulatory entries

Report change won't be a quick turn around.  
It will likely be next week before you'll get the report changed.

Sunjin Cone  
PowerPlant Support  
770-937-3000

From: Crescente, Angela [mailto:Angela.Crescente@lge-ku.com]  
Sent: Tuesday, 05 April, 2011 1:48 PM  
To: PowerPlant Support  
Subject: RE: ARO reclass to 182 regulatory entries

Sunjin,

I need to post these asset adjustments today since we have to close first thing in the morning. Are you expecting the report modification to happen today or can I go ahead and post these transactions and fix the report later? Is there anything else I can do to help?

Thanks,  
Angela

From: PowerPlant Support [mailto:support@pwrplan.com]  
Sent: Tuesday, April 05, 2011 9:35 AM  
To: PowerPlant Support; Crescente, Angela; Jim Ogilvie  
Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra  
Subject: RE: ARO reclass to 182 regulatory entries

Angela called and provided clarification. I still had journal entries on the brain. The report can be modified to include asset\_id information.

Sunjin Cone  
PowerPlant Support  
770-937-3000

From: PowerPlant Support  
Sent: Tuesday, 05 April, 2011 9:16 AM  
To: 'Crescente, Angela'; Jim Ogilvie  
Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra  
Subject: RE: ARO reclass to 182 regulatory entries

No, there is no way this report can show the asset\_id information for the entry you are asking about. You could run a query using the CPR Query tool window if you wanted to reconcile the asset adjustments dollars for the depr group.

Sunjin Cone  
PowerPlant Support  
770-937-3000

From: Crescente, Angela [mailto:Angela.Crescente@lge-ku.com]  
Sent: Tuesday, 05 April, 2011 8:33 AM  
To: PowerPlant Support; Jim Ogilvie  
Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra  
Subject: RE: ARO reclass to 182 regulatory entries

Sunjin,

I am OK with the entry including both assets. Is there some way I can modify the report to show what happened by asset?

Thanks,  
Angela

From: PowerPlant Support [mailto:support@pwrplan.com]  
Sent: Monday, April 04, 2011 5:00 PM  
To: Crescente, Angela; Jim Ogilvie  
Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra  
Subject: RE: ARO reclass to 182 regulatory entries

Angela,  
The entry for \$ 9,754,171.05 that includes the two assets is a one line transaction due to both assets being in the same depr group, and the entry information is setup to pull from the depr\_ledger table, which is a table where the dollars are by depr group, and it doesn't appear that the setup can be changed to retain asset\_id information.

Sunjin Cone  
PowerPlant Support  
770-937-3000

From: Crescente, Angela [mailto:Angela.Crescente@lge-ku.com]  
Sent: Monday, 04 April, 2011 4:11 PM  
To: PowerPlant Support; Jim Ogilvie  
Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra  
Subject: ARO reclass to 182 regulatory entries  
Importance: High



Charnas

OK, accidentally told a lie (I'm sorry, it's Monday). I kept looking and now I can see where the reg entries fired, but since there was more than one done on LGE, it combined them which makes sense. However, my report does not reflect this activity by asset. Any ideas on how to make that work? I thought it worked before, but I must be mistaken. The other asset was Purc-MC Ash Pond for \$4,696,835.38.

[Picture (Device Independent Bitmap)]

<<lge reg entry rows march test.xlsx>>

Thanks,

Angela

---

NOTE: The extension for all E.ON U.S. e-mail addresses has changed from @eon-us.com to @lge-ku.com. Please update your address book accordingly.

---

---

The information contained in this transmission is intended only for the person or entity to which it is directly addressed or copied. It may contain material of confidential and/or private nature. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon, this information by persons or entities other than the intended recipient is not allowed. If you received this message and the information contained therein by error, please contact the sender and delete the material from your/any storage medium.

---

NOTE: The extension for all E.ON U.S. e-mail addresses has changed from @eon-us.com to @lge-ku.com. Please update your address book accordingly.

---

---

The information contained in this transmission is intended only for the person or entity to which it is directly addressed or copied. It may contain material of confidential and/or private nature. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon, this information by persons or entities other than the intended recipient is not allowed. If you received this message and the information contained therein by error, please contact the sender and delete the material from your/any storage medium.

---

NOTE: The extension for all E.ON U.S. e-mail addresses has changed from @eon-us.com to @lge-ku.com. Please update your address book accordingly.

---

---

The information contained in this transmission is intended only for the person or entity to which it is directly addressed or copied. It may contain material of confidential and/or private nature. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon, this information by persons or entities other than the intended recipient is not allowed. If you received this message and the information contained therein by error, please contact the sender and delete the material from your/any storage medium.

---

NOTE: The extension for all E.ON U.S. e-mail addresses has changed from @eon-us.com to @lge-ku.com. Please update your address book accordingly.

---

---

The information contained in this transmission is intended only for the person or entity to which it is directly addressed or copied. It may contain material of confidential and/or private nature. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon, this information by persons or entities other than the intended recipient is not allowed. If you received this message and the information contained therein by error, please contact the sender and delete the material from your/any storage medium.

---

NOTE: The extension for all E.ON U.S. e-mail addresses has changed from @eon-us.com to @lge-ku.com. Please update your address book accordingly.

---

---

The information contained in this transmission is intended only for the person or entity to which it is directly addressed or copied. It may contain material of confidential and/or private nature. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon, this information by persons or entities other than the intended recipient is not allowed. If you received this message and the information contained therein by error, please contact the sender and delete the material from your/any storage medium.

NOTE: The extension for all E.ON U.S. e-mail addresses has changed from @eon-us.com to @lge-ku.com. Please update your address book accordingly.

-----  
The information contained in this transmission is intended only for the person or entity to which it is directly addressed or copied. It may contain material of confidential and/or private nature. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon, this information by persons or entities other than the intended recipient is not allowed. If you received this message and the information contained therein by error, please contact the sender and delete the material from your/any storage medium.

Thanks,

Elizabeth Cowart  
PowerPlant Support  
770.937.3000  
ref:\_00D60KJDN.\_50060DvSco:ref

Thanks,

Elizabeth Cowart

PowerPlant Support  
770.937.3000

**Clark, Ed**

---

**From:** Crescente, Angela  
**Sent:** Monday, March 19, 2012 3:39 PM  
**To:** 'Plant Support'  
**Subject:** RE: ARO reclass to 182 regulatory entries [ ref:\_00D60KJDN.\_50060DvSco:ref ]

Elizabeth,

Believe it or not, we finally got this to work just a couple of weeks ago, with some fancy footwork in the system. I think I'm good now.

Thanks,  
Angela

-----Original Message-----

**From:** Plant Support [mailto:support@pwrplan.com]  
**Sent:** Monday, March 19, 2012 1:58 PM  
**To:** Crescente, Angela  
**Subject:** RE: ARO reclass to 182 regulatory entries [ ref:\_00D60KJDN.\_50060DvSco:ref ]

Hi Angela,

We are going through old support cases. This one is very old. Was someone able to modify the report as requested or is this still needed?

Thanks,

Elizabeth

----- Original Message -----

**From:** Crescente, Angela [Angela.Crescente@lge-ku.com]  
**Sent:** 7/7/2011 10:27 AM  
**To:** support@pwrplan.com  
**Cc:** Sara.Wiseman@lge-ku.com; Debra.Kinder@lge-ku.com; Diana.Wacker@lge-ku.com; Jim.Ogilvie@lge-ku.com  
**Subject:** RE: ARO reclass to 182 regulatory entries

Support,

This report is still not showing what I need it to show, so I believe there is still confusion regarding what I need. I have copied Jim Ogilvie on this email because I gave him some support/screenshots on what I need done when he was here in May. He also helped me set up the reg entries in March that I needed in the hopes that they would make the report work when I actually performed the work in PowerPlant. So, I figured I should go ahead and follow the procedure for sending this through support as this happened before the new procedure was put into place.

Thanks,  
Angela

**From:** PowerPlant Support [mailto:support@pwrplan.com]  
**Sent:** Wednesday, April 13, 2011 11:22 AM  
**To:** Crescente, Angela  
**Subject:** RE: ARO reclass to 182 regulatory entries

I create new versions of each report and sent them to Nick to be included in the next rebuild. Whenever this new rebuild is made available, let me know, and I'll help you modify the report setup in Powerplant to point to the new reports so you can test the new reports.

Sunjin Cone  
PowerPlant Support  
770-937-3000

From: Crescente, Angela [mailto:Angela.Crescente@lge-ku.com]  
Sent: Wednesday, 13 April, 2011 9:35 AM  
To: PowerPlant Support  
Subject: RE: ARO reclass to 182 regulatory entries

Sunjin,

Sure thing, you go to Assets>ARO>Reg Entry>Reports and it is report number ARO-4005.

By the way, I remembered on the way home last night that I have this same problem on report "Reg-1001" so the asset adjustment that I did is not showing up on this report by asset either. I'm sorry, I should of thought of that sooner. This report is in the same location as the one above.

Also, Nick Alexander is here today and tomorrow working on some things for us including simple formatting tweaks on my reports, but he doesn't want to send them to the build until you are finished so he doesn't cause you any trouble. So he wanted me to keep him posted of when you are completed with your changes.

Thanks,  
Angela

From: PowerPlant Support [mailto:support@pwrplan.com]  
Sent: Wednesday, April 13, 2011 9:26 AM  
To: Crescente, Angela  
Subject: RE: ARO reclass to 182 regulatory entries

Angela,  
Can you tell me where in Powerplant you go to get to this report? I've lost my notes on how to find this report again.

Sunjin Cone  
PowerPlant Support  
770-937-3000

From: Crescente, Angela [mailto:Angela.Crescente@lge-ku.com]  
Sent: Tuesday, 12 April, 2011 8:32 AM  
To: PowerPlant Support  
Subject: RE: ARO reclass to 182 regulatory entries

Sunjin,

Any word on the progress of the report? Just checking on it because I will be using it for my monthly account reconciliations.

Thanks,  
Angela

From: PowerPlant Support [mailto:support@pwrplan.com]  
Sent: Tuesday, April 05, 2011 3:09 PM  
To: Crescente, Angela  
Subject: RE: ARO reclass to 182 regulatory entries

Report change won't be a quick turn around.  
It will likely be next week before you'll get the report changed.

Sunjin Cone  
PowerPlant Support  
770-937-3000

From: Crescente, Angela [mailto:Angela.Crescente@lge-ku.com]  
Sent: Tuesday, 05 April, 2011 1:48 PM  
To: PowerPlant Support  
Subject: RE: ARO reclass to 182 regulatory entries

Sunjin,

I need to post these asset adjustments today since we have to close first thing in the morning. Are you expecting the report modification to happen today or can I go ahead and post these transactions and fix the report later? Is there anything else I can do to help?

Thanks,  
Angela

From: PowerPlant Support [mailto:support@pwrplan.com]  
Sent: Tuesday, April 05, 2011 9:35 AM  
To: PowerPlant Support; Crescente, Angela; Jim Ogilvie  
Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra  
Subject: RE: ARO reclass to 182 regulatory entries

Angela called and provided clarification. I still had journal entries on the brain. The report can be modified to include asset\_id information.

Sunjin Cone  
PowerPlant Support  
770-937-3000

From: PowerPlant Support  
Sent: Tuesday, 05 April, 2011 9:16 AM  
To: 'Crescente, Angela'; Jim Ogilvie  
Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra  
Subject: RE: ARO reclass to 182 regulatory entries

No, there is no way this report can show the asset\_id information for the entry you are asking about. You could run a query using the CPR Query tool window if you wanted to reconcile the asset adjustments dollars for the depr group.

Sunjin Cone  
PowerPlant Support  
770-937-3000

From: Crescente, Angela [mailto:Angela.Crescente@lge-ku.com]  
Sent: Tuesday, 05 April, 2011 8:33 AM  
To: PowerPlant Support; Jim Ogilvie  
Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra  
Subject: RE: ARO reclass to 182 regulatory entries

Sunjin,

I am OK with the entry including both assets. Is there some way I can modify the report to show what happened by asset?

Thanks,  
Angela

From: PowerPlant Support [mailto:support@pwrplan.com]  
Sent: Monday, April 04, 2011 5:00 PM  
To: Crescente, Angela; Jim Ogilvie  
Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra  
Subject: RE: ARO reclass to 182 regulatory entries

Angela,

The entry for \$ 9,754,171.05 that includes the two assets is a one line transaction due to both assets being in the same depr group, and the entry information is setup to pull from the depr\_ledger table, which is a table where the dollars are by depr group, and it doesn't appear that the setup can be changed to retain asset\_id information.

Sunjin Cone  
PowerPlant Support  
770-937-3000

From: Crescente, Angela [mailto:Angela.Crescente@lge-ku.com]  
Sent: Monday, 04 April, 2011 4:11 PM  
To: PowerPlant Support; Jim Ogilvie  
Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra  
Subject: ARO reclass to 182 regulatory entries  
Importance: High

OK, accidentally told a lie (I'm sorry, it's Monday). I kept looking and now I can see where the reg entries fired, but since there was more than one done on LGE, it combined them which makes sense. However, my report does not reflect this activity by asset. Any ideas on how to make that work? I thought it worked before, but I must be mistaken. The other asset was Purc-MC Ash Pond for \$4,696,835.38.

[Picture (Device Independent Bitmap)]

<<lge reg entry rows march test.xlsx>>

Thanks,

Angela

---

NOTE: The extension for all E.ON U.S. e-mail addresses has changed from @eon-us.com to @lge-ku.com. Please update your address book accordingly.

---

---

The information contained in this transmission is intended only for the person or entity to which it is directly addressed or copied. It may contain material of confidential and/or private nature. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon, this information by persons or entities other than the intended recipient is not allowed. If you received this message and the information contained therein by error, please contact the sender and delete the material from your/any storage medium.

---

NOTE: The extension for all E.ON U.S. e-mail addresses has changed from @eon-us.com to @lge-ku.com. Please update your address book accordingly.

---

---

The information contained in this transmission is intended only for the person or entity to which it is directly addressed or copied. It may contain material of confidential and/or private nature. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon, this information by persons or entities other than the intended recipient is not allowed. If you received this message and the information contained therein by error, please contact the sender and delete the material from your/any storage medium.

---

NOTE: The extension for all E.ON U.S. e-mail addresses has changed from @eon-us.com to @lge-ku.com. Please update your address book accordingly.

---

---

The information contained in this transmission is intended only for the person or entity to which it is directly addressed or copied. It may contain material of confidential and/or private nature. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon, this information by persons or entities other than the intended recipient is not allowed. If you received this message and the information contained therein by error, please contact the sender and delete the material from your/any storage medium.

---

NOTE: The extension for all E.ON U.S. e-mail addresses has changed from @eon-us.com to @lge-ku.com. Please update your address book accordingly.

---

---

The information contained in this transmission is intended only for the person or entity to which it is directly addressed or copied. It may contain material of confidential and/or private nature. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon, this information by persons or entities other than the intended



Charnas

recipient is not allowed. If you received this message and the information contained therein by error, please contact the sender and delete the material from your/any storage medium.

---

NOTE: The extension for all E.ON U.S. e-mail addresses has changed from @eon-us.com to @lge-ku.com. Please update your address book accordingly.

---

---

The information contained in this transmission is intended only for the person or entity to which it is directly addressed or copied. It may contain material of confidential and/or private nature. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon, this information by persons or entities other than the intended recipient is not allowed. If you received this message and the information contained therein by error, please contact the sender and delete the material from your/any storage medium.

NOTE: The extension for all E.ON U.S. e-mail addresses has changed from @eon-us.com to @lge-ku.com. Please update your address book accordingly.

-----  
The information contained in this transmission is intended only for the person or entity to which it is directly addressed or copied. It may contain material of confidential and/or private nature. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon, this information by persons or entities other than the intended recipient is not allowed. If you received this message and the information contained therein by error, please contact the sender and delete the material from your/any storage medium.

Thanks,

Elizabeth Cowart  
PowerPlant Support  
770.937.3000  
ref:\_00D60KJDN.\_50060DvSco:ref

**Clark, Ed**

---

**From:** Plant Support <support@pwrplan.com>  
**Sent:** Monday, March 19, 2012 1:58 PM  
**To:** Crescente, Angela  
**Subject:** RE: ARO reclass to 182 regulatory entries [ ref:\_00D60KJDN.\_50060DvSco:ref ]

Hi Angela,

We are going through old support cases. This one is very old. Was someone able to modify the report as requested or is this still needed?

Thanks,

Elizabeth

----- Original Message -----

**From:** Crescente, Angela [Angela.Crescente@lge-ku.com]  
**Sent:** 7/7/2011 10:27 AM  
**To:** support@pwrplan.com  
**Cc:** Sara.Wiseman@lge-ku.com; Debra.Kinder@lge-ku.com; Diana.Wacker@lge-ku.com; Jim.Ogilvie@lge-ku.com  
**Subject:** RE: ARO reclass to 182 regulatory entries

Support,

This report is still not showing what I need it to show, so I believe there is still confusion regarding what I need. I have copied Jim Ogilvie on this email because I gave him some support/screenshots on what I need done when he was here in May. He also helped me set up the reg entries in March that I needed in the hopes that they would make the report work when I actually performed the work in PowerPlant. So, I figured I should go ahead and follow the procedure for sending this through support as this happened before the new procedure was put into place.

Thanks,  
Angela

**From:** PowerPlant Support [mailto:support@pwrplan.com]  
**Sent:** Wednesday, April 13, 2011 11:22 AM  
**To:** Crescente, Angela  
**Subject:** RE: ARO reclass to 182 regulatory entries

I create new versions of each report and sent them to Nick to be included in the next rebuild. Whenever this new rebuild is made available, let me know, and I'll help you modify the report setup in Powerplant to point to the new reports so you can test the new reports.

Sunjin Cone  
PowerPlant Support  
770-937-3000

**From:** Crescente, Angela [mailto:Angela.Crescente@lge-ku.com]  
**Sent:** Wednesday, 13 April, 2011 9:35 AM  
**To:** PowerPlant Support  
**Subject:** RE: ARO reclass to 182 regulatory entries

Sunjin,

Sure thing, you go to Assets>ARO>Reg Entry>Reports and it is report number ARO-4005.

By the way, I remembered on the way home last night that I have this same problem on report "Reg-1001" so the asset adjustment that I did is not showing up on this report by asset either. I'm sorry, I should of thought of that sooner. This report is in the same location as the one above.

Also, Nick Alexander is here today and tomorrow working on some things for us including simple formatting tweaks on my reports, but he doesn't want to send them to the build until you are finished so he doesn't cause you any trouble. So he wanted me to keep him posted of when you are completed with your changes.

Thanks,  
Angela

From: PowerPlant Support [mailto:support@pwrplan.com]  
Sent: Wednesday, April 13, 2011 9:26 AM  
To: Crescente, Angela  
Subject: RE: ARO reclass to 182 regulatory entries

Angela,  
Can you tell me where in Powerplant you go to get to this report? I've lost my notes on how to find this report again.

Sunjin Cone  
PowerPlant Support  
770-937-3000

From: Crescente, Angela [mailto:Angela.Crescente@lge-ku.com]  
Sent: Tuesday, 12 April, 2011 8:32 AM  
To: PowerPlant Support  
Subject: RE: ARO reclass to 182 regulatory entries

Sunjin,

Any word on the progress of the report? Just checking on it because I will be using it for my monthly account reconciliations.

Thanks,  
Angela

From: PowerPlant Support [mailto:support@pwrplan.com]  
Sent: Tuesday, April 05, 2011 3:09 PM  
To: Crescente, Angela  
Subject: RE: ARO reclass to 182 regulatory entries

Report change won't be a quick turn around.  
It will likely be next week before you'll get the report changed.

Sunjin Cone  
PowerPlant Support  
770-937-3000

From: Crescente, Angela [mailto:Angela.Crescente@lge-ku.com]  
Sent: Tuesday, 05 April, 2011 1:48 PM  
To: PowerPlant Support  
Subject: RE: ARO reclass to 182 regulatory entries

Sunjin,

I need to post these asset adjustments today since we have to close first thing in the morning. Are you expecting the report modification to happen today or can I go ahead and post these transactions and fix the report later? Is there anything else I can do to help?

Thanks,  
Angela

From: PowerPlant Support [mailto:support@pwrplan.com]  
Sent: Tuesday, April 05, 2011 9:35 AM  
To: PowerPlant Support; Crescente, Angela; Jim Ogilvie  
Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra  
Subject: RE: ARO reclass to 182 regulatory entries

Angela called and provided clarification. I still had journal entries on the brain. The report can be modified to include asset\_id information.

Sunjin Cone  
PowerPlant Support  
770-937-3000

From: PowerPlant Support  
Sent: Tuesday, 05 April, 2011 9:16 AM  
To: 'Crescente, Angela'; Jim Ogilvie  
Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra  
Subject: RE: ARO reclass to 182 regulatory entries

No, there is no way this report can show the asset\_id information for the entry you are asking about. You could run a query using the CPR Query tool window if you wanted to reconcile the asset adjustments dollars for the depr group.

Sunjin Cone  
PowerPlant Support  
770-937-3000

From: Crescente, Angela [mailto:Angela.Crescente@lge-ku.com]  
Sent: Tuesday, 05 April, 2011 8:33 AM  
To: PowerPlant Support; Jim Ogilvie  
Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra  
Subject: RE: ARO reclass to 182 regulatory entries

Sunjin,

Charnas

I am OK with the entry including both assets. Is there some way I can modify the report to show what happened by asset?

Thanks,  
Angela

From: PowerPlant Support [mailto:support@pwrplan.com]  
Sent: Monday, April 04, 2011 5:00 PM  
To: Crescente, Angela; Jim Ogilvie  
Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra  
Subject: RE: ARO reclass to 182 regulatory entries

Angela,

The entry for \$ 9,754,171.05 that includes the two assets is a one line transaction due to both assets being in the same depr group, and the entry information is setup to pull from the depr\_ledger table, which is a table where the dollars are by depr group, and it doesn't appear that the setup can be changed to retain asset\_id information.

Sunjin Cone  
PowerPlant Support  
770-937-3000

From: Crescente, Angela [mailto:Angela.Crescente@lge-ku.com]  
Sent: Monday, 04 April, 2011 4:11 PM  
To: PowerPlant Support; Jim Ogilvie  
Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra  
Subject: ARO reclass to 182 regulatory entries  
Importance: High

OK, accidentally told a lie (I'm sorry, it's Monday). I kept looking and now I can see where the reg entries fired, but since there was more than one done on LGE, it combined them which makes sense. However, my report does not reflect this activity by asset. Any ideas on how to make that work? I thought it worked before, but I must be mistaken. The other asset was Purc-MC Ash Pond for \$4,696,835.38.

[Picture (Device Independent Bitmap)]

<<lge reg entry rows march test.xlsx>>

Thanks,

Angela

---

NOTE: The extension for all E.ON U.S. e-mail addresses has changed from @eon-us.com to @lge-ku.com. Please update your address book accordingly.

---

---

The information contained in this transmission is intended only for the person or entity to which it is directly addressed or copied. It may contain material of confidential and/or private nature. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon, this information by persons or entities other than the intended

recipient is not allowed. If you received this message and the information contained therein by error, please contact the sender and delete the material from your/any storage medium.

---

NOTE: The extension for all E.ON U.S. e-mail addresses has changed from @eon-us.com to @lge-ku.com. Please update your address book accordingly.

---

---

The information contained in this transmission is intended only for the person or entity to which it is directly addressed or copied. It may contain material of confidential and/or private nature. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon, this information by persons or entities other than the intended recipient is not allowed. If you received this message and the information contained therein by error, please contact the sender and delete the material from your/any storage medium.

---

NOTE: The extension for all E.ON U.S. e-mail addresses has changed from @eon-us.com to @lge-ku.com. Please update your address book accordingly.

---

---

The information contained in this transmission is intended only for the person or entity to which it is directly addressed or copied. It may contain material of confidential and/or private nature. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon, this information by persons or entities other than the intended recipient is not allowed. If you received this message and the information contained therein by error, please contact the sender and delete the material from your/any storage medium.

---

NOTE: The extension for all E.ON U.S. e-mail addresses has changed from @eon-us.com to @lge-ku.com. Please update your address book accordingly.

---

---

The information contained in this transmission is intended only for the person or entity to which it is directly addressed or copied. It may contain material of confidential and/or private nature. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon, this information by persons or entities other than the intended recipient is not allowed. If you received this message and the information contained therein by error, please contact the sender and delete the material from your/any storage medium.

---

NOTE: The extension for all E.ON U.S. e-mail addresses has changed from @eon-us.com to @lge-ku.com. Please update your address book accordingly.

---

---

The information contained in this transmission is intended only for the person or entity to which it is directly addressed or copied. It may contain material of confidential and/or private nature. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon, this information by persons or entities other than the intended

Charnas

recipient is not allowed. If you received this message and the information contained therein by error, please contact the sender and delete the material from your/any storage medium.

NOTE: The extension for all E.ON U.S. e-mail addresses has changed from @eon-us.com to @lge-ku.com. Please update your address book accordingly.

-----  
The information contained in this transmission is intended only for the person or entity to which it is directly addressed or copied. It may contain material of confidential and/or private nature. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon, this information by persons or entities other than the intended recipient is not allowed. If you received this message and the information contained therein by error, please contact the sender and delete the material from your/any storage medium.

Thanks,

Elizabeth Cowart  
PowerPlant Support  
770.937.3000  
ref:\_00D60KJDN,\_50060DvSco:ref

**Clark, Ed**

---

**From:** Wiseman, Sara  
**Sent:** Wednesday, March 14, 2012 2:17 PM  
**To:** Crescente, Angela  
**Subject:** FW: ARO Quarterly Questionnaire.docx

---

**From:** Garrett, Chris  
**Sent:** Tuesday, March 13, 2012 9:00 PM  
**To:** Wiseman, Sara  
**Subject:** ARO Quarterly Questionnaire.docx



ARO Quarterly  
Questionnaire.d...



**ARO Quarterly Questionnaire**

Please answer the following questions for the period since the date of your last completed questionnaire.

1. To the best of your knowledge, are you aware of any changes that would impact the valuation of the asset retirement obligations (“AROs”) that have been identified? Such changes may include changes in laws, statutes, regulations, precedents set by the Company, contracts, permits, certificates of need, right of way agreements, market costs or available resources for remediation, or planned retirements. (Please list)

**Answer: No**

2. To the best of your knowledge, are you aware of any acquired assets, land, or leases that will create an ARO? (Please list, include location)

**Answer: No**

3. To the best of your knowledge, are you aware of any new construction that will create an ARO? (Please list, include location)

**Answer: No**

4. In certain very limited circumstances the Company could be determined to be obligated to retire an asset or a group of assets based upon a commitment made to a third party. Are you aware of any communications either written or verbal between representatives of LKE and third parties with respect to retirement of an asset or a group of assets owned by LKE at the end of operations or a specific point in time? If so, please list the identities of the LKE representatives and assets involved, as well as the third party or parties who were involved and the context in which the discussions took place.

**Answer: No**

**Completed by: Chris Garrett** \_\_\_\_\_

**For the quarter ended: 1Q2012** \_\_\_\_\_

Clark, Ed

---

**From:** Trimble, Robert  
**Sent:** Monday, March 05, 2012 11:05 AM  
**To:** Miller, Jon; Crescente, Angela; Wiseman, Sara  
**Subject:** ARO Quarterly Questionnaire.docx



ARO Quarterly  
Questionnaire.d...

**ARO Quarterly Questionnaire**

Please answer the following questions for the period since the date of your last completed questionnaire.

1. To the best of your knowledge, are you aware of any changes that would impact the valuation of the asset retirement obligations (“AROs”) that have been identified? Such changes may include changes in laws, statutes, regulations, precedents set by the Company, contracts, permits, certificates of need, right of way agreements, market costs or available resources for remediation, or planned retirements. (Please list)

**Answer: No**

2. To the best of your knowledge, are you aware of any acquired assets, land, or leases that will create an ARO? (Please list, include location)

**Answer: No**

3. To the best of your knowledge, are you aware of any new construction that will create an ARO? (Please list, include location)

**Answer: No**

4. In certain very limited circumstances the Company could be determined to be obligated to retire an asset or a group of assets based upon a commitment made to a third party. Are you aware of any communications either written or verbal between representatives of LKE and third parties with respect to retirement of an asset or a group of assets owned by LKE at the end of operations or a specific point in time? If so, please list the identities of the LKE representatives and assets involved, as well as the third party or parties who were involved and the context in which the discussions took place.

**Answer: No**

**Completed by: Robby Trimble**

---

**For the quarter ended: March 31, 2012**

**Clark, Ed**

---

**From:** Josh Hirschel <jhirschel@pwrplan.com>  
**Sent:** Wednesday, March 14, 2012 10:11 AM  
**To:** Crescente, Angela  
**Subject:** ARO v10.3  
**Attachments:** ARO Rate Types from Doc.doc

Angela – Please see attached for the piece of the ARO v10.3 doc related to the rate type information.

**Josh Hirschel**  
*Director, Professional Services*

O: +1 770.937.3027  
M: +1 404.550.3690  
[jhirschel@pwrplan.com](mailto:jhirschel@pwrplan.com)

This e-mail message is for the sole use of the intended recipient(s). It may contain confidential information, legally privileged information or other information subject to legal restrictions. If you are not the intended recipient, you may not read it, copy it, use it, or disclose it. Please notify the sender by replying to this message, and then delete or destroy all copies of this message in all media. Also, this email message is not an offer or acceptance, and it is not intended to be all or part of an agreement. Thank you.

### 1.1.1 ARO Rate Types

PowerPlant offers the option to choose between four different rate types for the Site or Component Non-Transition/Forecast AROs. These Rate Types use slightly different methodologies in order to determine the discount rates and the initial expected balance for new layers.

- 1) **Standard** – (Generally recommended PowerPlant processing for U.S. GAAP). This methodology will derive the net change between the new layer and all prior layers month by month to determine if each monthly estimate is upward or downward.
  - i. If *detailed rates* is not selected, this upward/downward differentiation is calculated on a Month Yr basis. A downward estimate will use the prior layer(s) rate (FIFO) to discount the net change back to the GL Posting Mo Yr. Upward estimates will use the inputted rate on the layer to discount the future cash flows. The total discounted net change will be the initial expected balance for the layer. This method can potentially have different layers accruing at different discount rates since the liability can be spread over multiple layers.
  - ii. If *detailed rates* is selected, this upward/downward differentiation is calculated on a Month Yr Date basis. Upward estimates will use the inputted detailed rate (by Estimated Settlement Date) to discount the future cash flows increments. The total discounted net change will be the initial expected balance for the layer. There are two options for calculating the discount rates for downward estimates: FIFO and Weighted Average.
    - a. FIFO – Same as in i.
    - b. Weighted Average Method – Calculates a discount rate for the downward estimate which is a weighted average of the discount rates of the previous layers, with the same estimated settlement date.

Note: The option to use detail rates and the Fifo vs average method is selected on the ARO Details window when initially setting up the ARO.

**ARO Estimate Screen - Detailed Rates Test**

AIIO Description: Detailed Rates Test

Layer #: 2 Initial Expected Bal: \$8,549.83 DIR Disc. Rate: 0.00% Discount Rate Group: [None] Adj Prob: [None]  
 Comments: Layer #2 Layer Asset Value: \$8,549.83 DIR Ann. Rate: 0.00%  
 Revision Layer: [Revision of P w] Layer Status: Setup Risk Free Rate: 0.00% Copy Cash Flows from Last Layer: [None]  
 End of Dept. Life: 00/0000 GL Posting Mo Yr: 10/2003 Approval Date: [None]  
 Current Liability: \$10,422.01 New Liability: \$18,971.84  
 Click on Cell to Edit the Cash Flow Item

Month Yr	Gross Weighted Est. Layer 1	Prior Layer(s) Settlement Adjust.	Stream 1 Gross	Stream 2 Gross	Stream 3 Gross	Gross Weighted Est. Layer 2	Net Change	Annual Discount Rate
Stream Prob.:			100.00%	0.00%	0.00%			
01/2030	9,400.00	0.00	25,000.00	0.00	0.00	25,000.00	15,600.00	5.25%
01/2031	2,262.00	0.00	3,000.00	0.00	0.00	3,000.00	738.00	5.60%
01/2032	13,440.00	0.00	22,000.00	0.00	0.00	22,000.00	8,560.00	2.20%
01/2033	12,251.00	0.00	11,400.00	0.00	0.00	11,400.00	(851.00)	2.33%
01/2034	13,480.00	0.00	12,500.00	0.00	0.00	12,500.00	(930.00)	5.30%
00/0000	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
<b>Total:</b>	<b>50,833.00</b>	<b>0.00</b>	<b>73,900.00</b>	<b>0.00</b>	<b>0.00</b>	<b>73,900.00</b>	<b>23,067.00</b>	

Update Layer | Calc Layer Bal | Approve Layer | Back to Print | Cancel

ARO Estimate Window for Standard Rate Type with Detailed Rates

Annual Discount Rate column is visible. This is the discount rate for the estimated settlement date (Month Yr.)

The Discount Rate Group Listbox displays all uploaded discount rate groups. These are sets of Detailed Discount Rates by Estimated Settlement Date which are loaded into PowerPlant through the Pre-Processor. When a Discount Rate Group is selected, the Annual Discount Rate will be populated with the discount rates from that group.

- 2) **(Simple) Weighted Average** – The fundamental concept of this approach is that all the liability is held on a single layer, thus, accreting at a single discount rate. This discount rate is determined by the following logic:
  - i. If the sum of all the cash flow items (independent of Month Yr) is equal to or less than the previous layer, the new layer is considered to be “downward,” and the prior layer’s Current Layer Weighted Average Rate that was derived is used as the discount rate.
  - ii. If the sum of the cash flow items is greater than the previous layer, the layer is considered to be an “upward estimate”. For upward layers, PowerPlant will determine the discount rate by weighting the sum of the remaining cash flows/discount rate for prior layers, plus the difference between remaining cash flows weighted by the new rate. The “Rate Report” button will show the calculations used by PowerPlant to derive the Weighted Average Rate by layer.

ARO Weighted Average Rate Calculation								
ARO: ARO								
Layer Id: 1	Prior Layer Cash Flow: \$0.00		Prior Layer Discount Rate: 0.000%					
	Current Layer Cash Flow: \$7,031,421.00		Current Layer Discount Rate: 7.000%					
Upward Estimate Note: Upward Estimate will use Weighted Average Discount Rate.								
Weighted Average Rate Equation:								
Prior Layer Cash Flow	*	Prior Layer Discount Rate	+	Current - Prior Layer Cash Flow	*	Current Layer Discount Rate	=	Weighted Average Discount Rate
Current Layer Cash Flow				Current Layer Cash Flow				
		\$0.00	*	0.000%	+	\$7,031,421.00	*	7.000%
		\$7,031,421.00				\$7,031,421.00		= 7.000%
Layer Id: 2	Prior Layer Cash Flow: \$7,031,421.00		Prior Layer Discount Rate: 7.000%					
	Current Layer Cash Flow: \$10,000,000.00		Current Layer Discount Rate: 8.000%					
Upward Estimate Note: Upward Estimate will use Weighted Average Discount Rate.								
Weighted Average Rate Equation:								
Prior Layer Cash Flow	*	Prior Layer Discount Rate	+	Current - Prior Layer Cash Flow	*	Current Layer Discount Rate	=	Weighted Average Discount Rate
Current Layer Cash Flow				Current Layer Cash Flow				
		\$7,031,421.00	*	7.000%	+	\$2,968,579.00	*	8.000%
		\$10,000,000.00				\$10,000,000.00		= 7.297%

ARO Estimate Window – Weighted Average Rate Type Rate Report

- iii. This Weighted Average Rate will be used to determine the present value of the future cash flows, and ultimately the new liability of the entire ARO.
- iv. The initial expected balance will be calculated based on the difference between the Current Liability and the New Liability.
- v. This methodology also allows for the user to input discount rates by Month Yr. PowerPlant will calculate the weighted average rate (internal to the new layer) by simply weighting the cash flow amounts and discount rates by time period.

ARO Estimate Screen - ARO

ARO Description: ARO

Layer #: 1 Initial Expected Bal: \$392,044.40 Cumulative Weighted Avg Discount Rate: 6.78%  
 Comments: Layer #1 Layer Asset Value: \$392,044.48 Annual Eff. Rate: 7.00%  
 Revision Layer: New Incurred GL Posting Mo Yr: 04/2008 Risk Free Rate: 0.00%  
 End of Depr. Life: 00/0000 Current Layer Weighted Rate: 7.00%  
 Current Liability: \$0.00 New Liability: \$392,044.48 Rate Type: Weighted Avg

Click on Cell to Edit the Cash Flow Item

Month Yr	Starting Estimate	Stream 1 Gross	Stream 2 Gross	Stream 3 Gross	Net Change	Ann. Rate
	Stream Prob.:	70.00%	30.00%	0.00%		
12/2050	0.00	10,002,030.00	100,000.00	0.00	7,031,421.00	7,031,421.00
00/0000	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total:</b>	<b>0.00</b>	<b>10,002,030.00</b>	<b>100,000.00</b>	<b>0.00</b>	<b>7,031,421.00</b>	<b>7,031,421.00</b>

Update Layer Calc Layer Bal Approve Layer Book to Pend Cancel

ARO Estimate Window – Simple Weighted Average Rate Type

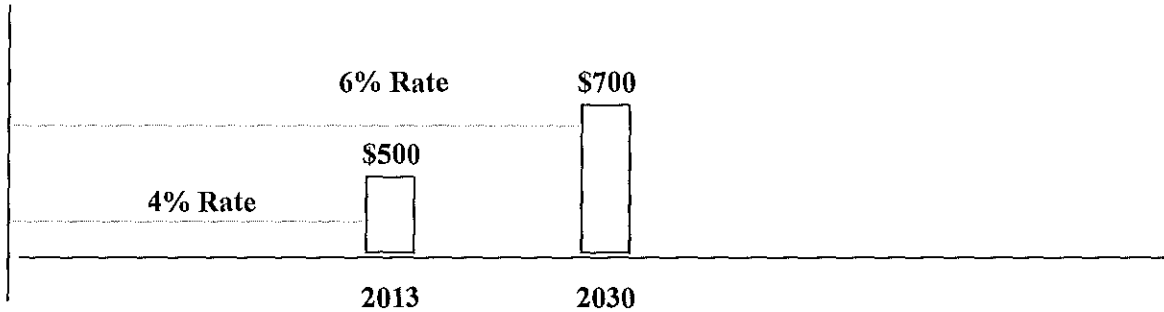
- 3) **Time Average** – The Time Average rate is similar to the Average rate method except that it takes into account the discount rates in determining the average. In the simple or starting case illustrated in Exhibit 1 below, it is easily seen that the advantage of this method is that there is no change in the liability versus a more discrete method when there is just a small time shift in the cash flow estimates.

Note: If there are multiple prior layers with remaining cash flows with various discount rates (note, only possible if converting from Standard rate type to Time average), then the calculation will first find the time average for all prior layers and will use that single discount rate as the weighting for the prior layers in the current calculation. Additionally, if the user inputs various discount rates by time period on the current layer the system will find the time average of those new estimates at their respective time periods. The end result is that there will be a single discount rate for the prior layer(s) and a single discount rate for the new layer to be used in the final time average calculation.



**Exhibit 1 - Time Weighted Average**

Starting up with different cash flows at different rates.



Time-Weighted Rate would be the single rate between 4% and 6% that will yield the same liability as discounting the \$500 at 4% and \$700 at 6%.

**Exhibit 2 – String of cash flows:**

<b>Layer 1</b>	5.00%	Initial Discount Rate
Dec-20	\$1000	
Dec-25	\$2000	
Dec-30	\$3000	
	\$6000	
<b>Layer 2</b>	8.00%	New Discount Rate
Dec-25	\$1200	
Dec-30	\$1800	
Dec-35	\$3500	
	\$6500	

Layer 2 is an Increase of Total Cash flows by \$500

End Result is that 6000 will be weighted at 5% and 500 at 8%, but how do we know to which dates to apply these dollars?

**2 Step Process:**

1) If Estimated Cash Flow Date is on Layer 2 and Layer 1 then apply the minimum of layer 1's RCF (Remaining Cash Flow) and layer 2's RCF at old rate.

Dec-25	\$1200	5%
Dec-30	\$1800	5%
	\$3000	

2) Take total estimate on Layer 2 and start applying them to farthest out time period at new layer's rate. When new layer's total cash flow is satisfied, move to the prior layer's rate and satisfy prior layer's remaining cash flows.

Layer 2 Incremental Cash Flow = \$500

Dec-35	\$500	8%
--------	-------	----

Layer 1 Total Cash Flow = \$6000

Layer 1 Current Satisfied Cash Flow = \$3000

Layer 1 Remaining Cash Flow = \$3000

Dec-35	\$3000	5%
--------	--------	----

Summary of Cash Flows by Rate/Date

Dec-25	\$1200	5%
Dec-30	\$1800	5%
Dec-35	\$3000	5%
Dec-35	\$500	8%

If the change in the total nominal cash flow dollars is up, then the incremental cost in period T is blended in at the new rate. The incremental amount can be determined in total, but it is not well defined when looked at over multiple time periods. Therefore PowerPlant adopted the convention that operates in two steps. First those estimates that remain fixed from the former estimates to the revised estimate are kept at the old rate. The remaining amount of the new estimate is allocated outmost years forward with the new rate applied first. This is illustrated in Exhibit 2 above. (Note that the new discount rates can vary by time interval). In the above example we simply used an 8%

rate, but we could have used a different rate, for example, for the first 10 years, the next 10 years, and then the outer years.) Note that you will get a different liability depending on the method of assigning incremental amounts to time. Thus both the  $C_T$  and  $IC_T$  need to be calculated. Once the positive incremental cash flows ( $IC_T$ ) are known (i.e. assigned), the equation is:

$$\sum^T \frac{C_T}{\left(1 + \frac{DR_A}{12}\right)^T} + \sum^T \frac{IC_T}{\left(1 + \frac{NDR_T}{12}\right)^T} = \sum^T \frac{(C_T + IC_T)}{\left(1 + \frac{DR_{A'}}{12}\right)^T}$$

Where we're solving for  $DR_{A'}$ , the new weighted average discount rate, and  $NDR_T$  is the new discount rate for the current incremental "layer," at time interval  $T$ . This equation calculates a new average rate which provides the same liability as if the individual rates were used (e.g. the 5% and 8% in the example; or more than two rates if the rates vary by time horizon) to do the discounting. Accretion is processed at this (time weighted) average rate, which over time can give a difference in accretion with the standard rate. The system provides a report showing the computation:

ARO Time Average Rate Calculation

ARO: ARO Demo

Layer Id: 2      Prior Layer Cash Flow: \$6,000.00      Prior Layer Discount Rate: 5.000%  
Current Layer Cash Flow: \$6,500.00      Current Layer Discount Rate: 8.000%

Note: Upward Estimate will use Time Average Discount Rate.

Time Average Discount Rate is the Average Rate that results in the discounted cash flows based on a layered rate:

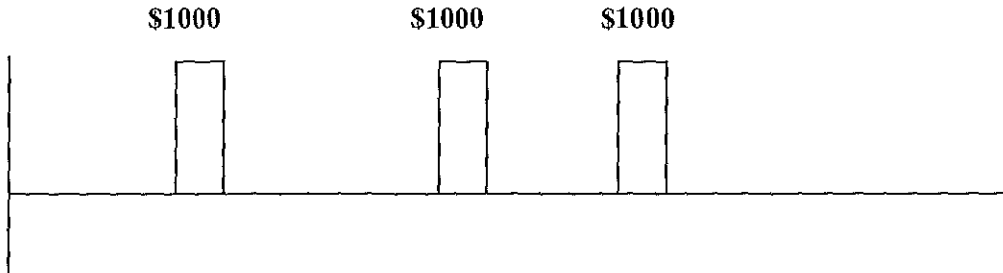
Estimate Date	Estimated Cash Flows	Layered Rate	Periods	Discounted Cash Flow w/ Layered Rate	Solved Time Average Rate	Discounted Cash Flow w/ Average Rate
12/2025	\$1,200.00	5.00000%	264	\$410.22	5.14669%	\$397.81
12/2030	\$1,800.00	5.00000%	324	\$482.13	5.14669%	\$464.29
12/2035	\$3,000.00	5.00000%	384	\$629.60	5.14669%	\$602.09
12/2035	\$500.00	8.00000%	384	\$42.60	5.14669%	\$100.35
	\$6,500.00			\$1,564.55	≡	\$1,564.54

Note the following:

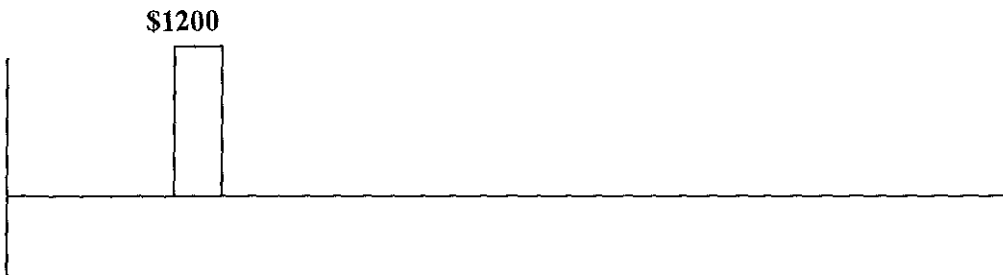
1. In this approach, movement of cash flow dollars in time is at the old discount rate. Only the increment up is at the new. (This is different from the 'Standard' method, which looks at each month separately in terms of increments of cash flow.)
2. Partial settlements and cash flows are always trued up with the liability. If a partial settlement occurs the liability is credited, and it is treated in effect as an estimated cash flow in the current period, without changing any of the underlying cash flows. The next time cash flows are re-estimated this settlement cash flow (actually all settlements since the last re-estimate) are taken into account as a cash flow. This varies slightly with the settlement adjustment in the standard process illustrated below.

Standard Method True Up Process

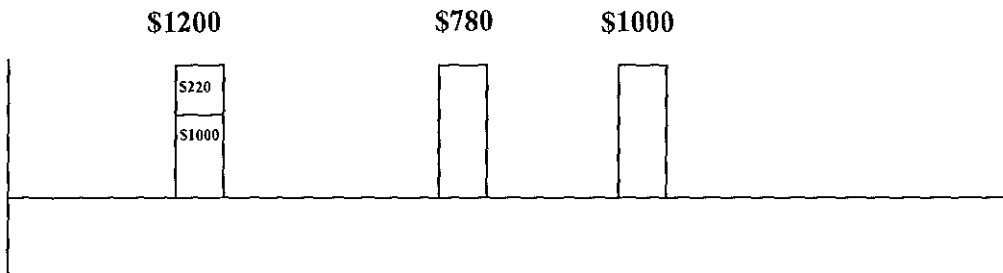
Old Estimate



Partial Settlement

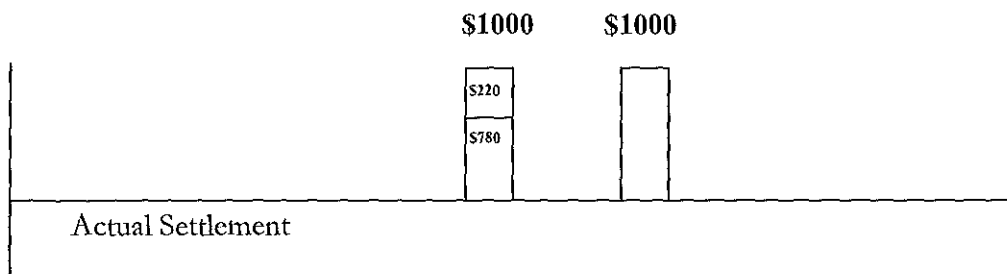


Processing



To settle, the system to pull forward \$200 in present value (\$220 in future value).

New



\$220 is added with the new discount rate deriving the new time weighted average rate.

**New Rate** – This rate type is similar to the Weighted Average Rate Type in the fact that all the liability is maintained on a single layer. However, instead of calculating a Weighted Average Rate, PowerPlant will always use the inputted new rate. Upward and Downward estimates have no impact on the rate used to discount the future cash flows using this “New Rate” methodology. This is the ‘fresh start’ approach used for IFRS.

ARO Estimate Screen - ARO

ARO Description: ARO

Layer #: 1 Initial Expected Bal: \$0.00 Discount Rate: 0%  
 Comments: Layer #1 Layer Asset Value: \$0.00 Annual Eff. Rate: 0.00%  
 Revision Layer: New Incurred Layer Status: Setup Risk Free Rate: 0.00%  
 End of Depr. Life: 00/0000 GL Posting Mo Yr: 04/2008 Approval Date:   
 Current Liability: \$0.00 New Liability: \$0.00 Rate Type: New Rate

Click on Cell to Edit the Cash Flow Item

Month Yr	Starting Estimate	Stream 1 Gross	Stream 2 Gross	Stream 3 Gross	Gross Weighted Est. Layer 1	Net Change
	Stream Prob.:	70.00%	30.00%	0.00%		
12/2050	0.00	10,002,030.00	0.00	0.00	7,001,421.00	7,001,421.00
00/0000	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total:</b>	<b>0.00</b>	<b>10,002,030.00</b>	<b>0.00</b>	<b>0.00</b>	<b>7,001,421.00</b>	<b>7,001,421.00</b>

Update Layer Calc Layer Bal Approve Layer Book to Pend Cancel

ARO Estimate Window – New Rate Type

Note that under IFRS, even if the future cash flows are not revised, but only the discount rate changes, the ARO needs to be rerun to determine the new valuation.

**Clark, Ed**

---

**From:** Trimble, Robert  
**Sent:** Monday, March 05, 2012 11:05 AM  
**To:** Miller, Jon; Crescente, Angela; Wiseman, Sara  
**Subject:** ARO Quarterly Questionnaire.docx



ARO Quarterly  
Questionnaire.d...

**ARO Quarterly Questionnaire**

Please answer the following questions for the period since the date of your last completed questionnaire.

1. To the best of your knowledge, are you aware of any changes that would impact the valuation of the asset retirement obligations ("AROs") that have been identified? Such changes may include changes in laws, statutes, regulations, precedents set by the Company, contracts, permits, certificates of need, right of way agreements, market costs or available resources for remediation, or planned retirements. (Please list)

**Answer: No**

2. To the best of your knowledge, are you aware of any acquired assets, land, or leases that will create an ARO? (Please list, include location)

**Answer: No**

3. To the best of your knowledge, are you aware of any new construction that will create an ARO? (Please list, include location)

**Answer: No**

4. In certain very limited circumstances the Company could be determined to be obligated to retire an asset or a group of assets based upon a commitment made to a third party. Are you aware of any communications either written or verbal between representatives of LKE and third parties with respect to retirement of an asset or a group of assets owned by LKE at the end of operations or a specific point in time? If so, please list the identities of the LKE representatives and assets involved, as well as the third party or parties who were involved and the context in which the discussions took place.

**Answer: No**

**Completed by: Robby Trimble**

---

**For the quarter ended: March 31, 2012**

**Clark, Ed**

---

**From:** Charnas, Shannon  
**Sent:** Saturday, March 03, 2012 2:45 PM  
**To:** Wiseman, Sara  
**Cc:** Crescente, Angela  
**Subject:** RE: ARO policy changes--very minor

Sorry for the delay. I will save the revision to the acctrestricted drive.

Thanks,

**Shannon Charnas**

*Director, Accounting & Regulatory Reporting  
LG&E and KU  
(502) 627-4978*

---

**From:** Wiseman, Sara  
**Sent:** Monday, February 20, 2012 11:08 AM  
**To:** Charnas, Shannon  
**Cc:** Crescente, Angela  
**Subject:** ARO policy changes--very minor

<< File: 652 - Capital - ARO Policies and Procedures - 02-20-12.docx >>

Shannon:

Attached is a copy of the ARO policy. A minor wording change has been made to the policy and we just send one instead of two. You approved the wording before we started using it last year, but I didn't take the time then to ask you to update the policy.

I know the normal procedure is to meet with you and Valerie, but since it is so minor I thought you might forgo that. I'm glad to do whatever is necessary. Or you may decide that we don't need to revise the policy for such a minor change.



**Clark, Ed**

---

**From:** Leichty, Doug  
**Sent:** Thursday, March 01, 2012 9:11 AM  
**To:** Crescente, Angela  
**Subject:** RE: ARO information

Yes.

---

**From:** Crescente, Angela  
**Sent:** Thursday, March 01, 2012 9:03 AM  
**To:** Leichty, Doug  
**Subject:** ARO information

Doug,

I believe I sent you everything you needed that is due by March 14<sup>th</sup>, right? Just wanted to make sure because I will be out of town for training that week.

Thanks,  
Angela

**Clark, Ed**

---

**From:** Crescente, Angela  
**Sent:** Wednesday, February 29, 2012 2:49 PM  
**To:** Williams, Scott  
**Cc:** Wiseman, Sara; Daly, Karen; Wacker, Diana  
**Subject:** ARO on Plant Report question

Scott,

For LGE, the \$929,05.35 on the transfers detail tab is made up of the following:

- Steam ARO parent cost of removal settlement of \$568,245.24, Gas ARO parent cost of removal settlement of \$258,005.34.
- The remaining \$102,802.77 is due to a reclass from ARO account 254 to the cost of removal and salvage 108 accounts for assets that were no longer deemed to be AROs.

For KU, the \$1,091,548.62 on the transfers detail tab is due to a reclass from ARO account 254 to the cost of removal and salvage 108 accounts for assets that were no longer deemed to be AROs.

Thanks,  
Angela

Clark, Ed

---

**From:** Sundheimer, Glenn  
**Sent:** Tuesday, February 21, 2012 7:55 AM  
**To:** Wiseman, Sara  
**Cc:** Crescente, Angela; Allen, Lisa  
**Subject:** ARO Quarterly Questionnaire.docx



ARO Quarterly  
Questionnaire.d...

**ARO Quarterly Questionnaire**

Please answer the following questions for the period since the date of your last completed questionnaire.

1. To the best of your knowledge, are you aware of any changes that would impact the valuation of the asset retirement obligations ("AROs") that have been identified? Such changes may include changes in laws, statutes, regulations, precedents set by the Company, contracts, permits, certificates of need, right of way agreements, market costs or available resources for remediation, or planned retirements. (Please list)

**Answer: No.**

2. To the best of your knowledge, are you aware of any acquired assets, land, or leases that will create an ARO? (Please list, include location)

**Answer: No.**

3. To the best of your knowledge, are you aware of any new construction that will create an ARO? (Please list, include location)

**Answer: No.**

4. In certain very limited circumstances the Company could be determined to be obligated to retire an asset or a group of assets based upon a commitment made to a third party. Are you aware of any communications either written or verbal between representatives of LKE and third parties with respect to retirement of an asset or a group of assets owned by LKE at the end of operations or a specific point in time? If so, please list the identities of the LKE representatives and assets involved, as well as the third party or parties who were involved and the context in which the discussions took place.

**Answer: No.**

**Completed by: Glenn  
Sundheimer** \_\_\_\_\_

**For the quarter ended: \_\_March 31,  
2012** \_\_\_\_\_

**Clark, Ed**

---

**From:** Scott, Valerie  
**Sent:** Friday, February 17, 2012 9:28 AM  
**To:** Crescente, Angela  
**Subject:** RE: Discussions of the Offsetting of Depreciation and Accretion Expense Related to ARO's

Thanks Angela. I had forgotten about this treatment, but I agree.

*Valerie*

---

**From:** Crescente, Angela  
**Sent:** Friday, February 17, 2012 8:34 AM  
**To:** Scott, Valerie  
**Subject:** RE: Discussions of the Offsetting of Depreciation and Accretion Expense Related to ARO's

Valerie,

For AROs, the cost of removal and salvage amounts of identified ARO parent assets are reclassified from the 108 (cost of removal and salvage) accounts to the 254 regulatory liabilities accounts per our agreement with the PSC. However, the 254 and 108 cost of removal and salvage accounts all rollup to the same line which is accumulated cost of removal on the balance sheet.

Thanks,  
Angela

---

**From:** Scott, Valerie  
**Sent:** Thursday, February 16, 2012 6:09 PM  
**To:** Crescente, Angela  
**Subject:** FW: Discussions of the Offsetting of Depreciation and Accretion Expense Related to ARO's

Angela,

How do the regulatory liabilities arise?

*Valerie*

---

**From:** Fackler, Andrea  
**Sent:** Thursday, February 16, 2012 3:18 PM  
**To:** Scott, Valerie  
**Cc:** Pienaar, Lesley  
**Subject:** FW: Discussions of the Offsetting of Depreciation and Accretion Expense Related to ARO's

I had already sent Angela an email to confirm this before I talked to you.

---

**From:** Crescente, Angela  
**Sent:** Thursday, February 16, 2012 3:17 PM  
**To:** Fackler, Andrea  
**Cc:** Wiseman, Sara  
**Subject:** RE: Discussions of the Offsetting of Depreciation and Accretion Expense Related to ARO's

Andrea,

Yes, we do have regulatory liabilities for AROs. So, the sentence is technically correct with or without Vince's suggestions.

Thanks,  
Angela

---

**From:** Fackler, Andrea  
**Sent:** Thursday, February 16, 2012 2:24 PM  
**To:** Crescente, Angela  
**Cc:** Wiseman, Sara  
**Subject:** FW: Discussions of the Offsetting of Depreciation and Accretion Expense Related to ARO's

Angela,

Can you confirm that we do have regulatory liabilities for AROs? See the last couple of emails below with Valerie.

Thanks,  
Andrea

---

**From:** Fackler, Andrea  
**Sent:** Thursday, February 16, 2012 2:14 PM  
**To:** 'Scott, Valerie'  
**Cc:** Pienaar, Lesley; Simpson, Sheri  
**Subject:** RE: Discussions of the Offsetting of Depreciation and Accretion Expense Related to ARO's

The following accounts have ARO in the account name and are mapped to accumulated cost of removal.

254014 REGULATORY LIABILITY ARO - GENERATION  
254016 REGULATORY LIABILITY ARO - GAS

I can confirm with Angela that these are the accounts that we are talking about in this sentence.

Andrea

---

**From:** Scott, Valerie  
**Sent:** Thursday, February 16, 2012 2:10 PM  
**To:** Fackler, Andrea  
**Cc:** Pienaar, Lesley; Simpson, Sheri  
**Subject:** Re: Discussions of the Offsetting of Depreciation and Accretion Expense Related to ARO's

Okay with this change but I do not think we have a reg liability. Mat need to take that wording out.

Valerie

On Feb 16, 2012, at 1:33 PM, "Fackler, Andrea" <[Andrea.Fackler@lge-ku.com](mailto:Andrea.Fackler@lge-ku.com)> wrote:

Vince is asking if we can also add the phrase "created by the regulatory credit" to the reg. FN language below. It was added to the SSAP description below. Here is the before and after if you are okay with this:

**Before:**

As noted in Note 1, the accretion and depreciation related to LG&E's and KU's AROs are offset with a regulatory credit, such that there is no income statement impact. When an asset with an ARO is retired, the related ARO regulatory asset is offset against the associated regulatory liability, PP&E and ARO liability.

**After:**

As noted in Note 1, the accretion and depreciation related to LG&E's and KU's AROs are offset with a regulatory credit, such that there is no income statement impact. When an asset with an ARO is retired, the related ARO regulatory asset created by the regulatory credit is offset against the associated regulatory liability, PP&E and ARO liability.

Thanks,  
Andrea

---

**From:** Pienaar, Lesley  
**Sent:** Friday, February 10, 2012 6:19 PM  
**To:** Fackler, Andrea; Simpson, Sheri  
**Cc:** Scott, Valerie  
**Subject:** FW: Discussions of the Offsetting of Depreciation and Accretion Expense Related to ARO's

Please change as highlighted below

---

**From:** Erskine, Greg  
**Sent:** Friday, February 10, 2012 5:45 PM  
**To:** Pienaar, Lesley  
**Subject:** Discussions of the Offsetting of Depreciation and Accretion Expense Related to ARO's

Lesley:

Discussions of the offsetting of depreciation and accretion expense related to ARO's appear in the following four places, in addition to the other two places you already know about.

Greg

**MD&A (LKE, LG&E and KU):**

**6) Asset Retirement Obligations**

LKE is required to recognize a liability for legal obligations associated with the retirement of long-lived assets. The initial obligation is measured at its estimated fair value. An equivalent amount is recorded as an increase in the value of the capitalized asset and allocated to expense over the useful life of the asset. Until the obligation is settled, the liability is increased, through the recognition of accretion expense in the Consolidated Statements of Income, for changes in the obligation due to the passage of time. The accretion and depreciation are offset with a regulatory credit, such that there is no income statement impact. ~~An offsetting regulatory asset is recognized to reverse the depreciation and accretion expense related to the ARO such that there is no income statement impact.~~ The regulatory asset created by the regulatory credit is relieved when the ARO has been settled. An ARO must be recognized when incurred if the fair value of the ARO can be reasonably estimated. See Note 21 for related disclosures.

Note 6 – Utility Rate Regulation:

AROs

As noted in Note 1, the accretion and depreciation related to LG&E's and KU's AROs are offset with a regulatory credit, such that there is no income statement impact. When an asset with an ARO is retired, the related ARO regulatory asset is offset against the associated regulatory liability, PP&E and ARO liability.



**Clark, Ed**

---

**From:** Crescente, Angela  
**Sent:** Friday, February 17, 2012 8:54 AM  
**To:** Erskine, Greg  
**Cc:** Wiseman, Sara  
**Subject:** FW: A comment from Brian on ARO  
**Attachments:** 20120216182558552.pdf

Greg:

Yes, it was just a difference between the wording we used to use and the wording they use now. We just changed our wording to match theirs for 2011 year-end and quarter work.

Thanks,  
Angela

---

**From:** Erskine, Greg  
**Sent:** Friday, February 17, 2012 8:48 AM  
**To:** Crescente, Angela  
**Subject:** FW: A comment from Brian on ARO

Angela:

The attached file contains a page from the ARO footnote in the current version of the 2011 10-K. Does the amount labeled "removal cost incurred" in the file represent obligations settled?

Greg

---

**From:** Green Jr, Gerald R [<mailto:GRGreenJr@pplweb.com>]  
**Sent:** Thursday, February 16, 2012 7:26 PM  
**To:** Pienaar, Lesley; Erskine, Greg  
**Subject:** A comment from Brian on ARO

*Jerry*

Jerry Green  
PPL  
Financial Reporting  
610-774-6011  
610-774-7725 (fax)  
[grgreenjr@pplweb.com](mailto:grgreenjr@pplweb.com)

The information contained in this message is intended only for the personal and confidential use of the recipient(s) named above. If the reader of this message is not the intended recipient or an agent responsible for delivering it to the intended recipient, you are hereby notified that you have received this document in error and that any review, dissemination, distribution, or copying of this message is strictly prohibited. If you have received this communication in error, please notify us immediately, and delete the original message.

Draft

*Obligations settled?*

	LKE	LG&E	KU
ARO at December 31, 2009, Predecessor	\$ 65	\$ 31	\$ 34
Accretion expense	4	2	2
Changes in estimated cash flow or settlement date	54	30	24
<del>Removal cost incurred</del>	(1)	(1)	
ARO at October 31, 2010, Predecessor	122	62	60
Purchase accounting	(19)	(13)	(6)
ARO at December 31, 2010, Successor	103	49	54
Accretion expense	6	3	3
New obligations incurred	3	2	1
Changes in estimated cash flow or settlement date	7	4	3
Obligations settled	(1)	(1)	
ARO at December 31, 2011, Successor	\$ 118	\$ 57	\$ 61

- (a) Obligations required under U.K. law related to treated wood poles, gas-filled switchgear and fluid-filled cables. See Note 10 for additional information on the acquisition.
- (b) Represents AROs derecognized as a result of PPL Energy Supply's distribution of its membership interest in PPL Global to PPL Energy Supply's parent, PPL Energy Funding. See Note 9 for additional information on the distribution.

The classification of AROs on the Balance Sheets was as follows.

	December 31, 2011				
	PPL	PPL Energy Supply	LKE	LG&E	KU
Current portion (a)	\$ 13	\$ 10	\$ 2	\$ 2	
Long-term portion (b)	484	349	116	55	\$ 61
Total	\$ 497 <sup>x</sup>	\$ 359 <sup>x</sup>	\$ 118 <sup>x</sup>	\$ 57 <sup>x</sup>	\$ 61 <sup>x</sup>

	December 31, 2010				
	PPL	PPL Energy Supply	LKE	LG&E	KU
Current portion (a)	\$ 13	\$ 13			
Long-term portion (b)	435	332	\$ 103	\$ 49	\$ 54
Total	\$ 448 <sup>y</sup>	\$ 345 <sup>x</sup>	\$ 103 <sup>x</sup>	\$ 49 <sup>x</sup>	\$ 54 <sup>x</sup>

- (a) Included in "Other current liabilities."
- (b) Included in "Asset retirement obligations."

## 22. Variable Interest Entities

(PPL and PPL Energy Supply)

In December 2001, a subsidiary of PPL Energy Supply entered into a \$455 million operating lease arrangement, as lessee, for the development, construction and operation of a gas-fired combined-cycle generation facility located in Lower Mt. Bethel Township, Northampton County, Pennsylvania. The owner/lessor of this generation facility, LMB Funding, LP, was created to own/lease the facility and incur the related financing costs. The initial lease term commenced on the date of commercial operation, which occurred in May 2004, and ends in December 2013. Under a residual value guarantee, if the generation facility is sold at the end of the lease term and the cash proceeds from the sale are less than the original acquisition cost, the subsidiary of PPL Energy Supply is obligated to pay up to 70.52% of the original acquisition cost. This residual value guarantee protects the other variable interest holders from losses related to their investments. LMB Funding, LP cannot extend or cancel the lease or sell the facility without the prior consent of the PPL Energy Supply subsidiary. As a result, LMB Funding, LP was determined to be a VIE and the subsidiary of PPL Energy Supply was considered the primary beneficiary that consolidates this VIE.

The lease financing, which includes \$437 million of "Long-term Debt" and \$18 million of "Noncontrolling interests" at December 31, 2011 and December 31, 2010, is secured by, among other things, the generation facility, the carrying amount of which is disclosed on the Balance Sheets. The debt matures at the end of the initial lease term. As a result of the consolidation, PPL Energy Supply has recorded interest expense in lieu of rent expense. For 2011, 2010 and 2009, additional depreciation on the generation facility of \$16 million, \$16 million and \$11 million was recorded.

Clark, Ed

---

**From:** Erskine, Greg  
**Sent:** Friday, February 17, 2012 8:48 AM  
**To:** Crescente, Angela  
**Subject:** FW: A comment from Brian on ARO  
**Attachments:** 20120216182558552.pdf

Angela:

The attached file contains a page from the ARO footnote in the current version of the 2011 10-K. Does the amount labeled "removal cost incurred" in the file represent obligations settled?

Greg

---

**From:** Green Jr, Gerald R [<mailto:GRGreenJr@pplweb.com>]  
**Sent:** Thursday, February 16, 2012 7:26 PM  
**To:** Pienaar, Lesley; Erskine, Greg  
**Subject:** A comment from Brian on ARO

*Jerry*

Jerry Green  
PPL  
Financial Reporting  
610-774-6011  
610-774-7725 (fax)  
[grgreenjr@pplweb.com](mailto:grgreenjr@pplweb.com)

The information contained in this message is intended only for the personal and confidential use of the recipient(s) named above. If the reader of this message is not the intended recipient or an agent responsible for delivering it to the intended recipient, you are hereby notified that you have received this document in error and that any review, dissemination, distribution, or copying of this message is strictly prohibited. If you have received this communication in error, please notify us immediately, and delete the original message.

Draft

*Obligations settled?*

	LKE	LG&E	KU
ARO at December 31, 2009, Predecessor	\$ 65	\$ 31	\$ 34
Accretion expense	4	2	2
Changes in estimated cash flow or settlement date	54	30	24
<del>Removal cost incurred</del>	<del>(1)</del>	<del>(1)</del>	
ARO at October 31, 2010, Predecessor	122	62	60
Purchase accounting	(19)	(13)	(6)
ARO at December 31, 2010, Successor	103	49	54
Accretion expense	6	3	3
New obligations incurred	3	2	1
Changes in estimated cash flow or settlement date	7	4	3
Obligations settled	(1)	(1)	
ARO at December 31, 2011, Successor	<u>\$ 118</u>	<u>\$ 57</u>	<u>\$ 61</u>

- (a) Obligations required under U.K. law related to treated wood poles, gas-filled switchgear and fluid-filled cables. See Note 10 for additional information on the acquisition.
- (b) Represents AROs derecognized as a result of PPL Energy Supply's distribution of its membership interest in PPL Global to PPL Energy Supply's parent, PPL Energy Funding. See Note 9 for additional information on the distribution.

The classification of AROs on the Balance Sheets was as follows.

	December 31, 2011				
	PPL	PPL Energy Supply	LKE	LG&E	KU
Current portion (a)	\$ 13	\$ 10	\$ 2	\$ 2	
Long-term portion (b)	484	349	116	55	61
Total	<u>\$ 497</u>	<u>\$ 359</u>	<u>\$ 118</u>	<u>\$ 57</u>	<u>\$ 61</u>

	December 31, 2010				
	PPL	PPL Energy Supply	LKE	LG&E	KU
Current portion (a)	\$ 13	\$ 13			
Long-term portion (b)	435	332	103	49	54
Total	<u>\$ 448</u>	<u>\$ 345</u>	<u>\$ 103</u>	<u>\$ 49</u>	<u>\$ 54</u>

- (a) Included in "Other current liabilities."
- (b) Included in "Asset retirement obligations."

## 22. Variable Interest Entities

*(PPL and PPL Energy Supply)*

In December 2001, a subsidiary of PPL Energy Supply entered into a \$455 million operating lease arrangement, as lessee, for the development, construction and operation of a gas-fired combined-cycle generation facility located in Lower Mt. Bethel Township, Northampton County, Pennsylvania. The owner/lessor of this generation facility, LMB Funding, LP, was created to own/lease the facility and incur the related financing costs. The initial lease term commenced on the date of commercial operation, which occurred in May 2004, and ends in December 2013. Under a residual value guarantee, if the generation facility is sold at the end of the lease term and the cash proceeds from the sale are less than the original acquisition cost, the subsidiary of PPL Energy Supply is obligated to pay up to 70.52% of the original acquisition cost. This residual value guarantee protects the other variable interest holders from losses related to their investments. LMB Funding, LP cannot extend or cancel the lease or sell the facility without the prior consent of the PPL Energy Supply subsidiary. As a result, LMB Funding, LP was determined to be a VIE and the subsidiary of PPL Energy Supply was considered the primary beneficiary that consolidates this VIE.

The lease financing, which includes \$437 million of "Long-term Debt" and \$18 million of "Noncontrolling interests" at December 31, 2011 and December 31, 2010, is secured by, among other things, the generation facility, the carrying amount of which is disclosed on the Balance Sheets. The debt matures at the end of the initial lease term. As a result of the consolidation, PPL Energy Supply has recorded interest expense in lieu of rent expense. For 2011, 2010 and 2009, additional depreciation on the generation facility of \$16 million, \$16 million and \$11 million was recorded.

**Clark, Ed**

---

**From:** Crescente, Angela  
**Sent:** Friday, February 17, 2012 8:34 AM  
**To:** Scott, Valerie  
**Subject:** RE: Discussions of the Offsetting of Depreciation and Accretion Expense Related to ARO's

Valerie,

For AROs, the cost of removal and salvage amounts of identified ARO parent assets are reclassified from the 108 (cost of removal and salvage) accounts to the 254 regulatory liabilities accounts per our agreement with the PSC. However, the 254 and 108 cost of removal and salvage accounts all rollup to the same line which is accumulated cost of removal on the balance sheet.

Thanks,  
Angela

---

**From:** Scott, Valerie  
**Sent:** Thursday, February 16, 2012 6:09 PM  
**To:** Crescente, Angela  
**Subject:** FW: Discussions of the Offsetting of Depreciation and Accretion Expense Related to ARO's

Angela,

How do the regulatory liabilities arise?

*Valerie*

---

**From:** Fackler, Andrea  
**Sent:** Thursday, February 16, 2012 3:18 PM  
**To:** Scott, Valerie  
**Cc:** Pienaar, Lesley  
**Subject:** FW: Discussions of the Offsetting of Depreciation and Accretion Expense Related to ARO's

I had already sent Angela an email to confirm this before I talked to you.

---

**From:** Crescente, Angela  
**Sent:** Thursday, February 16, 2012 3:17 PM  
**To:** Fackler, Andrea  
**Cc:** Wiseman, Sara  
**Subject:** RE: Discussions of the Offsetting of Depreciation and Accretion Expense Related to ARO's

Andrea,

Yes, we do have regulatory liabilities for AROs. So, the sentence is technically correct with or without Vince's suggestions.

Thanks,  
Angela

---

**From:** Fackler, Andrea  
**Sent:** Thursday, February 16, 2012 2:24 PM  
**To:** Crescente, Angela  
**Cc:** Wiseman, Sara  
**Subject:** FW: Discussions of the Offsetting of Depreciation and Accretion Expense Related to ARO's

Angela,

Can you confirm that we do have regulatory liabilities for AROs? See the last couple of emails below with Valerie.

Thanks,  
Andrea

---

**From:** Fackler, Andrea  
**Sent:** Thursday, February 16, 2012 2:14 PM  
**To:** 'Scott, Valerie'  
**Cc:** Pienaar, Lesley; Simpson, Sheri  
**Subject:** RE: Discussions of the Offsetting of Depreciation and Accretion Expense Related to ARO's

The following accounts have ARO in the account name and are mapped to accumulated cost of removal.

254014 REGULATORY LIABILITY ARO - GENERATION  
254016 REGULATORY LIABILITY ARO - GAS

I can confirm with Angela that these are the accounts that we are talking about in this sentence.

Andrea

---

**From:** Scott, Valerie  
**Sent:** Thursday, February 16, 2012 2:10 PM  
**To:** Fackler, Andrea  
**Cc:** Pienaar, Lesley; Simpson, Sheri  
**Subject:** Re: Discussions of the Offsetting of Depreciation and Accretion Expense Related to ARO's

Okay with this change but I do not think we have a reg liability. Mat need to take that wording out.

Valerie

On Feb 16, 2012, at 1:33 PM, "Fackler, Andrea" <[Andrea.Fackler@lge-ku.com](mailto:Andrea.Fackler@lge-ku.com)> wrote:

Vince is asking if we can also add the phrase "created by the regulatory credit" to the reg. FN language below. It was added to the SSAP description below. Here is the before and after if you are okay with this:

**Before:**

As noted in Note 1, the accretion and depreciation related to LG&E's and KU's AROs are offset with a regulatory credit, such that there is no income statement impact. When an asset with an ARO is retired, the related ARO regulatory asset is offset against the associated regulatory liability, PP&E and ARO liability.

**After:**

Charnas

As noted in Note 1, the accretion and depreciation related to LG&E's and KU's AROs are offset with a regulatory credit, such that there is no income statement impact. When an asset with an ARO is retired, the related ARO regulatory asset created by the regulatory credit is offset against the associated regulatory liability, PP&E and ARO liability.

Thanks,  
Andrea

---

**From:** Pienaar, Lesley  
**Sent:** Friday, February 10, 2012 6:19 PM  
**To:** Fackler, Andrea; Simpson, Sheri  
**Cc:** Scott, Valerie  
**Subject:** FW: Discussions of the Offsetting of Depreciation and Accretion Expense Related to ARO's

Please change as highlighted below

---

**From:** Erskine, Greg  
**Sent:** Friday, February 10, 2012 5:45 PM  
**To:** Pienaar, Lesley  
**Subject:** Discussions of the Offsetting of Depreciation and Accretion Expense Related to ARO's

Lesley:

Discussions of the offsetting of depreciation and accretion expense related to ARO's appear in the following four places, in addition to the other two places you already know about.

Greg

MD&A (LKE, LG&E and KU):

**6) Asset Retirement Obligations**

LKE is required to recognize a liability for legal obligations associated with the retirement of long-lived assets. The initial obligation is measured at its estimated fair value. An equivalent amount is recorded as an increase in the value of the capitalized asset and allocated to expense over the useful life of the asset. Until the obligation is settled, the liability is increased, through the recognition of accretion expense in the Consolidated Statements of Income, for changes in the obligation due to the passage of time. The accretion and depreciation are offset with a regulatory credit, such that there is no income statement impact. ~~An offsetting regulatory asset is recognized to reverse the depreciation and accretion expense related to the ARO such that there is no income statement impact.~~ The regulatory asset created by the regulatory credit is relieved when the ARO has been settled. An ARO must be recognized when incurred if the fair value of the ARO can be reasonably estimated. See Note 21 for related disclosures.

Note 6 – Utility Rate Regulation:

ARO's

**Charnas**

As noted in Note 1, the accretion and depreciation related to LG&E's and KU's AROs are offset with a regulatory credit, such that there is no income statement impact. When an asset with an ARO is retired, the related ARO regulatory asset is offset against the associated regulatory liability, PP&E and ARO liability.



**Clark, Ed**

---

**From:** Crescente, Angela  
**Sent:** Tuesday, February 14, 2012 9:08 AM  
**To:** Ising, John  
**Cc:** Wiseman, Sara  
**Subject:** FW: List of AROs to send with questionnaires.xlsx

John,

Please see the attached list of AROs that we will be sending out with the first quarter questionnaire. Sara mentioned that she plans on forwarding the emails to you so that the issue can be closed out.



List of AROs to  
send with ques...

Thanks,  
Angela

ARO

**Canal**

Canal (Retired)-Asbestos

**Cane Run**

CR Ash Pond

CR Coal Storage

CR Environmental Ponds

CR Floodwall Penetration

CR Generation Wells

CR Landfill

CR Nuclear Sources

CR Unit 1 (Retired)-Asbestos

CR Unit 2 (Retired)-Asbestos

CR Unit 3 (Retired)-Asbestos

CR Unit 4-Asbestos

CR Unit 5-Asbestos

CR Unit 6-Asbestos

**Mill Creek**

MC Ash Pond

MC Chemical Storage

MC Coal Storage

MC Environmental Ponds

MC Generation Wells

MC Landfill

MC Nuclear Sources

MC Oil Storage

MC Unit 1-Asbestos

MC Unit 2-Asbestos

MC Unit 3-Asbestos

MC Unit 4-Asbestos

**Ohio Falls**

Ohio Falls-Asbestos

**Paddy's Run**

Paddy's Run-Asbestos

**Trimble County**

TC Ash Pond-LGE

TC Chemical Storage

TC Coal Storage-LGE

TC Environmental Ponds-LGE  
TC Generation Wells-LGE  
TC Nuclear Sources

**Zorn**

Zorn-Asbestos

**Transmission**

LGE Transmission Subs (11)-Asbestos  
Transmission Bushings LGE-PCB

**Electric Distribution**

Distribution Bushings LGE-PCB  
LGE Distribution Subs (66)-Asbestos  
Manholes-Asbestos

**Gas Distribution, Transmission and Underground Storage**

Center GSF UGS (Wells)  
Doe Run 235300-UGS-Asbestos  
Doe Run GSF UGS (Wells)  
GasMain&ServAbandon-Distribution  
GasMains-Transmission  
Magnolia 235120-UGS-Asbestos  
Magnolia 235300-UGS-Asbestos  
Magnolia 235600-UGS-Asbestos  
Magnolia GSF UGS (Wells)  
Muldraugh 235120-UGS-Asbestos  
Muldraugh 235300-UGS-Asbestos  
Muldraugh 235600-UGS-Asbestos  
Muldraugh 237520-Dist-Asbestos  
Muldraugh GSF UGS (Wells)  
Riggs Junc 235120-UGS-Asbestos

**Common**

Seventh&O-ComGenPln-ASB

ARO

**Brown**

BR Ash Pond  
BR Auxiliary Pond  
BR Coal Storage  
BR Generation Wells  
BR Nuclear Sources  
BR Oil Storage  
BR Oil Storage CT - OP  
BR Unit 1-Asbestos  
BR Unit 2-Asbestos  
BR Unit 3-Asbestos

**Dix Dam**

Dix Dam Generation Wells  
Dix Dam-Hydro-Asbestos

**Ghent**

Ghent Generation Wells  
Ghent Ash Pond  
Ghent Chemical Storage  
Ghent Coal Storage  
Ghent Environmental Ponds  
Ghent Gypsum Stack  
Ghent Nuclear Sources  
Ghent Oil Storage  
Ghent Unit 1-Asbestos  
Ghent Unit 2-Asbestos  
Ghent Unit 3-Asbestos  
Ghent Unit 4-Asbestos

**Green River**

Purc-GR Ash Pond  
Purc-GR Chemical Storage  
Purc-GR Coal Storage  
Purc-GR Generation Wells  
Purc-GR Oil Storage  
Purc-GR Unit 1-Asbestos  
Purc-GR Unit 2-Asbestos  
Purc-GR Unit 3-Asbestos  
Purc-GR Unit 4-Asbestos

**Pineville**

Purc-Pineville Ash Pond  
Purc-Pineville Generation Wells  
Purc-Pineville-Asbestos

**Trimble County**

Purc-TC Ash Pond-KU  
Purc-TC Coal Storage-KU  
Purc-TC Environmental Ponds-KU  
Purc-TC Generation Wells-KU

**Tyrone**

Purc-TY Ash Pond  
Purc-TY Chemical Storage  
Purc-TY Coal Storage  
Purc-TY Generation Wells  
Purc-TY Oil Storage  
Purc-TY Unit 1 (Retired)-Asbestos  
Purc-TY Unit 2 (Retired)-Asbestos  
Purc-TY Unit 3-Asbestos

**Transmission**

Purc-KU Transmission Subs (69)-ASB  
Purc-Transmission Bushings KU-PCB

**Electric Distribution and General Facilities**

Purc-Big Stone Gap Sub-Dist-Asbestos  
Purc-Distribution Bushings KU-PCB  
Purc-Distribution Line Transformers-PCB  
Purc-KU Distribution Subs (478)-Asbestos  
Purc-KU General Facilities-Asbestos

**Clark, Ed**

---

**From:** Kelly, Mimi  
**Sent:** Monday, February 13, 2012 4:17 PM  
**To:** Wiseman, Sara  
**Cc:** Wacker, Diana; Crescente, Angela  
**Subject:** RE: ARO Action Item

Hi Sara –

Thanks for getting back to me. I will follow up with Valerie, Kent and Brad.

*Mimi Kelly*  
502-627-2482

---

**From:** Wiseman, Sara  
**Sent:** Monday, February 13, 2012 4:17 PM  
**To:** Kelly, Mimi  
**Cc:** Wacker, Diana; Crescente, Angela  
**Subject:** RE: ARO Action Item

Mimi:

That action item will not be completed until Q1 2012. Either late February or early March.

---

**From:** Kelly, Mimi  
**Sent:** Monday, February 13, 2012 2:03 PM  
**To:** Wacker, Diana; Wiseman, Sara; Crescente, Angela  
**Subject:** RE: ARO Action Item

Ok – Darn – I had told Brad and Kent I would get back to them today.

Sara/Angela - Please let me know in the morning and I will send a note to Brad and Kent then.

*Mimi Kelly*  
502-627-2482

---

**From:** Wacker, Diana  
**Sent:** Monday, February 13, 2012 1:57 PM  
**To:** Wiseman, Sara; Crescente, Angela  
**Cc:** Kelly, Mimi  
**Subject:** FW: ARO Action Item

Sara/Angela – Please see Mimi’s note below.

Mimi – both Sara and Angela are out today – they are the individuals best suited to answer your question. Both will return to the office tomorrow.

Diana

---

**From:** Kelly, Mimi  
**Sent:** Monday, February 13, 2012 1:54 PM  
**To:** Wacker, Diana  
**Subject:** FW: ARO Action Item

Diana –

I think Sara is out today. I was wondering if you could help me answer a question that came up in our control review meeting with Brad this morning. In our documentation of the Q4 ARO issue we have the action item referenced in my note to Valerie below. Can you confirm that this was (or will be) put in place for the first time for Q1 – 2012 close. Valerie was thinking this was already in place, but I am thinking it wasn't. If you aren't the best person to help me with this, please forward this note that person. Thanks for your help with this.

*Mimi Kelly*  
502-627-2482

---

**From:** Kelly, Mimi  
**Sent:** Monday, February 13, 2012 10:43 AM  
**To:** Scott, Valerie  
**Cc:** Vincent, Michael  
**Subject:** ARO Action Item

Hi Valerie –

The following action item is the one still open related to the ARO issue that was identified in the 4<sup>th</sup> quarter –  
*In an effort to ensure that the appropriate personnel are fully aware of the AROs currently recorded on the financial records, Property Accounting will begin attaching summaries of the AROs currently recorded to the quarterly ARO questionnaire, effective with the first quarter of 2012.*

It sounded like from what you were saying that you thought this had been done for Q4-2011. I just wanted to double check with you before I contacted Sara. We have an expected completion date for this of 4/30/2012. Thanks, << OLE Object: Picture (Device Independent Bitmap) >> Guidance for DescriptionUse to enter or edit a description of this object.

**Ms. Mimi Kelly, CPA, CGMA**  
Manager, Sarbanes-Oxley Compliance  
LG&E and KU Services Company | 220 W. Main Street | P.O. Box 32030 | Louisville, KY 40232-2030  
(502) 627-2482 (Direct Line) |(502) 554-3872 (Cell Phone)|(502)-627-3334 (Fax)  
[mimi.kelly@lge-ku.com](mailto:mimi.kelly@lge-ku.com)

<< OLE Object: Picture (Device Independent Bitmap) >>

**Clark, Ed**

---

**From:** Wiseman, Sara  
**Sent:** Monday, February 13, 2012 4:17 PM  
**To:** Kelly, Mimi  
**Cc:** Wacker, Diana; Crescente, Angela  
**Subject:** RE: ARO Action Item

Mimi:

That action item will not be completed until Q1 2012. Either late February or early March.

---

**From:** Kelly, Mimi  
**Sent:** Monday, February 13, 2012 2:03 PM  
**To:** Wacker, Diana; Wiseman, Sara; Crescente, Angela  
**Subject:** RE: ARO Action Item

Ok – Darn – I had told Brad and Kent I would get back to them today.  
Sara/Angela - Please let me know in the morning and I will send a note to Brad and Kent then.

*Mimi Kelly*  
502-627-2482

---

**From:** Wacker, Diana  
**Sent:** Monday, February 13, 2012 1:57 PM  
**To:** Wiseman, Sara; Crescente, Angela  
**Cc:** Kelly, Mimi  
**Subject:** FW: ARO Action Item

Sara/Angela – Please see Mimi’s note below.

Mimi – both Sara and Angela are out today – they are the individuals best suited to answer your question. Both will return to the office tomorrow.

Diana

---

**From:** Kelly, Mimi  
**Sent:** Monday, February 13, 2012 1:54 PM  
**To:** Wacker, Diana  
**Subject:** FW: ARO Action Item

Diana –  
I think Sara is out today. I was wondering if you could help me answer a question that came up in our control review meeting with Brad this morning. In our documentation of the Q4 ARO issue we have the action item referenced in my note to Valerie below. Can you confirm that this was (or will be) put in place for the first time for Q1 – 2012 close. Valerie was thinking this was already in place, but I am thinking it wasn’t. If you aren’t the best person to help me with this, please forward this note that person. Thanks for your help with this.



*Mimi Kelly*  
502-627-2482

---

**From:** Kelly, Mimi  
**Sent:** Monday, February 13, 2012 10:43 AM  
**To:** Scott, Valerie  
**Cc:** Vincent, Michael  
**Subject:** ARO Action Item

Hi Valerie –

The following action item is the one still open related to the ARO issue that was identified in the 4<sup>th</sup> quarter –

*In an effort to ensure that the appropriate personnel are fully aware of the AROs currently recorded on the financial records, Property Accounting will begin attaching summaries of the AROs currently recorded to the quarterly ARO questionnaire, effective with the first quarter of 2012.*

It sounded like from what you were saying that you thought this had been done for Q4-2011. I just wanted to double check with you before I contacted Sara. We have an expected completion date for this of 4/30/2012.

Thanks, << OLE Object: Picture (Device Independent Bitmap) >> Guidance for DescriptionUse to enter or edit a description of this object.

**Ms. Mimi Kelly, CPA, CGMA**

Manager, Sarbanes-Oxley Compliance

LG&E and KU Services Company | 220 W. Main Street | P.O. Box 32030 | Louisville, KY 40232-2030

(502) 627-2482 (Direct Line) |(502) 554-3872 (Cell Phone)|(502)-627-3334 (Fax)

[mimi.kelly@lge-ku.com](mailto:mimi.kelly@lge-ku.com)

<< OLE Object: Picture (Device Independent Bitmap) >>

**Clark, Ed**

---

**From:** Wacker, Diana  
**Sent:** Monday, February 13, 2012 1:57 PM  
**To:** Wiseman, Sara; Crescente, Angela  
**Cc:** Kelly, Mimi  
**Subject:** FW: ARO Action Item

Sara/Angela – Please see Mimi’s note below.

Mimi – both Sara and Angela are out today – they are the individuals best suited to answer your question. Both will return to the office tomorrow.

Diana

---

**From:** Kelly, Mimi  
**Sent:** Monday, February 13, 2012 1:54 PM  
**To:** Wacker, Diana  
**Subject:** FW: ARO Action Item

Diana –

I think Sara is out today. I was wondering if you could help me answer a question that came up in our control review meeting with Brad this morning. In our documentation of the Q4 ARO issue we have the action item referenced in my note to Valerie below. Can you confirm that this was (or will be) put in place for the first time for Q1 – 2012 close. Valerie was thinking this was already in place, but I am thinking it wasn’t. If you aren’t the best person to help me with this, please forward this note that person. Thanks for your help with this.

*Mimi Kelly*  
502-627-2482

---


**From:** Kelly, Mimi  
**Sent:** Monday, February 13, 2012 10:43 AM  
**To:** Scott, Valerie  
**Cc:** Vincent, Michael  
**Subject:** ARO Action Item

Hi Valerie –

The following action item is the one still open related to the ARO issue that was identified in the 4<sup>th</sup> quarter –

*In an effort to ensure that the appropriate personnel are fully aware of the AROs currently recorded on the financial records, Property Accounting will begin attaching summaries of the AROs currently recorded to the quarterly ARO questionnaire, effective with the first quarter of 2012.*

It sounded like from what you were saying that you thought this had been done for Q4-2011. I just wanted to double check with you before I contacted Sara. We have an expected completion date for this of 4/30/2012.

Thanks,  Guidance for DescriptionUse to enter or edit a description of this object.

**Ms. Mimi Kelly, CPA, CGMA**

Manager, Sarbanes-Oxley Compliance

LG&E and KU Services Company | 220 W. Main Street | P.O. Box 32030 | Louisville, KY 40232-2030

Charnas

(502) 627-2482 (Direct Line) |(502) 554-3872 (Cell Phone)|(502)-627-3334 (Fax)  
[mimi.kelly@lge-ku.com](mailto:mimi.kelly@lge-ku.com)



**Clark, Ed**

---

**From:** Cosby, David  
**Sent:** Monday, February 13, 2012 9:49 AM  
**To:** Wiseman, Sara; Drake, Michael  
**Cc:** Crescente, Angela  
**Subject:** RE: ARO discussion at Maintenance Managers meeting

Sara,

Mike Drake from Ghent will add you to the April agenda for the next quarterly review. You can check with him prior to the meeting to confirm time needed and content. You can also work with him to set a preliminary schedule for the quarterly update discussions. Please feel free to add me to the agenda to join or call in as well. Thanks.

*David L. Cosby Jr.*  
Manager - Fin. & Budgeting - Power Generation  
LG&E and KU Energy Services  
502-627-2499  
[david.cosby@lge-ku.com](mailto:david.cosby@lge-ku.com)

---

**From:** Wiseman, Sara  
**Sent:** Sunday, February 12, 2012 11:36 AM  
**To:** Cosby, David  
**Cc:** Crescente, Angela  
**Subject:** ARO discussion at Maintenance Managers meeting

Hi David:

Sr. Management has asked me to conduct semiannual ARO review meetings similar to what we did in the 4<sup>th</sup> quarter of 2011. I'd like to get on the agenda for the April maintenance managers meeting since that worked so well the first time. I anticipate this discussion would go much more quickly since we are starting with the ARO summary we compiled from the last meeting.

Would you be able to help out with this? Thanks!

*Sara Wiseman*  
Manager, Property Accounting  
Office 502.627.3189  
Cell 502.338.0886

**Clark, Ed**

---

**From:** Wiseman, Sara  
**Sent:** Sunday, February 12, 2012 11:36 AM  
**To:** Cosby, David  
**Cc:** Crescente, Angela  
**Subject:** ARO discussion at Maintenance Managers meeting

Hi David:

Sr. Management has asked me to conduct semiannual ARO review meetings similar to what we did in the 4<sup>th</sup> quarter of 2011. I'd like to get on the agenda for the April maintenance managers meeting since that worked so well the first time. I anticipate this discussion would go much more quickly since we are starting with the ARO summary we compiled from the last meeting.

Would you be able to help out with this? Thanks!

*Sara Wiseman  
Manager, Property Accounting  
Office 502.627.3189  
Cell 502.338.0886*

**Clark, Ed**

---

**From:** Wiseman, Sara  
**Sent:** Friday, February 10, 2012 12:25 PM  
**To:** Crescente, Angela  
**Subject:** FW: Change to Object ARO FN (1) in FSR

---

**From:** Erskine, Greg  
**Sent:** Friday, February 10, 2012 12:23 PM  
**To:** Wiseman, Sara  
**Subject:** FW: Change to Object ARO FN (1) in FSR

Sara:

FYI. Joel just e-mailed me back and told me he made this change.

Greg

---

**From:** Erskine, Greg  
**Sent:** Friday, February 10, 2012 10:05 AM  
**To:** 'Sechler, Joel R'  
**Subject:** Change to Object ARO FN (1) in FSR

Joel:

Can you make the attached change to the second-to-last paragraph in ARO FN (1) in FSR, please?

Thanks,

Greg



Doc1.docx

*(PPL, LKE, LG&E and KU)*

LG&E's and KU's AROs are primarily related to the final retirement of assets associated with generating units. LG&E also has AROs related to natural gas mains and wells. LG&E's and KU's transmission and distribution lines largely operate under perpetual property easement agreements which do not generally require restoration upon removal of the property. Therefore, no material AROs are recorded for transmission and distribution assets. As described in Notes ##SSAP and ##RegMat, the accretion recorded by LG&E and KU is offset with amortization of a regulatory asset, such that there is no income statement impact.

**Clark, Ed**

---

**From:** Wiseman, Sara  
**Sent:** Thursday, February 09, 2012 4:04 PM  
**To:** Crescente, Angela  
**Subject:** FW: List of AROs to send with questionnaires.xlsx

I'm OK with that.

---

**From:** Crescente, Angela  
**Sent:** Thursday, February 09, 2012 12:53 PM  
**To:** Wiseman, Sara  
**Subject:** List of AROs to send with questionnaires.xlsx

Sara:

Would you please take a look and see if this will work for John? I cleaned up the names a bit to make them easier for people to know what they are.



List of AROs to  
send with ques...

Thanks,  
Angela



ARO

**Canal**

Canal (Retired)-Asbestos

**Cane Run**

CR Ash Pond

CR Coal Storage

CR Environmental Ponds

CR Floodwall Penetration

CR Generation Wells

CR Landfill

CR Nuclear Sources

CR Unit 1 (Retired)-Asbestos

CR Unit 2 (Retired)-Asbestos

CR Unit 3 (Retired)-Asbestos

CR Unit 4-Asbestos

CR Unit 5-Asbestos

CR Unit 6-Asbestos

**Mill Creek**

MC Ash Pond

MC Chemical Storage

MC Coal Storage

MC Environmental Ponds

MC Generation Wells

MC Landfill

MC Nuclear Sources

MC Oil Storage

MC Unit 1-Asbestos

MC Unit 2-Asbestos

MC Unit 3-Asbestos

MC Unit 4-Asbestos

**Ohio Falls**

Ohio Falls-Asbestos

**Paddy's Run**

Paddy's Run-Asbestos

**Trimble County**

TC Ash Pond-LGE

TC Chemical Storage

TC Coal Storage-LGE

TC Environmental Ponds-LGE  
TC Generation Wells-LGE  
TC Nuclear Sources

**Zorn**

Zorn-Asbestos

**Transmission**

LGE Transmission Subs (11)-Asbestos  
Transmission Bushings LGE-PCB

**Electric Distribution**

Distribution Bushings LGE-PCB  
LGE Distribution Subs (66)-Asbestos  
Manholes-Asbestos

**Gas Distribution, Transmission and Underground Storage**

Center GSF UGS (Wells)  
Doe Run 235300-UGS-Asbestos  
Doe Run GSF UGS (Wells)  
GasMain&ServAbandon-Distribution  
GasMains-Transmission  
Magnolia 235120-UGS-Asbestos  
Magnolia 235300-UGS-Asbestos  
Magnolia 235600-UGS-Asbestos  
Magnolia GSF UGS (Wells)  
Muldraugh 235120-UGS-Asbestos  
Muldraugh 235300-UGS-Asbestos  
Muldraugh 235600-UGS-Asbestos  
Muldraugh 237520-Dist-Asbestos  
Muldraugh GSF UGS (Wells)  
Riggs Junc 235120-UGS-Asbestos

**Common**

Seventh&O-ComGenPln-ASB

**ARO**

**Brown**

BR Ash Pond  
BR Auxiliary Pond  
BR Coal Storage  
BR Generation Wells  
BR Nuclear Sources  
BR Oil Storage  
BR Oil Storage CT - OP  
BR Unit 1-Asbestos  
BR Unit 2-Asbestos  
BR Unit 3-Asbestos

**Dix Dam**

Dix Dam Generation Wells  
Dix Dam-Hydro-Asbestos

**Ghent**

Ghent Generation Wells  
Ghent Ash Pond  
Ghent Chemical Storage  
Ghent Coal Storage  
Ghent Environmental Ponds  
Ghent Gypsum Stack  
Ghent Nuclear Sources  
Ghent Oil Storage  
Ghent Unit 1-Asbestos  
Ghent Unit 2-Asbestos  
Ghent Unit 3-Asbestos  
Ghent Unit 4-Asbestos

**Green River**

Purc-GR Ash Pond  
Purc-GR Chemical Storage  
Purc-GR Coal Storage  
Purc-GR Generation Wells  
Purc-GR Oil Storage  
Purc-GR Unit 1-Asbestos  
Purc-GR Unit 2-Asbestos  
Purc-GR Unit 3-Asbestos  
Purc-GR Unit 4-Asbestos

**Pineville**

Purc-Pineville Ash Pond  
Purc-Pineville Generation Wells  
Purc-Pineville-Asbestos

**Trimble County**

Purc-TC Ash Pond-KU  
Purc-TC Coal Storage-KU  
Purc-TC Environmental Ponds-KU  
Purc-TC Generation Wells-KU

**Tyrone**

Purc-TY Ash Pond  
Purc-TY Chemical Storage  
Purc-TY Coal Storage  
Purc-TY Generation Wells  
Purc-TY Oil Storage  
Purc-TY Unit 1 (Retired)-Asbestos  
Purc-TY Unit 2 (Retired)-Asbestos  
Purc-TY Unit 3-Asbestos

**Transmission**

Purc-KU Transmission Subs (69)-ASB  
Purc-Transmission Bushings KU-PCB

**Electric Distribution and General Facilities**

Purc-Big Stone Gap Sub-Dist-Asbestos  
Purc-Distribution Bushings KU-PCB  
Purc-Distribution Line Transformers-PCB  
Purc-KU Distribution Subs (478)-Asbestos  
Purc-KU General Facilities-Asbestos

**Clark, Ed**

---

**From:** PowerPlantAlerts@lge-ku.com  
**Sent:** Thursday, February 09, 2012 6:01 AM  
**To:** Crescente, Angela  
**Subject:** PowerPlant Alerts - LGE-KU - AIP - ARO

Project 130762 has ARO

[login to powerplant](#)

Clark, Ed

---

**From:** Wiseman, Sara  
**Sent:** Saturday, February 04, 2012 4:26 PM  
**To:** Ising, John  
**Cc:** Crescente, Angela  
**Subject:** EAM on AROs

John: Any time you are ready, I can show you PEPs with the meeting for the AROs listed as a responsibility. It is in mine and in Angela's too. Let me know how to proceed.

*Sara Wiseman  
Manager, Property Accounting  
Office 502.627.3189  
Cell 502.338.0886*

**Clark, Ed**

---

**From:** Crescente, Angela  
**Sent:** Friday, February 03, 2012 1:37 PM  
**To:** Werner, Brett  
**Cc:** Wiseman, Sara  
**Subject:** ARO 1000-TC Ash Pond.xlsx

Brett,

Here is the ARO 1000 report for the TC Ash Pond gain/loss accretion information.



ARO 1000-TC Ash  
Pond.xlsx

Thanks,  
Angela

company_id	liability_account	beginning_liability	liability_incurred	liabilities_settled	accretion	revisions	gain_loss	ending_liability	adjust	description	aro_id	start_month	end_month
100	230012	6,959,409.88	-	-	31,317.34	-	(6,990,727.22)	-	-	Purc-TC Ash Pond	30299528	9/1/2011 00:00:00	9/1/2011 00:00:00
		<b>6,959,409.88</b>	-	-	<b>31,317.34</b>	-	<b>(6,990,727.22)</b>	-	-				



Clark, Ed

---

**From:** Brett.Wemer@ey.com  
**Sent:** Friday, February 03, 2012 12:45 PM  
**To:** Crescente, Angela  
**Subject:** LG&E ARO Calculations  
**Attachments:** ARO Calculation Examples for Angela - LG&E.xlsx.zip

Angela,

Here is a spreadsheet with two sample calculations, for your reference.

Thanks,  
Brett



**Brett M. Wemer** | Assurance Services

Ernst & Young, LLP  
400 West Market Street, Suite 2400, Louisville, KY 40202, United States of America  
Office: 502.585.6463 | Fax: 866.672.6541 | [brett.wemer@ey.com](mailto:brett.wemer@ey.com)  
EY/Comm: 5129363  
Website: [www.ey.com](http://www.ey.com)

**Any U.S. tax advice contained in the body of this e-mail was not intended or written to be used, and cannot be used, by the recipient for the purpose of avoiding penalties that may be imposed under the Internal Revenue Code or applicable state or local tax law provisions.**

The information contained in this message may be privileged and confidential and protected from disclosure. If the reader of this message is not the intended recipient, or an employee or agent responsible for delivering this message to the intended recipient, you are hereby notified that any dissemination, distribution or copying of this communication is strictly prohibited. If you have received this communication in error, please notify us immediately by replying to the message and deleting it from your computer.

Notice required by law: This e-mail may constitute an advertisement or solicitation under U.S. law, if its primary purpose is to advertise or promote a commercial product or service. You may choose not to receive advertising and promotional messages from Ernst & Young LLP (except for Ernst & Young Online and the ey.com website, which track e-mail preferences through a separate process) at this e-mail address by forwarding this message to [no-more-mail@ey.com](mailto:no-more-mail@ey.com). If you do so, the sender of this message will be notified promptly. Our principal postal address is 5 Times Square, New York, NY 10036. Thank you. Ernst & Young LLP

Louisville Gas and Electric Company  
TC Ash Pond  
12/31/2011

Assumptions:  
Inflation Rate 2.50%  
Discount Rate 5.70%  
Mkt Risk Premium 15.00%

TC Ash Pond

11/1/10 Present Day Cost	7,456,540
Market Risk Premium adjusted	8,575,021
Months until Remediation	303
Future Cash Flow	15,897,610
NPV of Change in Future Cashflow	3,782,277
Total Liab Incurred	<u>\$ 3,782,277</u>
Per PowerPlant	3,640,117
Difference	142,160

Louisville Gas and Electric Company  
Cane Run Ash Pond  
12/31/2011

Assumptions:	
Inflation Rate	2.00%
Discount Rate	4.90%
Mkt Risk Premium	15.00%

11/1/10 Present Day Cost	10,138,115
Market Risk Premium adjusted	11,658,832
Months until Remediation	447
Future Cash Flow	24,378,751
NPV of Change in Future Cashflow	3,943,933
Total Liab Incurred	<u>\$ 3,943,933</u>
Per PowerPlant	3,941,519
Difference	2,414

Clark, Ed

---

**From:** Crescente, Angela  
**Sent:** Friday, February 03, 2012 10:54 AM  
**To:** 'Jacki Hall'  
**Cc:** Wiseman, Sara  
**Subject:** RE: Trimble ARO Confirmation

Jacki,

If it helps any at all, I sent it to the attention of Evan Brothers at (317) 453-2666 on January 23<sup>rd</sup> and the fax transmittal said it was successful. I also sent the original in the mail the same day.

Thanks,  
Angela

---

**From:** Wiseman, Sara  
**Sent:** Thursday, February 02, 2012 5:24 PM  
**To:** 'Jacki Hall'  
**Cc:** Crescente, Angela  
**Subject:** RE: Trimble ARO Confirmation

Hi Jacki: We both faxed and mailed the confirmation sometime last week. Angela Crescente signed it.

---

**From:** Jacki Hall [<mailto:jhall@impa.com>]  
**Sent:** Thursday, February 02, 2012 5:21 PM  
**To:** Wiseman, Sara  
**Subject:** Trimble ARO Confirmation

Hi Sara,

Our auditor's sent a confirmation regarding the Trimble County 1 ARO as of December 31, 2011. If you still have the confirmation, please complete the confirmation and mail it to our auditors as soon as you can. If you have already mailed it out or did not receive the confirmation, please let me know.

Thanks for your assistance!

Jacki

*Jacqueline R. Hall*  
*Senior Accountant*  
*Indiana Municipal Power Agency*  
*11610 North College Avenue*  
*Carmel, IN 46032*  
*P: 317-575-3875*  
*F: 317-575-3372*  
*E: [jhall@impa.com](mailto:jhall@impa.com)*

**Clark, Ed**

---

**From:** Wiseman, Sara  
**Sent:** Thursday, February 02, 2012 5:24 PM  
**To:** 'Jacki Hall'  
**Cc:** Crescente, Angela  
**Subject:** RE: Trimble ARO Confirmation

Hi Jacki: We both faxed and mailed the confirmation sometime last week. Angela Crescente signed it.

---

**From:** Jacki Hall [<mailto:jhall@impa.com>]  
**Sent:** Thursday, February 02, 2012 5:21 PM  
**To:** Wiseman, Sara  
**Subject:** Trimble ARO Confirmation

Hi Sara,

Our auditor's sent a confirmation regarding the Trimble County 1 ARO as of December 31, 2011. If you still have the confirmation, please complete the confirmation and mail it to our auditors as soon as you can. If you have already mailed it out or did not receive the confirmation, please let me know.

Thanks for your assistance!

Jacki

*Jacqueline R. Hall*  
*Senior Accountant*  
*Indiana Municipal Power Agency*  
*11610 North College Avenue*  
*Carmel, IN 46032*  
*P: 317-575-3875*  
*F: 317-575-3372*  
*E: [jhall@impa.com](mailto:jhall@impa.com)*

**Clark, Ed**

---

**From:** PowerPlantAlerts@lge-ku.com  
**Sent:** Thursday, February 02, 2012 6:00 AM  
**To:** Crescente, Angela  
**Subject:** PowerPlant Alerts - LGE-KU - AIP - ARO

Project 135160 has ARO Project 134452 has ARO Project 134593 has ARO

[login to powerplant](#)

**Clark, Ed**

---

**From:** Fackler, Andrea  
**Sent:** Tuesday, January 31, 2012 5:15 PM  
**To:** Crescente, Angela; Wiseman, Sara  
**Subject:** FW: Question from Vince on ARO reg assets

FYI

-----Original Message-----

**From:** Benfield, Jonathan E [<mailto:JEBenfield@pplweb.com>]  
**Sent:** Tuesday, January 31, 2012 4:51 PM  
**To:** Fackler, Andrea  
**Subject:** RE: Question from Vince on ARO reg assets

Hi Andrea - Mark Cunningham and I met with Vince and walked him through the accounting. Please disregard his comment to insert "immediate" and he doesn't need any further information at this time.

Jon

-----Original Message-----

**From:** Fackler, Andrea [<mailto:Andrea.Fackler@lge-ku.com>]  
**Sent:** Tuesday, January 31, 2012 9:08 AM  
**To:** Benfield, Jonathan E  
**Subject:** RE: Question from Vince on ARO reg assets

Hey Jon,

I don't know if you've already talked to Vince, but he also added the word "immediate" with regard to the depr and accretion expense's impact on the income statement in a couple places in the 10-K. See p. 282 of the draft with his comments for an example. This is not correct. There is never an income statement impact because the depr and accretion expense is always offset by regulatory credits, even when there are settlements. I was planning to put a note to this point in the response cell for his comment asking someone to call him, but if you can also mention this to him, that would be great.

Thanks,  
Andrea

-----Original Message-----

**From:** Benfield, Jonathan E [<mailto:JEBenfield@pplweb.com>]  
**Sent:** Monday, January 30, 2012 5:25 PM  
**To:** Fackler, Andrea  
**Subject:** RE: Question from Vince on ARO reg assets

I can walk him through it on our end. We'll follow up with Sara and Angela if needed. Thanks Andrea.  
Jon

---

**From:** Fackler, Andrea [[Andrea.Fackler@lge-ku.com](mailto:Andrea.Fackler@lge-ku.com)]  
**Sent:** Monday, January 30, 2012 5:07 PM  
**To:** Benfield, Jonathan E  
**Subject:** Question from Vince on ARO reg assets

Hey Jon,

I was just going through Vince's comments on the first draft and noticed that he put a comment on the ARO language in the regulatory footnote. He's asking someone to call him and explain the accounting. Is this something that needs to be arranged with Sara and Angela on our end? Or will someone on your end take care of this? Let me know if you need me to do anything to facilitate.

Thanks,  
Andrea

Andrea Fackler, CPA  
Accounting Analyst III  
Financial Reporting  
LG&E and KU Energy, LLC  
220 W. Main Street  
Louisville, KY 40202  
P: (502) 627-3442

---

The information contained in this transmission is intended only for the person or entity to which it is directly addressed or copied. It may contain material of confidential and/or private nature. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon, this information by persons or entities other than the intended recipient is not allowed. If you received this message and the information contained therein by error, please contact the sender and delete the material from your/any storage medium.

The information contained in this message is intended only for the personal and confidential use of the recipient(s) named above. If the reader of this message is not the intended recipient or an agent responsible for delivering it to the intended recipient, you are hereby notified that you have received this document in error and that any review, dissemination, distribution, or copying of this message is strictly prohibited. If you have received this communication in error, please notify us immediately, and delete the original message.

-----  
The information contained in this transmission is intended only for the person or entity to which it is directly addressed or copied.  
It may contain material of confidential and/or private nature. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon, this information by persons or entities other than the intended recipient is not allowed. If you received this message and the information contained therein by error, please contact the sender and delete the material from your/any storage medium.

The information contained in this message is intended only for the personal and confidential use of the recipient(s) named above. If the reader of this message is not the intended recipient or an agent responsible for delivering it to the intended recipient, you are hereby notified that you have received this document in error and that any review, dissemination, distribution, or copying of this message is strictly prohibited. If you have received this communication in error, please notify us immediately, and delete the original message.



**Clark, Ed**

---

**From:** Fackler, Andrea  
**Sent:** Tuesday, January 31, 2012 9:04 AM  
**To:** Simpson, Sheri; Erskine, Greg  
**Cc:** Crescente, Angela; Wiseman, Sara; Pienaar, Lesley  
**Subject:** FW: ARO language

Sheri/Greg,

In the comments we received from PPL, Vince added the word "immediate" in the ARO section of the regulatory footnote to say that there is no "immediate" income statement impact. Per Angela, there is never an income statement impact, so adding this word is not correct. Vince used a comment in my section, so I can respond to that comment on the Sharepoint site stating that the use of "immediate" is not correct.

I wanted to let you both know about this because I know I saw at least one other section in the 10-K where Vince added "immediate". Please do not make this change and if there is a comment, you can respond as to why it is not correct.

Thanks,  
Andrea

Andrea Fackler, CPA  
Accounting Analyst III  
Financial Reporting  
LG&E and KU Energy, LLC  
220 W. Main Street  
Louisville, KY 40202  
P: (502) 627-3442

---

**From:** Crescente, Angela  
**Sent:** Tuesday, January 31, 2012 8:55 AM  
**To:** Fackler, Andrea  
**Cc:** Wiseman, Sara  
**Subject:** RE: ARO language

Andrea,

That would not be an appropriate statement because all income statement activity is reversed through a regulatory credit as if it never happened. For financial reporting, the accretion expense, depreciation expense, and regulatory credit all rollup to the same line. In other words, the income statement remains neutral and there is never an income statement impact on that line in total.

Thanks,  
Angela

---

**From:** Fackler, Andrea  
**Sent:** Monday, January 30, 2012 5:10 PM

**To:** Crescente, Angela  
**Cc:** Wiseman, Sara  
**Subject:** ARO language

Angela,

PPL is requesting that we add the word "immediate" in the following explanation for the ARO regulatory assets/liabilities. Just wanted to make sure you were okay with it before I added it.

AROs

As noted in Note 1, LG&E and KU record a regulatory asset to offset the depreciation and accretion expense related to AROs such that there is no immediate income statement impact. When an asset with an ARO is retired, the related ARO regulatory asset is offset against the associated regulatory liability, PP&E and ARO liability.

Thanks,  
Andrea

Andrea Fackler, CPA  
Accounting Analyst III  
Financial Reporting  
LG&E and KU Energy, LLC  
220 W. Main Street  
Louisville, KY 40202  
P: (502) 627-3442

**Clark, Ed**

---

**From:** Crescente, Angela  
**Sent:** Tuesday, January 31, 2012 8:55 AM  
**To:** Fackler, Andrea  
**Cc:** Wiseman, Sara  
**Subject:** RE: ARO language

<b>Tracking:</b>	<b>Recipient</b>	<b>Read</b>
	Fackler, Andrea	Read: 1/31/2012 9:00 AM
	Wiseman, Sara	

Andrea,

That would not be an appropriate statement because all income statement activity is reversed through a regulatory credit as if it never happened. For financial reporting, the accretion expense, depreciation expense, and regulatory credit all rollup to the same line. In other words, the income statement remains neutral and there is never an income statement impact on that line in total.

Thanks,  
Angela

---

**From:** Fackler, Andrea  
**Sent:** Monday, January 30, 2012 5:10 PM  
**To:** Crescente, Angela  
**Cc:** Wiseman, Sara  
**Subject:** ARO language

Angela,

PPL is requesting that we add the word "immediate" in the following explanation for the ARO regulatory assets/liabilities. Just wanted to make sure you were okay with it before I added it.

AROs

As noted in Note 1, LG&E and KU record a regulatory asset to offset the depreciation and accretion expense related to AROs such that there is no immediate income statement impact. When an asset with an ARO is retired, the related ARO regulatory asset is offset against the associated regulatory liability, PP&E and ARO liability.

Thanks,  
Andrea

Andrea Fackler, CPA  
Accounting Analyst III  
Financial Reporting  
LG&E and KU Energy, LLC  
220 W. Main Street  
Louisville, KY 40202  
P: (502) 627-3442



**Clark, Ed**

---

**From:** Fackler, Andrea  
**Sent:** Monday, January 30, 2012 5:10 PM  
**To:** Crescente, Angela  
**Cc:** Wiseman, Sara  
**Subject:** ARO language

Angela,

PPL is requesting that we add the word "immediate" in the following explanation for the ARO regulatory assets/liabilities. Just wanted to make sure you were okay with it before I added it.

AROs

As noted in Note 1, LG&E and KU record a regulatory asset to offset the depreciation and accretion expense related to AROs such that there is no immediate income statement impact. When an asset with an ARO is retired, the related ARO regulatory asset is offset against the associated regulatory liability, PP&E and ARO liability.

Thanks,  
Andrea

Andrea Fackler, CPA  
Accounting Analyst III  
Financial Reporting  
LG&E and KU Energy, LLC  
220 W. Main Street  
Louisville, KY 40202  
P: (502) 627-3442

**Crescente, Angela**

---

**From:** Koellner, Corey  
**Sent:** Tuesday, January 31, 2012 8:53 AM  
**To:** Crescente, Angela  
**Subject:** RE: KU ARO Regulatory Assets

**Follow Up Flag:** Follow up  
**Flag Status:** Completed

Could you let me know the offset account(s)?

---

**From:** Crescente, Angela  
**Sent:** Monday, January 30, 2012 4:07 PM  
**To:** Koellner, Corey  
**Cc:** Wiseman, Sara  
**Subject:** RE: KU ARO Regulatory Assets

Corey,

Since this is settlement related activity, please document the activity below as a credit.

Thanks,  
Angela

---

**From:** Koellner, Corey  
**Sent:** Monday, January 30, 2012 2:21 PM  
**To:** Crescente, Angela  
**Cc:** Wiseman, Sara  
**Subject:** KU ARO Regulatory Assets

I'm preparing the KU regulatory asset information that will be included in the Form 1; I identified the following ARO asset with credit activity in 4Q11:

Account	Account	Line Description	Je Name	Credits
---------	---------	------------------	---------	---------

182317 OTHER REGULATORY ASSETS ARO -  
GENERATION

PP ARO USD 01-DEC-11

Journal Import Created

326,707.17

Can you let me know if this item should be documented as a credit, or if it should be netted against the debit due to the nature of the activity?

Thanks in advance for the help!

Corey Koellner  
Regulatory Accounting & Reporting  
LG&E and KU Energy LLC  
Direct: (502) 627-2965  
Fax: (502) 627-3800  
[corey.koellner@lge-ku.com](mailto:corey.koellner@lge-ku.com)

Clark, Ed

---

**From:** Brett.Wemer@ey.com  
**Sent:** Friday, January 27, 2012 3:17 PM  
**To:** Crescente, Angela  
**Subject:** ARO testing selections  
**Attachments:** Attachments.zip

Angela,

Please see attached the KU and LG&E ARO 1000 reports with my testing selections. For each ARO that I am interested in, I have highlighted the row in green. Additionally, I have highlighted one or two amounts from that row in yellow. If I have highlighted the beginning 1/1/11 balance, that means that I am interested in the information from the 11/1 Deloitte valuation, including the present day cost binder support and the calculation with rates to get to the Deloitte value. Additionally, I would like to see your accretion calculation to take the 11/1 value up to 1/1/11. If I have highlighted activity (additions, gain/loss, etc), then I am interested in the calculation to determine that, including the costs if it is a layer and the information for the rates used in the calculation. Let me know if you have any questions as to what I am looking for and thank you again so much for your help.

Thanks,  
Brett



**Brett M. Wemer** | Assurance Services

Ernst & Young, LLP

400 West Market Street, Suite 2400, Louisville, KY 40202, United States of America

Office: 502.585.6463 | Fax: 866.672.6541 | [brett.wemer@ey.com](mailto:brett.wemer@ey.com)

EY/Comm: 5129363

Website: [www.ey.com](http://www.ey.com)

---

**From:** "Crescente, Angela" <Angela.Crescente@lge-ku.com>  
**To:** "'Brett.Wemer@ey.com'" <Brett.Wemer@ey.com>  
**Date:** 01/27/2012 09:26 AM  
**Subject:** RE: meeting today

Thanks!

**From:** Brett.Wemer@ey.com [<mailto:Brett.Wemer@ey.com>]  
**Sent:** Friday, January 27, 2012 9:25 AM  
**To:** Crescente, Angela  
**Subject:** meeting today

Angela,

I wasn't sure if you had my e-mail address or not, so I just wanted to provide for purposes of the ARO meeting notice for this afternoon.



Thanks,  
Brett



**Brett M. Wemer** | Assurance Services

Ernst & Young, LLP  
400 West Market Street, Suite 2400, Louisville, KY 40202, United States of America  
Office: 502.585.6463 | Fax: 866.672.6541 | [brett.wemer@ey.com](mailto:brett.wemer@ey.com)  
EY/Comm: 5129363  
Website: [www.ey.com](http://www.ey.com)

**Any U.S. tax advice contained in the body of this e-mail was not intended or written to be used, and cannot be used, by the recipient for the purpose of avoiding penalties that may be imposed under the Internal Revenue Code or applicable state or local tax law provisions.**

---

The information contained in this message may be privileged and confidential and protected from disclosure. If the reader of this message is not the intended recipient, or an employee or agent responsible for delivering this message to the intended recipient, you are hereby notified that any dissemination, distribution or copying of this communication is strictly prohibited. If you have received this communication in error, please notify us immediately by replying to the message and deleting it from your computer.

Notice required by law: This e-mail may constitute an advertisement or solicitation under U.S. law, if its primary purpose is to advertise or promote a commercial product or service. You may choose not to receive advertising and promotional messages from Ernst & Young LLP (except for Ernst & Young Online and the ey.com website, which track e-mail preferences through a separate process) at this e-mail address by forwarding this message to [no-more-mail@ey.com](mailto:no-more-mail@ey.com). If you do so, the sender of this message will be notified promptly. Our principal postal address is 5 Times Square, New York, NY 10036. Thank you. Ernst & Young LLP

---

*The information contained in this transmission is intended only for the person or entity to which it is directly addressed or copied. It may contain material of confidential and/or private nature. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon, this information by persons or entities other than the intended recipient is not allowed. If you received this message and the information contained therein by error, please contact the sender and delete the material from your/any storage medium.*

**Any U.S. tax advice contained in the body of this e-mail was not intended or written to be used, and cannot be used, by the recipient for the purpose of avoiding penalties that may be imposed under the Internal Revenue Code or applicable state or local tax law provisions.**

---

The information contained in this message may be privileged and confidential and protected from disclosure. If the reader of this message is not the intended recipient, or an employee or agent responsible for delivering this message to the intended recipient, you are hereby notified that any dissemination, distribution or copying of this communication is strictly prohibited. If you have received this communication in error, please notify us immediately by replying to the message and deleting it from your computer.

Notice required by law: This e-mail may constitute an advertisement or solicitation under U.S. law, if its primary purpose is to advertise or promote a commercial product or service. You may choose not to receive advertising and promotional messages from Ernst & Young LLP (except for Ernst & Young Online and the ey.com website, which track e-mail preferences through a separate process) at this e-mail address by forwarding this message to [no-more-mail@ey.com](mailto:no-more-mail@ey.com). If you do so, the sender of this message will be notified promptly. Our principal postal address is 5 Times Square, New York, NY 10036. Thank you. Ernst & Young LLP

Kentucky Utilities Company  
ARO-1000 Liabilities

company_id	liability_account	beginning_liability	liability_incurred	liabilities_settled	accretion	revisions	gain_loss	ending_liability	adjust	description	aro_id	start_month	end_month
110	230012	\$ 10,307,321.95	\$ -	\$ -	\$ 516,557.42	\$ -	\$ -	\$ 10,823,879.37	\$ -	Purc-BR Ash Pond	30297839	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012	\$ 2,454,124.35	\$ -	\$ -	\$ 122,989.86	\$ -	\$ -	\$ 2,577,114.21	\$ -	Purc-BR Auxiliary Pond	30297823	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012	\$ 62,795.81	\$ -	\$ -	\$ 3,147.03	\$ -	\$ -	\$ 65,942.84	\$ -	Purc-BR Coal Storage	30297825	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012	\$ -	\$ 378,385.65	\$ -	\$ -	\$ -	\$ -	\$ 378,385.65	\$ -	Purc-BR Gen Wells	47239923	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012	\$ 15,834.57	\$ -	\$ -	\$ 206.86	\$ -	\$ (16,041.43)	\$ -	\$ -	Purc-BR Lab	30297836	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012	\$ 15,505.40	\$ -	\$ -	\$ 777.06	\$ -	\$ -	\$ 16,282.46	\$ -	Purc-BR Nuclear Sources	30297849	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012	\$ 6,851.35	\$ -	\$ -	\$ 343.37	\$ -	\$ -	\$ 7,194.72	\$ -	Purc-BR Oil Storage	30297851	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012	\$ 17,951.29	\$ -	\$ -	\$ 993.72	\$ -	\$ -	\$ 18,945.01	\$ -	Purc-BR Oil Storage CT - OP	30297858	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012	\$ 405,867.01	\$ -	\$ -	\$ 21,315.95	\$ -	\$ (42,353.83)	\$ 384,829.13	\$ -	Purc-BR Unit 1-ASB	30297868	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012	\$ 817,203.34	\$ -	\$ -	\$ 45,001.45	\$ -	\$ (47,356.67)	\$ 814,848.12	\$ -	Purc-BR Unit 2-ASB	30297869	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012	\$ 1,859,103.32	\$ -	\$ -	\$ 104,868.05	\$ -	\$ -	\$ 1,963,971.37	\$ -	Purc-BR Unit 3-ASB	30297870	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012	\$ -	\$ 93,978.89	\$ -	\$ -	\$ -	\$ -	\$ 93,978.89	\$ -	Purc-Dix Dam Gen Wells	47240493	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012	\$ 58,138.17	\$ -	\$ -	\$ 3,279.45	\$ -	\$ -	\$ 61,417.62	\$ -	Purc-Dix Dam-Hydro-ASB	30297873	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012	\$ -	\$ 51,016.93	\$ -	\$ -	\$ -	\$ -	\$ 51,016.93	\$ -	Purc-GH Gen Wells	47240490	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012	\$ 14,499,701.30	\$ -	\$ -	\$ 802,656.33	\$ -	\$ -	\$ 15,302,357.63	\$ -	Purc-Ghent Ash Pond	30297876	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012	\$ 11,493.24	\$ -	\$ -	\$ 636.22	\$ -	\$ -	\$ 12,129.46	\$ -	Purc-Ghent Chemical Storage	30297877	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012	\$ 407,107.02	\$ -	\$ -	\$ 22,536.11	\$ -	\$ -	\$ 429,643.13	\$ -	Purc-Ghent Coal Storage	30297878	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012	\$ 394,933.52	\$ -	\$ -	\$ 21,862.24	\$ -	\$ -	\$ 416,795.76	\$ -	Purc-Ghent Environmental Ponds	30297879	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012	\$ 1,300.25	\$ -	\$ -	\$ 71.98	\$ -	\$ (1,372.23)	\$ -	\$ -	Purc-Ghent GSU Spare	30297881	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012	\$ 2,040.16	\$ -	\$ -	\$ 85.23	\$ -	\$ (2,125.39)	\$ -	\$ -	Purc-Ghent GSU Unit 1	30297883	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012	\$ 1,758.41	\$ -	\$ -	\$ 84.45	\$ -	\$ (1,842.86)	\$ -	\$ -	Purc-Ghent GSU Unit 2	30297887	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012	\$ 1,497.55	\$ -	\$ -	\$ 78.18	\$ -	\$ (1,575.73)	\$ -	\$ -	Purc-Ghent GSU Unit 3	30297888	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012	\$ 1,300.25	\$ -	\$ -	\$ 71.98	\$ -	\$ (1,372.23)	\$ -	\$ -	Purc-Ghent GSU Unit 4	30297889	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012	\$ 4,090,206.93	\$ -	\$ -	\$ 204,983.10	\$ -	\$ -	\$ 4,295,190.03	\$ -	Purc-Ghent Gypsum Stack	30297874	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012	\$ 123,653.68	\$ -	\$ -	\$ 6,845.07	\$ -	\$ -	\$ 130,498.75	\$ -	Purc-Ghent Nuclear Sources	30297893	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012	\$ 8,569.90	\$ -	\$ -	\$ 429.48	\$ -	\$ -	\$ 8,999.38	\$ -	Purc-Ghent Oil Storage	30297894	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012	\$ 17,755.80	\$ -	\$ -	\$ 889.85	\$ -	\$ (18,645.65)	\$ -	\$ -	Purc-Ghent Sewage Treatment Plant	30297895	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012	\$ 1,895,565.25	\$ -	\$ -	\$ 106,924.80	\$ -	\$ -	\$ 2,002,490.05	\$ -	Purc-Ghent Unit 1-ASB	30297897	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012	\$ 2,437,316.19	\$ -	\$ -	\$ 137,483.79	\$ -	\$ -	\$ 2,574,799.98	\$ -	Purc-Ghent Unit 2-ASB	30297898	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012	\$ 329,449.61	\$ -	\$ -	\$ 18,583.54	\$ -	\$ -	\$ 348,033.15	\$ -	Purc-Ghent Unit 3-ASB	30297900	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012	\$ 329,449.61	\$ -	\$ -	\$ 18,583.54	\$ -	\$ -	\$ 348,033.15	\$ -	Purc-Ghent Unit 4-ASB	30297901	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012	\$ 6,008,793.21	\$ -	\$ -	\$ 226,134.65	\$ -	\$ -	\$ 6,234,927.86	\$ -	Purc-GR Ash Pond	30297903	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012	\$ 638.46	\$ -	\$ -	\$ 24.03	\$ -	\$ -	\$ 662.49	\$ -	Purc-GR Chemical Storage	30297904	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012	\$ 201,274.98	\$ -	\$ -	\$ 7,574.77	\$ -	\$ -	\$ 208,849.75	\$ -	Purc-GR Coal Storage	30297917	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012	\$ -	\$ 107,155.78	\$ -	\$ -	\$ -	\$ -	\$ 107,155.78	\$ -	Purc-GR Gen Wells	47240491	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012	\$ 5,898.56	\$ -	\$ -	\$ 197.64	\$ -	\$ (6,096.20)	\$ -	\$ -	Purc-GR GSU Spare	30297919	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012	\$ 6,091.75	\$ -	\$ -	\$ 179.03	\$ -	\$ (6,270.78)	\$ -	\$ -	Purc-GR GSU Unit 3	30297924	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012	\$ 5,898.56	\$ -	\$ -	\$ 197.64	\$ -	\$ (6,096.20)	\$ -	\$ -	Purc-GR GSU Unit 4	30297928	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012	\$ 6,091.75	\$ -	\$ -	\$ 179.03	\$ -	\$ (6,270.78)	\$ -	\$ -	Purc-GR GSU Units 1 & 2	30297931	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012	\$ 1,479.32	\$ -	\$ -	\$ 55.67	\$ -	\$ (1,534.99)	\$ -	\$ -	Purc-GR Limestone Silo	30297934	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012	\$ 906.35	\$ -	\$ -	\$ 34.10	\$ -	\$ -	\$ 940.45	\$ -	Purc-GR Oil Storage	30297937	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012	\$ 8,340.91	\$ -	\$ -	\$ 313.92	\$ -	\$ (8,654.83)	\$ -	\$ -	Purc-GR Sewage Treatment Plant	30297938	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012	\$ 536,727.19	\$ -	\$ -	\$ 30,275.62	\$ -	\$ -	\$ 567,002.81	\$ -	Purc-GR Unit 1-ASB	30297939	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012	\$ 493,208.83	\$ -	\$ -	\$ 27,820.86	\$ -	\$ -	\$ 521,029.69	\$ -	Purc-GR Unit 2-ASB	30297941	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012	\$ 538,177.81	\$ -	\$ -	\$ 29,141.23	\$ -	\$ (52,587.21)	\$ 514,731.83	\$ -	Purc-GR Unit 3-ASB	30297947	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012	\$ 631,017.13	\$ -	\$ -	\$ 35,594.31	\$ -	\$ -	\$ 666,611.44	\$ -	Purc-GR Unit 4-ASB	30297954	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012	\$ 1,092,507.52	\$ -	\$ -	\$ 41,115.37	\$ -	\$ -	\$ 1,133,622.89	\$ -	Purc-Pineville Ash Pond	30297959	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012	\$ -	\$ 14,287.18	\$ -	\$ -	\$ -	\$ -	\$ 14,287.18	\$ -	Purc-Pineville Gen Wells	47240494	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012	\$ 622,991.10	\$ -	\$ -	\$ 35,141.60	\$ -	\$ -	\$ 658,132.70	\$ -	Purc-Pineville-ASB	30297962	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012	\$ -	\$ 3,360,108.01	\$ -	\$ 196,609.84	\$ -	\$ -	\$ 3,556,717.85	\$ -	Purc-TC Ash Pond-KU	43429707	1/1/2011 00:00:00	12/1/2011 00:00:00

Kentucky Utilities Company  
ARO-1000 Liabilities

company_id	liability_account	beginning_liability	liability_incurred	liabilities_settled	accretion	revisions	gain_loss	ending_liability	adjust	description	aro_id	start_month	end_month
110	230012	\$ -	\$ 134,385.67	\$ -	\$ 7,863.30	\$ -	\$ -	\$ 142,248.97	\$ -	Purc-TC Coal Storage-KU	43429708	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012	\$ -	\$ 169,417.29	\$ -	\$ 9,913.10	\$ -	\$ -	\$ 179,330.39	\$ -	Purc-TC Environmental Ponds-KU	43429709	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012	\$ -	\$ 46,914.27	\$ -	\$ -	\$ -	\$ -	\$ 46,914.27	\$ -	Purc-TC Gen Wells-KU	47462922	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012	\$ 983,257.14	\$ -	\$ -	\$ 37,003.83	\$ -	\$ -	\$ 1,020,260.97	\$ -	Purc-TY Ash Pond	30297963	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012	\$ 414.47	\$ -	\$ -	\$ 15.60	\$ -	\$ -	\$ 430.07	\$ -	Purc-TY Chemical Storage	30297964	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012	\$ 67,091.91	\$ -	\$ -	\$ 2,524.92	\$ -	\$ -	\$ 69,616.83	\$ -	Purc-TY Coal Storage	30297965	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012	\$ -	\$ 35,718.34	\$ -	\$ -	\$ -	\$ -	\$ 35,718.34	\$ -	Purc-TY Gen Wells	47240492	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012	\$ 9,796.42	\$ -	\$ -	\$ 368.68	\$ -	\$ -	\$ 10,165.10	\$ -	Purc-TY Oil Storage	30297966	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012	\$ 200,844.88	\$ -	\$ -	\$ 7,558.58	\$ -	\$ (208,403.46)	\$ -	\$ -	Purc-TY Service Water Pump Struct	30297967	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012	\$ 54,398.60	\$ -	\$ -	\$ 2,047.24	\$ -	\$ (56,445.84)	\$ -	\$ -	Purc-TY Sewage Treatment Plant	30297969	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012	\$ 465,356.96	\$ -	\$ -	\$ 26,249.79	\$ -	\$ -	\$ 491,606.75	\$ -	Purc-TY Unit 1 (Retired)-ASB	30297970	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012	\$ 458,103.97	\$ -	\$ -	\$ 25,840.67	\$ -	\$ -	\$ 483,944.64	\$ -	Purc-TY Unit 2 (Retired)-ASB	30297971	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012	\$ 630,436.92	\$ -	\$ -	\$ 35,112.13	\$ -	\$ (19,434.90)	\$ 646,114.15	\$ -	Purc-TY Unit 3-ASB	30297972	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230013	\$ 87,750.38	\$ -	\$ -	\$ 4,949.80	\$ -	\$ -	\$ 92,700.18	\$ -	Purc-KU Trans Subs (69)-ASB	30297958	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230013	\$ -	\$ 453,047.99	\$ -	\$ -	\$ -	\$ -	\$ 453,047.99	\$ -	Purc-Transm Bushings KU-PCB	47238431	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230015	\$ 4,500.48	\$ -	\$ -	\$ 253.86	\$ -	\$ -	\$ 4,754.34	\$ -	Purc-Big Stone Gap Sub-Dist-ASB	30297818	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230015	\$ -	\$ 314,421.66	\$ -	\$ -	\$ -	\$ -	\$ 314,421.66	\$ -	Purc-Dist Line Transformers-PCB	47239218	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230015	\$ 116,747.80	\$ -	\$ -	\$ 6,585.50	\$ -	\$ -	\$ 123,333.30	\$ -	Purc-KU Dist Subs (478)-ASB	30297956	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230015	\$ 168,767.82	\$ -	\$ -	\$ 9,519.83	\$ -	\$ -	\$ 178,287.65	\$ -	Purc-KU General Facilities-ASB	30297957	1/1/2011 00:00:00	12/1/2011 00:00:00
		\$ 53,981,306.41	\$ 5,158,837.66	\$ -	\$ 2,968,682.25	\$ -	\$ (504,481.21)	\$ 61,604,345.11	\$ -				

Louisville Gas and Electric Company  
ARO-1000 Liabilities

company_id	liability_account	beginning_liability	liability_incurred	liabilities_settled	accretion	revisions	gain_loss	ending_liability	adjust	description	aro_id	start_month	end_month
100	230012	\$ 1,564,958.03	\$ -	\$ -	\$ 41,177.29	\$ 148,938.66	\$ -	\$ 1,754,473.98	\$ -	Purc-Canal (Retired)-ASB	30298063	1/1/2011 00:00:00	12/1/2011 00:00:00
100	230012	\$ 5,095,336.81	\$ -	\$ -	\$ 234,078.91	\$ -	\$ -	\$ 5,329,415.72	\$ -	Purc-CR Ash Pond	30298089	1/1/2011 00:00:00	12/1/2011 00:00:00
100	230012	\$ 256,016.06	\$ -	\$ -	\$ 11,761.33	\$ -	\$ -	\$ 267,777.39	\$ -	Purc-CR Coal Storage	30298212	1/1/2011 00:00:00	12/1/2011 00:00:00
100	230012	\$ 648,497.37	\$ -	\$ -	\$ 29,791.86	\$ -	\$ -	\$ 678,289.23	\$ -	Purc-CR Environmental Ponds	30298254	1/1/2011 00:00:00	12/1/2011 00:00:00
100	230012	\$ -	\$ 1,101,827.06	\$ -	\$ -	\$ -	\$ -	\$ 1,101,827.06	\$ -	Purc-CR Floodwall Penetration	47240496	1/1/2011 00:00:00	12/1/2011 00:00:00
100	230012	\$ -	\$ 152,675.14	\$ -	\$ -	\$ -	\$ -	\$ 152,675.14	\$ -	Purc-CR Gen Wells	47240500	1/1/2011 00:00:00	12/1/2011 00:00:00
100	230012	\$ 2,831.36	\$ -	\$ -	\$ 94.87	\$ -	\$ (2,926.23)	\$ -	\$ -	Purc-CR GSU Spare	30298296	1/1/2011 00:00:00	12/1/2011 00:00:00
100	230012	\$ 2,831.36	\$ -	\$ -	\$ 94.87	\$ -	\$ (2,926.23)	\$ -	\$ -	Purc-CR GSU Unit 4	30298313	1/1/2011 00:00:00	12/1/2011 00:00:00
100	230012	\$ 2,831.36	\$ -	\$ -	\$ 94.87	\$ -	\$ (2,926.23)	\$ -	\$ -	Purc-CR GSU Unit 5	30298376	1/1/2011 00:00:00	12/1/2011 00:00:00
100	230012	\$ 2,831.36	\$ -	\$ -	\$ 94.87	\$ -	\$ (2,926.23)	\$ -	\$ -	Purc-CR GSU Unit 6	30298378	1/1/2011 00:00:00	12/1/2011 00:00:00
100	230012	\$ 1,391,318.41	\$ -	\$ -	\$ 73,655.47	\$ 875,901.64	\$ -	\$ 2,340,875.52	\$ -	Purc-CR Landfill	30298394	1/1/2011 00:00:00	12/1/2011 00:00:00
100	230012	\$ 41,492.94	\$ -	\$ -	\$ 1,906.19	\$ -	\$ -	\$ 43,399.13	\$ -	Purc-CR Nuclear Sources	30298395	1/1/2011 00:00:00	12/1/2011 00:00:00
100	230012	\$ 11,762.79	\$ -	\$ -	\$ 540.37	\$ -	\$ (12,303.16)	\$ -	\$ -	Purc-CR Sewage Treatment Plant	30298397	1/1/2011 00:00:00	12/1/2011 00:00:00
100	230012	\$ 800,739.04	\$ -	\$ -	\$ 45,167.95	\$ -	\$ -	\$ 845,906.99	\$ -	Purc-CR Unit 1 (Retired)-ASB	30298399	1/1/2011 00:00:00	12/1/2011 00:00:00
100	230012	\$ 754,319.33	\$ -	\$ -	\$ 42,549.54	\$ -	\$ -	\$ 796,868.87	\$ -	Purc-CR Unit 2 (Retired)-ASB	30298415	1/1/2011 00:00:00	12/1/2011 00:00:00
100	230012	\$ 850,059.88	\$ -	\$ -	\$ 47,950.07	\$ -	\$ -	\$ 898,009.95	\$ -	Purc-CR Unit 3 (Retired)-ASB	30298416	1/1/2011 00:00:00	12/1/2011 00:00:00
100	230012	\$ 903,732.58	\$ -	\$ -	\$ 50,669.22	\$ -	\$ (16,831.81)	\$ 937,569.99	\$ -	Purc-CR Unit 4-ASB	30298417	1/1/2011 00:00:00	12/1/2011 00:00:00
100	230012	\$ 653,107.34	\$ -	\$ -	\$ 36,138.87	\$ -	\$ (32,358.79)	\$ 656,887.42	\$ -	Purc-CR Unit 5-ASB	30298420	1/1/2011 00:00:00	12/1/2011 00:00:00
100	230012	\$ 728,494.00	\$ -	\$ -	\$ 37,501.42	\$ -	\$ (290,060.21)	\$ 475,935.21	\$ -	Purc-CR Unit 6-ASB	30298445	1/1/2011 00:00:00	12/1/2011 00:00:00
100	230012	\$ 4,739,202.01	\$ -	\$ -	\$ 262,346.93	\$ -	\$ -	\$ 5,001,548.94	\$ -	Purc-MC Ash Pond	30298653	1/1/2011 00:00:00	12/1/2011 00:00:00
100	230012	\$ 8,238.45	\$ -	\$ -	\$ 456.06	\$ -	\$ -	\$ 8,694.51	\$ -	Purc-MC Chemical Storage	30298655	1/1/2011 00:00:00	12/1/2011 00:00:00
100	230012	\$ 173,236.91	\$ -	\$ -	\$ 9,589.83	\$ -	\$ -	\$ 182,826.74	\$ -	Purc-MC Coal Storage	30298656	1/1/2011 00:00:00	12/1/2011 00:00:00
100	230012	\$ 451,352.53	\$ -	\$ -	\$ 24,985.43	\$ -	\$ -	\$ 476,337.96	\$ -	Purc-MC Environmental Ponds	30298657	1/1/2011 00:00:00	12/1/2011 00:00:00
100	230012	\$ -	\$ 122,110.65	\$ -	\$ -	\$ -	\$ -	\$ 122,110.65	\$ -	Purc-MC Gen Wells	47240502	1/1/2011 00:00:00	12/1/2011 00:00:00
100	230012	\$ 1,872.04	\$ -	\$ -	\$ 97.75	\$ -	\$ (1,969.79)	\$ -	\$ -	Purc-MC GSU Spare	30298659	1/1/2011 00:00:00	12/1/2011 00:00:00
100	230012	\$ 2,719.78	\$ -	\$ -	\$ 102.36	\$ -	\$ (2,822.14)	\$ -	\$ -	Purc-MC GSU Unit 1	30298660	1/1/2011 00:00:00	12/1/2011 00:00:00
100	230012	\$ 2,639.33	\$ -	\$ -	\$ 104.79	\$ -	\$ (2,744.12)	\$ -	\$ -	Purc-MC GSU Unit 2	30298661	1/1/2011 00:00:00	12/1/2011 00:00:00
100	230012	\$ 2,306.72	\$ -	\$ -	\$ 105.97	\$ -	\$ (2,412.69)	\$ -	\$ -	Purc-MC GSU Unit 3	30298663	1/1/2011 00:00:00	12/1/2011 00:00:00
100	230012	\$ 1,872.04	\$ -	\$ -	\$ 97.75	\$ -	\$ (1,969.79)	\$ -	\$ -	Purc-MC GSU Unit 4	30298666	1/1/2011 00:00:00	12/1/2011 00:00:00
100	230012	\$ 851,401.79	\$ -	\$ -	\$ 47,791.89	\$ 1,796,713.65	\$ (720,055.88)	\$ 1,975,791.45	\$ -	Purc-MC Landfill	30298668	1/1/2011 00:00:00	12/1/2011 00:00:00
100	230012	\$ 12,590.15	\$ -	\$ -	\$ 696.94	\$ -	\$ -	\$ 13,287.09	\$ -	Purc-MC Nuclear Sources	30298686	1/1/2011 00:00:00	12/1/2011 00:00:00
100	230012	\$ 602.42	\$ -	\$ -	\$ 33.35	\$ -	\$ -	\$ 635.77	\$ -	Purc-MC Oil Storage	30298687	1/1/2011 00:00:00	12/1/2011 00:00:00
100	230012	\$ 810,138.80	\$ -	\$ -	\$ 43,854.72	\$ -	\$ (49,475.56)	\$ 804,517.96	\$ -	Purc-MC Unit 1-ASB	30298691	1/1/2011 00:00:00	12/1/2011 00:00:00
100	230012	\$ 706,450.14	\$ -	\$ -	\$ 38,587.94	\$ -	\$ (33,853.94)	\$ 711,184.14	\$ -	Purc-MC Unit 2-ASB	30298693	1/1/2011 00:00:00	12/1/2011 00:00:00
100	230012	\$ 294,903.75	\$ -	\$ -	\$ 16,634.88	\$ -	\$ -	\$ 311,538.63	\$ -	Purc-MC Unit 3-ASB	30298694	1/1/2011 00:00:00	12/1/2011 00:00:00
100	230012	\$ 438,142.70	\$ -	\$ -	\$ 24,714.68	\$ -	\$ -	\$ 462,857.38	\$ -	Purc-MC Unit 4-ASB	30298697	1/1/2011 00:00:00	12/1/2011 00:00:00
100	230012	\$ 104,480.17	\$ -	\$ -	\$ 5,893.50	\$ -	\$ -	\$ 110,373.67	\$ -	Purc-Ohio Falls-ASB	30299347	1/1/2011 00:00:00	12/1/2011 00:00:00
100	230012	\$ 4,570,671.08	\$ -	\$ -	\$ 126,263.87	\$ 448,666.53	\$ -	\$ 5,134,601.48	\$ -	Purc-Paddy's Run-ASB	30299348	1/1/2011 00:00:00	12/1/2011 00:00:00
100	230012	\$ 6,713,869.36	\$ -	\$ -	\$ 276,857.86	\$ -	\$ (6,990,727.22)	\$ -	\$ -	Purc-TC Ash Pond	30299528	1/1/2011 00:00:00	12/1/2011 00:00:00
100	230012	\$ -	\$ 3,640,117.01	\$ -	\$ 212,994.02	\$ -	\$ -	\$ 3,853,111.03	\$ -	Purc-TC Ash Pond-LGE	43429704	1/1/2011 00:00:00	12/1/2011 00:00:00
100	230012	\$ 11,142.38	\$ -	\$ -	\$ 616.80	\$ -	\$ -	\$ 11,759.18	\$ -	Purc-TC Chemical Storage	30299529	1/1/2011 00:00:00	12/1/2011 00:00:00
100	230012	\$ 268,517.35	\$ -	\$ -	\$ 11,072.78	\$ -	\$ (279,590.13)	\$ -	\$ -	Purc-TC Coal Storage	30299530	1/1/2011 00:00:00	12/1/2011 00:00:00
100	230012	\$ -	\$ 145,584.34	\$ -	\$ 8,518.58	\$ -	\$ -	\$ 154,102.92	\$ -	Purc-TC Coal Storage-LGE	43429705	1/1/2011 00:00:00	12/1/2011 00:00:00
100	230012	\$ 338,514.52	\$ -	\$ -	\$ 13,959.23	\$ -	\$ (352,473.75)	\$ -	\$ -	Purc-TC Environmental Ponds	30299531	1/1/2011 00:00:00	12/1/2011 00:00:00
100	230012	\$ -	\$ 183,535.26	\$ -	\$ 10,739.19	\$ -	\$ -	\$ 194,274.45	\$ -	Purc-TC Environmental Ponds-LGE	43429706	1/1/2011 00:00:00	12/1/2011 00:00:00
100	230012	\$ -	\$ 50,823.66	\$ -	\$ -	\$ -	\$ -	\$ 50,823.66	\$ -	Purc-TC Gen Wells-LGE	47240501	1/1/2011 00:00:00	12/1/2011 00:00:00
100	230012	\$ 15,273.05	\$ -	\$ -	\$ 845.46	\$ -	\$ -	\$ 16,118.51	\$ -	Purc-TC Nuclear Sources	30299558	1/1/2011 00:00:00	12/1/2011 00:00:00
100	230012	\$ 12,245.94	\$ -	\$ -	\$ 677.90	\$ -	\$ (12,923.84)	\$ -	\$ -	Purc-TC Sewage Treatment Plant	30299561	1/1/2011 00:00:00	12/1/2011 00:00:00
100	230012	\$ 38,782.21	\$ -	\$ -	\$ 2,187.61	\$ -	\$ -	\$ 40,969.82	\$ -	Purc-Zorn-ASB	30299563	1/1/2011 00:00:00	12/1/2011 00:00:00
100	230013	\$ 13,887.16	\$ -	\$ -	\$ 783.33	\$ -	\$ -	\$ 14,670.49	\$ -	Purc-LGE Trans Subs (11)-ASB	30298615	1/1/2011 00:00:00	12/1/2011 00:00:00
100	230013	\$ -	\$ 238,693.59	\$ -	\$ -	\$ -	\$ -	\$ 238,693.59	\$ -	Purc-Transm Bushings LGE-PCB	47240498	1/1/2011 00:00:00	12/1/2011 00:00:00
100	230015	\$ 115,717.02	\$ -	\$ -	\$ 6,527.35	\$ -	\$ -	\$ 122,244.37	\$ -	Purc-LGE Dist Subs (66)-ASB	30298586	1/1/2011 00:00:00	12/1/2011 00:00:00

Louisville Gas and Electric Company  
ARO-1000 Liabilities

company_id	liability_account	beginning_liability	liability_incurred	liabilities_settled	accretion	revisions	gain_loss	ending_liability	adjust	description	aro_id	start_month	end_month
100	230015	\$ 369,910.39	\$ -	\$ -	\$ 20,865.83	\$ -	\$ -	\$ 390,776.22	\$ -	Purc-Manholes-ASB	30298652	1/1/2011 00:00:00	12/1/2011 00:00:00
100	230016	\$ 2,070,910.92	\$ -	\$ -	\$ 105,655.63	\$ -	\$ (281,355.77)	\$ 1,895,210.78	\$ -	Purc-Center GSF UGS (Wells)	30298067	1/1/2011 00:00:00	12/1/2011 00:00:00
100	230016	\$ 2,578.01	\$ -	\$ -	\$ 145.42	\$ -	\$ (2,723.43)	\$ -	\$ -	Purc-CityGateDR237900-Dist-ASB	30298070	1/1/2011 00:00:00	12/1/2011 00:00:00
100	230016	\$ 3,757.94	\$ -	\$ -	\$ 69.36	\$ -	\$ (3,827.30)	\$ -	\$ -	Purc-CityGatePR237900-Dist-ASB	30298073	1/1/2011 00:00:00	12/1/2011 00:00:00
100	230016	\$ 35,421.51	\$ -	\$ -	\$ 1,998.04	\$ -	\$ -	\$ 37,419.55	\$ -	Purc-Doe Run 235300-UGS-ASB	30298504	1/1/2011 00:00:00	12/1/2011 00:00:00
100	230016	\$ 1,405,091.64	\$ -	\$ -	\$ 68,097.83	\$ -	\$ (303,287.12)	\$ 1,169,902.35	\$ -	Purc-Doe Run GSF UGS (Wells)	30298525	1/1/2011 00:00:00	12/1/2011 00:00:00
100	230016	\$ 12,110,213.80	\$ -	\$ -	\$ 674,142.90	\$ -	\$ (240,694.70)	\$ 12,543,662.00	\$ -	Purc-GasMain&ServAbandon-Dist	30298566	1/1/2011 00:00:00	12/1/2011 00:00:00
100	230016	\$ -	\$ 3,941,518.65	\$ -	\$ 48,481.04	\$ -	\$ -	\$ 3,989,999.69	\$ -	Purc-GasMains-Trans	43425702	1/1/2011 00:00:00	12/1/2011 00:00:00
100	230016	\$ 9,420.42	\$ -	\$ -	\$ 444.74	\$ -	\$ (2,325.11)	\$ 7,540.05	\$ -	Purc-Magnolia 235120-UGS-ASB	30298635	1/1/2011 00:00:00	12/1/2011 00:00:00
100	230016	\$ 37,081.84	\$ -	\$ -	\$ 1,909.79	\$ -	\$ (4,882.70)	\$ 34,108.93	\$ -	Purc-Magnolia 235300-UGS-ASB	30298637	1/1/2011 00:00:00	12/1/2011 00:00:00
100	230016	\$ 4,381.41	\$ -	\$ -	\$ 226.94	\$ -	\$ (542.50)	\$ 4,065.85	\$ -	Purc-Magnolia 235600-UGS-ASB	30298650	1/1/2011 00:00:00	12/1/2011 00:00:00
100	230016	\$ 1,447,487.04	\$ -	\$ -	\$ 76,616.07	\$ -	\$ (109,999.04)	\$ 1,414,104.07	\$ -	Purc-Magnolia GSF UGS (Wells)	30298651	1/1/2011 00:00:00	12/1/2011 00:00:00
100	230016	\$ 13,357.31	\$ -	\$ -	\$ 430.75	\$ -	\$ (8,660.96)	\$ 5,127.10	\$ -	Purc-Muldraugh 235120-UGS-ASB	30298738	1/1/2011 00:00:00	12/1/2011 00:00:00
100	230016	\$ 27,857.53	\$ -	\$ -	\$ 1,248.67	\$ -	\$ (8,660.96)	\$ 20,445.24	\$ -	Purc-Muldraugh 235300-UGS-ASB	30298741	1/1/2011 00:00:00	12/1/2011 00:00:00
100	230016	\$ 19,379.39	\$ -	\$ -	\$ 866.37	\$ -	\$ (6,086.08)	\$ 14,159.68	\$ -	Purc-Muldraugh 235600-UGS-ASB	30298749	1/1/2011 00:00:00	12/1/2011 00:00:00
100	230016	\$ 2,990.16	\$ -	\$ -	\$ 168.67	\$ -	\$ -	\$ 3,158.83	\$ -	Purc-Muldraugh 237520-Dist-ASB	30298750	1/1/2011 00:00:00	12/1/2011 00:00:00
100	230016	\$ 566,771.46	\$ -	\$ -	\$ 28,949.67	\$ -	\$ (75,950.12)	\$ 519,771.01	\$ -	Purc-Muldraugh GSF UGS (Wells)	30298925	1/1/2011 00:00:00	12/1/2011 00:00:00
100	230016	\$ 9,927.02	\$ -	\$ -	\$ 559.97	\$ -	\$ -	\$ 10,486.99	\$ -	Purc-Riggs June 235120-UGS-ASB	30299352	1/1/2011 00:00:00	12/1/2011 00:00:00
100	230017	\$ 102,321.30	\$ -	\$ -	\$ 5,771.74	\$ -	\$ -	\$ 108,093.04	\$ -	Purc-Seventh&O-ComGenPln-ASB	30299518	1/1/2011 00:00:00	12/1/2011 00:00:00
		\$ 52,650,788.91	\$ 9,576,885.36	\$ -	\$ 2,831,996.05	\$ 3,264,620.48	\$ (9,863,273.53)	\$ 58,461,017.27	\$ -				

**Clark, Ed**

---

**From:** Wright, Sharon  
**Sent:** Wednesday, January 25, 2012 8:39 AM  
**To:** Crescente, Angela  
**Subject:** RE: PMR414-CP ARO

Angela,

I can't do a COD on this since it's labor. You have to have an invoice number and vendor name. I will do a journal entry to correct for January close. Just wanted to let you know. Thanks!

Sharon K. Wright  
Senior Budget Analyst - Energy Delivery Finance & Budgeting  
(502) 627-2270  
[sharon.wright@lge-ku.com](mailto:sharon.wright@lge-ku.com)

---

**From:** Crescente, Angela  
**Sent:** Wednesday, January 11, 2012 10:01 AM  
**To:** Wright, Sharon  
**Subject:** FW: PMR414-CP ARO

---

**From:** Crescente, Angela  
**Sent:** Tuesday, October 11, 2011 3:41 PM  
**To:** Singleton, Janna; Wright, Sharon  
**Subject:** PMR414-CP ARO

Janna:

Here you go:

<< File: PMR414-CP ARO FOR SEPTEMBER 2011.xls >>

This is just straight out of the system because I wasn't sure how you would want it sorted.

Thanks a bunch!  
Angela

**Clark, Ed**

---

**From:** Leichty, Doug  
**Sent:** Tuesday, January 24, 2012 10:28 AM  
**To:** Crescente, Angela  
**Subject:** RE: ARO Balances as of 12/31/2011

Yes, that will be fine. I will need the rollforward for the Virginia filing.

Thanks,  
Doug

---

**From:** Crescente, Angela  
**Sent:** Tuesday, January 24, 2012 10:14 AM  
**To:** Leichty, Doug  
**Subject:** RE: ARO Balances as of 12/31/2011

Do you want me to go ahead and send you the ARO rollforward as well?

---

**From:** Leichty, Doug  
**Sent:** Tuesday, January 24, 2012 9:02 AM  
**To:** Crescente, Angela  
**Subject:** ARO Balances as of 12/31/2011

Angela,

Please provide me with the ARO balances as of 12/31/2011 by January 31, 2011.

Thanks,  
Doug

**Clark, Ed**

---

**From:** Benfield, Jonathan E <JEBenfield@pplweb.com>  
**Sent:** Tuesday, January 24, 2012 9:51 AM  
**To:** Fackler, Andrea; Crescente, Angela  
**Cc:** Wiseman, Sara  
**Subject:** RE: 10-K language surrounding AROs

Thanks guys - I do appreciate you taking the time to think through that.

---

**From:** Fackler, Andrea [mailto:Andrea.Fackler@lge-ku.com]  
**Sent:** Tuesday, January 24, 2012 9:45 AM  
**To:** Crescente, Angela Michelle; Benfield, Jonathan E  
**Cc:** Wiseman, Sara L  
**Subject:** RE: 10-K language surrounding AROs

These changes have been made in the 10-K draft and will be reflected in the first draft that comes out tomorrow.

Andrea

---

**From:** Crescente, Angela  
**Sent:** Tuesday, January 24, 2012 9:40 AM  
**To:** 'Benfield, Jonathan E'  
**Cc:** Fackler, Andrea; Wiseman, Sara  
**Subject:** FW: 10-K language surrounding AROs

Jonathan,

Sara and I are OK with the changes you suggested in the WORD document.

Thanks,  
Angela

---

**From:** Benfield, Jonathan E [mailto:JEBenfield@pplweb.com]  
**Sent:** Monday, January 23, 2012 6:20 PM  
**To:** Crescente, Angela  
**Cc:** Fackler, Andrea; Wiseman, Sara  
**Subject:** RE: 10-K language surrounding AROs

Hi Angela - most of the changes in the attached attempt to get the language a little more consistent with Note 1 (page 249 of the preliminary draft). Would you be open to these edits (the attached is a blackline against the language in the email below)?

Thanks!  
Jon

---

**From:** Fackler, Andrea [mailto:Andrea.Fackler@lge-ku.com]  
**Sent:** Monday, January 23, 2012 5:43 PM  
**To:** Benfield, Jonathan E  
**Subject:** FW: 10-K language surrounding AROs

How do you feel about adding the below sentence from the critical accounting policy discussion?

---

**From:** Crescente, Angela  
**Sent:** Monday, January 23, 2012 5:10 PM



**To:** Fackler, Andrea  
**Cc:** Wiseman, Sara  
**Subject:** RE: 10-K language surrounding AROs

Andrea,

Please see if it would be OK to use the same language that is in the sensitivity analysis and add it to the sentence in our previous email. For example:

An offsetting regulatory asset is recognized to reverse the depreciation and accretion expense related to the ARO such that there is no income statement impact. When an asset with an ARO is retired, the related ARO regulatory asset will be offset against the associated regulatory liability, ARO asset and ARO liability.

Thanks,  
Angela

---

**From:** Fackler, Andrea  
**Sent:** Monday, January 23, 2012 5:01 PM  
**To:** Crescente, Angela  
**Cc:** Wiseman, Sara  
**Subject:** FW: 10-K language surrounding AROs

Angela,

See below for some suggestions from PPL to help clarify what the ARO reg asset represents.

Andrea

---

**From:** Benfield, Jonathan E [<mailto:JEBenfield@pplweb.com>]  
**Sent:** Monday, January 23, 2012 4:54 PM  
**To:** Fackler, Andrea  
**Subject:** RE: 10-K language surrounding AROs

I don't feel real real strongly about this, but is there a way to provide some introductory commentary on what the ARO reg asset represents? I think to a non-utility person, this is probably very confusing. Would Sara perhaps be more comfortable if we struck "permitted to be recovered through regulated customer rates" or is there some other way to sum up what the reg asset represents?

Sorry to be a pain - this certainly does not need to be resolved for the 1st draft.  
Thanks Andrea!  
Jon

---

**From:** Fackler, Andrea [<mailto:Andrea.Fackler@lge-ku.com>]  
**Sent:** Monday, January 23, 2012 4:22 PM  
**To:** Benfield, Jonathan E  
**Subject:** FW: 10-K language surrounding AROs

Jon,

You edited the ARO description in the regulatory footnote as shown in the email below. According to our ARO accounting expert, this modification of the language is not correct for us. Thus, I am not going to make the changes you suggested. If you need more detail on this, please let me know.

Thanks,

Andrea

---

**From:** Crescente, Angela  
**Sent:** Monday, January 23, 2012 4:14 PM  
**To:** Fackler, Andrea  
**Cc:** Wiseman, Sara  
**Subject:** RE: 10-K language surrounding AROs

Andrea,

No, this is not correct. ARO accretion and depreciation is not included in the rates process. It is best to leave it the way it was written last year which is:

LG&E for example:

Note 3 - Rates and Regulatory Matters

(h) When an asset with an ARO is retired, the related ARO regulatory asset will be offset against the associated regulatory liability, ARO asset and ARO liability.

The accretion and depreciation issue is discussed in a little more detail in the Summary of Significant Accounting Policies Sensitivity Analysis for AROs.

Thanks,  
Angela

---

**From:** Fackler, Andrea  
**Sent:** Monday, January 23, 2012 3:58 PM  
**To:** Crescente, Angela  
**Cc:** Wiseman, Sara  
**Subject:** 10-K language surrounding AROs

Angela,

Please review the following language for the ARO discussion in the regulatory footnote. PPL added the first sentence and modified the second sentence as I have shown below. If any of this is not correct, please let me know.

AROs

The regulatory asset associated with AROs represents the accumulated depreciation and accretion related to an ARO permitted to be recovered through regulated customer rates. When an asset with an ARO is retired, the related ARO regulatory asset will be offset against the associated ARO regulatory liability, ARO asset PP&E and ARO liability.

Thanks,  
Andrea

Andrea Fackler, CPA  
Accounting Analyst III

Financial Reporting  
LG&E and KU Energy, LLC  
220 W. Main Street  
Louisville, KY 40202  
P. (502) 627-3442

---

***The information contained in this transmission is intended only for the person or entity to which it is directly addressed or copied. It may contain material of confidential and/or private nature. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon, this information by persons or entities other than the intended recipient is not allowed. If you received this message and the information contained therein by error, please contact the sender and delete the material from your/any storage medium.***

The information contained in this message is intended only for the personal and confidential use of the recipient(s) named above. If the reader of this message is not the intended recipient or an agent responsible for delivering it to the intended recipient, you are hereby notified that you have received this document in error and that any review, dissemination, distribution, or copying of this message is strictly prohibited. If you have received this communication in error, please notify us immediately, and delete the original message.

---

***The information contained in this transmission is intended only for the person or entity to which it is directly addressed or copied. It may contain material of confidential and/or private nature. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon, this information by persons or entities other than the intended recipient is not allowed. If you received this message and the information contained therein by error, please contact the sender and delete the material from your/any storage medium.***

The information contained in this message is intended only for the personal and confidential use of the recipient(s) named above. If the reader of this message is not the intended recipient or an agent responsible for delivering it to the intended recipient, you are hereby notified that you have received this document in error and that any review, dissemination, distribution, or copying of this message is strictly prohibited. If you have received this communication in error, please notify us immediately, and delete the original message.

---

***The information contained in this transmission is intended only for the person or entity to which it is directly addressed or copied. It may contain material of confidential and/or private nature. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon, this information by persons or entities other than the intended recipient is not allowed. If you received this message and the information contained therein by error, please contact the sender and delete the material from your/any storage medium.***

The information contained in this message is intended only for the personal and confidential use of the recipient(s) named above. If the reader of this message is not the intended recipient or an agent responsible for delivering it to the intended recipient, you are hereby notified that you have received this document in error and that any review, dissemination, distribution, or copying of this message is strictly prohibited. If you have received this communication in error, please notify us immediately, and delete the original message.

**Clark, Ed**

---

**From:** Fackler, Andrea  
**Sent:** Tuesday, January 24, 2012 9:45 AM  
**To:** Crescente, Angela; 'Benfield, Jonathan E'  
**Cc:** Wiseman, Sara  
**Subject:** RE: 10-K language surrounding AROs

These changes have been made in the 10-K draft and will be reflected in the first draft that comes out tomorrow.

Andrea

---

**From:** Crescente, Angela  
**Sent:** Tuesday, January 24, 2012 9:40 AM  
**To:** 'Benfield, Jonathan E'  
**Cc:** Fackler, Andrea; Wiseman, Sara  
**Subject:** FW: 10-K language surrounding AROs

Jonathan,

Sara and I are OK with the changes you suggested in the WORD document.

Thanks,  
Angela

---

**From:** Benfield, Jonathan E [<mailto:JEBenfield@pplweb.com>]  
**Sent:** Monday, January 23, 2012 6:20 PM  
**To:** Crescente, Angela  
**Cc:** Fackler, Andrea; Wiseman, Sara  
**Subject:** RE: 10-K language surrounding AROs

Hi Angela - most of the changes in the attached attempt to get the language a little more consistent with Note 1 (page 249 of the preliminary draft). Would you be open to these edits (the attached is a blackline against the language in the email below)?

Thanks!  
Jon

---

**From:** Fackler, Andrea [<mailto:Andrea.Fackler@lge-ku.com>]  
**Sent:** Monday, January 23, 2012 5:43 PM  
**To:** Benfield, Jonathan E  
**Subject:** FW: 10-K language surrounding AROs

How do you feel about adding the below sentence from the critical accounting policy discussion?

---

**From:** Crescente, Angela  
**Sent:** Monday, January 23, 2012 5:10 PM  
**To:** Fackler, Andrea  
**Cc:** Wiseman, Sara  
**Subject:** RE: 10-K language surrounding AROs

Andrea,

Charnas

Please see if it would be OK to use the same language that is in the sensitivity analysis and add it to the sentence in our previous email. For example:

An offsetting regulatory asset is recognized to reverse the depreciation and accretion expense related to the ARO such that there is no income statement impact. When an asset with an ARO is retired, the related ARO regulatory asset will be offset against the associated regulatory liability, ARO asset and ARO liability.

Thanks,

Angela

---

**From:** Fackler, Andrea  
**Sent:** Monday, January 23, 2012 5:01 PM  
**To:** Crescente, Angela  
**Cc:** Wiseman, Sara  
**Subject:** FW: 10-K language surrounding AROs

Angela,

See below for some suggestions from PPL to help clarify what the ARO reg asset represents.

Andrea

---

**From:** Benfield, Jonathan E [<mailto:JEBenfield@pplweb.com>]  
**Sent:** Monday, January 23, 2012 4:54 PM  
**To:** Fackler, Andrea  
**Subject:** RE: 10-K language surrounding AROs

I don't feel real real strongly about this, but is there a way to provide some introductory commentary on what the ARO reg asset represents? I think to a non-utility person, this is probably very confusing. Would Sara perhaps be more comfortable if we struck "permitted to be recovered through regulated customer rates" or is there some other way to sum up what the reg asset represents?

Sorry to be a pain - this certainly does not need to be resolved for the 1st draft.

Thanks Andrea!

Jon

---

**From:** Fackler, Andrea [<mailto:Andrea.Fackler@lge-ku.com>]  
**Sent:** Monday, January 23, 2012 4:22 PM  
**To:** Benfield, Jonathan E  
**Subject:** FW: 10-K language surrounding AROs

Jon,

You edited the ARO description in the regulatory footnote as shown in the email below. According to our ARO accounting expert, this modification of the language is not correct for us. Thus, I am not going to make the changes you suggested. If you need more detail on this, please let me know.

Thanks,

Andrea

---

**From:** Crescente, Angela  
**Sent:** Monday, January 23, 2012 4:14 PM

**To:** Fackler, Andrea  
**Cc:** Wiseman, Sara  
**Subject:** RE: 10-K language surrounding AROs

Andrea,

No, this is not correct. ARO accretion and depreciation is not included in the rates process. It is best to leave it the way it was written last year which is:

LG&E for example:

Note 3 - Rates and Regulatory Matters

(h) When an asset with an ARO is retired, the related ARO regulatory asset will be offset against the associated regulatory liability, ARO asset and ARO liability.

The accretion and depreciation issue is discussed in a little more detail in the Summary of Significant Accounting Policies Sensitivity Analysis for AROs.

Thanks,  
Angela

---

**From:** Fackler, Andrea  
**Sent:** Monday, January 23, 2012 3:58 PM  
**To:** Crescente, Angela  
**Cc:** Wiseman, Sara  
**Subject:** 10-K language surrounding AROs

Angela,

Please review the following language for the ARO discussion in the regulatory footnote. PPL added the first sentence and modified the second sentence as I have shown below. If any of this is not correct, please let me know.

AROs

The regulatory asset associated with AROs represents the accumulated depreciation and accretion related to an ARO permitted to be recovered through regulated customer rates. When an asset with an ARO is retired, the related ARO regulatory asset will be offset against the associated ARO regulatory liability, ARO asset and ARO liability.

Thanks,  
Andrea

Andrea Fackler, CPA  
Accounting Analyst III  
Financial Reporting  
LG&E and KU Energy, LLC  
220 W. Main Street  
Louisville, KY 40202  
P: (502) 627-3442

---

***The information contained in this transmission is intended only for the person or entity to which it is directly addressed or copied. It may contain material of confidential and/or private nature. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon, this information by persons or entities other than the intended recipient is not allowed. If you received this message and the information contained therein by error, please contact the sender and delete the material from your/any storage medium.***

The information contained in this message is intended only for the personal and confidential use of the recipient(s) named above. If the reader of this message is not the intended recipient or an agent responsible for delivering it to the intended recipient, you are hereby notified that you have received this document in error and that any review, dissemination, distribution, or copying of this message is strictly prohibited. If you have received this communication in error, please notify us immediately, and delete the original message.

---

***The information contained in this transmission is intended only for the person or entity to which it is directly addressed or copied. It may contain material of confidential and/or private nature. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon, this information by persons or entities other than the intended recipient is not allowed. If you received this message and the information contained therein by error, please contact the sender and delete the material from your/any storage medium.***

The information contained in this message is intended only for the personal and confidential use of the recipient(s) named above. If the reader of this message is not the intended recipient or an agent responsible for delivering it to the intended recipient, you are hereby notified that you have received this document in error and that any review, dissemination, distribution, or copying of this message is strictly prohibited. If you have received this communication in error, please notify us immediately, and delete the original message.

Clark, Ed

---

**From:** Crescente, Angela  
**Sent:** Tuesday, January 24, 2012 9:40 AM  
**To:** 'Benfield, Jonathan E'  
**Cc:** Fackler, Andrea; Wiseman, Sara  
**Subject:** FW: 10-K language surrounding AROs  
**Attachments:** ARO reg asset language.doc

Jonathan,

Sara and I are OK with the changes you suggested in the WORD document.

Thanks,  
Angela

---

**From:** Benfield, Jonathan E [mailto:JEBenfield@pplweb.com]  
**Sent:** Monday, January 23, 2012 6:20 PM  
**To:** Crescente, Angela  
**Cc:** Fackler, Andrea; Wiseman, Sara  
**Subject:** RE: 10-K language surrounding AROs

Hi Angela - most of the changes in the attached attempt to get the language a little more consistent with Note 1 (page 249 of the preliminary draft). Would you be open to these edits (the attached is a blackline against the language in the email below)?

Thanks!  
Jon

---

**From:** Fackler, Andrea [mailto:Andrea.Fackler@lge-ku.com]  
**Sent:** Monday, January 23, 2012 5:43 PM  
**To:** Benfield, Jonathan E  
**Subject:** FW: 10-K language surrounding AROs

How do you feel about adding the below sentence from the critical accounting policy discussion?

---

**From:** Crescente, Angela  
**Sent:** Monday, January 23, 2012 5:10 PM  
**To:** Fackler, Andrea  
**Cc:** Wiseman, Sara  
**Subject:** RE: 10-K language surrounding AROs

Andrea,

Please see if it would be OK to use the same language that is in the sensitivity analysis and add it to the sentence in our previous email. For example:

An offsetting regulatory asset is recognized to reverse the depreciation and accretion expense related to the ARO such that there is no income statement impact. When an asset with an ARO is retired, the related ARO regulatory asset will be offset against the associated regulatory liability, ARO asset and ARO liability.

Thanks,  
Angela



Charnas

---

**From:** Fackler, Andrea  
**Sent:** Monday, January 23, 2012 5:01 PM  
**To:** Crescente, Angela  
**Cc:** Wiseman, Sara  
**Subject:** FW: 10-K language surrounding AROs

Angela,

See below for some suggestions from PPL to help clarify what the ARO reg asset represents.

Andrea

---

**From:** Benfield, Jonathan E [<mailto:JEBenfield@pplweb.com>]  
**Sent:** Monday, January 23, 2012 4:54 PM  
**To:** Fackler, Andrea  
**Subject:** RE: 10-K language surrounding AROs

I don't feel real real strongly about this, but is there a way to provide some introductory commentary on what the ARO reg asset represents? I think to a non-utility person, this is probably very confusing. Would Sara perhaps be more comfortable if we struck "permitted to be recovered through regulated customer rates" or is there some other way to sum up what the reg asset represents?

Sorry to be a pain - this certainly does not need to be resolved for the 1st draft.

Thanks Andrea!

Jon

---

**From:** Fackler, Andrea [<mailto:Andrea.Fackler@lge-ku.com>]  
**Sent:** Monday, January 23, 2012 4:22 PM  
**To:** Benfield, Jonathan E  
**Subject:** FW: 10-K language surrounding AROs

Jon,

You edited the ARO description in the regulatory footnote as shown in the email below. According to our ARO accounting expert, this modification of the language is not correct for us. Thus, I am not going to make the changes you suggested. If you need more detail on this, please let me know.

Thanks,

Andrea

---

**From:** Crescente, Angela  
**Sent:** Monday, January 23, 2012 4:14 PM  
**To:** Fackler, Andrea  
**Cc:** Wiseman, Sara  
**Subject:** RE: 10-K language surrounding AROs

Andrea,

No, this is not correct. ARO accretion and depreciation is not included in the rates process. It is best to leave it the way it was written last year which is:

LG&E for example:

Note 3 - Rates and Regulatory Matters

(h) When an asset with an ARO is retired, the related ARO regulatory asset will be offset against the associated regulatory liability, ARO asset and ARO liability.

The accretion and depreciation issue is discussed in a little more detail in the Summary of Significant Accounting Policies Sensitivity Analysis for AROs.

Thanks,  
Angela

---

**From:** Fackler, Andrea  
**Sent:** Monday, January 23, 2012 3:58 PM  
**To:** Crescente, Angela  
**Cc:** Wiseman, Sara  
**Subject:** 10-K language surrounding AROs

Angela,

Please review the following language for the ARO discussion in the regulatory footnote. PPL added the first sentence and modified the second sentence as I have shown below. If any of this is not correct, please let me know.

AROs

The regulatory asset associated with AROs represents the accumulated depreciation and accretion related to an ARO permitted to be recovered through regulated customer rates. When an asset with an ARO is retired, the related ARO regulatory asset will be offset against the associated ARO regulatory liability, ARO asset ~~PP&E~~ and ARO liability.

Thanks,  
Andrea

Andrea Fackler, CPA  
Accounting Analyst III  
Financial Reporting  
LG&E and KU Energy, LLC  
220 W. Main Street  
Louisville, KY 40202  
P: (502) 627-3442

---

*The information contained in this transmission is intended only for the person or entity to which it is directly addressed or copied. It may contain material of confidential and/or private nature. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon, this information by persons or entities other than the intended recipient is not allowed. If you received this message and the information contained therein by error, please contact the sender and delete the material from your/any storage medium.*

Charnas

The information contained in this message is intended only for the personal and confidential use of the recipient(s) named above. If the reader of this message is not the intended recipient or an agent responsible for delivering it to the intended recipient, you are hereby notified that you have received this document in error and that any review, dissemination, distribution, or copying of this message is strictly prohibited. If you have received this communication in error, please notify us immediately, and delete the original message.

---

*The information contained in this transmission is intended only for the person or entity to which it is directly addressed or copied. It may contain material of confidential and/or private nature. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon, this information by persons or entities other than the intended recipient is not allowed. If you received this message and the information contained therein by error, please contact the sender and delete the material from your/any storage medium.*

The information contained in this message is intended only for the personal and confidential use of the recipient(s) named above. If the reader of this message is not the intended recipient or an agent responsible for delivering it to the intended recipient, you are hereby notified that you have received this document in error and that any review, dissemination, distribution, or copying of this message is strictly prohibited. If you have received this communication in error, please notify us immediately, and delete the original message.

As noted in Note 1, LG&E and KU record a ~~An offsetting regulatory asset is recognized to~~  
~~offset~~ reverse the depreciation and accretion expense related to the AROs such that there is no  
income statement impact. When an asset with an ARO is retired, the related ARO regulatory  
asset ~~is~~ will be offset against the associated regulatory liability, ~~PP&E~~ ARO asset and ARO liability.

**Clark, Ed**

---

**From:** Leichty, Doug  
**Sent:** Tuesday, January 24, 2012 9:02 AM  
**To:** Crescente, Angela  
**Subject:** ARO Balances as of 12/31/2011  
**Attachments:** ARO Balances as of 09302011.pdf

Angela,

Please provide me with the ARO balances as of 12/31/2011 by January 31, 2011.

Thanks,  
Doug

## Account Balance for LG&amp;E

Period Name: SEP-2011

		Balance SUM	
		Company	Sum
Account	Account	0100	Sum
101107	PLANT, IN SERVICE, ELECTRIC, ARO, ASSET RETIREMENT, COST, EQUIPMENT	26,577,290.78	26,577,290.78
101125	PLANT, IN SERVICE, ELECTRIC, ARO, ASSET RETIREMENT, COST, LAND/BUILDING	533,396.11	533,396.11
101207	PLANT, IN SERVICE, GAS, ARO, ASSET RETIREMENT, COST, EQUIPMENT	21,043,016.77	21,043,016.77
101225	PLANT, IN SERVICE, GAS, ARO, ASSET RETIREMENT, COST, LAND/BUILDING	33,839.35	33,839.35
101325	PLANT, IN SERVICE, COMMON, ARO, ASSET RETIREMENT, COST, LAND/BUILDING	101,389.77	101,389.77
108107	ACCUM, DEPR, ELECTRIC, ARO, ASSET RETIREMENT, COST, EQUIPMENT	-1,000,397.54	-1,000,397.54
108125	ACCUM, DEPR, ELECTRIC, ARO, ASSET RETIREMENT, COST, LAND/BUILDING	-5,726.03	-5,726.03
108207	ACCUM, DEPR, GAS, ARO, ASSET RETIREMENT, COST, EQUIPMENT	-482,914.28	-482,914.28
108225	ACCUM, DEPR, GAS, ARO, ASSET RETIREMENT, COST, LAND/BUILDING	-502.49	-502.49
108325	ACCUM, DEPR, COMMON, ARO, ASSET RETIREMENT, COST, LAND/BUILDING	-1,888.49	-1,888.49
108799	RWIP, ARO, LEGAL	1,195,493.45	1,195,493.45
182317	OTHER, REGULATORY, ASSETS, ARO, GENERATION	8,168,865.35	8,168,865.35
182318	OTHER, REG, ASSETS, ARO, TRANSMISSION	892.13	892.13
182325	OTHER, REGULATORY, ASSETS, ARO, DISTRIBUTION	30,355.13	30,355.13
182326	OTHER, REGULATORY, ASSETS, ARO, GAS	790,278.28	790,278.28
182327	OTHER, REGULATORY, ASSETS, ARO, COMMON	7,118.99	7,118.99
230012	ASSET RETIREMENT, OBLIGATIONS, STEAM	-33,573,174.59	-33,573,174.59
230013	ASSET RETIREMENT, OBLIGATIONS, TRANSMISSION	-14,470.61	-14,470.61
230015	ASSET RETIREMENT, OBLIGATIONS, DISTRIBUTION	-506,030.73	-506,030.73
230016	ASSET RETIREMENT, OBLIGATIONS, GAS	-20,616,515.63	-20,616,515.63
230017	ASSET RETIREMENT, OBLIGATIONS, COMMON	-106,620.27	-106,620.27
230022	ASSET RETIREMENT, OBLIGATIONS, STEAM, ST	-210,000.00	-210,000.00
230026	ASSET RETIREMENT, OBLIGATIONS, GAS, ST	-767,202.00	-767,202.00
254014	REGULATORY LIABILITY, ARO, GENERATION	-274,746.64	-274,746.64
254015	REGULATORY LIABILITY, ARO, TRANSMISSION	0.00	0.00
254016	REGULATORY LIABILITY, ARO, GAS	-2,144,773.05	-2,144,773.05
	Sum	-1,224,026.24	-1,224,026.24

Account Balance for KU

Period Name: SEP-2011

		Balance: SUM	
		Company	
Account	Account	0110	Sum
101107	PLANT IN SERVICE-ELECTRIC/ARO/ASSET RETIREMENT COST-EQUIPMENT	56,150,452.96	56,150,452.96
101125	PLANT IN SERVICE-ELECTRIC/ARO/ASSET RETIREMENT COST-LAND/BUILDING	374,327.29	374,327.29
108107	ACCUM DEPR-ELECTRIC/ARO/ASSET RETIREMENT COST-EQUIPMENT	-2,787,911.33	-2,787,911.33
108125	ACCUM DEPR-ELECTRIC/ARO/ASSET RETIREMENT COST-LAND/BUILDING	-5,215.19	-5,215.19
108798	RWP/ARO-LEGAL	423,757.18	423,757.18
182317	OTHER REGULATORY ASSETS/ARO-GENERATION	5,924,714.61	5,924,714.61
182318	OTHER REG ASSETS/ARO-TRANSMISSION	5,637.24	5,637.24
182325	OTHER REGULATORY ASSETS/ARO-DISTRIBUTION	18,888.76	18,888.76
230012	ASSET RETIREMENT OBLIGATIONS-STEAM	-59,135,280.24	-59,135,280.24
230013	ASSET RETIREMENT OBLIGATIONS-TRANSMISSION	-91,437.14	-91,437.14
230015	ASSET RETIREMENT OBLIGATIONS-DISTRIBUTION	-302,200.96	-302,200.96
230022	ASSET RETIREMENT OBLIGATIONS-STEAM/ST	-151,976.00	-151,976.00
254014	REGULATORY LIABILITY/ARO-GENERATION	-4,563,607.34	-4,563,607.34
254015	REGULATORY LIABILITY/ARO-TRANSMISSION	0.00	0.00
	Sum	-4,139,850.16	-4,139,850.16

**Clark, Ed**

---

**From:** PowerPlantAlerts@lge-ku.com  
**Sent:** Tuesday, January 24, 2012 6:00 AM  
**To:** Crescente, Angela  
**Subject:** PowerPlant Alerts - LGE-KU - AIP - ARO

Project 134556 has ARO

[login to powerplant](#)



**Clark, Ed**

---

**From:** Benfield, Jonathan E <JEBenfield@pplweb.com>  
**Sent:** Monday, January 23, 2012 6:20 PM  
**To:** Crescente, Angela  
**Cc:** Fackler, Andrea; Wiseman, Sara  
**Subject:** RE: 10-K language surrounding AROs  
**Attachments:** ARO reg asset language.doc

Hi Angela - most of the changes in the attached attempt to get the language a little more consistent with Note 1 (page 249 of the preliminary draft). Would you be open to these edits (the attached is a blackline against the language in the email below)?

Thanks!  
Jon

---

**From:** Fackler, Andrea [mailto:Andrea.Fackler@lge-ku.com]  
**Sent:** Monday, January 23, 2012 5:43 PM  
**To:** Benfield, Jonathan E  
**Subject:** FW: 10-K language surrounding AROs

How do you feel about adding the below sentence from the critical accounting policy discussion?

---

**From:** Crescente, Angela  
**Sent:** Monday, January 23, 2012 5:10 PM  
**To:** Fackler, Andrea  
**Cc:** Wiseman, Sara  
**Subject:** RE: 10-K language surrounding AROs

Andrea,

Please see if it would be OK to use the same language that is in the sensitivity analysis and add it to the sentence in our previous email. For example:

An offsetting regulatory asset is recognized to reverse the depreciation and accretion expense related to the ARO such that there is no income statement impact. When an asset with an ARO is retired, the related ARO regulatory asset will be offset against the associated regulatory liability, ARO asset and ARO liability.

Thanks,  
Angela

---

**From:** Fackler, Andrea  
**Sent:** Monday, January 23, 2012 5:01 PM  
**To:** Crescente, Angela  
**Cc:** Wiseman, Sara  
**Subject:** FW: 10-K language surrounding AROs

Angela,

See below for some suggestions from PPL to help clarify what the ARO reg asset represents.

Andrea

Charnas

---

**From:** Benfield, Jonathan E [<mailto:JEBenfield@pplweb.com>]  
**Sent:** Monday, January 23, 2012 4:54 PM  
**To:** Fackler, Andrea  
**Subject:** RE: 10-K language surrounding AROs

I don't feel real real strongly about this, but is there a way to provide some introductory commentary on what the ARO reg asset represents? I think to a non-utility person, this is probably very confusing. Would Sara perhaps be more comfortable if we struck "permitted to be recovered through regulated customer rates" or is there some other way to sum up what the reg asset represents?

Sorry to be a pain - this certainly does not need to be resolved for the 1st draft.  
Thanks Andrea!  
Jon

---

**From:** Fackler, Andrea [<mailto:Andrea.Fackler@lge-ku.com>]  
**Sent:** Monday, January 23, 2012 4:22 PM  
**To:** Benfield, Jonathan E  
**Subject:** FW: 10-K language surrounding AROs

Jon,

You edited the ARO description in the regulatory footnote as shown in the email below. According to our ARO accounting expert, this modification of the language is not correct for us. Thus, I am not going to make the changes you suggested. If you need more detail on this, please let me know.

Thanks,  
Andrea

---

**From:** Crescente, Angela  
**Sent:** Monday, January 23, 2012 4:14 PM  
**To:** Fackler, Andrea  
**Cc:** Wiseman, Sara  
**Subject:** RE: 10-K language surrounding AROs

Andrea,

No, this is not correct. ARO accretion and depreciation is not included in the rates process. It is best to leave it the way it was written last year which is:

LG&E for example:

Note 3 - Rates and Regulatory Matters

(h) When an asset with an ARO is retired, the related ARO regulatory asset will be offset against the associated regulatory liability, ARO asset and ARO liability.

The accretion and depreciation issue is discussed in a little more detail in the Summary of Significant Accounting Policies Sensitivity Analysis for AROs.

Thanks,  
Angela

---

**From:** Fackler, Andrea  
**Sent:** Monday, January 23, 2012 3:58 PM  
**To:** Crescente, Angela  
**Cc:** Wiseman, Sara  
**Subject:** 10-K language surrounding AROs

Angela,

Please review the following language for the ARO discussion in the regulatory footnote. PPL added the first sentence and modified the second sentence as I have shown below. If any of this is not correct, please let me know.

AROs

The regulatory asset associated with AROs represents the accumulated depreciation and accretion related to an ARO permitted to be recovered through regulated customer rates. When an asset with an ARO is retired, the related ARO regulatory asset will be offset against the associated ARO regulatory liability, ARO-asset PP&E and ARO liability.

Thanks,  
Andrea

Andrea Fackler, CPA  
Accounting Analyst III  
Financial Reporting  
LG&E and KU Energy, LLC  
220 W. Main Street  
Louisville, KY 40202  
P: (502) 627-3442

---

*The information contained in this transmission is intended only for the person or entity to which it is directly addressed or copied. It may contain material of confidential and/or private nature. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon, this information by persons or entities other than the intended recipient is not allowed. If you received this message and the information contained therein by error, please contact the sender and delete the material from your/any storage medium.*

The information contained in this message is intended only for the personal and confidential use of the recipient(s) named above. If the reader of this message is not the intended recipient or an agent responsible for delivering it to the intended recipient, you are hereby notified that you have received this document in error and that any review, dissemination, distribution, or copying of this message is strictly prohibited. If you have received this communication in error, please notify us immediately, and delete the original message.

---

*The information contained in this transmission is intended only for the person or entity to which it is directly addressed or copied. It may contain material of confidential and/or private nature. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon, this information by*

Charnas

*persons or entities other than the intended recipient is not allowed. If you received this message and the information contained therein by error, please contact the sender and delete the material from your/any storage medium.*

The information contained in this message is intended only for the personal and confidential use of the recipient(s) named above. If the reader of this message is not the intended recipient or an agent responsible for delivering it to the intended recipient, you are hereby notified that you have received this document in error and that any review, dissemination, distribution, or copying of this message is strictly prohibited. If you have received this communication in error, please notify us immediately, and delete the original message.

As noted in Note 1, LG&E and KU record a ~~An offsetting regulatory asset is recognized to~~  
~~offset~~ reverse the depreciation and accretion expense related to the AROs such that there is no  
income statement impact. When an asset with an ARO is retired, the related ARO regulatory  
asset ~~is~~ will be offset against the associated regulatory liability, ~~PP&E~~ ARO asset and ARO liability.

**Clark, Ed**

---

**From:** Crescente, Angela  
**Sent:** Monday, January 23, 2012 5:10 PM  
**To:** 'Fackler, Andrea'  
**Cc:** Wiseman, Sara  
**Subject:** RE: 10-K language surrounding AROs

Andrea,

Please see if it would be OK to use the same language that is in the sensitivity analysis and add it to the sentence in our previous email. For example:

An offsetting regulatory asset is recognized to reverse the depreciation and accretion expense related to the ARO such that there is no income statement impact. When an asset with an ARO is retired, the related ARO regulatory asset will be offset against the associated regulatory liability, ARO asset and ARO liability.

Thanks,  
Angela

---

**From:** Fackler, Andrea  
**Sent:** Monday, January 23, 2012 5:01 PM  
**To:** Crescente, Angela  
**Cc:** Wiseman, Sara  
**Subject:** FW: 10-K language surrounding AROs

Angela,

See below for some suggestions from PPL to help clarify what the ARO reg asset represents.

Andrea

---

**From:** Benfield, Jonathan E [<mailto:JEBenfield@pplweb.com>]  
**Sent:** Monday, January 23, 2012 4:54 PM  
**To:** Fackler, Andrea  
**Subject:** RE: 10-K language surrounding AROs

I don't feel real real strongly about this, but is there a way to provide some introductory commentary on what the ARO reg asset represents? I think to a non-utility person, this is probably very confusing. Would Sara perhaps be more comfortable if we struck "permitted to be recovered through regulated customer rates" or is there some other way to sum up what the reg asset represents?

Sorry to be a pain - this certainly does not need to be resolved for the 1st draft.  
Thanks Andrea!  
Jon

---

**From:** Fackler, Andrea [<mailto:Andrea.Fackler@lge-ku.com>]  
**Sent:** Monday, January 23, 2012 4:22 PM  
**To:** Benfield, Jonathan E  
**Subject:** FW: 10-K language surrounding AROs

Jon,

Charnas

You edited the ARO description in the regulatory footnote as shown in the email below. According to our ARO accounting expert, this modification of the language is not correct for us. Thus, I am not going to make the changes you suggested. If you need more detail on this, please let me know.

Thanks,  
Andrea

---

**From:** Crescente, Angela  
**Sent:** Monday, January 23, 2012 4:14 PM  
**To:** Fackler, Andrea  
**Cc:** Wiseman, Sara  
**Subject:** RE: 10-K language surrounding AROs

Andrea,

No, this is not correct. ARO accretion and depreciation is not included in the rates process. It is best to leave it the way it was written last year which is:

LG&E for example:

Note 3 - Rates and Regulatory Matters

(h) When an asset with an ARO is retired, the related ARO regulatory asset will be offset against the associated regulatory liability, ARO asset and ARO liability.

The accretion and depreciation issue is discussed in a little more detail in the Summary of Significant Accounting Policies Sensitivity Analysis for AROs.

Thanks,  
Angela

---

**From:** Fackler, Andrea  
**Sent:** Monday, January 23, 2012 3:58 PM  
**To:** Crescente, Angela  
**Cc:** Wiseman, Sara  
**Subject:** 10-K language surrounding AROs

Angela,

Please review the following language for the ARO discussion in the regulatory footnote. PPL added the first sentence and modified the second sentence as I have shown below. If any of this is not correct, please let me know.

#### AROs

The regulatory asset associated with AROs represents the accumulated depreciation and accretion related to an ARO permitted to be recovered through regulated customer rates. When an asset with an ARO is retired, the related ARO regulatory asset will be offset against the associated ARO regulatory liability, ARO asset PP&E and ARO liability.

Thanks,

Andrea

Andrea Fackler, CPA  
Accounting Analyst III  
Financial Reporting  
LG&E and KU Energy, LLC  
220 W. Main Street  
Louisville, KY 40202  
P: (502) 627-3442

---

***The information contained in this transmission is intended only for the person or entity to which it is directly addressed or copied. It may contain material of confidential and/or private nature. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon, this information by persons or entities other than the intended recipient is not allowed. If you received this message and the information contained therein by error, please contact the sender and delete the material from your/any storage medium.***

The information contained in this message is intended only for the personal and confidential use of the recipient(s) named above. If the reader of this message is not the intended recipient or an agent responsible for delivering it to the intended recipient, you are hereby notified that you have received this document in error and that any review, dissemination, distribution, or copying of this message is strictly prohibited. If you have received this communication in error, please notify us immediately, and delete the original message.



**Clark, Ed**

---

**From:** Fackler, Andrea  
**Sent:** Monday, January 23, 2012 5:01 PM  
**To:** Crescente, Angela  
**Cc:** Wiseman, Sara  
**Subject:** FW: 10-K language surrounding AROs

Angela,

See below for some suggestions from PPL to help clarify what the ARO reg asset represents.

Andrea

---

**From:** Benfield, Jonathan E [<mailto:JEBenfield@pplweb.com>]  
**Sent:** Monday, January 23, 2012 4:54 PM  
**To:** Fackler, Andrea  
**Subject:** RE: 10-K language surrounding AROs

I don't feel real real strongly about this, but is there a way to provide some introductory commentary on what the ARO reg asset represents? I think to a non-utility person, this is probably very confusing. Would Sara perhaps be more comfortable if we struck "permitted to be recovered through regulated customer rates" or is there some other way to sum up what the reg asset represents?

Sorry to be a pain - this certainly does not need to be resolved for the 1st draft.  
Thanks Andrea!  
Jon

---

**From:** Fackler, Andrea [<mailto:Andrea.Fackler@lge-ku.com>]  
**Sent:** Monday, January 23, 2012 4:22 PM  
**To:** Benfield, Jonathan E  
**Subject:** FW: 10-K language surrounding AROs

Jon,

You edited the ARO description in the regulatory footnote as shown in the email below. According to our ARO accounting expert, this modification of the language is not correct for us. Thus, I am not going to make the changes you suggested. If you need more detail on this, please let me know.

Thanks,  
Andrea

---

**From:** Crescente, Angela  
**Sent:** Monday, January 23, 2012 4:14 PM  
**To:** Fackler, Andrea  
**Cc:** Wiseman, Sara  
**Subject:** RE: 10-K language surrounding AROs

Andrea,

Charnas

No, this is not correct. ARO accretion and depreciation is not included in the rates process. It is best to leave it the way it was written last year which is:

LG&E for example:

Note 3 - Rates and Regulatory Matters

(h) When an asset with an ARO is retired, the related ARO regulatory asset will be offset against the associated regulatory liability, ARO asset and ARO liability.

The accretion and depreciation issue is discussed in a little more detail in the Summary of Significant Accounting Policies Sensitivity Analysis for AROs.

Thanks,  
Angela

---

**From:** Fackler, Andrea  
**Sent:** Monday, January 23, 2012 3:58 PM  
**To:** Crescente, Angela  
**Cc:** Wiseman, Sara  
**Subject:** 10-K language surrounding AROs

Angela,

Please review the following language for the ARO discussion in the regulatory footnote. PPL added the first sentence and modified the second sentence as I have shown below. If any of this is not correct, please let me know.

AROs

The regulatory asset associated with AROs represents the accumulated depreciation and accretion related to an ARO permitted to be recovered through regulated customer rates. When an asset with an ARO is retired, the related ARO regulatory asset will be offset against the associated ARO regulatory liability, ARO-assetPP&E and ARO liability.

Thanks,  
Andrea

Andrea Fackler, CPA  
Accounting Analyst III  
Financial Reporting  
LG&E and KU Energy, LLC  
220 W. Main Street  
Louisville, KY 40202  
P. (502) 627-3442

---

*The information contained in this transmission is intended only for the person or entity to which it is directly addressed or copied. It may contain material of confidential and/or private nature. Any review,*

Charnas

*retransmission, dissemination or other use of, or taking of any action in reliance upon, this information by persons or entities other than the intended recipient is not allowed. If you received this message and the information contained therein by error, please contact the sender and delete the material from your/any storage medium.*

The information contained in this message is intended only for the personal and confidential use of the recipient(s) named above. If the reader of this message is not the intended recipient or an agent responsible for delivering it to the intended recipient, you are hereby notified that you have received this document in error and that any review, dissemination, distribution, or copying of this message is strictly prohibited. If you have received this communication in error, please notify us immediately, and delete the original message.

**Clark, Ed**

---

**From:** Fackler, Andrea  
**Sent:** Monday, January 23, 2012 4:54 PM  
**To:** Crescente, Angela  
**Cc:** Wiseman, Sara  
**Subject:** RE: 10-K language surrounding AROs

Ok, I'll let PPL know that their wording edits were not made because they were not correct for us and see what they say.

---

**From:** Crescente, Angela  
**Sent:** Monday, January 23, 2012 4:14 PM  
**To:** Fackler, Andrea  
**Cc:** Wiseman, Sara  
**Subject:** RE: 10-K language surrounding AROs

Andrea,

No, this is not correct. ARO accretion and depreciation is not included in the rates process. It is best to leave it the way it was written last year which is:

LG&E for example:

Note 3 - Rates and Regulatory Matters

(h) When an asset with an ARO is retired, the related ARO regulatory asset will be offset against the associated regulatory liability, ARO asset and ARO liability.

The accretion and depreciation issue is discussed in a little more detail in the Summary of Significant Accounting Policies Sensitivity Analysis for AROs.

Thanks,  
Angela

---

**From:** Fackler, Andrea  
**Sent:** Monday, January 23, 2012 3:58 PM  
**To:** Crescente, Angela  
**Cc:** Wiseman, Sara  
**Subject:** 10-K language surrounding AROs

Angela,

Please review the following language for the ARO discussion in the regulatory footnote. PPL added the first sentence and modified the second sentence as I have shown below. If any of this is not correct, please let me know.

AROs

The regulatory asset associated with AROs represents the accumulated depreciation and accretion related to an ARO permitted to be recovered through regulated customer rates. When an asset with an ARO is retired, the related ARO regulatory asset will be offset against the associated ARO regulatory liability, ARO asset, PP&E and ARO liability.

Thanks,  
Andrea

Andrea Fackler, CPA  
Accounting Analyst III  
Financial Reporting  
LG&E and KU Energy, LLC  
220 W. Main Street  
Louisville, KY 40202  
P: (502) 627-3442

Clark, Ed

---

**From:** Christopher.Holland@ey.com  
**Sent:** Saturday, January 21, 2012 9:47 AM  
**To:** Crescente, Angela  
**Subject:** Year-End ARO population

Angela,  
I am finishing my year-end testing of fixed asset controls and I still need to test those controls surrounding ARO's. Can you please send me the total population of ARO's for the year. Depending how many ARO's occurred during the year, I may have to test some additional selections. Let me know if you have trouble providing this population.

Thanks,  
Chris



**Christopher J. Holland | Assurance**

Ernst & Young LLP

400 West Market St Suite 2400, Louisville, KY 40202, United States of America

Office: (502) 585-1400 | [Christopher.Holland@ey.com](mailto:Christopher.Holland@ey.com)

Website: [www.ey.com](http://www.ey.com)

Thank you for considering the environmental impact of printing emails.

**Any U.S. tax advice contained in the body of this e-mail was not intended or written to be used, and cannot be used, by the recipient for the purpose of avoiding penalties that may be imposed under the Internal Revenue Code or applicable state or local tax law provisions.**

The information contained in this message may be privileged and confidential and protected from disclosure. If the reader of this message is not the intended recipient, or an employee or agent responsible for delivering this message to the intended recipient, you are hereby notified that any dissemination, distribution or copying of this communication is strictly prohibited. If you have received this communication in error, please notify us immediately by replying to the message and deleting it from your computer.

Notice required by law: This e-mail may constitute an advertisement or solicitation under U.S. law, if its primary purpose is to advertise or promote a commercial product or service. You may choose not to receive advertising and promotional messages from Ernst & Young LLP (except for Ernst & Young Online and the ey.com website, which track e-mail preferences through a separate process) at this e-mail address by forwarding this message to [no-more-mail@ey.com](mailto:no-more-mail@ey.com). If you do so, the sender of this message will be notified promptly. Our principal postal address is 5 Times Square, New York, NY 10036. Thank you. Ernst & Young LLP

**Clark, Ed**

---

**From:** Porter, Janice  
**Sent:** Tuesday, January 10, 2012 1:44 PM  
**To:** Ryan, Joe  
**Cc:** Crescente, Angela; Clyde, Peter; Allen, Lisa  
**Subject:** ARO Task for Asbestos on Pipe for WKY Yellow Line Replacement

Project 135586 has a task for you to charge the removal of asbestos on the pipe. The task is CP ASBESTOS. Please forward this info.

***Janice***

**Clark, Ed**

---

**From:** McFarland, Beth  
**Sent:** Thursday, February 02, 2012 1:19 PM  
**To:** Crescente, Angela  
**Cc:** McFarland, Beth  
**Subject:** FW: Error assessment memo on AROs

Angela,

Regarding distribution PTs in the attached email, please use 94% KU and 6% LGE.

Thanks!  
Beth

---

**From:** McFarland, Beth  
**Sent:** Wednesday, January 11, 2012 4:02 PM  
**To:** Charnas, Shannon; Wiseman, Sara  
**Cc:** Simon, Denise  
**Subject:** RE: Error assessment memo on AROs

Sara, Shannon,

Attached is the ARO information on bushings and pts.

Let me know if you have questions.

Thanks!  
Beth



ARO Dist Subs  
Bushings PTs 01...

---

**From:** McFarland, Beth  
**Sent:** Tuesday, January 10, 2012 9:48 PM  
**To:** Charnas, Shannon; Wiseman, Sara  
**Cc:** Simon, Denise  
**Subject:** RE: Error assessment memo on AROs

Sara, Shannon,

I was hoping to get something to you today but we are still completing some research on AROs for bushings and now PTs/CTs. Information/records on distribution PTs/CTs are not readily available and we are having to complete some order-of-magnitude estimates. As soon as we are able to pull this information together, I will forward it to you.

I apologize for the delay.

*Beth McFarland*



*Manager Substation Construction and Maintenance  
LG&E/KU  
South Service Center  
502-364-8681 Office  
502-645-8699 Cell  
502-326-0255 Home  
502-217-2420 FAX  
[Beth.McFarland@LGE-KU.com](mailto:Beth.McFarland@LGE-KU.com)*

---

**From:** McFarland, Beth  
**Sent:** Monday, January 09, 2012 10:42 PM  
**To:** Charnas, Shannon; Wiseman, Sara  
**Subject:** FW: Error assessment memo on AROs

Shannon, Sara,

Similar to Transmission, Distribution will be submitting AROs for PCB contaminated Distribution Substation bushings. Transmission Substations and Distribution Substations should be consistent in the manner in which they are reporting AROs. Transmission Substations has provided us with their information submitted and we will be creating something very similar for Distribution Substations.

Thank you and let me know if you have any questions.

*Beth McFarland  
Manager Substation Construction and Maintenance  
LG&E/KU  
South Service Center  
502-364-8681 Office  
502-645-8699 Cell  
502-326-0255 Home  
502-217-2420 FAX  
[Beth.McFarland@LGE-KU.com](mailto:Beth.McFarland@LGE-KU.com)*

---

**From:** Charnas, Shannon  
**Sent:** Friday, January 06, 2012 2:10 PM  
**To:** [ritu.furlan@ey.com](mailto:ritu.furlan@ey.com); Jennifer Beneke ([jennifer.beneke@ey.com](mailto:jennifer.beneke@ey.com)); [Brett.Wemer@ey.com](mailto:Brett.Wemer@ey.com); Matt Crawley ([Matt.crawley@ey.com](mailto:Matt.crawley@ey.com))  
**Cc:** Scott, Valerie; Wiseman, Sara; Crescente, Angela; Shelton, Debbie; Hudson, Rusty; Kelly, Mimi; Pienaar, Lesley; McFarland, Beth; Trimble, Robert; Allen, Lisa; Miller, Jon; Cosby, David  
**Subject:** Error assessment memo on AROs

Charnas

Attached is a memo regarding some additional AROs that needed to be recorded in Q4. Please let me know if you have any questions.

Thanks, << File: Asset Retirement Obligation EAM - 1-6-12.docx >>

**Shannon Charnas**

*Director, Accounting & Regulatory Reporting*

*LG&E and KU*

*(502) 627-4978*

**Bushings**

**1/11/2012**

<b>KU</b>	<b>No. of Bushings</b>	
Transformer mfg <=1979	529	1587
Breakers mfg <=1979	69	414
	<b>KU Total</b>	<b>2001 (estimated)</b>
 <b>LGE</b>		
Transformer mfg <=1979	144	864
Breakers mfg <=1979	136	816
	<b>LGE Total</b>	<b>1680 (estimated)</b>
	<b>Company Total</b>	<b>3681 (estimated)</b>

<b>Average bushings/year:</b> <b>(bushings changed out would be &lt;= 1979)</b>	<b>number</b>	<b>bushings</b>
Breakers	2	12
Transformers	4	12
	<b>Company Total Bushings/Year</b>	<b>24 (estimated)</b>
	<b>approx KU bushings/yr</b>	<b>16 (estimated)</b>
	<b>approx LGE bushings/yr</b>	<b>8 (estimated)</b>

**Note: Assume \$500/device for retirement/disposal**

**Instrument Transformers**

**1/11/2012**

**LGE/KU**

No. of devices

Oil Filled PT (Potential Transformers) <= 1979

36

LGE/KU Total

**36** (Estimated)

Average/year: (changed out would be <= 1979)

number

Oil Filled PT (Potential Transformers) <= 1979

**1** (Estimated)

**Note: Assume \$200/device for retirement/disposal**

**Clark, Ed**

---

**From:** Fackler, Andrea  
**Sent:** Friday, February 10, 2012 7:11 PM  
**To:** Crescente, Angela  
**Cc:** 'Wise, Tuesday M'  
**Subject:** FW: Discussions of the Offsetting of Depreciation and Accretion Expense Related to ARO's

FYI on some changes to ARO wording from Valerie in case you haven't seen this yet.

**From:** Pienaar, Lesley  
**Sent:** Friday, February 10, 2012 6:19 PM  
**To:** Fackler, Andrea; Simpson, Sheri  
**Cc:** Scott, Valerie  
**Subject:** FW: Discussions of the Offsetting of Depreciation and Accretion Expense Related to ARO's

Please change as highlighted below

---

**From:** Erskine, Greg  
**Sent:** Friday, February 10, 2012 5:45 PM  
**To:** Pienaar, Lesley  
**Subject:** Discussions of the Offsetting of Depreciation and Accretion Expense Related to ARO's

Lesley:

Discussions of the offsetting of depreciation and accretion expense related to ARO's appear in the following four places, in addition to the other two places you already know about.

Greg

MD&A (LKE, LG&E and KU):

**6) Asset Retirement Obligations**

LKE is required to recognize a liability for legal obligations associated with the retirement of long-lived assets. The initial obligation is measured at its estimated fair value. An equivalent amount is recorded as an increase in the value of the capitalized asset and allocated to expense over the useful life of the asset. Until the obligation is settled, the liability is increased, through the recognition of accretion expense in the Consolidated Statements of Income, for changes in the obligation due to the passage of time. The accretion and depreciation are offset with a regulatory credit, such that there is no income statement impact. ~~An offsetting regulatory asset is recognized to reverse the depreciation and accretion expense related to the ARO such that there is no income statement impact.~~ The regulatory asset created by the regulatory credit is relieved when the ARO has been settled. An ARO must be recognized when incurred if the fair value of the ARO can be reasonably estimated. See Note 21 for related disclosures.

Note 6 – Utility Rate Regulation:

AROs

**Charnas**

As noted in Note 1, the accretion and depreciation related to LG&E's and KU's AROs are offset with a regulatory credit, such that there is no income statement impact. When an asset with an ARO is retired, the related ARO regulatory asset is offset against the associated regulatory liability, PP&E and ARO liability.

**Clark, Ed**

---

**From:** Fackler, Andrea  
**Sent:** Thursday, February 16, 2012 2:24 PM  
**To:** Crescente, Angela  
**Cc:** Wiseman, Sara  
**Subject:** FW: Discussions of the Offsetting of Depreciation and Accretion Expense Related to ARO's

Angela,

Can you confirm that we do have regulatory liabilities for AROs? See the last couple of emails below with Valerie.

Thanks,  
Andrea

---

**From:** Fackler, Andrea  
**Sent:** Thursday, February 16, 2012 2:14 PM  
**To:** 'Scott, Valerie'  
**Cc:** Pienaar, Lesley; Simpson, Sheri  
**Subject:** RE: Discussions of the Offsetting of Depreciation and Accretion Expense Related to ARO's

The following accounts have ARO in the account name and are mapped to accumulated cost of removal.

254014 REGULATORY LIABILITY ARO - GENERATION  
254016 REGULATORY LIABILITY ARO - GAS

I can confirm with Angela that these are the accounts that we are talking about in this sentence.

Andrea

---

**From:** Scott, Valerie  
**Sent:** Thursday, February 16, 2012 2:10 PM  
**To:** Fackler, Andrea  
**Cc:** Pienaar, Lesley; Simpson, Sheri  
**Subject:** Re: Discussions of the Offsetting of Depreciation and Accretion Expense Related to ARO's

Okay with this change but I do not think we have a reg liability. Mat need to take that wording out.

Valerie

On Feb 16, 2012, at 1:33 PM, "Fackler, Andrea" <[Andrea.Fackler@lge-ku.com](mailto:Andrea.Fackler@lge-ku.com)> wrote:

Vince is asking if we can also add the phrase "created by the regulatory credit" to the reg. FN language below. It was added to the SSAP description below. Here is the before and after if you are okay with this:

**Before:**

As noted in Note 1, the accretion and depreciation related to LG&E's and KU's AROs are offset with a regulatory credit, such that there is no income statement impact. When an asset with an ARO is retired, the related ARO regulatory asset is offset against the associated regulatory liability, PP&E and ARO liability.

After:

As noted in Note 1, the accretion and depreciation related to LG&E's and KU's AROs are offset with a regulatory credit, such that there is no income statement impact. When an asset with an ARO is retired, the related ARO regulatory asset created by the regulatory credit is offset against the associated regulatory liability, PP&E and ARO liability.

Thanks,  
Andrea

---

**From:** Plenaar, Lesley  
**Sent:** Friday, February 10, 2012 6:19 PM  
**To:** Fackler, Andrea; Simpson, Sheri  
**Cc:** Scott, Valerie  
**Subject:** FW: Discussions of the Offsetting of Depreciation and Accretion Expense Related to ARO's

Please change as highlighted below

---

**From:** Erskine, Greg  
**Sent:** Friday, February 10, 2012 5:45 PM  
**To:** Plenaar, Lesley  
**Subject:** Discussions of the Offsetting of Depreciation and Accretion Expense Related to ARO's

Lesley:

Discussions of the offsetting of depreciation and accretion expense related to ARO's appear in the following four places, in addition to the other two places you already know about.

Greg

MD&A (LKE, LG&E and KU):

#### 6) Asset Retirement Obligations

LKE is required to recognize a liability for legal obligations associated with the retirement of long-lived assets. The initial obligation is measured at its estimated fair value. An equivalent amount is recorded as an increase in the value of the capitalized asset and allocated to expense over the useful life of the asset. Until the obligation is settled, the liability is increased, through the recognition of accretion expense in the Consolidated Statements of Income, for changes in the obligation due to the passage of time. The accretion and depreciation are offset with a regulatory credit, such that there is no income statement impact. ~~An offsetting regulatory asset is recognized to reverse the depreciation and accretion expense related to the ARO such that there is no income statement impact.~~ The regulatory asset created by the regulatory credit is relieved when the ARO has been settled. An ARO must be recognized when incurred if the fair value of the ARO can be reasonably estimated. See Note 21 for related disclosures.

Note 6 – Utility Rate Regulation:

AROs



As noted in Note 1, the accretion and depreciation related to LG&E's and KU's AROs are offset with a regulatory credit, such that there is no income statement impact. When an asset with an ARO is retired, the related ARO regulatory asset is offset against the associated regulatory liability, PP&E and ARO liability.

Clark, Ed

---

**From:** Crescente, Angela  
**Sent:** Thursday, February 16, 2012 3:17 PM  
**To:** Fackler, Andrea  
**Cc:** Wiseman, Sara  
**Subject:** RE: Discussions of the Offsetting of Depreciation and Accretion Expense Related to ARO's

Andrea,

Yes, we do have regulatory liabilities for AROs. So, the sentence is technically correct with or without Vince's suggestions.

Thanks,  
Angela

---

**From:** Fackler, Andrea  
**Sent:** Thursday, February 16, 2012 2:24 PM  
**To:** Crescente, Angela  
**Cc:** Wiseman, Sara  
**Subject:** FW: Discussions of the Offsetting of Depreciation and Accretion Expense Related to ARO's

Angela,

Can you confirm that we do have regulatory liabilities for AROs? See the last couple of emails below with Valerie.

Thanks,  
Andrea

---

**From:** Fackler, Andrea  
**Sent:** Thursday, February 16, 2012 2:14 PM  
**To:** 'Scott, Valerie'  
**Cc:** Pienaar, Lesley; Simpson, Sheri  
**Subject:** RE: Discussions of the Offsetting of Depreciation and Accretion Expense Related to ARO's

The following accounts have ARO in the account name and are mapped to accumulated cost of removal.

254014 REGULATORY LIABILITY ARO - GENERATION  
254016 REGULATORY LIABILITY ARO - GAS

I can confirm with Angela that these are the accounts that we are talking about in this sentence.

Andrea

---

**From:** Scott, Valerie  
**Sent:** Thursday, February 16, 2012 2:10 PM  
**To:** Fackler, Andrea  
**Cc:** Pienaar, Lesley; Simpson, Sheri  
**Subject:** Re: Discussions of the Offsetting of Depreciation and Accretion Expense Related to ARO's

Okay with this change but I do not think we have a reg liability. Mat need to take that wording out.

Valerie

On Feb 16, 2012, at 1:33 PM, "Fackler, Andrea" <[Andrea.Fackler@lge-ku.com](mailto:Andrea.Fackler@lge-ku.com)> wrote:

Vince is asking if we can also add the phrase "created by the regulatory credit" to the reg. FN language below. It was added to the SSAP description below. Here is the before and after if you are okay with this:

**Before:**

As noted in Note 1, the accretion and depreciation related to LG&E's and KU's AROs are offset with a regulatory credit, such that there is no income statement impact. When an asset with an ARO is retired, the related ARO regulatory asset is offset against the associated regulatory liability, PP&E and ARO liability.

**After:**

As noted in Note 1, the accretion and depreciation related to LG&E's and KU's AROs are offset with a regulatory credit, such that there is no income statement impact. When an asset with an ARO is retired, the related ARO regulatory asset created by the regulatory credit is offset against the associated regulatory liability, PP&E and ARO liability.

Thanks,  
Andrea

---

**From:** Pienaar, Lesley  
**Sent:** Friday, February 10, 2012 6:19 PM  
**To:** Fackler, Andrea; Simpson, Sheri  
**Cc:** Scott, Valerie  
**Subject:** FW: Discussions of the Offsetting of Depreciation and Accretion Expense Related to ARO's

Please change as highlighted below

---

**From:** Erskine, Greg  
**Sent:** Friday, February 10, 2012 5:45 PM  
**To:** Pienaar, Lesley  
**Subject:** Discussions of the Offsetting of Depreciation and Accretion Expense Related to ARO's

Lesley:

Discussions of the offsetting of depreciation and accretion expense related to ARO's appear in the following four places, in addition to the other two places you already know about.

Greg

MD&A (LKE, LG&E and KU):

6) **Asset Retirement Obligations**

LKE is required to recognize a liability for legal obligations associated with the retirement of long-lived assets. The initial obligation is measured at its estimated fair value. An equivalent amount is recorded as an increase in the value of the capitalized asset and allocated to expense over the useful life of the asset. Until the obligation is settled, the liability is increased, through the recognition of accretion expense in the Consolidated Statements of Income, for changes in the obligation due to the passage of time. The accretion and depreciation are offset with a regulatory credit, such that there is no income statement impact. ~~An offsetting regulatory asset is recognized to reverse the depreciation and accretion expense related to the ARO such that there is no income statement impact.~~ The regulatory asset created by the regulatory credit is relieved when the ARO has been settled. An ARO must be recognized when incurred if the fair value of the ARO can be reasonably estimated. See Note 21 for related disclosures.

Note 6 – Utility Rate Regulation:

AROs

As noted in Note 1, the accretion and depreciation related to LG&E's and KU's AROs are offset with a regulatory credit, such that there is no income statement impact. When an asset with an ARO is retired, the related ARO regulatory asset is offset against the associated regulatory liability, PP&E and ARO liability.

**Clark, Ed**

---

**From:** Fackler, Andrea  
**Sent:** Thursday, February 16, 2012 5:59 PM  
**To:** Crescente, Angela; Wiseman, Sara  
**Subject:** FW: Discussions of the Offsetting of Depreciation and Accretion Expense Related to ARO's

FYI

---

**From:** Scott, Valerie  
**Sent:** Thursday, February 16, 2012 5:40 PM  
**To:** Fackler, Andrea  
**Cc:** Pienaar, Lesley; Simpson, Sheri  
**Subject:** RE: Discussions of the Offsetting of Depreciation and Accretion Expense Related to ARO's

These would be the accounts. The sentence is correct with your changes.

Thanks.

*Valerie*

---

**From:** Fackler, Andrea  
**Sent:** Thursday, February 16, 2012 2:14 PM  
**To:** Scott, Valerie  
**Cc:** Pienaar, Lesley; Simpson, Sheri  
**Subject:** RE: Discussions of the Offsetting of Depreciation and Accretion Expense Related to ARO's

The following accounts have ARO in the account name and are mapped to accumulated cost of removal.

254014 REGULATORY LIABILITY ARO - GENERATION  
254016 REGULATORY LIABILITY ARO - GAS

I can confirm with Angela that these are the accounts that we are talking about in this sentence.

Andrea

---

**From:** Scott, Valerie  
**Sent:** Thursday, February 16, 2012 2:10 PM  
**To:** Fackler, Andrea  
**Cc:** Pienaar, Lesley; Simpson, Sheri  
**Subject:** Re: Discussions of the Offsetting of Depreciation and Accretion Expense Related to ARO's

Okay with this change but I do not think we have a reg liability. Mat need to take that wording out.

Valerie

On Feb 16, 2012, at 1:33 PM, "Fackler, Andrea" <[Andrea.Fackler@lge-ku.com](mailto:Andrea.Fackler@lge-ku.com)> wrote:

Charnas

Vince is asking if we can also add the phrase "created by the regulatory credit" to the reg. FN language below. It was added to the SSAP description below. Here is the before and after if you are okay with this:

**Before:**

As noted in Note 1, the accretion and depreciation related to LG&E's and KU's AROs are offset with a regulatory credit, such that there is no income statement impact. When an asset with an ARO is retired, the related ARO regulatory asset is offset against the associated regulatory liability, PP&E and ARO liability.

**After:**

As noted in Note 1, the accretion and depreciation related to LG&E's and KU's AROs are offset with a regulatory credit, such that there is no income statement impact. When an asset with an ARO is retired, the related ARO regulatory asset created by the regulatory credit is offset against the associated regulatory liability, PP&E and ARO liability.

Thanks,  
Andrea

---

**From:** Pienaar, Lesley

**Sent:** Friday, February 10, 2012 6:19 PM

**To:** Fackler, Andrea; Simpson, Sheri

**Cc:** Scott, Valerie

**Subject:** FW: Discussions of the Offsetting of Depreciation and Accretion Expense Related to ARO's

Please change as highlighted below

---

**From:** Erskine, Greg

**Sent:** Friday, February 10, 2012 5:45 PM

**To:** Pienaar, Lesley

**Subject:** Discussions of the Offsetting of Depreciation and Accretion Expense Related to ARO's

Lesley:

Discussions of the offsetting of depreciation and accretion expense related to ARO's appear in the following four places, in addition to the other two places you already know about.

Greg

**MD&A (LKE, LG&E and KU):**

**6) Asset Retirement Obligations**

LKE is required to recognize a liability for legal obligations associated with the retirement of long-lived assets. The initial obligation is measured at its estimated fair value. An equivalent amount is recorded as an increase in the value of the capitalized asset and allocated to expense over the useful life of the asset. Until the obligation is settled, the liability is increased, through the recognition of accretion expense in the Consolidated Statements of Income, for changes in the obligation due to the passage of time. The accretion and depreciation are offset with a regulatory credit, such that there is no income statement impact. ~~An offsetting regulatory asset is recognized to reverse the~~

~~depreciation and accretion expense related to the ARO such that there is no income statement impact.~~ The regulatory asset created by the regulatory credit is relieved when the ARO has been settled. An ARO must be recognized when incurred if the fair value of the ARO can be reasonably estimated. See Note 21 for related disclosures.

Note 6 – Utility Rate Regulation:

AROs

As noted in Note 1, the accretion and depreciation related to LG&E's and KU's AROs are offset with a regulatory credit, such that there is no income statement impact. When an asset with an ARO is retired, the related ARO regulatory asset is offset against the associated regulatory liability, PP&E and ARO liability.

**Clark, Ed**

---

**From:** Wiseman, Sara  
**Sent:** Tuesday, April 03, 2012 3:17 PM  
**To:** Crescente, Angela  
**Subject:** FW: Asset Retirement Obligations

---

**From:** McFarland, Beth  
**Sent:** Tuesday, April 03, 2012 2:12 PM  
**To:** Wiseman, Sara  
**Subject:** FW: Asset Retirement Obligations

Sara,

Please review and ensure that I haven't stated anything incorrectly.

Thanks!  
Beth

---

**From:** McFarland, Beth  
**Sent:** Tuesday, April 03, 2012 2:11 PM  
**To:** Beyerle, Jude; Brown, Chris; Buckner, Alan; Cinnamon, Ralph; Davis, Ronnie; Freibert, Diana  
**Cc:** Arnold, Ron  
**Subject:** Asset Retirement Obligations

All –

If you are removing and retiring an asset that involves a **legally** required removal cost (Examples – Asbestos, PCB) then the costs should be charged to a task set up against a 108799 ARO account.

Ron Arnold can take care of setting this task up for you under your normal removal project number.

Please note that only the charges associated with the legally required removal costs should be charged to this account. Example - if you remove a bushing with PCB, only the costs associated with disposal of the PCB bushing should be charged to this account (not the actual removal of the bushing).

This does not apply to work completed on O&M Projects.

I understand this is a bit confusing so the best thing to do is ask questions when the situation presents itself.

Thanks!  
Beth

*Beth McFarland  
Manager Substation Construction & Maintenance  
LG&E and KU Energy LLC  
4664 Jennings Lane*



*Louisville, KY 40218  
502-364-8681 Office  
502-645-8699 Cell  
502-217-2420 FAX  
Beth.McFarland@LGE-KU.com*

**Clark, Ed**

---

**From:** Crescente, Angela  
**Sent:** Tuesday, April 03, 2012 3:21 PM  
**To:** McFarland, Beth  
**Cc:** Wiseman, Sara  
**Subject:** RE: Asset Retirement Obligations

Beth,

What you stated is correct. Please let them know they can feel free to contact me if they have any questions. Also, I would like to walk through setting up these types of tasks with Ron before he begins doing that for consistency purposes to help the reporting process.

Thanks,  
Angela

---

**From:** McFarland, Beth  
**Sent:** Tuesday, April 03, 2012 2:12 PM  
**To:** Wiseman, Sara  
**Subject:** FW: Asset Retirement Obligations

Sara,

Please review and ensure that I haven't stated anything incorrectly.

Thanks!  
Beth

---

**From:** McFarland, Beth  
**Sent:** Tuesday, April 03, 2012 2:11 PM  
**To:** Beyerle, Jude; Brown, Chris; Buckner, Alan; Cinnamon, Ralph; Davis, Ronnie; Freibert, Diana  
**Cc:** Arnold, Ron  
**Subject:** Asset Retirement Obligations

All –

If you are removing and retiring an asset that involves a **legally** required removal cost (Examples – Asbestos, PCB) then the costs should be charged to a task set up against a 108799 ARO account.

Ron Arnold can take care of setting this task up for you under your normal removal project number.

Please note that only the charges associated with the legally required removal costs should be charged to this account. Example - if you remove a bushing with PCB, only the costs associated with disposal of the PCB bushing should be charged to this account (not the actual removal of the bushing).

This does not apply to work completed on O&M Projects.

Charnas

I understand this is a bit confusing so the best thing to do is ask questions when the situation presents itself.

Thanks!

Beth

*Beth McFarland  
Manager Substation Construction & Maintenance  
LG&E and KU Energy LLC  
4664 Jennings Lane  
Louisville, KY 40218  
502-364-8681 Office  
502-645-8699 Cell  
502-217-2420 FAX  
[Beth.McFarland@LGE-KU.com](mailto:Beth.McFarland@LGE-KU.com)*

**Crescente, Angela**

---

**From:** Leenerts, Patricia  
**Sent:** Thursday, April 26, 2012 1:15 PM  
**To:** Murphy, Kevin  
**Cc:** Crescente, Angela; Wiseman, Sara  
**Subject:** RE: Retirements - LSMR414, DLSMR414 and PMR414

Kevin, Okay...I'll send to Angela too since she is the ARO person and may appreciate a head's up.

Thanks,

Pat  
502-627-3811

---

**From:** Murphy, Kevin  
**Sent:** Thursday, April 26, 2012 1:13 PM  
**To:** Nash, Joshua; Stratman, Paul; Leenerts, Patricia  
**Subject:** RE: Retirements - LSMR414, DLSMR414 and PMR414

Pat,

This may be good for discussion tomorrow at the ARO meeting. I'm not sure that we (engineering) need to dictate which asset types were retired for a given period. Retirement data can (should) be retrieved through the Maps and Records department to be consistent with all other reporting mechanisms that the company reports to external agencies (i.e. the DOT).

I'm concerned that we may be unnecessarily providing you data that could be more efficiently and consistently extracted from another department; but I may not entirely understand the issue.

Our LSMR, PMR, DLSMR production sheets do not necessarily equate to retirement volumes for a given period; neither in quantity or expense.

I'll be happy to discuss tomorrow.

Regards,  
Kevin

---

**From:** Nash, Joshua  
**Sent:** Thursday, April 26, 2012 11:07 AM  
**To:** Murphy, Kevin; Stratman, Paul  
**Subject:** FW: Retirements - LSMR414, DLSMR414 and PMR414

FYI

---

**From:** Leenerts, Patricia  
**Sent:** Thursday, April 26, 2012 10:33 AM

**To:** Nash, Joshua

**Subject:** Retirements - LSMR414, DLSMR414 and PMR414

Josh,

I was able to discuss only the retirement info. As I stated that we retire what was installed. We use the Miller Large Scale/Priority Production spreadsheets to make that determination. You pointed out that the time difference between the first cut and the second cut may cross years. The first cut may have a small percentage of the mains retired. The second cut finalizes all the retirements for that project. I thought that I would need to match the dollars with the activity and I was correct. I do need to know what needs to be retired based on the Miller Large Scale/Priority Production spreadsheets. I use the summary tab for the LSMR projects. The PMR projects I combine by project location for the year. Because of the way we process these projects, they are only worked once a year. The ARO retirement forces that decision. April is the month chosen, thinking that all the charges from the previous year will be booked by then. I only need the information from you at the end of each year. It may be easier for you to send it more frequently when you are emailing others and that is fine. Add me to any distribution list that you think I will find helpful. I will file it until I need the info. I would need project location, size and material of pipe and the footage retired.

I didn't copy the others on this, but would gladly resend, like new, if you would like me to. Let me know if any of the above was not what we agreed or talked about.

Thanks, I really appreciate your help.

Pat  
502-627-3811

**Crescente, Angela**

---

**From:** Crescente, Angela  
**Sent:** Wednesday, April 25, 2012 1:29 PM  
**To:** Ryan, Joe  
**Cc:** Porter, Janice; Clyde, Peter; Leenerts, Patricia  
**Subject:** RE: LGE Project Numbers 135586 and 132621

Joe,

I set up a task on 132621 for asbestos removal called "CP ASBESTOS". It looks like everything is OK for 135586. Therefore, the \$3,673.50 from NEC needs to be moved from the REMOVAL task to the CP ASBESTOS on 132621 either via journal entry or COD.

Thanks,  
Angela

---

**From:** Ryan, Joe  
**Sent:** Wednesday, April 25, 2012 10:07 AM  
**To:** Crescente, Angela  
**Cc:** Porter, Janice; Clyde, Peter  
**Subject:** RE: LGE Project Numbers 135586 and 132621

Angela,

It seems as if an ARO removal task should be set up under 132621 & 135586 and charges for below referenced invoice transferred. Please advise as how you would like me to proceed.

regards,  
Joe

---

**From:** Clyde, Peter  
**Sent:** Tuesday, April 24, 2012 2:24 PM  
**To:** Ryan, Joe  
**Cc:** Crescente, Angela; Porter, Janice  
**Subject:** FW: LGE Project Numbers 135586 and 132621

Joe,  
Angela has some questions on how the asbestos removal has been charged on the projects listed below. Could you please have someone follow up with her?

135586	REPLACE WESTERN KY YELLOW LINE
132621	PENILE TO PADDY'S RUN PIPELINE

**Pete Clyde**  
Manager, Gas Regulatory Compliance  
Louisville Gas & Electric Company  
[peter.clyde@lge-ku.com](mailto:peter.clyde@lge-ku.com)

(502) 364-8715

---

**From:** Crescente, Angela  
**Sent:** Tuesday, April 17, 2012 10:46 AM  
**To:** Clyde, Peter  
**Cc:** Porter, Janice; Leenerts, Patricia  
**Subject:** LGE Project Numbers 135586 and 132621

Pete,

There was \$7K charged to 135586 (Task CP ASBESTOS) in February and then it was reversed in March, but the invoice appeared to be all asbestos (NEC) related. Then, in March, half of the invoice was charged to 135586 and the other half was charged to 132621. However, on 132621, it was charged to a regular removal task instead of an ARO removal task. I just wanted to be sure I understood everything and wanted to know if I should set up an ARO removal task on 132621 to charge to for the NEC costs. Please call me when you get a chance.

Thanks for your help!  
Angela

**Crescente, Angela**

---

**From:** Ryan, Joe  
**Sent:** Wednesday, April 25, 2012 10:07 AM  
**To:** Crescente, Angela  
**Cc:** Porter, Janice; Clyde, Peter  
**Subject:** RE: LGE Project Numbers 135586 and 132621

Angela,

It seem as if an ARO removal task should be set up under 132621 & 135586 and charges for below referenced invoice transferred. Please advise as how you would like me to proceed.

regards,  
Joe

---

**From:** Clyde, Peter  
**Sent:** Tuesday, April 24, 2012 2:24 PM  
**To:** Ryan, Joe  
**Cc:** Crescente, Angela; Porter, Janice  
**Subject:** FW: LGE Project Numbers 135586 and 132621

Joe,  
Angela has some questions on how the asbestos removal has been charged on the projects listed below. Could you please have someone follow up with her?

135586	REPLACE WESTERN KY YELLOW LINE
132621	PENILE TO PADDY'S RUN PIPELINE

**Pete Clyde**  
Manager, Gas Regulatory Compliance  
Louisville Gas & Electric Company  
[peter.clyde@lge-ku.com](mailto:peter.clyde@lge-ku.com)  
(502) 364-8715

---

**From:** Crescente, Angela  
**Sent:** Tuesday, April 17, 2012 10:46 AM  
**To:** Clyde, Peter  
**Cc:** Porter, Janice; Leenerts, Patricia  
**Subject:** LGE Project Numbers 135586 and 132621

Pete,

There was \$7K charged to 135586 (Task CP ASBESTOS) in February and then it was reversed in March, but the invoice appeared to be all asbestos (NEC) related. Then, in March, half of the invoice was charged to 135586 and the other half was charged to 132621. However, on 132621, it was charged to a regular removal task instead of an ARO removal task.



Charnas

I just wanted to be sure I understood everything and wanted to know if I should set up an ARO removal task on 132621 to charge to for the NEC costs. Please call me when you get a chance.

Thanks for your help!  
Angela

**Crescente, Angela**

---

**From:** Clyde, Peter  
**Sent:** Tuesday, April 24, 2012 2:24 PM  
**To:** Ryan, Joe  
**Cc:** Crescente, Angela; Porter, Janice  
**Subject:** FW: LGE Project Numbers 135586 and 132621

Joe,  
Angela has some questions on how the asbestos removal has been charged on the projects listed below. Could you please have someone follow up with her?

135586               REPLACE WESTERN KY YELLOW LINE  
132621               PENILE TO PADDY'S RUN PIPELINE

**Pete Clyde**  
Manager, Gas Regulatory Compliance  
Louisville Gas & Electric Company  
[peter.clyde@lge-ku.com](mailto:peter.clyde@lge-ku.com)  
(502) 364-8715

---

**From:** Crescente, Angela  
**Sent:** Tuesday, April 17, 2012 10:46 AM  
**To:** Clyde, Peter  
**Cc:** Porter, Janice; Leenerts, Patricia  
**Subject:** LGE Project Numbers 135586 and 132621

Pete,  
There was \$7K charged to 135586 (Task CP ASBESTOS) in February and then it was reversed in March, but the invoice appeared to be all asbestos (NEC) related. Then, in March, half of the invoice was charged to 135586 and the other half was charged to 132621. However, on 132621, it was charged to a regular removal task instead of an ARO removal task. I just wanted to be sure I understood everything and wanted to know if I should set up an ARO removal task on 132621 to charge to for the NEC costs. Please call me when you get a chance.

Thanks for your help!  
Angela

Clark, Ed

---

**From:** Crescente, Angela  
**Sent:** Thursday, February 09, 2012 3:58 PM  
**To:** Wemer, Brett  
**Cc:** Wiseman, Sara  
**Subject:** ARO JEs Purc-MC Landfill.xlsx

Brett,

Please see the attached journal entry flow for the Purc-MC Landfill settlement for one of the gain/loss amounts you selected from the ARO-1000 report.



ARO JEs Purc-MC  
Landfill.xlsx

Thanks,  
Angela

Settlement Month May 2011

Co. 0100	101	108	102	230	403	407	421	411	108709	254/108	
BB (May 1, 2011)	843,760.50	(18,091.46)	39,131.54	(668,830.78)							720,055.88
May Activity				(3,900.74)							-
Reg Entry (May)			3,900.74			(3,900.74)		3,900.74			-
Settlement (GAAP)	(829,871.82)	(819,541.48)	619,541.48	720,055.88	619,541.48	(819,541.48)	720,055.88				-
Settlement Reg			(720,055.88)				(720,055.88)				-
Retirement of Parent											-
	<u>843,760.50</u>	<u>(829,871.82)</u>	<u>629,871.82</u>	<u>(635,632.93)</u>	<u>682,573.86</u>	<u>(720,055.88)</u>	<u>720,055.88</u>	<u>(670,731.52)</u>	<u>619,541.48</u>	<u>(623,442.22)</u>	<u>720,055.88</u>
EB	213,918.77	(6,761.11)	(6,761.11)	(67,487.02)	(150,676.54)	(623,442.22)	(720,055.88)	3,900.74	3,900.74	(720,055.88)	720,055.88

Clark, Ed

---

**From:** Crescente, Angela  
**Sent:** Thursday, February 09, 2012 12:53 PM  
**To:** Wiseman, Sara  
**Subject:** List of AROs to send with questionnaires.xlsx

Sara:

Would you please take a look and see if this will work for John? I cleaned up the names a bit to make them easier for people to know what they are.



List of AROs to  
send with ques...

Thanks,  
Angela

ARO

**Canal**

Canal (Retired)-Asbestos

**Cane Run**

CR Ash Pond

CR Coal Storage

CR Environmental Ponds

CR Floodwall Penetration

CR Generation Wells

CR Landfill

CR Nuclear Sources

CR Unit 1 (Retired)-Asbestos

CR Unit 2 (Retired)-Asbestos

CR Unit 3 (Retired)-Asbestos

CR Unit 4-Asbestos

CR Unit 5-Asbestos

CR Unit 6-Asbestos

**Mill Creek**

MC Ash Pond

MC Chemical Storage

MC Coal Storage

MC Environmental Ponds

MC Generation Wells

MC Landfill

MC Nuclear Sources

MC Oil Storage

MC Unit 1-Asbestos

MC Unit 2-Asbestos

MC Unit 3-Asbestos

MC Unit 4-Asbestos

**Ohio Falls**

Ohio Falls-Asbestos

**Paddy's Run**

Paddy's Run-Asbestos

**Trimble County**

TC Ash Pond-LGE

TC Chemical Storage

TC Coal Storage-LGE

TC Environmental Ponds-LGE  
TC Generation Wells-LGE  
TC Nuclear Sources

**Zorn**

Zorn-Asbestos

**Transmission**

LGE Transmission Subs (11)-Asbestos  
Transmission Bushings LGE-PCB

**Electric Distribution**

Distribution Bushings LGE-PCB  
LGE Distribution Subs (66)-Asbestos  
Manholes-Asbestos

**Gas Distribution, Transmission and Underground Storage**

Center GSF UGS (Wells)  
Doe Run 235300-UGS-Asbestos  
Doe Run GSF UGS (Wells)  
GasMain&ServAbandon-Distribution  
GasMains-Transmission  
Magnolia 235120-UGS-Asbestos  
Magnolia 235300-UGS-Asbestos  
Magnolia 235600-UGS-Asbestos  
Magnolia GSF UGS (Wells)  
Muldraugh 235120-UGS-Asbestos  
Muldraugh 235300-UGS-Asbestos  
Muldraugh 235600-UGS-Asbestos  
Muldraugh 237520-Dist-Asbestos  
Muldraugh GSF UGS (Wells)  
Riggs Junc 235120-UGS-Asbestos

**Common**

Seventh&O-ComGenPln-ASB

ARO

**Brown**

BR Ash Pond  
BR Auxiliary Pond  
BR Coal Storage  
BR Generation Wells  
BR Nuclear Sources  
BR Oil Storage  
BR Oil Storage CT - OP  
BR Unit 1-Asbestos  
BR Unit 2-Asbestos  
BR Unit 3-Asbestos

**Dix Dam**

Dix Dam Generation Wells  
Dix Dam-Hydro-Asbestos

**Ghent**

Ghent Generation Wells  
Ghent Ash Pond  
Ghent Chemical Storage  
Ghent Coal Storage  
Ghent Environmental Ponds  
Ghent Gypsum Stack  
Ghent Nuclear Sources  
Ghent Oil Storage  
Ghent Unit 1-Asbestos  
Ghent Unit 2-Asbestos  
Ghent Unit 3-Asbestos  
Ghent Unit 4-Asbestos

**Green River**

Purc-GR Ash Pond  
Purc-GR Chemical Storage  
Purc-GR Coal Storage  
Purc-GR Generation Wells  
Purc-GR Oil Storage  
Purc-GR Unit 1-Asbestos  
Purc-GR Unit 2-Asbestos  
Purc-GR Unit 3-Asbestos  
Purc-GR Unit 4-Asbestos

**Pineville**



Purc-Pineville Ash Pond  
Purc-Pineville Generation Wells  
Purc-Pineville-Asbestos

**Trimble County**

Purc-TC Ash Pond-KU  
Purc-TC Coal Storage-KU  
Purc-TC Environmental Ponds-KU  
Purc-TC Generation Wells-KU

**Tyrone**

Purc-TY Ash Pond  
Purc-TY Chemical Storage  
Purc-TY Coal Storage  
Purc-TY Generation Wells  
Purc-TY Oil Storage  
Purc-TY Unit 1 (Retired)-Asbestos  
Purc-TY Unit 2 (Retired)-Asbestos  
Purc-TY Unit 3-Asbestos

**Transmission**

Purc-KU Transmission Subs (69)-ASB  
Purc-Transmission Bushings KU-PCB

**Electric Distribution and General Facilities**

Purc-Big Stone Gap Sub-Dist-Asbestos  
Purc-Distribution Bushings KU-PCB  
Purc-Distribution Line Transformers-PCB  
Purc-KU Distribution Subs (478)-Asbestos  
Purc-KU General Facilities-Asbestos

Clark, Ed

---

**From:** Crescente, Angela  
**Sent:** Tuesday, January 24, 2012 10:46 AM  
**To:** Leichty, Doug  
**Subject:** RE: ARO Balances as of 12/31/2011  
**Attachments:** ARO Rollforward LGE KU Balance Ended Dec 11 for auditors.xlsx

Doug,

Here you go.

Thanks,  
Angela

---

**From:** Leichty, Doug  
**Sent:** Tuesday, January 24, 2012 10:28 AM  
**To:** Crescente, Angela  
**Subject:** RE: ARO Balances as of 12/31/2011

Yes, that will be fine. I will need the rollforward for the Virginia filing.

Thanks,  
Doug

---

**From:** Crescente, Angela  
**Sent:** Tuesday, January 24, 2012 10:14 AM  
**To:** Leichty, Doug  
**Subject:** RE: ARO Balances as of 12/31/2011

Do you want me to go ahead and send you the ARO rollforward as well?

---

**From:** Leichty, Doug  
**Sent:** Tuesday, January 24, 2012 9:02 AM  
**To:** Crescente, Angela  
**Subject:** ARO Balances as of 12/31/2011

Angela,

Please provide me with the ARO balances as of 12/31/2011 by January 31, 2011.

Thanks,  
Doug

ARO Assets	Accum Deprec	RWIP-ARO Legal	COR Parent	ARO Liabilities	Regulatory Assets	Regulatory Liabilities	Accretion Expense	Depreciation Exp	Depreciation Expense	Accr Regulatory Cr	Dep Regulatory Cr	COR Parent	COR Settlement	Cash	
101107.2,101123	108107 & 108125	190790	108004	200012,101157	102012,101157	200022,201257	102025, 102027	409004	403111-403115	407401-407402	407403-407407	108004	Settlement		
46,107,138.54	220,460.89	2,935,443.78	877,974.05	62,650,780.91	6,658,113.27	6,176,624.90	434,322.83	659,015.79	205,600.66	434,322.83	434,322.83	630,303.70	630,303.70	6,603,643.70	
Ending Balance Dec10/4th Quarter															(0.01)
January Activity															
ARO Accretion				(218,602.64)	218,602.64					(218,602.64)					
ARO Depreciation		(147,948.10)		147,948.10					147,948.10		(147,948.10)				(0.010,71)
ARO RWIP		8,818.71													
Accrue COR				(62,889,451.55)	7,205,725.10	(6,163,572.82)		7,753.12	547,968.80	(7,205,725.10)	(147,948.10)				(0.01)
Ending Balance Jan11															
February Activity															
ARO Accretion				(218,602.14)	218,602.14					(218,602.14)					
ARO Depreciation		(147,948.10)		147,948.10					147,948.10		(147,948.10)				
ARO RWIP		185,780.13													
Accrue COR				(53,089,053.09)	7,673,274.34	(6,100,650.76)		7,753.14	216,889.20	(7,673,274.34)	(216,889.20)				(0.01)
Ending Balance Feb11															
March Activity															
ARO Accretion				(220,545.82)	220,545.82					(220,545.82)					
ARO Depreciation		(147,900.79)		147,900.79					147,900.79		(147,900.79)				
ARO RWIP		58,990.77													
Accrue COR				(53,309,599.57)	7,841,720.93	(6,136,673.89)		7,744.92	443,789.08	(7,841,720.93)	(443,789.08)				(0.01)
Ending Balance Mar11/1st Quarter															
April Activity															
ARO Accretion				(221,480.64)	221,480.64					(221,480.64)					
ARO Depreciation		(245,852.89)		245,852.89					245,852.89		(245,852.89)				
ARO Settlement Activity		98,989.48		(359,000.81)								306,640.51			(0.020,28)
ARO RWIP		38,320.26													
Accrue COR				(53,172,983.34)	8,050,057.41	(6,209,412.30)		7,898.08	689,851.71	(8,050,057.41)	(689,851.71)				(0.01)
Ending Balance Apr11															
May Activity															
ARO Accretion				(220,800.15)	220,800.15					(220,800.15)					
ARO Depreciation		(1,145,800.88)		1,145,800.88					1,145,800.88		(1,145,800.88)				
ARO Settlement Activity		1,020,163.83		(1,490,647.59)								826,256.58			
ARO RWIP															
Accrue COR				(53,982,293.59)	7,020,010.91	(6,309,624.93)		7,898.15	1,654,452.59	(7,020,010.91)	(1,654,452.59)				(0.01)
Ending Balance May11															
June Activity															
ARO Accretion				(215,040.82)	215,040.82					(215,040.82)					
ARO Depreciation		(144,345.80)		144,345.80					144,345.80		(144,345.80)				
ARO RWIP		100,244.83													
Accrue COR				(52,117,270.38)	8,285,366.03	(6,396,033.17)		7,898.24	1,976,789.19	(8,285,366.03)	(1,976,789.19)				(0.01)
Ending Balance Jun11/2nd Quarter															
July Activity															
ARO Accretion				(215,893.40)	215,893.40					(215,893.40)					
ARO Depreciation		(170,011.31)		170,011.31					170,011.31		(170,011.31)				
ARO Settlement Activity		29,887.70		(108,482.85)								100,492.85			
ARO RWIP															
Accrue COR				(52,726,757.13)	8,859,789.09	(6,400,842.61)		7,898.84	2,150,708.50	(8,859,789.09)	(2,150,708.50)				(0.01)
Ending Balance Jul11															
August Activity															
ARO Accretion				(210,401.86)	210,401.86					(210,401.86)					
ARO Depreciation		(144,265.07)		144,265.06					144,265.07		(144,265.07)				
ARO RWIP		213,408.36													
Accrue COR				(52,443,150.11)	8,929,486.02	(6,451,127.82)		27,285.51	2,293,035.47	(8,929,486.02)	(2,293,035.47)				(0.02)
Ending Balance Aug11															
September Activity															
ARO Accretion				(202,763.84)	202,763.84					(202,763.84)					
ARO Depreciation		(164,500.83)		164,500.83					164,500.83		(164,500.83)				
ARO Settlement Activity		3,327,015.38		(1,148,000.98)								1,148,000.98			
ARO RWIP															
Accrue COR				(52,704,013.83)	8,937,500.88	(6,410,310.82)		61,607.83	2,450,002.10	(8,937,500.88)	(2,450,002.10)				(0.03)
Ending Balance Sep11/3rd Quarter															
October Activity															
ARO Accretion				(1,492,426.33)	1,492,426.33					(1,492,426.33)					
ARO Depreciation															
ARO RWIP															
Accrue COR				(52,916,013.83)	8,937,500.88	(6,410,310.82)		630,103.83	2,450,002.10	(8,937,500.88)	(2,450,002.10)				(0.03)
Ending Balance Oct11/4th Quarter															

Louisville Gas and Electric Company  
ARO Rollforward Schedule - 2011

	ARO Assets	Accum Deprec	RWIP-ARO Legal	COR Parent	ARO Liabilities	Regulatory Assets	Regulatory Liabilities	Accretion Expenses	Depreciation Exp	Depreciation Exp	Accr Regulatory Cr	Depr Regulatory Cr	COR Non-Parent	COR Parent	Cash
	01107 & 101123	09107 & 150123	108769	182317	230,714.68	182317	230,714.68	411150	411150	411150	407401	407402	407425	407427	
	101207,101223,101325	182317,182325,182333	108769	182317	230,714.68	182317	230,714.68	411150	411150	411150	407401	407402	407425	407427	
	(50,229,404.10)	(50,528,936)	280,015.35	2,881,914.98	(50,072,734.20)	9,046,890.87	(2,433,070.24)	2,432,769.12	645,719.10	7,711.71	(2,412,785.12)	(2,412,785.12)	2,189,445.25	(1,092,557.37)	(6,419,165.89)
ARO Accretion		(338,021.75)			(230,714.68)	230,714.68		230,021.75			(230,714.68)	(230,714.68)			
ARO Depreciation		58,528.66							7,839.84						
ARO Settlement Activity			280,015.35												
Accru RWIP				2,881,914.98				2,432,769.12	338,021.75				2,189,445.25	(1,092,557.37)	
Ending Balance Oct11		(1,673,671.00)	1,222,742.94	2,881,914.98	(50,072,734.20)	9,046,890.87	(2,433,070.24)	2,432,769.12	645,719.10	7,711.71	(2,412,785.12)	(2,412,785.12)	2,189,445.25	(1,092,557.37)	(6,419,165.89)
November Activity															
ARO Accretion					(230,714.68)	230,714.68		230,714.66			(230,714.68)	(230,714.68)			
ARO Depreciation		(182,508.71)				182,508.71									
ARO RWIP			74,396.91												
Ending Balance Nov11		(1,856,180.01)	1,297,110.25	2,881,914.98	(50,072,734.20)	9,046,890.87	(2,433,070.24)	2,432,769.12	645,719.10	7,711.71	(2,412,785.12)	(2,412,785.12)	2,189,445.25	(1,092,557.37)	(6,419,165.89)
December Activity															
ARO Accretion					(231,701.50)	231,701.50		231,701.50			(231,701.50)	(231,701.50)			
ARO Depreciation		(205,498.51)				205,498.51									
ARO Settlement		(48,854.83)			(540,481.31)	540,481.31									
ARO Establishment of New AROs		1,811,483.08			(1,811,483.08)										
Accru RWIP			452,776.64												
Ending Balance Dec11		(2,055,120.24)	1,749,889.89	2,881,914.98	(59,609,350.29)	10,669,380.14	(2,399,016.87)	2,644,464.62	549,659.83	807,635.77	(2,644,464.62)	(2,644,464.62)	2,189,445.25	(1,092,557.37)	(6,848,334.14)



Kentucky Utilities Company  
 ARO Rollforward Schedule - 2011

	Accum Debits 101107 & 101125	61107-ARCO Legal 108706	GOR Parent 100box Implementation	ARO Liabilities 200012, 18, 15 200022, 20, 25	Regulatory Assets 182317 - 182318 182325	Regulatory Liabilities 254014, 254015	Accumulation Expense 411150 - 411151 411155	Depreciation Exp Parent 400box	Depreciation Expense 403111-403115	Accrual Regulatory C/ 407401 - 407402 407405	Over Regulatory C/ 407421 - 407422 407425	GOR Parent 100box Settlement	Cash
Accrual COR Ending Balance Oct11	56,524,709.25	(3,044,744.97)	924,419.50	(59,631,897.79)	0,455,832.32	(20,631,883)	2,322,659.02	2,106,638.70	2,512,081.14	(2,322,659.02)	(2,512,081.14)	(61,732.81)	(898,132.11)
November Activity													
ARO Accretion	-	-	-	(251,742.18)	251,742.18	-	-	-	-	(251,742.18)	-	-	-
ARO Depreciation	-	(255,618.40)	8,717.11	-	255,618.40	-	-	-	255,618.40	-	(255,618.40)	-	-
ARO RAMP	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending Balance Nov11	56,524,709.25	(3,304,363.22)	934,136.61	(59,153,309.83)	0,662,392.90	(20,631,883)	2,374,301.20	2,104,470.69	2,768,000.54	(2,574,301.20)	(2,768,000.54)	(61,732.81)	(895,660.22)
December Activity													
ARO Accretion	-	-	-	(252,816.00)	252,816.00	-	-	-	-	(252,816.00)	-	-	-
ARO Depreciation	-	(256,923.53)	-	-	256,923.53	-	-	-	256,923.53	-	(256,923.53)	-	-
ARO Revision	(312,768.55)	-	-	(94,340.05)	(94,340.05)	-	-	-	-	-	-	-	-
ARO RAMP	1,086,183.16	-	-	(1,690,183.76)	-	-	-	-	-	-	-	-	-
Ending Balance Dec11	57,892,205.16	(3,623,915.02)	410,849.80	(61,786,592.19)	7,421,292.54	(1,071,273.70)	2,627,116.66	1,145,188.99	3,028,923.07	(3,028,923.07)	(3,028,923.07)	(61,732.81)	(872,282.41)

FCD Company  
ARO Rollforward Schedule - 2011

	ARO Assets 121007	Accum Deprec 122007	ARO Liabilities 230012	Accretion Expense 411150
<b>Ending Balance Dec10/4th Quarter</b>	23,185.97	(126.10)	(59,371.93)	671.73
<b>January Activity</b>				
ARO Accretion	-	-	(338.74)	338.74
ARO Depreciation	-	(63.08)	-	-
<b>Ending Balance Jan11</b>	23,185.97	(189.18)	(59,710.67)	338.74
<b>February Activity</b>				
ARO Accretion	-	-	(340.67)	340.67
ARO Depreciation	-	(63.08)	-	-
<b>Ending Balance Feb11</b>	23,185.97	(252.26)	(60,051.34)	679.41
<b>March Activity</b>				
ARO Accretion	-	-	(342.61)	342.61
ARO Depreciation	-	(63.08)	-	-
<b>Ending Balance Mar11</b>	23,185.97	(315.34)	(60,393.95)	1,022.02
<b>April Activity</b>				
ARO Accretion	-	-	(344.57)	344.57
ARO Depreciation	-	(63.08)	-	-
<b>Ending Balance Apr11</b>	23,185.97	(378.42)	(60,738.52)	1,366.59
<b>May Activity</b>				
ARO Accretion	-	-	(346.53)	346.53
ARO Depreciation	-	(63.08)	-	-
<b>Ending Balance May11</b>	23,185.97	(441.50)	(61,085.05)	1,713.12
<b>June Activity</b>				
ARO Accretion	-	-	(348.51)	348.51
ARO Depreciation	-	(256.76)	-	-
<b>Ending Balance Jun11</b>	23,185.97	(698.26)	(61,433.56)	2,061.63
<b>July Activity</b>				
ARO Accretion	-	-	(350.50)	350.50
ARO Depreciation	-	(63.08)	-	-
<b>Ending Balance Jul11</b>	23,185.97	(761.34)	(61,784.06)	2,412.13
<b>August Activity</b>				
ARO Accretion	-	-	(352.50)	352.50
ARO Depreciation	-	(63.08)	-	-
<b>Ending Balance Aug11</b>	23,185.97	(824.42)	(62,136.56)	2,764.63
<b>September Activity</b>				
ARO Accretion	-	-	(354.51)	354.51
ARO Depreciation	-	(63.08)	-	-
<b>Ending Balance Sep11</b>	23,185.97	(887.50)	(62,491.07)	3,119.14
<b>October Activity</b>				
ARO Accretion	-	-	(356.53)	356.53
ARO Depreciation	-	(63.08)	-	-
<b>Ending Balance Oct11</b>	23,185.97	(950.58)	(62,847.60)	3,475.67
<b>November Activity</b>				
ARO Accretion	-	-	(358.57)	358.57
ARO Depreciation	-	(63.08)	-	-
<b>Ending Balance Nov11</b>	23,185.97	(1,013.66)	(63,206.17)	3,834.24
<b>December Activity</b>				
ARO Accretion	-	-	(360.61)	360.61
ARO Depreciation	-	(63.08)	-	-
<b>Ending Balance Dec11</b>	23,185.97	(1,076.74)	(63,566.78)	4,194.85

LKE  
ARO Rollforward Schedule - 2011

	ARO Assets 101107 & 101125 101207, 101225, 101325 121007	Accum Deprac 108107 & 108125 108207, 108225, 108325 122007	RWIP-ARO Legal 108789	COR Parent 108000 Implementation	ARO Liabilities 230012, 13, 15-17 230022, 23, 25-27	Regulatory Assets 182317 - 182318 182325 - 182327	Regulatory Liabilities 254014 - 254016	Accretion Expense 411150 - 411151 411155 - 411157	Depreciation Exp Parent 403000	Depreciation Expense 403111-403115 403211-12, 403311	Accr Regulatory Cr 407401 - 407402 407405 - 407407	Depr Regulatory Cr 407421 - 407422 407425 - 407427	COR Non-Parent 108000 Settlement	COR Parent 108000 Settlement	Cash	
Ending Balance Dec10/4th Quarter	99,047,888.71	(782,693.47)	3,192,810.22	3,270,314.68	(106,891,467.25)	8,389,958.97	(7,553,460.01)	890,945.67	2,552,450.69	782,587.37	(880,945.67)	(782,587.37)	-	(266,306.79)	(3,192,810.22)	(36,313.47)
January Activity	-	-	-	-	(443,828.21)	443,289.47	-	443,828.21	-	-	(443,289.47)	-	-	-	-	-
ARO Accretion	-	-	-	-	-	443,289.47	-	-	-	-	-	-	-	-	-	-
ARO Depreciation	-	(392,143.51)	-	-	-	392,080.43	-	-	-	392,080.43	-	(392,080.43)	-	-	-	(63.08)
ARO RWIP	-	-	9,152.91	-	-	-	-	-	-	-	-	-	-	-	-	(9,152.91)
Accrue COR	-	-	-	-	-	-	(27,662.32)	-	27,662.32	-	-	-	-	-	-	-
Ending Balance Jan11	99,047,888.71	(1,174,836.98)	3,201,963.13	5,270,314.68	(107,135,095.46)	9,225,326.87	(7,584,122.33)	443,628.21	2,580,113.01	392,080.43	(443,289.47)	(392,080.43)	-	(266,306.79)	(3,201,963.13)	(36,376.55)
February Activity	-	-	-	-	(445,518.64)	445,177.97	-	445,518.64	-	-	(445,177.97)	-	-	-	-	-
ARO Accretion	-	-	-	-	-	445,177.97	-	-	-	-	-	-	-	-	-	-
ARO Depreciation	-	(392,143.25)	-	-	-	392,080.17	-	-	-	392,080.17	-	(392,080.17)	-	-	-	(63.08)
ARO RWIP	-	-	187,862.05	-	-	-	-	-	-	-	-	-	-	-	-	(187,862.05)
Accrue COR	-	-	-	-	-	-	(27,662.34)	-	27,662.34	-	-	-	-	-	-	-
Ending Balance Feb11	99,047,888.71	(1,566,980.23)	3,389,825.19	5,270,314.68	(107,580,614.10)	10,032,588.01	(7,611,784.67)	899,146.85	2,607,775.35	784,160.80	(888,467.44)	(784,160.80)	-	(266,306.79)	(3,389,825.19)	(36,439.63)
March Activity	-	-	-	-	(447,417.28)	447,074.87	-	447,417.28	-	-	(447,074.87)	-	-	-	-	-
ARO Accretion	-	-	-	-	-	447,074.87	-	-	-	-	-	-	-	-	-	-
ARO Depreciation	-	(392,094.97)	-	-	-	392,031.89	-	-	-	392,031.89	-	(392,031.89)	-	-	-	(63.08)
ARO RWIP	-	-	53,888.84	-	-	-	-	-	-	-	-	-	-	-	-	(53,888.84)
Accrue COR	-	-	-	-	-	-	(27,654.12)	-	27,654.12	-	-	-	-	-	-	-
Ending Balance Mar11/1st Quarter	99,047,888.71	(1,959,075.20)	3,443,714.03	5,270,314.68	(108,028,031.38)	10,901,694.57	(7,639,438.79)	1,336,584.13	2,635,429.47	1,176,192.49	(1,335,542.11)	(1,176,192.49)	-	(266,306.79)	(3,443,714.03)	(36,502.71)
April Activity	-	-	-	-	(449,324.24)	448,979.67	-	449,324.24	-	-	(448,979.67)	-	-	-	-	-
ARO Accretion	-	-	-	-	-	448,979.67	-	-	-	-	-	-	-	-	-	-
ARO Depreciation	-	(514,400.62)	-	-	-	514,337.54	-	-	-	514,337.54	-	(514,337.54)	-	-	-	(63.08)
ARO Settlement Activity	(124,265.62)	124,265.62	(408,900.34)	-	417,405.07	(417,405.07)	-	-	-	-	-	-	408,900.34	-	-	-
ARO RWIP	-	-	152,879.29	-	-	-	-	-	-	-	-	-	-	-	-	(152,879.29)
Accrue COR	-	-	-	-	-	-	(27,757.65)	-	27,757.65	-	-	-	-	-	-	-
Ending Balance Apr11	98,923,623.09	(2,349,210.20)	3,187,892.87	5,270,314.68	(108,059,950.55)	11,447,606.71	(7,667,195.44)	1,785,898.37	2,663,187.12	1,690,530.03	(1,784,521.78)	(1,690,530.03)	408,900.34	(266,306.79)	(3,595,593.31)	(36,595.79)
May Activity	-	-	-	-	(449,347.64)	448,001.11	-	449,347.64	-	-	(448,001.11)	-	-	-	-	-
ARO Accretion	-	-	-	-	-	448,001.11	-	-	-	-	-	-	-	-	-	-
ARO Depreciation	-	(1,389,836.53)	-	-	-	1,389,773.45	-	-	-	1,389,773.45	-	(1,389,773.45)	-	-	-	(63.08)
ARO Settlement Activity	(1,020,103.93)	1,020,103.93	(1,490,647.93)	-	1,490,647.93	(1,490,647.93)	828,250.58	-	-	-	-	-	1,490,647.93	(828,250.58)	-	-
ARO RWIP	-	-	764,982.32	-	-	-	-	-	-	-	-	-	-	-	-	764,982.32
Accrue COR	-	-	-	-	-	-	(28,190.66)	-	28,190.66	-	-	-	-	-	-	-
Ending Balance May11	97,903,459.16	(2,718,062.80)	932,062.72	5,270,314.68	(107,018,650.26)	11,795,733.34	(6,899,136.52)	2,235,236.01	2,691,377.78	3,080,303.48	(2,233,522.89)	(3,080,303.48)	1,899,548.27	(1,092,557.37)	(2,831,610.99)	(36,628.87)
June Activity	-	-	-	-	(444,654.51)	444,208.00	-	444,654.51	-	-	(444,208.00)	-	-	-	-	-
ARO Accretion	-	-	-	-	-	444,208.00	-	-	-	-	-	-	-	-	-	-
ARO Depreciation	-	(388,574.84)	-	-	-	388,318.08	-	-	-	388,318.08	-	(388,318.08)	-	-	-	(256.76)
ARO RWIP	-	-	252,859.58	-	-	-	-	-	-	-	-	-	-	-	-	(252,859.58)
Accrue COR	-	-	-	-	-	-	(28,579.20)	-	28,579.20	-	-	-	-	-	-	-
Ending Balance Jun11/2nd Quarter	97,903,459.16	(3,107,457.94)	1,184,922.30	5,270,314.68	(107,463,204.77)	12,628,257.42	(6,927,714.72)	2,679,790.52	2,719,955.98	3,468,621.56	(2,677,728.89)	(3,468,621.56)	1,899,548.27	(1,092,557.37)	(2,084,470.55)	(36,885.63)
July Activity	-	-	-	-	(446,447.55)	446,097.05	-	446,447.55	-	-	(446,097.05)	-	-	-	-	-
ARO Accretion	-	-	-	-	-	446,097.05	-	-	-	-	-	-	-	-	-	-
ARO Depreciation	-	(445,835.94)	-	-	-	445,772.86	-	-	-	445,772.86	-	(445,772.86)	-	-	-	(63.08)
ARO Settlement Activity	(58,386.46)	58,386.46	(225,861.43)	-	225,861.43	(225,861.43)	-	-	-	-	-	-	225,861.43	-	-	-
ARO RWIP	-	-	264,536.31	-	-	-	-	-	-	-	-	-	-	-	-	(264,536.31)
Accrue COR	-	-	-	-	-	-	(28,470.80)	-	28,470.80	-	-	-	-	-	-	-
Ending Balance Jul11	97,845,072.70	(3,494,507.12)	1,223,597.18	5,270,314.68	(107,693,790.89)	13,294,295.90	(6,956,185.52)	3,129,238.07	2,748,426.78	3,914,364.42	(3,123,825.94)	(3,914,364.42)	2,125,409.70	(1,092,557.37)	(3,349,008.95)	(36,948.71)
August Activity	-	-	-	-	(447,313.53)	446,961.03	-	447,313.53	-	-	(446,961.03)	-	-	-	-	-
ARO Accretion	-	-	-	-	-	446,961.03	-	-	-	-	-	-	-	-	-	-
ARO Depreciation	-	(388,271.65)	-	-	-	388,208.55	-	-	-	388,208.57	-	(388,208.57)	-	-	-	(63.10)
ARO RWIP	-	-	211,770.92	-	-	-	-	-	-	-	-	-	-	-	-	(211,770.92)
Accrue COR	-	-	-	-	-	-	(47,917.38)	-	47,917.38	-	-	-	-	-	-	-
Ending Balance Aug11	97,845,072.70	(3,883,178.77)	1,435,368.08	5,270,314.68	(108,131,104.42)	14,129,436.48	(6,974,102.90)	3,573,551.80	2,796,344.16	4,302,602.99	(3,570,788.97)	(4,302,602.99)	2,125,409.70	(1,092,557.37)	(3,560,777.78)	(37,011.81)
September Activity	-	-	-	-	(452,727.58)	452,373.07	-	452,727.58	-	-	(452,373.07)	-	-	-	-	-
ARO Accretion	-	-	-	-	-	452,373.07	-	-	-	-	-	-	-	-	-	-
ARO Depreciation	-	(414,425.03)	-	-	-	414,381.95	-	-	-	414,381.95	-	(414,381.95)	-	-	-	(63.08)
ARO Revolutation	6,991,829.30	11,180.85	-	-	(6,953,567.24)	-	-	-	-	-	-	-	-	-	-	0.00



LKE  
 ARO Rollforward Schedule - 2011

	ARO Assets 101107 & 101125 101207,101225,101325 121007	Accum Deprac 108107 & 108125 108207,108225,108325 122007	RWIP-ARO Legal 108789	COR Parent 109000 Implementation	ARO Liabilities 230012,13,15-17 230022,23,25-27	Regulatory Assets 182317 - 182318 182325 - 182327	Regulatory Liabilities 254014 - 254016	Accrual Expense 411150 - 411151 411155 - 411157	Depreciation Exp Parent 403000	Depreciation Expense 403111-403115 403211-12,403311	Accr Regulatory Cr 407401 - 407402 407405 - 407407	Depr Regulatory Cr 407421 - 407422 407426 - 407427	COR Non-Parent 108000 Settlement	COR Parent 108000 Settlement	Cash	
ARO RWIP	-	-	183,882.55	-	-	-	-	-	-	-	-	-	-	-	-	(183,882.55)
Accrue COR	-	-	-	-	-	-	-	(9,024.13)	9,024.13	-	-	-	-	-	-	-
Ending Balance Sep11/3rd Quarter	104,836,899.00	(4,795,442.85)	1,619,250.63	5,270,314.68	(115,537,389.24)	14,948,750.49	(9,983,127.03)	4,028,279.18	2,805,368.29	4,716,964.94	(4,023,180.04)	(4,716,984.94)	2,125,409.70	(1,092,557.37)	(3,744,680.33)	(37,074.89)
October Activity	-	-	-	-	(481,823.97)	481,467.44	-	481,823.97	-	-	(481,467.44)	-	-	-	-	-
ARO Accretion	-	(493,703.13)	-	-	-	493,640.05	-	-	-	493,640.05	-	(493,640.05)	-	-	-	(63.08)
ARO Depreciation	(56,528.68)	56,528.68	(232,788.16)	-	232,788.16	(232,788.16)	-	-	-	-	-	-	232,788.16	-	-	-
ARO Settlement Activity	-	-	360,677.67	-	-	-	-	-	-	-	-	-	-	-	(360,677.67)	-
ARO RWIP	-	-	-	-	-	-	-	(28,470.80)	28,470.80	-	-	-	-	-	-	-
Accrue COR	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending Balance Oct11	104,780,370.32	(4,723,617.30)	1,747,160.14	5,270,314.68	(115,786,455.05)	15,689,089.82	(7,011,597.83)	4,508,103.15	2,833,839.09	5,210,604.99	(4,504,627.48)	(5,210,604.99)	2,358,177.86	(1,092,557.37)	(4,108,338.00)	(37,137.67)
November Activity	-	-	-	-	(482,815.41)	482,456.84	-	482,815.41	-	-	(482,456.84)	-	-	-	-	-
ARO Accretion	-	(438,250.19)	-	-	-	438,187.11	-	-	-	438,187.11	-	(438,187.11)	-	-	-	(63.08)
ARO Depreciation	-	-	84,086.72	-	-	-	-	-	-	-	-	-	-	-	(84,086.72)	-
ARO RWIP	-	-	-	-	-	-	-	(28,343.67)	28,343.67	-	-	-	-	-	-	-
Accrue COR	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending Balance Nov11	104,780,370.32	(5,161,867.49)	1,831,246.86	5,270,314.68	(116,269,270.46)	16,609,733.77	(7,039,941.50)	4,990,818.56	2,862,182.76	5,648,792.10	(4,987,084.32)	(5,648,792.10)	2,358,177.86	(1,092,557.37)	(4,189,424.72)	(37,201.05)
December Activity	-	-	-	-	(484,877.77)	484,517.16	-	484,877.77	-	-	(484,517.16)	-	-	-	-	-
ARO Accretion	-	(465,395.12)	-	-	-	465,332.04	-	-	-	465,332.04	-	(465,332.04)	-	-	-	(63.08)
ARO Depreciation	(361,635.68)	47,150.81	-	-	(213,724.14)	528,289.21	-	-	-	-	-	-	-	-	(0.00)	-
ARO Revaluation	3,491,628.84	-	-	-	(3,491,628.84)	-	-	-	-	-	-	-	-	-	-	-
ARO Establishment of New AROs	-	-	329,191.83	-	-	-	-	-	-	-	-	-	-	-	(329,191.83)	-
ARO RWIP	-	-	-	-	-	-	-	1,188,326.97	(1,188,326.97)	-	-	-	-	-	-	-
Accrue COR	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending Balance Dec11	107,910,301.48	(5,580,112.00)	2,160,438.69	5,270,314.68	(120,459,499.21)	18,087,957.18	(5,871,614.53)	5,475,798.33	1,683,855.79	6,114,124.14	(5,471,801.48)	(6,114,124.14)	2,358,177.86	(1,092,557.37)	(4,518,616.55)	(37,264.13)

**Crescente, Angela**

---

**From:** Wiseman, Sara  
**Sent:** Friday, January 06, 2012 5:31 PM  
**To:** Crescente, Angela  
**Subject:** FW: Error assessment memo on AROs

**Follow Up Flag:** Follow up  
**Flag Status:** Completed

---

**From:** Kelly, Mimi  
**Sent:** Friday, January 06, 2012 5:00 PM  
**To:** Charnas, Shannon  
**Cc:** Scott, Valerie; Wiseman, Sara; Hickman, James  
**Subject:** FW: Error assessment memo on AROs

Thanks Shannon.

This is very well written and very helpful for our SOX Exception reporting.

We prepare a template to enter Management Issues into the PPL FCM database. I will forward that to you for your review once we have completed our assessment.

*Mimi Kelly*  
502-627-2482

---

**From:** Charnas, Shannon  
**Sent:** Friday, January 06, 2012 2:10 PM  
**To:** [ritu.furlan@ey.com](mailto:ritu.furlan@ey.com); Jennifer Beneke ([jennifer.beneke@ey.com](mailto:jennifer.beneke@ey.com)); [Brett.Wemer@ey.com](mailto:Brett.Wemer@ey.com); Matt Crawley ([Matt.crawley@ey.com](mailto:Matt.crawley@ey.com))  
**Cc:** Scott, Valerie; Wiseman, Sara; Crescente, Angela; Shelton, Debbie; Hudson, Rusty; Kelly, Mimi; Pienaar, Lesley; McFarland, Beth; Trimble, Robert; Allen, Lisa; Miller, Jon; Cosby, David  
**Subject:** Error assessment memo on AROs

Attached is a memo regarding some additional AROs that needed to be recorded in Q4. Please let me know if you have any questions.



Asset Retirement  
Obligation EA...

Thanks,

**Shannon Charnas**  
Director, Accounting & Regulatory Reporting  
LG&E and KU  
(502) 627-4978

---

**MEMORANDUM**

**Date:** January 6, 2012

**To:** Valerie L. Scott, Controller

**From:** Sara Wiseman, Manager, Property Accounting  
Angela Crescente, Accounting Analyst III, Property Accounting

**Re:** Asset Retirement Obligation Review

**cc:** Shannon Charnas, Director, Accounting & Regulatory Reporting  
Debbie Shelton, Director, Audit Services  
Rusty Hudson, Director, Energy Services Accounting & Budget  
Mimi Kelly, Manager, Sarbanes-Oxley Compliance  
Lesley Pienaar, Manager, Financial Reporting  
Beth McFarland, Manager, Substation Construction & Maintenance  
Robby Trimble, Manager, Transmission Line Service  
Lisa Allen, Manager, Finance & Budgeting-Energy Delivery  
Jon Miller, Manager, Finance & Budgeting-Transmission  
David Cosby, Manager, Finance & Budgeting-Power Production  
Ernst & Young

**Overview of Error**

During the fourth quarter of 2011, Property Accounting conducted meetings with all of the lines business regarding asset retirement obligations (AROs). The purpose of these meetings was to provide refresher training on the AROs currently recorded as well as to ascertain if any additional AROs should be established on the financial records of Kentucky Utilities Company (KU) or Louisville Gas and Electric Company (LG&E). Meeting attendees included representatives from the various lines of business, Property Accounting, Legal and Environmental Affairs. During the course of these meetings, it was discovered that AROs should have been established previously for the disposal of PCB contaminated oil in transmission bushings and distribution transformers. Additionally, AROs should have been previously established for the plugging of ground wells found at the generating plant sites and to fill the concrete tunnels that are part of the Cane Run floodwall penetration upon retirement in order to maintain the integrity of the floodwall. The determination was also made at the meetings to reverse AROs previously recorded for retirement activities for generation step-up transformers, sewage treatment plants, the Green River limestone silo and the service water pump at Tyrone, as no legal requirements were found to apply to these assets.

January 6, 2012  
Page 2  
Asset Retirement Obligation Review

These errors caused the following misstatements on LG&E and KU's financial statements:

Regulated Utility Plant	Understated
Accumulated Depreciation	Overstated
Regulatory Assets	Overstated
Asset Retirement Obligations	Understated

In December 2011, the appropriate journal entries were recorded to establish new AROs and to reverse AROs that had been recorded in error.

### **How Error Was Identified**

The errors were discovered while completing the action plan associated with the error assessment memo dated October 31, 2011, for the Trimble County Unit 2 joint use assets and gas transmission main AROs. As part of the action plan, Property Accounting conducted a training/review session with gas personnel. At the request of senior management, the training was broadened to encompass a review of all fixed assets recorded on the Companies' financial records to ascertain if any additional AROs should be established. As a result, review meetings were held with all of the lines of business and it was during these discussions that the errors were identified. The training materials provided at the meetings included the definition of an ARO as well as a summary of the AROs currently recorded on the financial records. Additionally, retirement unit listings (which represent the assets recorded on the property records) were provided in advance of the meetings to the meeting participants. This helped to ensure that adequate consideration concerning the need to establish an ARO was given to all of the fixed assets owned by the Company.

### **Controls Impacted**

The errors are determined to be deficiencies as the errors were the result of controls that were not operating effectively and were not able to identify the misstatements.

Cycle 40.01-Acquisitions, Disposals and Retirement, Control Activity #9 states "ARO Review for Acquisitions: During the AIP review process, Accounting Analysts review the projects to determine if the need for an ARO may exist. If the project is identified as having the potential to require an ARO, a copy of the AIP is forwarded to the Accounting Analyst in charge of ARO accounting for further action. The Accounting Analyst in charge of ARO accounting reviews the AIP and if appropriate, contacts the Legal and Environmental personnel who will make the final determination of the need to establish an ARO based upon review of existing legal documents including laws, statutes, contracts, permits, certificates of need, right of way agreements and environmental regulations." This control was in place and functioning. However, there was no mention on the AIPs received by Property Accounting that the Company still had bushings and line transformers with PCB contaminated oil listed on the property records. According to personnel in the Transmission and Distribution lines of business, the Company went through a program to eliminate PCB contaminated equipment during the 1980s. However, it was discovered during recent discussions, the bushings and line transformers, were not part of this

January 6, 2012  
Page 3  
Asset Retirement Obligation Review

program. Property Accounting was not aware of any legal obligations for the plugging of generation wells and remediation of floodwall penetration, and the AIPs did not indicate that there was any reason to investigate a possible ARO.

**Action Plan**

In an effort to ensure that the appropriate personnel are fully aware of the AROs currently recorded on the financial records, Property Accounting will begin attaching summaries of the AROs currently recorded to the quarterly ARO questionnaire, effective with the first quarter of 2012. This process will provide employees with helpful information to aid in indentifying any changes required. Additionally, Property Accounting will coordinate annual review/training meetings with line of business personnel and Legal and Environmental Affairs representatives. These meetings will be similar to the meetings held in the fourth quarter of 2011, which helped to identify the current errors. These meetings will provide the opportunity to share information and discuss any changes to laws or changes in operations of the business, which could cause changes to AROs. The meetings will be held annually in the fourth quarter, beginning in 2012.

**Materiality Assessment**

*Periods Impacted (including quarter correction booked)*

Year/Quarter	Q1	Q2	Q3	Q4
2011	X	X	X	
2010	X	X	X	X
2009	X	X	X	X

**Quantitative Assessment -- Adjustment to Amounts Reported on Financial Statements (000's)**

9ME 09/30/11

<u>Fin Stmt Line Item</u>	<u>Company</u>	<u>Debit</u>	<u>Credit</u>
Regulated Utility Plant	LG&E	1,620	
Accumulated Depreciation	LG&E	4	
Regulatory Assets	LG&E		6
Asset Retirement Obligations	LG&E		1,618
Regulated Utility Plant	KU	1,182	
Accumulated Depreciation	KU	40	
Regulatory Assets	KU		53
Asset Retirement Obligations	KU		1,169

In this situation, a waived adjustment was not entered into the waived adjustment file; there was no waived adjustment in the current period (Q4 2011) since the balance sheet was corrected when the above entry was recorded in December 2011 on the general ledger. The adjustments were discovered too late to be included in the September 2011 waived adjustment file.

January 6, 2012

Page 4

Asset Retirement Obligation Review

The following table shows the detailed financial statement lines affected. The impact shown below is inclusive of the errors discussed in this memo as well as the errors documented in the error assessment memo dated October 31, 2011, for the Trimble County Unit 2 joint use assets and gas transmission main AROs. Amounts shown are in millions of \$:

	<u>12/31/09</u>		<u>12/31/10</u>		<u>3/31/11</u>		<u>6/30/11</u>		<u>9/30/11</u>	
	<u>LG&amp;E</u>	<u>KU</u>	<u>LG&amp;E</u>	<u>KU</u>	<u>LG&amp;E</u>	<u>KU</u>	<u>LG&amp;E</u>	<u>KU</u>	<u>LG&amp;E</u>	<u>KU</u>
Impact of ARO Adjustment on Regulated Utility Plant	5.5	1.2	5.5	1.2	2.3	4.9	2.3	4.9	1.6	1.2
Regulated Utility Plant (A/C 101)	4,200	4,892	2,600	3,630	2,832	4,361	2,868	4,410	2,899	4,446
Total Percentage Impact on F/S Line	0.13%	0.02%	0.21%	0.03%	0.08%	0.11%	0.08%	0.11%	0.06%	0.03%
Impact of ARO Adjustment on Accumulated Depreciation	0.005	(0.04)	0.005	(0.04)	(0.104)	0.06	(0.104)	0.06	(0.004)	(0.04)
Accumulated Depreciation (A/C 108)	1,708	1,838	17	14	44	54	68	90	91	120
Total Percentage Impact on F/S Line	0.00%	0.00%	0.03%	-0.29%	-0.24%	0.11%	-0.15%	0.07%	0.00%	-0.03%
Impact of ARO Adjustment on Regulatory Assets	0.003	(0.05)	0.003	(0.05)	(0.306)	0.15	(0.306)	0.15	(0.006)	(0.05)
Regulatory Assets (A/C 182)	14	32	13	9	149	113	363	227	390	224
Total Percentage Impact on F/S Line	0.02%	-0.16%	0.02%	-0.56%	-0.21%	0.13%	-0.08%	0.07%	0.00%	-0.02%
Impact of ARO Adjustment on Asset Retirement Obligations	5.5	1.2	5.5	1.2	2.1	5	2.1	5	1.6	1.2
Asset Retirement Obligations (A/C 230)	31	34	49	54	49	54	50	55	54	59
Total Percentage Impact on F/S Line	17.74%	3.53%	11.22%	2.22%	4.29%	9.26%	4.20%	9.09%	2.96%	2.03%
Impact of ARO Adjustment on Total Deferred Credits and Other Noncurrent Liabilities	5.5	1.2	5.5	1.2	2.1	5	2.1	5	1.6	1.2
Total Deferred Credits and Other Noncurrent Liabilities <sup>(B)</sup>	1,006	1,014	1,269	1,275	1,220	1,256	1,244	1,286	1,284	1,315
Total Percentage Impact on F/S Line	0.55%	0.12%	0.43%	0.09%	0.17%	0.40%	0.17%	0.39%	0.12%	0.09%

<sup>(B)</sup> This subtotal line is included to show an additional level of comparison.

### *Qualitative Assessment*

In Topic 1 - M, "Materiality" the SEC provides examples of qualitative factors that could cause an otherwise small quantitative error to be material to an investor. These examples, with responses in the context of the first quarter difference not corrected prior to issuance:

- Whether it arises from a precisely measurable item/calculation or an estimate.  
Response - The asset retirement obligations are based on estimates.
- Whether it masks a change in earnings or other trends.  
Response - There is no income statement impact as accretion and depreciation expense are offset by a regulatory credit, the financial statement impact of AROs is income statement neutral.
- Whether it hides a failure to meet analysts' or others' consensus expectations.  
Response - There is no income statement impact as accretion and depreciation expense are offset by a regulatory credit, the financial statement impact of AROs is income statement neutral.
- Whether it changes a loss into income or vice versa.  
Response - There is no income statement impact as accretion and depreciation expense are offset by a regulatory credit, the financial statement impact of AROs is income statement neutral.
- Whether it affects compliance with regulatory requirements.  
Response - No.
- Whether it affects compliance with loan covenants or other contractual requirements.  
Response - No, there is no affect on compliance with loan covenants or other contractual requirements per conversation with Dan Arbough.
- Whether it has the effect of increasing management's bonuses or other compensation.  
Response - No.
- Whether it involves concealment of an unlawful or fraudulent transaction.  
Response - No.

### *Conclusion on Materiality Assessment*

Management has concluded, based on both the quantitative and qualitative assessments, this error is not material to the financial statements.

January 6, 2012  
Page 6  
Asset Retirement Obligation Review

This error impacted the balance sheet only, there was no income statement impact. For KU, the error was greater than 5% on the Asset Retirement Obligations balance sheet line in 2011 Q1 and Q2 financial statements. For LG&E, the error was greater than 5% on the Asset Retirement Obligation balance sheet line at December 31, 2010 and 2009. However, the error was less than 1% on the Total Deferred Credits and Other Noncurrent Liabilities balance sheet line for all periods for both LG&E and KU. Management believes that an investor would not be influenced by the Asset Retirement Obligation line alone, but more focused on the Total Deferred Credits and Other Noncurrent Liabilities subtotal, or total liabilities, in making investing decisions. Therefore, although the percentage of error exceeds 5% on the Asset Retirement Obligation line item, the percent impact on the Total Deferred Credits and Other Noncurrent Liabilities, and accordingly total liabilities, is immaterial and in management's opinion an adjustment or restatement is not deemed necessary.

NOTE: See also overall assessment of all errors made prior to issuance of the financial statements.

### **SOX Assessment**

Per the Public Company Accounting Oversight Board (PCAOB) Audit Standard No. 5<sup>1</sup> "A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

- A deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met.
- A deficiency in operation exists when a properly designed control does not operate as designed, or when the person performing the control does not possess the necessary authority or competence to perform the control effectively."

The SOX guidance, A Framework for Evaluating Control Exceptions and Deficiencies<sup>2</sup> (Framework) provides a methodology for evaluating deficiencies that consists of answering the following question, for which LKE is providing a subsequent response.

---

<sup>1</sup> AUDITING STANDARD No. 5 –AN AUDIT OF INTERNAL CONTROL OVER FINANCIAL REPORTING THAT IS INTEGRATED WITH AN AUDIT OF FINANCIAL STATEMENTS, PCAOB Release No. 2007-005, May 24, 2007

<sup>2</sup> A Framework for Evaluating Control Exceptions and Deficiencies, Version 3, A collaboration of 9 audit firms and William F. Messier, jr. Professor, Georgia State University, December 20, 2004



January 6, 2012  
Page 7  
Asset Retirement Obligation Review

**Considering the potential magnitude, and any mitigating controls, would a prudent official conclude that the deficiency is at least a significant deficiency with regard to both the annual and interim financial statements?** PCAOB AS5 defines a significant deficiency as “a deficiency, or combination of deficiencies in internal controls over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those responsible for oversight of the company’s financial reporting.”

See the Controls Impacted and Action Plan sections above. Based upon this assessment, the deficiency is one of operation, as the control was being performed, as evidenced by the discussion with field personnel that took place to identify the need for quantification of the AROs. The error occurred due to a misunderstanding regarding what was included in the AROs. Following earlier discussions, it was believed by Property Accounting that all PCB contaminated oil had been removed, but on later clarification, it was determined that the transmission bushings and distribution line transformers were excluded from this removal initiative. The generation wells and the floodwall remediation were previously not identified as AROs, and were brought up only recently in the ARO review meetings. Management believes that the deficiency in the operation of the controls should not be classified as a significant deficiency or material weakness.

#### **Disclosure**

Per FASB ASC 250-10-45 Accounting Changes and Error Corrections – Presentation, Materiality Determination for Correction of an Error, paragraph 45-27 – “In determining materiality for the purpose of reporting the correction of an error, amounts shall be related to the estimated income for the full fiscal year and also to the effect on the trend of earnings. Changes that are material with respect to an interim period but not material with respect to the estimated income for the full fiscal year or to the trend of earnings shall be separately disclosed in the interim period.”

No disclosure related to this error is required in the quarterly or annual financial statements.

#### **Conclusion**

Management has concluded the error is not a significant deficiency/material weakness and will not be disclosed in the financial statements.

**Crescente, Angela**

---

**From:** Charnas, Shannon  
**Sent:** Friday, January 06, 2012 2:10 PM  
**To:** ritu.furlan@ey.com; Jennifer Beneke (jennifer.beneke@ey.com); Brett.Wemer@ey.com; Matt Crawley (Matt.crawley@ey.com)  
**Cc:** Scott, Valerie; Wiseman, Sara; Crescente, Angela; Shelton, Debbie; Hudson, Rusty; Kelly, Mimi; Pienaar, Lesley; McFarland, Beth; Trimble, Robert; Allen, Lisa; Miller, Jon; Cosby, David  
**Subject:** Error assessment memo on AROs  
  
**Follow Up Flag:** Follow up  
**Flag Status:** Completed

Attached is a memo regarding some additional AROs that needed to be recorded in Q4. Please let me know if you have any questions.



Asset Retirement  
Obligation EA...

Thanks,

**Shannon Charnas**  
*Director, Accounting & Regulatory Reporting  
LG&E and KU  
(502) 627-4978*



## MEMORANDUM

**Date:** January 6, 2012

**To:** Valerie L. Scott, Controller

**From:** Sara Wiseman, Manager, Property Accounting  
Angela Crescente, Accounting Analyst III, Property Accounting

**Re:** Asset Retirement Obligation Review

**cc:** Shannon Charnas, Director, Accounting & Regulatory Reporting  
Debbie Shelton, Director, Audit Services  
Rusty Hudson, Director, Energy Services Accounting & Budget  
Mimi Kelly, Manager, Sarbanes-Oxley Compliance  
Lesley Pienaar, Manager, Financial Reporting  
Beth McFarland, Manager, Substation Construction & Maintenance  
Robby Trimble, Manager, Transmission Line Service  
Lisa Allen, Manager, Finance & Budgeting-Energy Delivery  
Jon Miller, Manager, Finance & Budgeting-Transmission  
David Cosby, Manager, Finance & Budgeting-Power Production  
Ernst & Young

### Overview of Error

During the fourth quarter of 2011, Property Accounting conducted meetings with all of the lines business regarding asset retirement obligations (AROs). The purpose of these meetings was to provide refresher training on the AROs currently recorded as well as to ascertain if any additional AROs should be established on the financial records of Kentucky Utilities Company (KU) or Louisville Gas and Electric Company (LG&E). Meeting attendees included representatives from the various lines of business, Property Accounting, Legal and Environmental Affairs. During the course of these meetings, it was discovered that AROs should have been established previously for the disposal of PCB contaminated oil in transmission bushings and distribution transformers. Additionally, AROs should have been previously established for the plugging of ground wells found at the generating plant sites and to fill the concrete tunnels that are part of the Cane Run floodwall penetration upon retirement in order to maintain the integrity of the floodwall. The determination was also made at the meetings to reverse AROs previously recorded for retirement activities for generation step-up transformers, sewage treatment plants, the Green River limestone silo and the service water pump at Tyrone, as no legal requirements were found to apply to these assets.

January 6, 2012  
Page 2  
Asset Retirement Obligation Review

These errors caused the following misstatements on LG&E and KU's financial statements:

Regulated Utility Plant	Understated
Accumulated Depreciation	Overstated
Regulatory Assets	Overstated
Asset Retirement Obligations	Understated

In December 2011, the appropriate journal entries were recorded to establish new AROs and to reverse AROs that had been recorded in error.

### **How Error Was Identified**

The errors were discovered while completing the action plan associated with the error assessment memo dated October 31, 2011, for the Trimble County Unit 2 joint use assets and gas transmission main AROs. As part of the action plan, Property Accounting conducted a training/review session with gas personnel. At the request of senior management, the training was broadened to encompass a review of all fixed assets recorded on the Companies' financial records to ascertain if any additional AROs should be established. As a result, review meetings were held with all of the lines of business and it was during these discussions that the errors were identified. The training materials provided at the meetings included the definition of an ARO as well as a summary of the AROs currently recorded on the financial records. Additionally, retirement unit listings (which represent the assets recorded on the property records) were provided in advance of the meetings to the meeting participants. This helped to ensure that adequate consideration concerning the need to establish an ARO was given to all of the fixed assets owned by the Company.

### **Controls Impacted**

The errors are determined to be deficiencies as the errors were the result of controls that were not operating effectively and were not able to identify the misstatements.

Cycle 40.01-Acquisitions, Disposals and Retirement, Control Activity #9 states "ARO Review for Acquisitions: During the AIP review process, Accounting Analysts review the projects to determine if the need for an ARO may exist. If the project is identified as having the potential to require an ARO, a copy of the AIP is forwarded to the Accounting Analyst in charge of ARO accounting for further action. The Accounting Analyst in charge of ARO accounting reviews the AIP and if appropriate, contacts the Legal and Environmental personnel who will make the final determination of the need to establish an ARO based upon review of existing legal documents including laws, statutes, contracts, permits, certificates of need, right of way agreements and environmental regulations." This control was in place and functioning. However, there was no mention on the AIPs received by Property Accounting that the Company still had bushings and line transformers with PCB contaminated oil listed on the property records. According to personnel in the Transmission and Distribution lines of business, the Company went through a program to eliminate PCB contaminated equipment during the 1980s. However, it was discovered during recent discussions, the bushings and line transformers, were not part of this

program. Property Accounting was not aware of any legal obligations for the plugging of generation wells and remediation of floodwall penetration, and the AIPs did not indicate that there was any reason to investigate a possible ARO.

**Action Plan**

In an effort to ensure that the appropriate personnel are fully aware of the AROs currently recorded on the financial records, Property Accounting will begin attaching summaries of the AROs currently recorded to the quarterly ARO questionnaire, effective with the first quarter of 2012. This process will provide employees with helpful information to aid in indentifying any changes required. Additionally, Property Accounting will coordinate annual review/training meetings with line of business personnel and Legal and Environmental Affairs representatives. These meetings will be similar to the meetings held in the fourth quarter of 2011, which helped to identify the current errors. These meetings will provide the opportunity to share information and discuss any changes to laws or changes in operations of the business, which could cause changes to AROs. The meetings will be held annually in the fourth quarter, beginning in 2012.

**Materiality Assessment**

*Periods Impacted (including quarter correction booked)*

<b>Year/Quarter</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>
<b>2011</b>	X	X	X	
<b>2010</b>	X	X	X	X
<b>2009</b>	X	X	X	X

**Quantitative Assessment -- Adjustment to Amounts Reported on Financial Statements (000's)**

9ME 09/30/11

<u>Fin Stmt Line Item</u>	<u>Company</u>	<u>Debit</u>	<u>Credit</u>
Regulated Utility Plant	LG&E	1,620	
Accumulated Depreciation	LG&E	4	
Regulatory Assets	LG&E		6
Asset Retirement Obligations	LG&E		1,618
Regulated Utility Plant	KU	1,182	
Accumulated Depreciation	KU	40	
Regulatory Assets	KU		53
Asset Retirement Obligations	KU		1,169

In this situation, a waived adjustment was not entered into the waived adjustment file; there was no waived adjustment in the current period (Q4 2011) since the balance sheet was corrected when the above entry was recorded in December 2011 on the general ledger. The adjustments were discovered too late to be included in the September 2011 waived adjustment file.

January 6, 2012  
Page 4  
Asset Retirement Obligation Review

The following table shows the detailed financial statement lines affected. The impact shown below is inclusive of the errors discussed in this memo as well as the errors documented in the error assessment memo dated October 31, 2011, for the Trimble County Unit 2 joint use assets and gas transmission main AROs. Amounts shown are in millions of \$:

	<u>12/31/09</u>		<u>12/31/10</u>		<u>3/31/11</u>		<u>6/30/11</u>		<u>9/30/11</u>	
	<u>LG&amp;E</u>	<u>KU</u>	<u>LG&amp;E</u>	<u>KU</u>	<u>LG&amp;E</u>	<u>KU</u>	<u>LG&amp;E</u>	<u>KU</u>	<u>LG&amp;E</u>	<u>KU</u>
Impact of ARO Adjustment on Regulated Utility Plant	5.5	1.2	5.5	1.2	2.3	4.9	2.3	4.9	1.6	1.2
Regulated Utility Plant (A/C 101)	4,200	4,892	2,600	3,630	2,832	4,361	2,868	4,410	2,899	4,446
Total Percentage Impact on F/S Line	0.13%	0.02%	0.21%	0.03%	0.08%	0.11%	0.08%	0.11%	0.06%	0.03%
Impact of ARO Adjustment on Accumulated Depreciation	0.005	(0.04)	0.005	(0.04)	(0.104)	0.06	(0.104)	0.06	(0.004)	(0.04)
Accumulated Depreciation (A/C 108)	1,708	1,838	17	14	44	54	68	90	91	120
Total Percentage Impact on F/S Line	0.00%	0.00%	0.03%	-0.29%	-0.24%	0.11%	-0.15%	0.07%	0.00%	-0.03%
Impact of ARO Adjustment on Regulatory Assets	0.003	(0.05)	0.003	(0.05)	(0.306)	0.15	(0.306)	0.15	(0.006)	(0.05)
Regulatory Assets (A/C 182)	14	32	13	9	149	113	363	227	390	224
Total Percentage Impact on F/S Line	0.02%	-0.16%	0.02%	-0.56%	-0.21%	0.13%	-0.08%	0.07%	0.00%	-0.02%
Impact of ARO Adjustment on Asset Retirement Obligations	5.5	1.2	5.5	1.2	2.1	5	2.1	5	1.6	1.2
Asset Retirement Obligations (A/C 230)	31	34	49	54	49	54	50	55	54	59
Total Percentage Impact on F/S Line	17.74%	3.53%	11.22%	2.22%	4.29%	9.26%	4.20%	9.09%	2.96%	2.03%
Impact of ARO Adjustment on Total Deferred Credits and Other Noncurrent Liabilities	5.5	1.2	5.5	1.2	2.1	5	2.1	5	1.6	1.2
Total Deferred Credits and Other Noncurrent Liabilities <sup>(B)</sup>	1,006	1,014	1,269	1,275	1,220	1,256	1,244	1,286	1,284	1,315
Total Percentage Impact on F/S Line	0.55%	0.12%	0.43%	0.09%	0.17%	0.40%	0.17%	0.39%	0.12%	0.09%

<sup>(B)</sup> This subtotal line is included to show an additional level of comparison.



### *Qualitative Assessment*

In Topic 1 - M, "Materiality" the SEC provides examples of qualitative factors that could cause an otherwise small quantitative error to be material to an investor. These examples, with responses in the context of the first quarter difference not corrected prior to issuance:

- Whether it arises from a precisely measurable item/calculation or an estimate.  
Response - The asset retirement obligations are based on estimates.
- Whether it masks a change in earnings or other trends.  
Response - There is no income statement impact as accretion and depreciation expense are offset by a regulatory credit, the financial statement impact of AROs is income statement neutral.
- Whether it hides a failure to meet analysts' or others' consensus expectations.  
Response - There is no income statement impact as accretion and depreciation expense are offset by a regulatory credit, the financial statement impact of AROs is income statement neutral.
- Whether it changes a loss into income or vice versa.  
Response - There is no income statement impact as accretion and depreciation expense are offset by a regulatory credit, the financial statement impact of AROs is income statement neutral.
- Whether it affects compliance with regulatory requirements.  
Response - No.
- Whether it affects compliance with loan covenants or other contractual requirements.  
Response - No, there is no affect on compliance with loan covenants or other contractual requirements per conversation with Dan Arbough.
- Whether it has the effect of increasing management's bonuses or other compensation.  
Response - No.
- Whether it involves concealment of an unlawful or fraudulent transaction.  
Response - No.

### *Conclusion on Materiality Assessment*

Management has concluded, based on both the quantitative and qualitative assessments, this error is not material to the financial statements.

January 6, 2012  
Page 6  
Asset Retirement Obligation Review

This error impacted the balance sheet only, there was no income statement impact. For KU, the error was greater than 5% on the Asset Retirement Obligations balance sheet line in 2011 Q1 and Q2 financial statements. For LG&E, the error was greater than 5% on the Asset Retirement Obligation balance sheet line at December 31, 2010 and 2009. However, the error was less than 1% on the Total Deferred Credits and Other Noncurrent Liabilities balance sheet line for all periods for both LG&E and KU. Management believes that an investor would not be influenced by the Asset Retirement Obligation line alone, but more focused on the Total Deferred Credits and Other Noncurrent Liabilities subtotal, or total liabilities, in making investing decisions. Therefore, although the percentage of error exceeds 5% on the Asset Retirement Obligation line item, the percent impact on the Total Deferred Credits and Other Noncurrent Liabilities, and accordingly total liabilities, is immaterial and in management's opinion an adjustment or restatement is not deemed necessary.

NOTE: See also overall assessment of all errors made prior to issuance of the financial statements.

### **SOX Assessment**

Per the Public Company Accounting Oversight Board (PCAOB) Audit Standard No. 5<sup>1</sup> "A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

- A deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met.
- A deficiency in operation exists when a properly designed control does not operate as designed, or when the person performing the control does not possess the necessary authority or competence to perform the control effectively."

The SOX guidance, A Framework for Evaluating Control Exceptions and Deficiencies<sup>2</sup> (Framework) provides a methodology for evaluating deficiencies that consists of answering the following question, for which LKE is providing a subsequent response.

---

<sup>1</sup> AUDITING STANDARD No. 5 –AN AUDIT OF INTERNAL CONTROL OVER FINANCIAL REPORTING THAT IS INTEGRATED WITH AN AUDIT OF FINANCIAL STATEMENTS, PCAOB Release No. 2007-005, May 24, 2007

<sup>2</sup> A Framework for Evaluating Control Exceptions and Deficiencies, Version 3, A collaboration of 9 audit firms and William F. Messier, jr. Professor, Georgia State University, December 20, 2004



January 6, 2012  
Page 7  
Asset Retirement Obligation Review

**Considering the potential magnitude, and any mitigating controls, would a prudent official conclude that the deficiency is at least a significant deficiency with regard to both the annual and interim financial statements? PCAOB AS5 defines a significant deficiency as “a deficiency, or combination of deficiencies in internal controls over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those responsible for oversight of the company’s financial reporting.”**

See the Controls Impacted and Action Plan sections above. Based upon this assessment, the deficiency is one of operation, as the control was being performed, as evidenced by the discussion with field personnel that took place to identify the need for quantification of the AROs. The error occurred due to a misunderstanding regarding what was included in the AROs. Following earlier discussions, it was believed by Property Accounting that all PCB contaminated oil had been removed, but on later clarification, it was determined that the transmission bushings and distribution line transformers were excluded from this removal initiative. The generation wells and the floodwall remediation were previously not identified as AROs, and were brought up only recently in the ARO review meetings. Management believes that the deficiency in the operation of the controls should not be classified as a significant deficiency or material weakness.

### **Disclosure**

Per FASB ASC 250-10-45 Accounting Changes and Error Corrections – Presentation, Materiality Determination for Correction of an Error, paragraph 45-27 – “In determining materiality for the purpose of reporting the correction of an error, amounts shall be related to the estimated income for the full fiscal year and also to the effect on the trend of earnings. Changes that are material with respect to an interim period but not material with respect to the estimated income for the full fiscal year or to the trend of earnings shall be separately disclosed in the interim period.”

No disclosure related to this error is required in the quarterly or annual financial statements.

### **Conclusion**

Management has concluded the error is not a significant deficiency/material weakness and will not be disclosed in the financial statements.

**Crescente, Angela**

---

**From:** Wiseman, Sara  
**Sent:** Friday, January 06, 2012 1:19 PM  
**To:** Charnas, Shannon  
**Cc:** Crescente, Angela  
**Subject:** Asset Retirement Obligation Review -1-6-12.docx

**Follow Up Flag:** Follow up  
**Flag Status:** Completed



Asset Retirement  
Obligation Re...

Shannon: We have tried to address Valerie's questions. Please let me know if you think I need to do something more.

Sara



**MEMORANDUM**

**Date:** January 65, 2012

**To:** Valerie L. Scott, Controller

**From:** Sara Wiseman, Manager, Property Accounting  
Angela Crescente, Accounting Analyst III, Property Accounting

**Re:** Asset Retirement Obligation Review

**cc:** Shannon Charnas, Director, Accounting & Regulatory Reporting  
Debbie Shelton, Director, Audit Services  
Rusty Hudson, Director, Energy Services Accounting & Budget  
Mimi Kelly, Manager, Sarbanes-Oxley Compliance  
Lesley Pienaar, Manager, Financial Reporting  
Beth McFarland, Manager, Substation Construction & Maintenance  
Robby Trimble, Manager, Transmission Line Service  
Lisa Allen, Manager, Finance & Budgeting-Energy Delivery  
Jon Miller, Manager, Finance & Budgeting-Transmission  
David Cosby, Manager, Finance & Budgeting-Power Production  
Ernst & Young

**Overview of Error**

During the fourth quarter of 2011, Property Accounting conducted meetings with all of the lines business regarding asset retirement obligations (AROs). The purpose of these meetings was to provide refresher training on the AROs currently recorded as well as to ascertain if any additional AROs should be established on the financial records of Kentucky Utilities Company (KU) or Louisville Gas and Electric Company (LG&E). Meeting attendees included representatives from the various lines of business, Property Accounting, Legal and Environmental Affairs. During the course of these meetings, it was discovered that AROs should have been established previously for the disposal of PCB contaminated oil in transmission bushings and distribution transformers. Additionally, AROs should have been previously established for the plugging of ground wells found at the generating plant sites and to fill the concrete tunnels that are part of the Cane Run floodwall penetration upon retirement in order to maintain the integrity of the floodwall. The determination was also made at the meetings to reverse AROs previously recorded for retirement activities for generation step-up transformers, sewage treatment plants, the Green River limestone silo and the service water pump at Tyrone, as no legal requirements were found to apply to these assets.

These errors caused the following misstatements on LG&E and KU's financial statements:

January 56, 2012  
Page 2  
Asset Retirement Obligation Review

Regulated Utility Plant	Understated
Accumulated Depreciation	Overstated
Regulatory Assets	Overstated
Asset Retirement Obligations	Understated

In December 2011, the appropriate journal entries were recorded to establish new AROs and to reverse AROs that had been recorded in error.

#### How Error Was Identified

The errors were discovered while completing the action plan associated with the error assessment memo dated October 31, 2011, for the Trimble County Unit 2 joint use assets and gas transmission main AROs. As part of the action plan, Property Accounting conducted a training/review session with gas personnel. At the request of senior management, the training was broadened to encompass a review of all fixed assets recorded on the Companies' financial records to ascertain if any additional AROs should be established. As a result, review meetings were held with all of the lines of business and it was during these discussions that the errors were identified. The training materials provided at the meetings included the definition of an ARO as well as a summary of the AROs currently recorded on the financial records. Additionally, retirement unit listings (which represent the assets recorded on the property records) were provided in advance of the meetings to the meeting participants. This helped to ensure that adequate consideration concerning the need to establish an ARO was given to all of the fixed assets owned by the Company. ~~As a result, review meetings were held with all of the lines of business and it was during these discussions that the errors were identified.~~

#### Controls Impacted

The errors are determined to be deficiencies as the errors were the result of controls that were not operating effectively and were not able to identify the misstatements.

Cycle 40.01-Acquisitions, Disposals and Retirement, Control Activity #9 states "ARO Review for Acquisitions: During the AIP review process, Accounting Analysts review the projects to determine if the need for an ARO may exist. If the project is identified as having the potential to require an ARO, a copy of the AIP is forwarded to the Accounting Analyst in charge of ARO accounting for further action. The Accounting Analyst in charge of ARO accounting reviews the AIP and if appropriate, contacts the Legal and Environmental personnel who will make the final determination of the need to establish an ARO based upon review of existing legal documents including laws, statutes, contracts, permits, certificates of need, right of way agreements and environmental regulations." This control was in place and functioning. However, there was no mention on the AIPs received by Property Accounting that the Company still had bushings and line transformers with PCB contaminated oil listed on the property records. According to personnel in the Transmission and Distribution lines of business, the Company went through a program to eliminate PCB contaminated equipment during the 1980s [Need to give a time frame

Formatted: Highlight

January 56, 2012  
Page 3  
Asset Retirement Obligation Review

of reference (i.e., during the period XXXX to XXXX or prior to XXXX.)). However, it was discovered during recent discussions, the bushings and line transformers, were not part of this program. Property Accounting was not aware of any legal obligations for the plugging of generation wells and remediation of floodwall penetration, and the AIPs did not indicate that there was any reason to investigate a possible ARO.

Formatted: Highlight

**Action Plan**

In an effort to ensure that the appropriate personnel are fully aware of the AROs currently recorded on the financial records, Property Accounting will begin attaching summaries of the AROs currently recorded to the quarterly ARO questionnaire, effective with the first quarter of 2012. Was this step taken during the meetings discussed in the "How Error Was Identified" section? If not, how do we know we have everything now? We should add some discussion of these questions in that section of the memo. This process will provide employees with helpful information to aid in indentifying any changes required. Additionally, Property Accounting will coordinate annual review/training meetings with line of business personnel and Legal and Environmental Affairs representatives. These meetings will be similar to the meetings held in the fourth quarter of 2011, which helped to identify the current errors. These meetings will provide the opportunity to share information and discuss any changes to laws or changes in operations of the business, which could cause changes to AROs. The meetings will be held annually in the fourth quarter, beginning in 2012.

Formatted: Highlight

Formatted: Highlight

**Materiality Assessment**

*Periods Impacted (including quarter correction booked)*

Year/Quarter	Q1	Q2	Q3	Q4
2011	X	X	X	
2010	X	X	X	X
2009	X	X	X	X

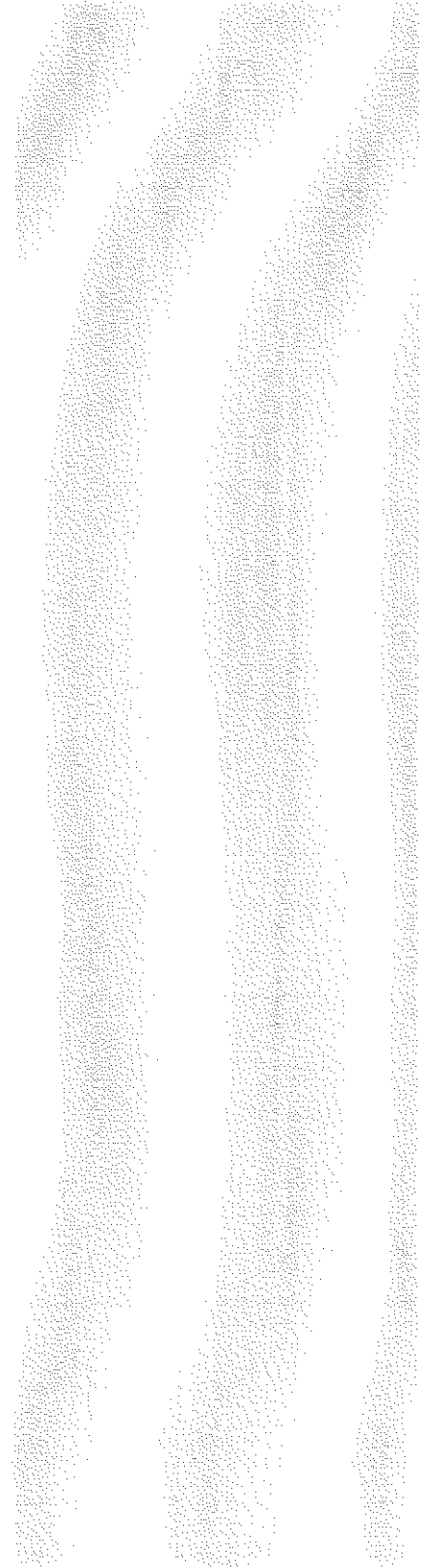
**Quantitative Assessment -- Adjustment to Amounts Reported on Financial Statements (000's)**

Fin Stmt Line Item	Company	9ME 09/30/11	
		Debit	Credit
Regulated Utility Plant	LG&E	1,620	
Accumulated Depreciation	LG&E	4	
Regulatory Assets	LG&E		6
Asset Retirement Obligations	LG&E		1,618
Regulated Utility Plant	KU	1,182	
Accumulated Depreciation	KU	40	
Regulatory Assets	KU		53

| January 56, 2012  
Page 4  
Asset Retirement Obligation Review

Asset Retirement Obligations	KU		1,169
------------------------------	----	--	-------

In this situation, a waived adjustment was not entered into the waived adjustment file; there was no waived adjustment in the current period (Q4 2011) since the balance sheet was corrected when the above entry was recorded in December 2011 on the general ledger. The adjustments were discovered too late to be included in the September 2011 waived adjustment file.



January 26, 2012  
Page 5  
Asset Retirement Obligation Review

The following table shows the detailed financial statement lines affected. The impact shown below is inclusive of the errors discussed in this memo as well as the errors documented in the error assessment memo dated October 31, 2011, for the Trimble County Unit 2 joint use assets and gas transmission main AROs. Amounts shown are in millions of \$:

	12/31/09		12/31/10		3/31/11		6/30/11		9/30/11	
	LG&E	KU	LG&E	KU	LG&E	KU	LG&E	KU	LG&E	KU
Impact of ARO Adjustment on Regulated Utility Plant	5.5	1.2	5.5	1.2	2.3	4.9	2.3	4.9	1.6	1.2
Regulated Utility Plant (A/C 101)	4,200	4,892	2,600	3,630	2,832	4,361	2,868	4,410	2,899	4,446
Total Percentage Impact on F/S Line	0.13%	0.02%	0.21%	0.03%	0.08%	0.11%	0.08%	0.11%	0.06%	0.03%
Impact of ARO Adjustment on Accumulated Depreciation	0.005	(0.04)	0.005	(0.04)	(0.104)	0.06	(0.104)	0.06	(0.004)	(0.04)
Accumulated Depreciation (A/C 108)	1,708	1,838	17	14	44	54	68	90	91	120
Total Percentage Impact on F/S Line	0.00%	0.00%	0.03%	-0.29%	-0.24%	0.11%	-0.15%	0.07%	0.00%	-0.03%
Impact of ARO Adjustment on Regulatory Assets	0.005	(0.05)	0.003	(0.05)	(0.306)	0.15	(0.306)	0.15	(0.006)	(0.05)
Regulatory Assets (A/C 182)	14	32	13	9	149	113	363	227	390	224
Total Percentage Impact on F/S Line	0.02%	-0.16%	0.02%	-0.56%	-0.21%	0.13%	-0.08%	0.07%	0.00%	-0.02%
Impact of ARO Adjustment on Asset Retirement Obligations	5.5	1.2	5.5	1.2	2.1	5	2.1	5	1.6	1.2
Asset Retirement Obligations (A/C 230)	31	34	49	54	49	54	50	55	54	59
Total Percentage Impact on F/S Line	17.74%	3.53%	11.22%	2.22%	4.29%	9.26%	4.20%	9.09%	2.96%	2.03%
Impact of ARO Adjustment on Total Deferred Credits and Other Noncurrent Liabilities	5.5	1.2	5.5	1.2	2.1	5	2.1	5	1.6	1.2
Total Deferred Credits and Other Noncurrent Liabilities <sup>(B)</sup>	1,006	1,014	1,269	1,275	1,220	1,256	1,244	1,286	1,284	1,315
Total Percentage Impact on F/S Line	0.55%	0.12%	0.43%	0.09%	0.17%	0.40%	0.17%	0.39%	0.12%	0.09%

<sup>(B)</sup> This subtotal line is included to show an additional level of comparison.



### *Qualitative Assessment*

In Topic 1 - M, "Materiality" the SEC provides examples of qualitative factors that could cause an otherwise small quantitative error to be material to an investor. These examples, with responses in the context of the first quarter difference not corrected prior to issuance:

- Whether it arises from a precisely measurable item/calculation or an estimate.  
Response - The asset retirement obligations are based on estimates.
- Whether it masks a change in earnings or other trends.  
Response - There is no income statement impact as accretion and depreciation expense are offset by a regulatory credit, the financial statement impact of AROs is income statement neutral.
- Whether it hides a failure to meet analysts' or others' consensus expectations.  
Response - There is no income statement impact as accretion and depreciation expense are offset by a regulatory credit, the financial statement impact of AROs is income statement neutral.
- Whether it changes a loss into income or vice versa.  
Response - There is no income statement impact as accretion and depreciation expense are offset by a regulatory credit, the financial statement impact of AROs is income statement neutral.
- Whether it affects compliance with regulatory requirements.  
Response - No.
- Whether it affects compliance with loan covenants or other contractual requirements.  
Response - No, there is no affect on compliance with loan covenants or other contractual requirements per conversation with Dan Arbough.
- Whether it has the effect of increasing management's bonuses or other compensation.  
Response - No.
- Whether it involves concealment of an unlawful or fraudulent transaction.  
Response - No.

### *Conclusion on Materiality Assessment*

Management has concluded, based on both the quantitative and qualitative assessments, this error is not material to the financial statements.



January 5~~6~~, 2012  
Page 7  
Asset Retirement Obligation Review

This error impacted the balance sheet only, there was no income statement impact. For KU, the error was greater than 5% on the Asset Retirement Obligations balance sheet line in 2011 Q1 and Q2 financial statements. For LG&E, the error was greater than 5% on the Asset Retirement Obligation balance sheet line at December 31, 2010 and 2009. However, the error was less than 1% on the Total Deferred Credits and Other Noncurrent Liabilities balance sheet line for all periods for both LG&E and KU. Management believes that an investor would not be influenced by the Asset Retirement Obligation line alone, but more focused on the Total Deferred Credits and Other Noncurrent Liabilities subtotal, or total liabilities, in making investing decisions. Therefore, although the percentage of error exceeds 5% on the Asset Retirement Obligation line item, the percent impact on the Total Deferred Credits and Other Noncurrent Liabilities, and accordingly total liabilities, is immaterial and in management's opinion an adjustment or restatement is not deemed necessary.

NOTE: See also overall assessment of all errors made prior to issuance of the financial statements.

#### SOX Assessment

Per the Public Company Accounting Oversight Board (PCAOB) Audit Standard No. 5<sup>1</sup> "A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

- A deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met.
- A deficiency in operation exists when a properly designed control does not operate as designed, or when the person performing the control does not possess the necessary authority or competence to perform the control effectively."

The SOX guidance, A Framework for Evaluating Control Exceptions and Deficiencies<sup>2</sup> (Framework) provides a methodology for evaluating deficiencies that consists of answering the following question, for which LKE is providing a subsequent response.

---

<sup>1</sup> AUDITING STANDARD No. 5 –AN AUDIT OF INTERNAL CONTROL OVER FINANCIAL REPORTING THAT IS INTEGRATED WITH AN AUDIT OF FINANCIAL STATEMENTS, PCAOB Release No. 2007-005, May 24, 2007

<sup>2</sup> A Framework for Evaluating Control Exceptions and Deficiencies, Version 3, A collaboration of 9 audit firms and William F. Messier, jr. Professor, Georgia State University, December 20, 2004

January 5~~6~~, 2012

Page 8

Asset Retirement Obligation Review

**Considering the potential magnitude, and any mitigating controls, would a prudent official conclude that the deficiency is at least a significant deficiency with regard to both the annual and interim financial statements? PCAOB AS5 defines a significant deficiency as “a deficiency, or combination of deficiencies in internal controls over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those responsible for oversight of the company’s financial reporting.”**

See the Controls Impacted and Action Plan sections above. Based upon this assessment, the deficiency is one of operation, as the control was being performed, as evidenced by the discussion with field personnel that took place to identify the need for quantification of the AROs. The error occurred due to a misunderstanding regarding what was included in the AROs. Following earlier discussions, it was believed by Property Accounting that all PCB contaminated oil had been removed, but on later clarification, it was determined that the transmission bushings and distribution line transformers were excluded from this removal initiative. The generation wells and the floodwall remediation were previously not identified as AROs, and were brought up only recently in the ARO review meetings. Management believes that the deficiency in the operation of the controls should not be classified as a significant deficiency or material weakness.

#### **Disclosure**

Per FASB ASC 250-10-45 Accounting Changes and Error Corrections – Presentation, Materiality Determination for Correction of an Error, paragraph 45-27 – “In determining materiality for the purpose of reporting the correction of an error, amounts shall be related to the estimated income for the full fiscal year and also to the effect on the trend of earnings. Changes that are material with respect to an interim period but not material with respect to the estimated income for the full fiscal year or to the trend of earnings shall be separately disclosed in the interim period.”

No disclosure related to this error is required in the quarterly or annual financial statements.

#### **Conclusion**

Management has concluded the error is not a significant deficiency/material weakness and will not be disclosed in the financial statements.

**Crescente, Angela**

---

**From:** Charnas, Shannon  
**Sent:** Thursday, January 05, 2012 8:04 PM  
**To:** Wiseman, Sara; Crescente, Angela  
**Subject:** FW: ARO EAM

**Follow Up Flag:** Follow up  
**Flag Status:** Completed

Sara/Angela –

See rave reviews below! Would you take a stab at addressing her questions and let me know if you would like to discuss.

Thanks,

***Shannon Charnas***

*Director, Accounting & Regulatory Reporting  
LG&E and KU  
(502) 627-4978*

---

**From:** Scott, Valerie  
**Sent:** Thursday, January 05, 2012 7:59 PM  
**To:** Charnas, Shannon  
**Subject:** RE: ARO EAM

Shannon,

Good memo! I only have a few minor items to add, in the attached. Let me know if you would like to discuss.

Thanks.



Asset Retirement  
Obligation Re...

*Valerie*

---

**From:** Charnas, Shannon  
**Sent:** Thursday, January 05, 2012 7:13 PM  
**To:** Scott, Valerie  
**Subject:** ARO EAM

Valerie –

Attached is the draft of the ARO EAM. Please let me know if you would like to discuss, or if you have any comments.

Thanks,

**Shannon Charnas**

*Director, Accounting & Regulatory Reporting  
LG&E and KU  
(502) 627-4978*

<< File: Asset Retirement Obligation Review -1-5-12 v2.docx >>



**MEMORANDUM**

**Date:** January 5, 2012

**To:** Valerie L. Scott, Controller

**From:** Sara Wiseman, Manager, Property Accounting  
Angela Crescente, Accounting Analyst III, Property Accounting

**Re:** Asset Retirement Obligation Review

**cc:** Shannon Charnas, Director, Accounting & Regulatory Reporting  
Debbie Shelton, Director, Audit Services  
Rusty Hudson, Director, Energy Services Accounting & Budget  
Mimi Kelly, Manager, Sarbanes-Oxley Compliance  
Lesley Pienaar, Manager, Financial Reporting  
Beth McFarland, Manager, Substation Construction & Maintenance  
Robby Trimble, Manager, Transmission Line Service  
Lisa Allen, Manager, Finance & Budgeting-Energy Delivery  
Jon Miller, Manager, Finance & Budgeting-Transmission  
David Cosby, Manager, Finance & Budgeting-Power Production  
Ernst & Young

**Overview of Error**

During the fourth quarter of 2011, Property Accounting conducted meetings with all of the lines business regarding asset retirement obligations (AROs). The purpose of these meetings was to provide refresher training on the AROs currently recorded as well as to ascertain if any additional AROs should be established on the financial records of Kentucky Utilities Company (KU) or Louisville Gas and Electric Company (LG&E). Meeting attendees included representatives from the various lines of business, Property Accounting, Legal and Environmental Affairs. During the course of these meetings, it was discovered that AROs should have been established previously for the disposal of PCB contaminated oil in transmission bushings and distribution transformers. Additionally, AROs should have been previously established for the plugging of ground wells found at the generating plant sites and to fill the concrete tunnels that are part of the Cane Run floodwall penetration upon retirement in order to maintain the integrity of the floodwall. The determination was also made at the meetings to reverse AROs previously recorded for retirement activities for generation step-up transformers, sewage treatment plants, the Green River limestone silo and the service water pump at Tyrone, as no legal requirements were found to apply to these assets.

These errors caused the following misstatements on LG&E and KU's financial statements:

January 5, 2012  
Page 2  
Asset Retirement Obligation Review

Regulated Utility Plant	Understated
Accumulated Depreciation	Overstated
Regulatory Assets	Overstated
Asset Retirement Obligations	Understated

In December 2011, the appropriate journal entries were recorded to establish new AROs and to reverse AROs that had been recorded in error.

#### How Error Was Identified

The errors were discovered while completing the action plan associated with the error assessment memo dated October 31, 2011, for the Trimble County Unit 2 joint use assets and gas transmission main AROs. As part of the action plan, Property Accounting conducted a training session with gas personnel. At the request of senior management, the training was broadened to encompass a review of all fixed assets recorded on the Companies' financial records to ascertain if any additional AROs should be established. As a result, review meetings were held with all of the lines of business and it was during these discussions that the errors were identified.

#### Controls Impacted

The errors are determined to be deficiencies as the errors were the result of controls that were not operating effectively and were not able to identify the misstatements.

Cycle 40.01-Acquisitions, Disposals and Retirement, Control Activity #9 states "ARO Review for Acquisitions: During the AIP review process, Accounting Analysts review the projects to determine if the need for an ARO may exist. If the project is identified as having the potential to require an ARO, a copy of the AIP is forwarded to the Accounting Analyst in charge of ARO accounting for further action. The Accounting Analyst in charge of ARO accounting reviews the AIP and if appropriate, contacts the Legal and Environmental personnel who will make the final determination of the need to establish an ARO based upon review of existing legal documents including laws, statutes, contracts, permits, certificates of need, right of way agreements and environmental regulations." This control was in place and functioning. However, there was no mention on the AIPs received by Property Accounting that the Company still had bushings and line transformers with PCB contaminated oil listed on the property records. According to personnel in the Transmission and Distribution lines of business, the Company went through a program to eliminate PCB contaminated equipment [Need to give a time frame of reference (i.e., during the period XXXX to XXXX or prior to XXXX.)]. However, it was discovered during recent discussions, the bushings and line transformers, were not part of this program. Property Accounting was not aware of any legal obligations for the plugging of generation wells and remediation of floodwall penetration, and the AIPs did not indicate that there was any reason to investigate a possible ARO.

Formatted: Highlight

Formatted: Highlight

#### Action Plan

January 5, 2012  
Page 3  
Asset Retirement Obligation Review

In an effort to ensure that the appropriate personnel are fully aware of the AROs currently recorded on the financial records, Property Accounting will begin attaching summaries of the AROs currently recorded to the quarterly ARO questionnaire, effective with the first quarter of 2012. Was this step taken during the meetings discussed in the "How Error Was Identified" section? If not, how do we know we have everything now? We should add some discussion of these questions in that section of the memo. This process will provide employees with helpful information to aid in indentifying any changes required. Additionally, Property Accounting will coordinate annual review/training meetings with line of business personnel and Legal and Environmental Affairs representatives. These meetings will be similar to the meetings held in the fourth quarter of 2011, which helped to identify the current errors. These meetings will provide the opportunity to share information and discuss any changes to laws or changes in operations of the business, which could cause changes to AROs. The meetings will be held annually in the fourth quarter, beginning in 2012.

Formatted: Highlight

Formatted: Highlight

**Materiality Assessment**

*Periods Impacted (including quarter correction booked)*

Year/Quarter	Q1	Q2	Q3	Q4
2011	X	X	X	
2010	X	X	X	X
2009	X	X	X	X

**Quantitative Assessment -- Adjustment to Amounts Reported on Financial Statements (000's)**

Fin Stmt Line Item	Company	9ME 09/30/11	
		Debit	Credit
Regulated Utility Plant	LG&E	1,620	
Accumulated Depreciation	LG&E	4	
Regulatory Assets	LG&E		6
Asset Retirement Obligations	LG&E		1,618
Regulated Utility Plant	KU	1,182	
Accumulated Depreciation	KU	40	
Regulatory Assets	KU		53
Asset Retirement Obligations	KU		1,169

In this situation, a waived adjustment was not entered into the waived adjustment file; there was no waived adjustment in the current period (Q4 2011) since the balance sheet was corrected when the above entry was recorded in December 2011 on the general ledger. The adjustments were discovered too late to be included in the September 2011 waived adjustment file.

January 5, 2012

Page 4

## Asset Retirement Obligation Review

The following table shows the detailed financial statement lines affected. The impact shown below is inclusive of the errors discussed in this memo as well as the errors documented in the error assessment memo dated October 31, 2011, for the Trimble County Unit 2 joint use assets and gas transmission main AROs. Amounts shown are in millions of \$:

	12/31/09		12/31/10		3/31/11		6/30/11		9/30/11	
	LG&E	KU	LG&E	KU	LG&E	KU	LG&E	KU	LG&E	KU
Impact of ARO Adjustment on Regulated Utility Plant	5.5	1.2	5.5	1.2	2.3	4.9	2.3	4.9	1.6	1.2
Regulated Utility Plant (A/C 101)	4,200	4,892	2,600	3,630	2,832	4,361	2,868	4,410	2,899	4,446
Total Percentage Impact on F/S Line	0.13%	0.02%	0.21%	0.03%	0.08%	0.11%	0.08%	0.11%	0.06%	0.03%
Impact of ARO Adjustment on Accumulated Depreciation	0.005	(0.04)	0.005	(0.04)	(0.104)	0.06	(0.104)	0.06	(0.004)	(0.04)
Accumulated Depreciation (A/C 108)	1,708	1,838	17	14	44	54	68	90	91	120
Total Percentage Impact on F/S Line	0.00%	0.00%	0.03%	-0.29%	-0.24%	0.11%	-0.15%	0.07%	0.00%	-0.03%
Impact of ARO Adjustment on Regulatory Assets	0.003	(0.05)	0.003	(0.05)	(0.306)	0.15	(0.306)	0.15	(0.006)	(0.05)
Regulatory Assets (A/C 182)	14	32	13	9	149	113	363	227	390	224
Total Percentage Impact on F/S Line	0.02%	-0.16%	0.02%	-0.56%	-0.21%	0.13%	-0.08%	0.07%	0.00%	-0.02%
Impact of ARO Adjustment on Asset Retirement Obligations	5.5	1.2	5.5	1.2	2.1	5	2.1	5	1.6	1.2
Asset Retirement Obligations (A/C 230)	31	34	49	54	49	54	50	55	54	59
Total Percentage Impact on F/S Line	17.74%	3.53%	11.22%	2.22%	4.29%	9.26%	4.20%	9.09%	2.96%	2.03%
Impact of ARO Adjustment on Total Deferred Credits and Other Noncurrent Liabilities	5.5	1.2	5.5	1.2	2.1	5	2.1	5	1.6	1.2
Total Deferred Credits and Other Noncurrent Liabilities <sup>(B)</sup>	1,006	1,014	1,269	1,275	1,220	1,256	1,244	1,286	1,284	1,315
Total Percentage Impact on F/S Line	0.55%	0.12%	0.43%	0.09%	0.17%	0.40%	0.17%	0.39%	0.12%	0.09%

<sup>(B)</sup> This subtotal line is included to show an additional level of comparison.





### *Qualitative Assessment*

In Topic 1 - M, "Materiality" the SEC provides examples of qualitative factors that could cause an otherwise small quantitative error to be material to an investor. These examples, with responses in the context of the first quarter difference not corrected prior to issuance:

- Whether it arises from a precisely measurable item/calculation or an estimate.  
Response - The asset retirement obligations are based on estimates.
- Whether it masks a change in earnings or other trends.  
Response - There is no income statement impact as accretion and depreciation expense are offset by a regulatory credit, the financial statement impact of AROs is income statement neutral.
- Whether it hides a failure to meet analysts' or others' consensus expectations.  
Response - There is no income statement impact as accretion and depreciation expense are offset by a regulatory credit, the financial statement impact of AROs is income statement neutral.
- Whether it changes a loss into income or vice versa.  
Response - There is no income statement impact as accretion and depreciation expense are offset by a regulatory credit, the financial statement impact of AROs is income statement neutral.
- Whether it affects compliance with regulatory requirements.  
Response - No.
- Whether it affects compliance with loan covenants or other contractual requirements.  
Response - No, there is no affect on compliance with loan covenants or other contractual requirements per conversation with Dan Arbough.
- Whether it has the effect of increasing management's bonuses or other compensation.  
Response - No.
- Whether it involves concealment of an unlawful or fraudulent transaction.  
Response - No.

### *Conclusion on Materiality Assessment*

Management has concluded, based on both the quantitative and qualitative assessments, this error is not material to the financial statements.

January 5, 2012  
Page 6  
Asset Retirement Obligation Review

This error impacted the balance sheet only, there was no income statement impact. For KU, the error was greater than 5% on the Asset Retirement Obligations balance sheet line in 2011 Q1 and Q2 financial statements. For LG&E, the error was greater than 5% on the Asset Retirement Obligation balance sheet line at December 31, 2010 and 2009. However, the error was less than 1% on the Total Deferred Credits and Other Noncurrent Liabilities balance sheet line for all periods for both LG&E and KU. Management believes that an investor would not be influenced by the Asset Retirement Obligation line alone, but more focused on the Total Deferred Credits and Other Noncurrent Liabilities subtotal, or total liabilities, in making investing decisions. Therefore, although the percentage of error exceeds 5% on the Asset Retirement Obligation line item, the percent impact on the Total Deferred Credits and Other Noncurrent Liabilities, and accordingly total liabilities, is immaterial and in management's opinion an adjustment or restatement is not deemed necessary.

NOTE: See also overall assessment of all errors made prior to issuance of the financial statements.

#### SOX Assessment

Per the Public Company Accounting Oversight Board (PCAOB) Audit Standard No. 5<sup>1</sup> "A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

- A deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met.
- A deficiency in operation exists when a properly designed control does not operate as designed, or when the person performing the control does not possess the necessary authority or competence to perform the control effectively."

The SOX guidance, A Framework for Evaluating Control Exceptions and Deficiencies<sup>2</sup> (Framework) provides a methodology for evaluating deficiencies that consists of answering the following question, for which LKE is providing a subsequent response.

---

<sup>1</sup> AUDITING STANDARD No. 5 –AN AUDIT OF INTERNAL CONTROL OVER FINANCIAL REPORTING THAT IS INTEGRATED WITH AN AUDIT OF FINANCIAL STATEMENTS, PCAOB Release No. 2007-005, May 24, 2007

<sup>2</sup> A Framework for Evaluating Control Exceptions and Deficiencies, Version 3, A collaboration of 9 audit firms and William F. Messier, jr. Professor, Georgia State University, December 20, 2004

January 5, 2012  
Page 7  
Asset Retirement Obligation Review

**Considering the potential magnitude, and any mitigating controls, would a prudent official conclude that the deficiency is at least a significant deficiency with regard to both the annual and interim financial statements? PCAOB AS5 defines a significant deficiency as “a deficiency, or combination of deficiencies in internal controls over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those responsible for oversight of the company’s financial reporting.”**

See the Controls Impacted and Action Plan sections above. Based upon this assessment, the deficiency is one of operation, as the control was being performed, as evidenced by the discussion with field personnel that took place to identify the need for quantification of the AROs. The error occurred due to a misunderstanding regarding what was included in the AROs. Following earlier discussions, it was believed by Property Accounting that all PCB contaminated oil had been removed, but on later clarification, it was determined that the transmission bushings and distribution line transformers were excluded from this removal initiative. The generation wells and the floodwall remediation were previously not identified as AROs, and were brought up only recently in the ARO review meetings. Management believes that the deficiency in the operation of the controls should not be classified as a significant deficiency or material weakness.

#### **Disclosure**

Per FASB ASC 250-10-45 Accounting Changes and Error Corrections – Presentation, Materiality Determination for Correction of an Error, paragraph 45-27 – “In determining materiality for the purpose of reporting the correction of an error, amounts shall be related to the estimated income for the full fiscal year and also to the effect on the trend of earnings. Changes that are material with respect to an interim period but not material with respect to the estimated income for the full fiscal year or to the trend of earnings shall be separately disclosed in the interim period.”

No disclosure related to this error is required in the quarterly or annual financial statements.

#### **Conclusion**

Management has concluded the error is not a significant deficiency/material weakness and will not be disclosed in the financial statements.

**Crescente, Angela**

---

**From:** Wiseman, Sara  
**Sent:** Thursday, January 05, 2012 5:04 PM  
**To:** Charnas, Shannon  
**Cc:** Crescente, Angela  
**Subject:** Asset Retirement Obligation Review -1-5-12 v2.docx

**Follow Up Flag:** Follow up  
**Flag Status:** Completed



Asset Retirement  
Obligation Re...

Ready for the next level of review.



## MEMORANDUM

**Date:** January 5, 2012

**To:** Valerie L. Scott, Controller

**From:** Sara Wiseman, Manager, Property Accounting  
Angela Crescente, Accounting Analyst III, Property Accounting

**Re:** Asset Retirement Obligation Review

**cc:** Shannon Charnas, Director, Accounting & Regulatory Reporting  
Debbie Shelton, Director, Audit Services  
Rusty Hudson, Director, Energy Services Accounting & Budget  
Mimi Kelly, Manager, Sarbanes-Oxley Compliance  
Lesley Pienaar, Manager, Financial Reporting  
Beth McFarland, Manager, Substation Construction & Maintenance  
Robby Trimble, Manager, Transmission Line Service  
Lisa Allen, Manager, Finance & Budgeting-Energy Delivery  
Jon Miller, Manager, Finance & Budgeting-Transmission  
David Cosby, Manager, Finance & Budgeting-Power Production  
Ernst & Young

### Overview of Error

During the fourth quarter of 2011, Property Accounting conducted meetings with all of the lines business regarding asset retirement obligations (AROs). The purpose of these meetings was to provide refresher training on the AROs currently recorded as well as to ascertain if any additional AROs should be established on the financial records of Kentucky Utilities Company (KU) or Louisville Gas and Electric Company (LG&E). Meeting attendees included representatives from the various lines of business, Property Accounting, Legal and Environmental Affairs. During the course of these meetings, it was discovered that AROs should have been established previously for the disposal of PCB contaminated oil in transmission bushings and distribution transformers. Additionally, AROs should have been previously established for the plugging of ground wells found at the generating plant sites and to fill the concrete tunnels that are part of the Cane Run floodwall penetration upon retirement in order to maintain the integrity of the floodwall. The determination was also made at the meetings to reverse AROs previously recorded for retirement activities for generation step-up transformers, sewage treatment plants, the Green River limestone silo and the service water pump at Tyrone, as no legal requirements were found to apply to these assets.

These errors caused the following misstatements on LG&E and KU's financial statements:

January 5, 2012  
Page 2  
Asset Retirement Obligation Review

Regulated Utility Plant	Understated
Accumulated Depreciation	Overstated
Regulatory Assets	Overstated
Asset Retirement Obligations	Understated

In December 2011, the appropriate journal entries were recorded to establish new AROs and to reverse AROs that had been recorded in error.

### **How Error Was Identified**

The errors were discovered while completing the action plan associated with the error assessment memo dated October 31, 2011, for the Trimble County Unit 2 joint use assets and gas transmission main AROs. As part of the action plan, Property Accounting conducted a training session with gas personnel. At the request of senior management, the training was broadened to encompass a review of all fixed assets recorded on the Companies' financial records to ascertain if any additional AROs should be established. As a result, review meetings were held with all of the lines of business and it was during these discussions that the errors were identified.

### **Controls Impacted**

The errors are determined to be deficiencies as the errors were the result of controls that were not operating effectively and were not able to identify the misstatements.

Cycle 40.01-Acquisitions, Disposals and Retirement, Control Activity #9 states "ARO Review for Acquisitions: During the AIP review process, Accounting Analysts review the projects to determine if the need for an ARO may exist. If the project is identified as having the potential to require an ARO, a copy of the AIP is forwarded to the Accounting Analyst in charge of ARO accounting for further action. The Accounting Analyst in charge of ARO accounting reviews the AIP and if appropriate, contacts the Legal and Environmental personnel who will make the final determination of the need to establish an ARO based upon review of existing legal documents including laws, statutes, contracts, permits, certificates of need, right of way agreements and environmental regulations." This control was in place and functioning. However, there was no mention on the AIPs received by Property Accounting that the Company still had bushings and line transformers with PCB contaminated oil listed on the property records. According to personnel in the Transmission and Distribution lines of business, the Company went through a program to eliminate PCB contaminated equipment. However, it was discovered during recent discussions, the bushings and line transformers, were not part of this program. Property Accounting was not aware of any legal obligations for the plugging of generation wells and remediation of floodwall penetration, and the AIPs did not indicate that there was any reason to investigate a possible ARO.

### **Action Plan**

January 5, 2012  
Page 3  
Asset Retirement Obligation Review

In an effort to ensure that the appropriate personnel are fully aware of the AROs currently recorded on the financial records, Property Accounting will begin attaching summaries of the AROs currently recorded to the quarterly ARO questionnaire, effective with the first quarter of 2012. This will provide employees with helpful information to aid in indentifying any changes required. Additionally, Property Accounting will coordinate annual review/training meetings with line of business personnel and Legal and Environmental Affairs representatives. These meetings will be similar to the meetings held in the fourth quarter of 2011, which helped to identify the current errors. These meetings will provide the opportunity to share information and discuss any changes to laws or changes in operations of the business, which could cause changes to AROs. The meetings will be held annually in the fourth quarter, beginning in 2012.

**Materiality Assessment**

*Periods Impacted (including quarter correction booked)*

<b>Year/Quarter</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>
<b>2011</b>	X	X	X	
<b>2010</b>	X	X	X	X
<b>2009</b>	X	X	X	X

***Quantitative Assessment -- Adjustment to Amounts Reported on Financial Statements (000's)***

<u>Fin Stmt Line Item</u>	<u>Company</u>	9ME 09/30/11	
		<u>Debit</u>	<u>Credit</u>
Regulated Utility Plant	LG&E	1,620	
Accumulated Depreciation	LG&E	4	
Regulatory Assets	LG&E		6
Asset Retirement Obligations	LG&E		1,618
Regulated Utility Plant	KU	1,182	
Accumulated Depreciation	KU	40	
Regulatory Assets	KU		53
Asset Retirement Obligations	KU		1,169

In this situation, a waived adjustment was not entered into the waived adjustment file; there was no waived adjustment in the current period (Q4 2011) since the balance sheet was corrected when the above entry was recorded in December 2011 on the general ledger. The adjustments were discovered too late to be included in the September 2011 waived adjustment file.

January 5, 2012

Page 4

Asset Retirement Obligation Review

The following table shows the detailed financial statement lines affected. The impact shown below is inclusive of the errors discussed in this memo as well as the errors documented in the error assessment memo dated October 31, 2011, for the Trimble County Unit 2 joint use assets and gas transmission main AROs. Amounts shown are in millions of \$:

	<u>12/31/09</u>		<u>12/31/10</u>		<u>3/31/11</u>		<u>6/30/11</u>		<u>9/30/11</u>	
	<u>LG&amp;E</u>	<u>KU</u>	<u>LG&amp;E</u>	<u>KU</u>	<u>LG&amp;E</u>	<u>KU</u>	<u>LG&amp;E</u>	<u>KU</u>	<u>LG&amp;E</u>	<u>KU</u>
Impact of ARO Adjustment on Regulated Utility Plant	5.5	1.2	5.5	1.2	2.3	4.9	2.3	4.9	1.6	1.2
Regulated Utility Plant (A/C 101)	4,200	4,892	2,600	3,630	2,832	4,361	2,868	4,410	2,899	4,446
Total Percentage Impact on F/S Line	0.13%	0.02%	0.21%	0.03%	0.08%	0.11%	0.08%	0.11%	0.06%	0.03%
Impact of ARO Adjustment on Accumulated Depreciation	0.005	(0.04)	0.005	(0.04)	(0.104)	0.06	(0.104)	0.06	(0.004)	(0.04)
Accumulated Depreciation (A/C 108)	1,708	1,838	17	14	44	54	68	90	91	120
Total Percentage Impact on F/S Line	0.00%	0.00%	0.03%	-0.29%	-0.24%	0.11%	-0.15%	0.07%	0.00%	-0.03%
Impact of ARO Adjustment on Regulatory Assets	0.003	(0.05)	0.003	(0.05)	(0.306)	0.15	(0.306)	0.15	(0.006)	(0.05)
Regulatory Assets (A/C 182)	14	32	13	9	149	113	363	227	390	224
Total Percentage Impact on F/S Line	0.02%	-0.16%	0.02%	-0.56%	-0.21%	0.13%	-0.08%	0.07%	0.00%	-0.02%
Impact of ARO Adjustment on Asset Retirement Obligations	5.5	1.2	5.5	1.2	2.1	5	2.1	5	1.6	1.2
Asset Retirement Obligations (A/C 230)	31	34	49	54	49	54	50	55	54	59
Total Percentage Impact on F/S Line	17.74%	3.53%	11.22%	2.22%	4.29%	9.26%	4.20%	9.09%	2.96%	2.03%
Impact of ARO Adjustment on Total Deferred Credits and Other Noncurrent Liabilities	5.5	1.2	5.5	1.2	2.1	5	2.1	5	1.6	1.2
Total Deferred Credits and Other Noncurrent Liabilities <sup>(B)</sup>	1,006	1,014	1,269	1,275	1,220	1,256	1,244	1,286	1,284	1,315
Total Percentage Impact on F/S Line	0.55%	0.12%	0.43%	0.09%	0.17%	0.40%	0.17%	0.39%	0.12%	0.09%

<sup>(B)</sup> This subtotal line is included to show an additional level of comparison.



### *Qualitative Assessment*

In Topic 1 - M, "Materiality" the SEC provides examples of qualitative factors that could cause an otherwise small quantitative error to be material to an investor. These examples, with responses in the context of the first quarter difference not corrected prior to issuance:

- Whether it arises from a precisely measurable item/calculation or an estimate.  
Response - The asset retirement obligations are based on estimates.
- Whether it masks a change in earnings or other trends.  
Response - There is no income statement impact as accretion and depreciation expense are offset by a regulatory credit, the financial statement impact of AROs is income statement neutral.
- Whether it hides a failure to meet analysts' or others' consensus expectations.  
Response - There is no income statement impact as accretion and depreciation expense are offset by a regulatory credit, the financial statement impact of AROs is income statement neutral.
- Whether it changes a loss into income or vice versa.  
Response - There is no income statement impact as accretion and depreciation expense are offset by a regulatory credit, the financial statement impact of AROs is income statement neutral.
- Whether it affects compliance with regulatory requirements.  
Response - No.
- Whether it affects compliance with loan covenants or other contractual requirements.  
Response - No, there is no affect on compliance with loan covenants or other contractual requirements per conversation with Dan Arbough.
- Whether it has the effect of increasing management's bonuses or other compensation.  
Response - No.
- Whether it involves concealment of an unlawful or fraudulent transaction.  
Response - No.

### *Conclusion on Materiality Assessment*

Management has concluded, based on both the quantitative and qualitative assessments, this error is not material to the financial statements.

January 5, 2012  
Page 6  
Asset Retirement Obligation Review

This error impacted the balance sheet only, there was no income statement impact. For KU, the error was greater than 5% on the Asset Retirement Obligations balance sheet line in 2011 Q1 and Q2 financial statements. For LG&E, the error was greater than 5% on the Asset Retirement Obligation balance sheet line at December 31, 2010 and 2009. However, the error was less than 1% on the Total Deferred Credits and Other Noncurrent Liabilities balance sheet line for all periods for both LG&E and KU. Management believes that an investor would not be influenced by the Asset Retirement Obligation line alone, but more focused on the Total Deferred Credits and Other Noncurrent Liabilities subtotal, or total liabilities, in making investing decisions. Therefore, although the percentage of error exceeds 5% on the Asset Retirement Obligation line item, the percent impact on the Total Deferred Credits and Other Noncurrent Liabilities, and accordingly total liabilities, is immaterial and in management's opinion an adjustment or restatement is not deemed necessary.

NOTE: See also overall assessment of all errors made prior to issuance of the financial statements.

### **SOX Assessment**

Per the Public Company Accounting Oversight Board (PCAOB) Audit Standard No. 5<sup>1</sup> "A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

- A deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met.
- A deficiency in operation exists when a properly designed control does not operate as designed, or when the person performing the control does not possess the necessary authority or competence to perform the control effectively."

The SOX guidance, A Framework for Evaluating Control Exceptions and Deficiencies<sup>2</sup> (Framework) provides a methodology for evaluating deficiencies that consists of answering the following question, for which LKE is providing a subsequent response.

---

<sup>1</sup> AUDITING STANDARD No. 5 –AN AUDIT OF INTERNAL CONTROL OVER FINANCIAL REPORTING THAT IS INTEGRATED WITH AN AUDIT OF FINANCIAL STATEMENTS, PCAOB Release No. 2007-005, May 24, 2007

<sup>2</sup> A Framework for Evaluating Control Exceptions and Deficiencies, Version 3, A collaboration of 9 audit firms and William F. Messier, jr. Professor, Georgia State University, December 20, 2004

January 5, 2012  
Page 7  
Asset Retirement Obligation Review

**Considering the potential magnitude, and any mitigating controls, would a prudent official conclude that the deficiency is at least a significant deficiency with regard to both the annual and interim financial statements? PCAOB AS5 defines a significant deficiency as “a deficiency, or combination of deficiencies in internal controls over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those responsible for oversight of the company’s financial reporting.”**

See the Controls Impacted and Action Plan sections above. Based upon this assessment, the deficiency is one of operation, as the control was being performed, as evidenced by the discussion with field personnel that took place to identify the need for quantification of the AROs. The error occurred due to a misunderstanding regarding what was included in the AROs. Following earlier discussions, it was believed by Property Accounting that all PCB contaminated oil had been removed, but on later clarification, it was determined that the transmission bushings and distribution line transformers were excluded from this removal initiative. The generation wells and the floodwall remediation were previously not identified as AROs, and were brought up only recently in the ARO review meetings. Management believes that the deficiency in the operation of the controls should not be classified as a significant deficiency or material weakness.

#### **Disclosure**

Per FASB ASC 250-10-45 Accounting Changes and Error Corrections – Presentation, Materiality Determination for Correction of an Error, paragraph 45-27 – “In determining materiality for the purpose of reporting the correction of an error, amounts shall be related to the estimated income for the full fiscal year and also to the effect on the trend of earnings. Changes that are material with respect to an interim period but not material with respect to the estimated income for the full fiscal year or to the trend of earnings shall be separately disclosed in the interim period.”

No disclosure related to this error is required in the quarterly or annual financial statements.

#### **Conclusion**

Management has concluded the error is not a significant deficiency/material weakness and will not be disclosed in the financial statements.

**Crescente, Angela**

---

**From:** Charnas, Shannon  
**Sent:** Thursday, January 05, 2012 3:15 PM  
**To:** Wiseman, Sara; Crescente, Angela  
**Subject:** Asset Retirement Obligation Review -1-5-12.docx

**Follow Up Flag:** Follow up  
**Flag Status:** Completed



Asset Retirement  
Obligation Re...



**MEMORANDUM**

**Date:** January 5, 2012  
**To:** Valerie L. Scott, Controller  
**From:** Sara Wiseman, Manager, Property Accounting  
Angela Crescente, Accounting Analyst III, Property Accounting  
**Re:** Asset Retirement Obligation Review  
**cc:** Shannon Charnas, Director, Accounting & Regulatory Reporting  
Debbie Shelton, Director, Audit Services  
Mimi Kelly, Manager, Sarbanes-Oxley Compliance  
Lesley Pienaar, Manager, Financial Reporting  
Ernst & Young

**Overview of Error**

During the fourth quarter of 2011, Property Accounting conducted meetings with all of the lines business regarding asset retirement obligations (AROs). The purpose of these meetings was to provide refresher training on the AROs currently recorded as well as to ascertain if any additional AROs should be established on the financial records of Kentucky Utilities Company (KU) or Louisville Gas and Electric Company (LG&E). Meeting attendees included representatives from the various lines of business, Property Accounting, Legal and Environmental Affairs. During the course of these meetings, it was discovered that AROs should have been established previously for the disposal of PCB contaminated oil in transmission bushings and distribution transformers. Additionally, AROs should have been previously established for the plugging of ground wells found at the generating plant sites and to fill the concrete tunnels that are part of the Cane Run floodwall penetration upon retirement in order to maintain the integrity of the floodwall. The determination was also made at the meetings to reverse AROs previously recorded for retirement activities for generation step-up transformers, sewage treatment plants, the Green River limestone silo and the service water pump at Tyrone, as no legal requirements were found to apply to these assets.

These errors caused the following misstatements on LG&E and KU's financial statements:

Regulated Utility Plant	Understated
Accumulated Depreciation	Overstated
Regulatory Assets	Overstated
Asset Retirement Obligations	Understated

January 5, 2012  
Page 2  
Asset Retirement Obligation Review

In December 2011, the appropriate journal entries were recorded to establish new AROs and to reverse AROs that had been recorded in error.

#### How Error Was Identified

The errors were discovered while completing the Action Plan associated with the Error Assessment memo dated October 31, 2011, for the Trimble County Unit 2 joint use assets and gas transmission main AROs. As part of the Action Plan, Property Accounting conducted a training session with Gas Personnel. At the request of Senior Management, the training was broadened to encompass a review of all fixed assets recorded on the Companies' financial records to ascertain if any additional AROs should be established. As a result, review meetings were held with all of the lines of business and it was during these discussions that the errors were identified.

#### Controls Impacted

The errors are determined to be deficiencies as the errors were the result of controls that were not operating effectively and were not able to identify the misstatements.

Cycle 40.01-Acquisitions, Disposals and Retirement, Control Activity #9 states "ARO Review for Acquisitions: During the AIP review process, Accounting Analysts review the projects to determine if the need for an ARO may exist. If the project is identified as having the potential to require an ARO, a copy of the AIP is forwarded to the Accounting Analyst in charge of ARO accounting for further action. The Accounting Analyst in charge of ARO accounting reviews the AIP and if appropriate, contacts the Legal and Environmental personnel who will make the final determination of the need to establish an ARO based upon review of existing legal documents including laws, statutes, contracts, permits, certificates of need, right of way agreements and environmental regulations." This control was in place and functioning. However, there was no mention on the AIPs received by Property Accounting that the Company still had bushings and line transformers with PCB contaminated oil listed on the property records. According to personnel in the Transmission and Distribution lines of business, the Company went through a program to eliminate PCB contaminated equipment. However, it was discovered during recent discussions, the bushings and line transformers, were not part of this program. Property Accounting was not aware of any legal obligations for the plugging of generation wells and remediation of floodwall penetration, and the AIPs did not indicate that there was any reason to investigate a possible ARO.

#### Action Plan

In an effort to ensure that the appropriate personnel are fully aware of the AROs currently recorded on the financial records, Property Accounting will begin attaching summaries of the AROs currently recorded to the quarterly ARO questionnaire, effective with. ~~The summaries will be attached to the questionnaire, which is distributed in the first quarter of 2012.~~ This will provide employees with helpful information to aid in identifying any changes required. Additionally, Property Accounting will coordinate annual review/training meetings with line of

January 5, 2012  
Page 3  
Asset Retirement Obligation Review

business personnel and Legal and Environmental Affairs representatives. These meetings will be similar to the meetings held in the fourth quarter of 2011, which helped to identify the current errors. These meetings will provide the opportunity to share information and discuss any changes to laws or changes in operations of the business, which could cause changes to AROs. The meetings will be held annually in the fourth quarter, beginning in 2012.

**Materiality Assessment**

*Periods Impacted (including quarter correction booked)*

Year/Quarter	Q1	Q2	Q3	Q4
2011	X	X	X	
2010	X	X	X	X
2009	X	X	X	X

*Quantitative Assessment -- Adjustment to Amounts Reported on Financial Statements (000's)*

Fin Stmt Line Item	Company	9ME 09/30/11	
		Debit	Credit
Regulated Utility Plant	LG&E	1,620	
Accumulated Depreciation	LG&E	4	
Regulatory Assets	LG&E		6
Asset Retirement Obligations	LG&E		1,618
Regulated Utility Plant	KU	1,182	
Accumulated Depreciation	KU	40	
Regulatory Assets	KU		53
Asset Retirement Obligations	KU		1,169

In this situation, a waived adjustment was not entered into the waived adjustment file; there was no waived adjustment in the current period (Q4 2011) since the balance sheet was corrected when the above entry was recorded in December 2011 on the general ledger. The adjustments were discovered too late to be included in the September 2011 waived adjustment file.

January 5, 2012

Page 4

## Asset Retirement Obligation Review

The following table shows the detailed financial statement lines affected. The impact shown below is inclusive of the errors discussed in this memo as well as the errors documented in the Error Assessment memo dated October 31, 2011, for the Trimble County Unit 2 joint use assets and gas transmission main AROs. Amounts shown are in millions of \$:

	<u>12/31/09</u>	<u>12/31/10</u>	<u>3/31/11</u>		<u>6/30/11</u>		<u>9/30/11</u>	
	<u>LG&amp;E</u>	<u>LG&amp;E</u>	<u>LG&amp;E</u>	<u>KU</u>	<u>LG&amp;E</u>	<u>KU</u>	<u>LG&amp;E</u>	<u>KU</u>
Impact of ARO Adjustment on Regulated Utility Plant	5.5	5.5	2.3	4.9	2.3	4.9	1.6	1.2
Regulated Utility Plant (A/C 101)	4,200	2,600	2,832	4,361	2,868	4,410	2,899	4,446
Total Percentage Impact on F/S Line	0.13%	0.21%	0.08%	0.11%	0.08%	0.11%	0.06%	0.03%
Impact of ARO Adjustment on Accumulated Depreciation	0.005	0.005	(0.104)	0.06	(0.104)	0.06	(0.004)	(0.04)
Accumulated Depreciation (A/C 108)	1,708	17	44	54	68	90	91	120
Total Percentage Impact on F/S Line	0.00%	0.03%	-0.24%	0.11%	-0.15%	0.07%	0.00%	-0.03%
Impact of ARO Adjustment on Regulatory Assets	0.003	0.003	(0.306)	0.15	(0.306)	0.15	(0.006)	(0.05)
Regulatory Assets (A/C 182)	14	13	149	113	363	227	390	224
Total Percentage Impact on F/S Line	0.02%	0.02%	-0.21%	0.13%	-0.08%	0.07%	0.00%	-0.02%
Impact of ARO Adjustment on Asset Retirement Obligations	5.5	5.5	2.1	5	2.1	5	1.6	1.2
Asset Retirement Obligations (A/C 230)	31	49	49	54	50	55	54	59
Total Percentage Impact on F/S Line	17.74%	11.22%	4.29%	9.26%	4.20%	9.09%	2.96%	2.03%
Impact of ARO Adjustment on Total Deferred Credits and Other Noncurrent Liabilities	5.5	5.5	2.1	5	2.1	5	1.6	1.2
Total Deferred Credits and Other Noncurrent Liabilities <sup>(B)</sup>	1,006	1,269	1,220	1,256	1,244	1,286	1,284	1,315
Total Percentage Impact on F/S Line	0.55%	0.43%	0.17%	0.40%	0.17%	0.39%	0.12%	0.09%

<sup>(B)</sup> This subtotal line is included to show an additional level of comparison.





### *Qualitative Assessment*

In Topic 1 - M, "Materiality" the SEC provides examples of qualitative factors that could cause an otherwise small quantitative error to be material to an investor. These examples, with responses in the context of the first quarter difference not corrected prior to issuance:

- Whether it arises from a precisely measurable item/calculation or an estimate.  
Response - The asset retirement obligations are based on estimates.
- Whether it masks a change in earnings or other trends.  
Response - There is no income statement impact as accretion and depreciation expense are offset by a regulatory credit, the financial statement impact of AROs is income statement neutral.
- Whether it hides a failure to meet analysts' or others' consensus expectations.  
Response - There is no income statement impact as accretion and depreciation expense are offset by a regulatory credit, the financial statement impact of AROs is income statement neutral.
- Whether it changes a loss into income or vice versa.  
Response - There is no income statement impact as accretion and depreciation expense are offset by a regulatory credit, the financial statement impact of AROs is income statement neutral.
- Whether it affects compliance with regulatory requirements.  
-Response - No.
- Whether it affects compliance with loan covenants or other contractual requirements.  
-Response - No, there is no affect on compliance with loan covenants or other contractual requirements per conversation with Dan Arbough.
- Whether it has the effect of increasing management's bonuses or other compensation.  
-Response - No.
- Whether it involves concealment of an unlawful or fraudulent transaction.  
Response - No.

### *Conclusion on Materiality Assessment*

Management has concluded, based on both the quantitative and qualitative assessments, this error is not material to the financial statements.

Formatted: Font: Arial, 10 pt  
Formatted: Font: Arial, 10 pt  
Formatted: Indent: Left: 0.75"  
Formatted: Font: Arial, 10 pt  
Formatted: Indent: Left: 0.75", First line: 0"

January 5, 2012  
Page 6  
Asset Retirement Obligation Review

This error impacted the balance sheet only, there was no income statement impact. For KU, the error was greater than 5% on the Asset Retirement Obligations balance sheet line in 2011 Q1 and Q2 financial statements. For LG&E, the error was greater than 5% on the Asset Retirement Obligation balance sheet line at December 31, 2010 and 2009. However, the error was less than 1% on the Total Deferred Credits and Other Noncurrent Liabilities balance sheet line for all periods for both LG&E and KU. Management believes that an investor would not be influenced by the Asset Retirement Obligation line alone, but more focused on the Total Deferred Credits and Other Noncurrent Liabilities subtotal, or total liabilities, in making investing decisions. Therefore, although the percentage of error exceeds 5% on the Asset Retirement Obligation line item, the percent impact on the Total Deferred Credits and Other Noncurrent Liabilities, and accordingly total liabilities, is immaterial and in management's opinion an adjustment or restatement is not deemed necessary.

NOTE: See also overall assessment of all errors made prior to issuance of the financial statements.

#### SOX Assessment

Per the Public Company Accounting Oversight Board (PCAOB) Audit Standard No. 5<sup>1</sup> "A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

- A deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met.
- A deficiency in operation exists when a properly designed control does not operate as designed, or when the person performing the control does not possess the necessary authority or competence to perform the control effectively."

The SOX guidance, A Framework for Evaluating Control Exceptions and Deficiencies<sup>2</sup> (Framework) provides a methodology for evaluating deficiencies that consists of answering the following question, for which LKE is providing a subsequent response.

---

<sup>1</sup> AUDITING STANDARD No. 5 –AN AUDIT OF INTERNAL CONTROL OVER FINANCIAL REPORTING THAT IS INTEGRATED WITH AN AUDIT OF FINANCIAL STATEMENTS, PCAOB Release No. 2007-005, May 24, 2007

<sup>2</sup> A Framework for Evaluating Control Exceptions and Deficiencies, Version 3, A collaboration of 9 audit firms and William F. Messier, jr. Professor, Georgia State University, December 20, 2004

January 5, 2012  
Page 7  
Asset Retirement Obligation Review

Considering the potential magnitude, and any mitigating controls, would a prudent official conclude that the deficiency is at least a significant deficiency with regard to both the annual and interim financial statements? PCAOB AS5 defines a significant deficiency as “a deficiency, or combination of deficiencies in internal controls over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those responsible for oversight of the company’s financial reporting.”

See the Controls Impacted and Action Plan sections above. Based upon this assessment, the deficiency is one of operation. Management believes that the deficiency in the design/operation of the controls should not be classified as a significant deficiency or material weakness.

See the Controls Impacted and Action Plan sections above. Based upon this assessment, the deficiency is one of operation, as the control was being performed, as evidenced by the discussion with field personnel that took place to identify the need for quantification of the AROs. The error occurred due to a the misunderstanding regarding what was included in the AROs of what ~~as maintenance~~ were included in the ARO calculation. Following earlier discussions, it was believed by Property Accounting that all PCB contaminated oil had been removed, but on later clarification, it was determined that the transmission bushings and distribution line transformers were excluded from this removal initiative. The generation wells and the floodwall remediation were previously not identified as AROs, and were brought up only recently in the ARO review meetings.

Formatted: Highlight

Management believes that the deficiency in the operation of the controls should not be classified as a significant deficiency or material weakness.

~~NOTE: If the deficiency is a design deficiency, it must be classified as either a significant deficiency or material weakness.~~

#### Disclosure

Per FASB ASC 250-10-45 Accounting Changes and Error Corrections – Presentation, Materiality Determination for Correction of an Error, paragraph 45-27 – “In determining materiality for the purpose of reporting the correction of an error, amounts shall be related to the estimated income for the full fiscal year and also to the effect on the trend of earnings. Changes that are material with respect to an interim period but not material with respect to the estimated income for the full fiscal year or to the trend of earnings shall be separately disclosed in the interim period.”

No disclosure related to this error is required in the quarterly or annual financial statements.

#### Conclusion

Management has concluded the error is not a significant deficiency/material weakness and will not be disclosed in the financial statements.

**Crescente, Angela**

---

**From:** Wiseman, Sara  
**Sent:** Tuesday, January 10, 2012 7:57 AM  
**To:** Crescente, Angela  
**Subject:** FW: Error assessment memo on AROs

**Follow Up Flag:** Follow up  
**Flag Status:** Completed

---

**From:** McFarland, Beth  
**Sent:** Monday, January 09, 2012 10:42 PM  
**To:** Charnas, Shannon; Wiseman, Sara  
**Subject:** FW: Error assessment memo on AROs

Shannon, Sara,

Similar to Transmission, Distribution will be submitting AROs for PCB contaminated Distribution Substation bushings. Transmission Substations and Distribution Substations should be consistent in the manner in which they are reporting AROs. Transmission Substations has provided us with their information submitted and we will be creating something very similar for Distribution Substations.

Thank you and let me know if you have any questions.

*Beth McFarland  
Manager Substation Construction and Maintenance  
LG&E/KU  
South Service Center  
502-364-8681 Office  
502-645-8699 Cell  
502-326-0255 Home  
502-217-2420 FAX  
[Beth.McFarland@LGE-KU.com](mailto:Beth.McFarland@LGE-KU.com)*

---

**From:** Charnas, Shannon  
**Sent:** Friday, January 06, 2012 2:10 PM  
**To:** [ritu.furlan@ey.com](mailto:ritu.furlan@ey.com); Jennifer Beneke ([jennifer.beneke@ey.com](mailto:jennifer.beneke@ey.com)); [Brett.Wemer@ey.com](mailto:Brett.Wemer@ey.com); Matt Crawley ([Matt.crawley@ey.com](mailto:Matt.crawley@ey.com))  
**Cc:** Scott, Valerie; Wiseman, Sara; Crescente, Angela; Shelton, Debbie; Hudson, Rusty; Kelly, Mimi; Pienaar, Lesley; McFarland, Beth; Trimble, Robert; Allen, Lisa; Miller, Jon; Cosby, David  
**Subject:** Error assessment memo on AROs

Attached is a memo regarding some additional AROs that needed to be recorded in Q4. Please let me know if you have any questions.



Asset Retirement  
Obligation EA...

Thanks,

**Shannon Charnas**

*Director, Accounting & Regulatory Reporting*

*LG&E and KU*

*(502) 627-4978*



---

## MEMORANDUM

**Date:** January 6, 2012

**To:** Valerie L. Scott, Controller

**From:** Sara Wiseman, Manager, Property Accounting  
Angela Crescente, Accounting Analyst III, Property Accounting

**Re:** Asset Retirement Obligation Review

**cc:** Shannon Charnas, Director, Accounting & Regulatory Reporting  
Debbie Shelton, Director, Audit Services  
Rusty Hudson, Director, Energy Services Accounting & Budget  
Mimi Kelly, Manager, Sarbanes-Oxley Compliance  
Lesley Pienaar, Manager, Financial Reporting  
Beth McFarland, Manager, Substation Construction & Maintenance  
Robby Trimble, Manager, Transmission Line Service  
Lisa Allen, Manager, Finance & Budgeting-Energy Delivery  
Jon Miller, Manager, Finance & Budgeting-Transmission  
David Cosby, Manager, Finance & Budgeting-Power Production  
Ernst & Young

### Overview of Error

During the fourth quarter of 2011, Property Accounting conducted meetings with all of the lines business regarding asset retirement obligations (AROs). The purpose of these meetings was to provide refresher training on the AROs currently recorded as well as to ascertain if any additional AROs should be established on the financial records of Kentucky Utilities Company (KU) or Louisville Gas and Electric Company (LG&E). Meeting attendees included representatives from the various lines of business, Property Accounting, Legal and Environmental Affairs. During the course of these meetings, it was discovered that AROs should have been established previously for the disposal of PCB contaminated oil in transmission bushings and distribution transformers. Additionally, AROs should have been previously established for the plugging of ground wells found at the generating plant sites and to fill the concrete tunnels that are part of the Cane Run floodwall penetration upon retirement in order to maintain the integrity of the floodwall. The determination was also made at the meetings to reverse AROs previously recorded for retirement activities for generation step-up transformers, sewage treatment plants, the Green River limestone silo and the service water pump at Tyrone, as no legal requirements were found to apply to these assets.

January 6, 2012  
Page 2  
Asset Retirement Obligation Review

These errors caused the following misstatements on LG&E and KU's financial statements:

Regulated Utility Plant	Understated
Accumulated Depreciation	Overstated
Regulatory Assets	Overstated
Asset Retirement Obligations	Understated

In December 2011, the appropriate journal entries were recorded to establish new AROs and to reverse AROs that had been recorded in error.

### **How Error Was Identified**

The errors were discovered while completing the action plan associated with the error assessment memo dated October 31, 2011, for the Trimble County Unit 2 joint use assets and gas transmission main AROs. As part of the action plan, Property Accounting conducted a training/review session with gas personnel. At the request of senior management, the training was broadened to encompass a review of all fixed assets recorded on the Companies' financial records to ascertain if any additional AROs should be established. As a result, review meetings were held with all of the lines of business and it was during these discussions that the errors were identified. The training materials provided at the meetings included the definition of an ARO as well as a summary of the AROs currently recorded on the financial records. Additionally, retirement unit listings (which represent the assets recorded on the property records) were provided in advance of the meetings to the meeting participants. This helped to ensure that adequate consideration concerning the need to establish an ARO was given to all of the fixed assets owned by the Company.

### **Controls Impacted**

The errors are determined to be deficiencies as the errors were the result of controls that were not operating effectively and were not able to identify the misstatements.

Cycle 40.01-Acquisitions, Disposals and Retirement, Control Activity #9 states "ARO Review for Acquisitions: During the AIP review process, Accounting Analysts review the projects to determine if the need for an ARO may exist. If the project is identified as having the potential to require an ARO, a copy of the AIP is forwarded to the Accounting Analyst in charge of ARO accounting for further action. The Accounting Analyst in charge of ARO accounting reviews the AIP and if appropriate, contacts the Legal and Environmental personnel who will make the final determination of the need to establish an ARO based upon review of existing legal documents including laws, statutes, contracts, permits, certificates of need, right of way agreements and environmental regulations." This control was in place and functioning. However, there was no mention on the AIPs received by Property Accounting that the Company still had bushings and line transformers with PCB contaminated oil listed on the property records. According to personnel in the Transmission and Distribution lines of business, the Company went through a program to eliminate PCB contaminated equipment during the 1980s. However, it was discovered during recent discussions, the bushings and line transformers, were not part of this

January 6, 2012  
Page 3  
Asset Retirement Obligation Review

program. Property Accounting was not aware of any legal obligations for the plugging of generation wells and remediation of floodwall penetration, and the AIPs did not indicate that there was any reason to investigate a possible ARO.

**Action Plan**

In an effort to ensure that the appropriate personnel are fully aware of the AROs currently recorded on the financial records, Property Accounting will begin attaching summaries of the AROs currently recorded to the quarterly ARO questionnaire, effective with the first quarter of 2012. This process will provide employees with helpful information to aid in indentifying any changes required. Additionally, Property Accounting will coordinate annual review/training meetings with line of business personnel and Legal and Environmental Affairs representatives. These meetings will be similar to the meetings held in the fourth quarter of 2011, which helped to identify the current errors. These meetings will provide the opportunity to share information and discuss any changes to laws or changes in operations of the business, which could cause changes to AROs. The meetings will be held annually in the fourth quarter, beginning in 2012.

**Materiality Assessment**

*Periods Impacted (including quarter correction booked)*

<b>Year/Quarter</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>
<b>2011</b>	X	X	X	
<b>2010</b>	X	X	X	X
<b>2009</b>	X	X	X	X

**Quantitative Assessment -- Adjustment to Amounts Reported on Financial Statements (000's)**

9ME 09/30/11

<u>Fin Stmt Line Item</u>	<u>Company</u>	<u>Debit</u>	<u>Credit</u>
Regulated Utility Plant	LG&E	1,620	
Accumulated Depreciation	LG&E	4	
Regulatory Assets	LG&E		6
Asset Retirement Obligations	LG&E		1,618
Regulated Utility Plant	KU	1,182	
Accumulated Depreciation	KU	40	
Regulatory Assets	KU		53
Asset Retirement Obligations	KU		1,169

In this situation, a waived adjustment was not entered into the waived adjustment file; there was no waived adjustment in the current period (Q4 2011) since the balance sheet was corrected when the above entry was recorded in December 2011 on the general ledger. The adjustments were discovered too late to be included in the September 2011 waived adjustment file.



January 6, 2012  
Page 4  
Asset Retirement Obligation Review

The following table shows the detailed financial statement lines affected. The impact shown below is inclusive of the errors discussed in this memo as well as the errors documented in the error assessment memo dated October 31, 2011, for the Trimble County Unit 2 joint use assets and gas transmission main AROs. Amounts shown are in millions of \$:

	<u>12/31/09</u>		<u>12/31/10</u>		<u>3/31/11</u>		<u>6/30/11</u>		<u>9/30/11</u>	
	<u>LG&amp;E</u>	<u>KU</u>	<u>LG&amp;E</u>	<u>KU</u>	<u>LG&amp;E</u>	<u>KU</u>	<u>LG&amp;E</u>	<u>KU</u>	<u>LG&amp;E</u>	<u>KU</u>
Impact of ARO Adjustment on Regulated Utility Plant	5.5	1.2	5.5	1.2	2.3	4.9	2.3	4.9	1.6	1.2
Regulated Utility Plant (A/C 101)	4,200	4,892	2,600	3,630	2,832	4,361	2,868	4,410	2,899	4,446
Total Percentage Impact on F/S Line	0.13%	0.02%	0.21%	0.03%	0.08%	0.11%	0.08%	0.11%	0.06%	0.03%
Impact of ARO Adjustment on Accumulated Depreciation	0.005	(0.04)	0.005	(0.04)	(0.104)	0.06	(0.104)	0.06	(0.004)	(0.04)
Accumulated Depreciation (A/C 108)	1,708	1,838	17	14	44	54	68	90	91	120
Total Percentage Impact on F/S Line	0.00%	0.00%	0.03%	-0.29%	-0.24%	0.11%	-0.15%	0.07%	0.00%	-0.03%
Impact of ARO Adjustment on Regulatory Assets	0.003	(0.05)	0.003	(0.05)	(0.306)	0.15	(0.306)	0.15	(0.006)	(0.05)
Regulatory Assets (A/C 182)	14	32	13	9	149	113	363	227	390	224
Total Percentage Impact on F/S Line	0.02%	-0.16%	0.02%	-0.56%	-0.21%	0.13%	-0.08%	0.07%	0.00%	-0.02%
Impact of ARO Adjustment on Asset Retirement Obligations	5.5	1.2	5.5	1.2	2.1	5	2.1	5	1.6	1.2
Asset Retirement Obligations (A/C 230)	31	34	49	54	49	54	50	55	54	59
Total Percentage Impact on F/S Line	17.74%	3.53%	11.22%	2.22%	4.29%	9.26%	4.20%	9.09%	2.96%	2.03%
Impact of ARO Adjustment on Total Deferred Credits and Other Noncurrent Liabilities	5.5	1.2	5.5	1.2	2.1	5	2.1	5	1.6	1.2
Total Deferred Credits and Other Noncurrent Liabilities <sup>(B)</sup>	1,006	1,014	1,269	1,275	1,220	1,256	1,244	1,286	1,284	1,315
Total Percentage Impact on F/S Line	0.55%	0.12%	0.43%	0.09%	0.17%	0.40%	0.17%	0.39%	0.12%	0.09%

<sup>(B)</sup> This subtotal line is included to show an additional level of comparison.



### *Qualitative Assessment*

In Topic 1 - M, "Materiality" the SEC provides examples of qualitative factors that could cause an otherwise small quantitative error to be material to an investor. These examples, with responses in the context of the first quarter difference not corrected prior to issuance:

- Whether it arises from a precisely measurable item/calculation or an estimate.  
Response - The asset retirement obligations are based on estimates.
- Whether it masks a change in earnings or other trends.  
Response - There is no income statement impact as accretion and depreciation expense are offset by a regulatory credit, the financial statement impact of AROs is income statement neutral.
- Whether it hides a failure to meet analysts' or others' consensus expectations.  
Response - There is no income statement impact as accretion and depreciation expense are offset by a regulatory credit, the financial statement impact of AROs is income statement neutral.
- Whether it changes a loss into income or vice versa.  
Response - There is no income statement impact as accretion and depreciation expense are offset by a regulatory credit, the financial statement impact of AROs is income statement neutral.
- Whether it affects compliance with regulatory requirements.  
Response - No.
- Whether it affects compliance with loan covenants or other contractual requirements.  
Response - No, there is no affect on compliance with loan covenants or other contractual requirements per conversation with Dan Arbough.
- Whether it has the effect of increasing management's bonuses or other compensation.  
Response - No.
- Whether it involves concealment of an unlawful or fraudulent transaction.  
Response - No.

### *Conclusion on Materiality Assessment*

Management has concluded, based on both the quantitative and qualitative assessments, this error is not material to the financial statements.

January 6, 2012  
Page 6  
Asset Retirement Obligation Review

This error impacted the balance sheet only, there was no income statement impact. For KU, the error was greater than 5% on the Asset Retirement Obligations balance sheet line in 2011 Q1 and Q2 financial statements. For LG&E, the error was greater than 5% on the Asset Retirement Obligation balance sheet line at December 31, 2010 and 2009. However, the error was less than 1% on the Total Deferred Credits and Other Noncurrent Liabilities balance sheet line for all periods for both LG&E and KU. Management believes that an investor would not be influenced by the Asset Retirement Obligation line alone, but more focused on the Total Deferred Credits and Other Noncurrent Liabilities subtotal, or total liabilities, in making investing decisions. Therefore, although the percentage of error exceeds 5% on the Asset Retirement Obligation line item, the percent impact on the Total Deferred Credits and Other Noncurrent Liabilities, and accordingly total liabilities, is immaterial and in management's opinion an adjustment or restatement is not deemed necessary.

NOTE: See also overall assessment of all errors made prior to issuance of the financial statements.

### **SOX Assessment**

Per the Public Company Accounting Oversight Board (PCAOB) Audit Standard No. 5<sup>1</sup> "A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

- A deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met.
- A deficiency in operation exists when a properly designed control does not operate as designed, or when the person performing the control does not possess the necessary authority or competence to perform the control effectively."

The SOX guidance, A Framework for Evaluating Control Exceptions and Deficiencies<sup>2</sup> (Framework) provides a methodology for evaluating deficiencies that consists of answering the following question, for which LKE is providing a subsequent response.

---

<sup>1</sup> AUDITING STANDARD No. 5 –AN AUDIT OF INTERNAL CONTROL OVER FINANCIAL REPORTING THAT IS INTEGRATED WITH AN AUDIT OF FINANCIAL STATEMENTS, PCAOB Release No. 2007-005, May 24, 2007

<sup>2</sup> A Framework for Evaluating Control Exceptions and Deficiencies, Version 3, A collaboration of 9 audit firms and William F. Messier, jr. Professor, Georgia State University, December 20, 2004

January 6, 2012  
Page 7  
Asset Retirement Obligation Review

**Considering the potential magnitude, and any mitigating controls, would a prudent official conclude that the deficiency is at least a significant deficiency with regard to both the annual and interim financial statements?** PCAOB AS5 defines a significant deficiency as “a deficiency, or combination of deficiencies in internal controls over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those responsible for oversight of the company’s financial reporting.”

See the Controls Impacted and Action Plan sections above. Based upon this assessment, the deficiency is one of operation, as the control was being performed, as evidenced by the discussion with field personnel that took place to identify the need for quantification of the AROs. The error occurred due to a misunderstanding regarding what was included in the AROs. Following earlier discussions, it was believed by Property Accounting that all PCB contaminated oil had been removed, but on later clarification, it was determined that the transmission bushings and distribution line transformers were excluded from this removal initiative. The generation wells and the floodwall remediation were previously not identified as AROs, and were brought up only recently in the ARO review meetings. Management believes that the deficiency in the operation of the controls should not be classified as a significant deficiency or material weakness.

#### **Disclosure**

Per FASB ASC 250-10-45 Accounting Changes and Error Corrections – Presentation, Materiality Determination for Correction of an Error, paragraph 45-27 – “In determining materiality for the purpose of reporting the correction of an error, amounts shall be related to the estimated income for the full fiscal year and also to the effect on the trend of earnings. Changes that are material with respect to an interim period but not material with respect to the estimated income for the full fiscal year or to the trend of earnings shall be separately disclosed in the interim period.”

No disclosure related to this error is required in the quarterly or annual financial statements.

#### **Conclusion**

Management has concluded the error is not a significant deficiency/material weakness and will not be disclosed in the financial statements.

**Crescente, Angela**

---

**From:** Charnas, Shannon  
**Sent:** Friday, January 13, 2012 10:08 AM  
**To:** 'ritu.furlan@ey.com'; 'Jennifer Beneke (jennifer.beneke@ey.com)';  
'Brett.Wemer@ey.com'; 'Matt Crawley (Matt.crawley@ey.com)'  
**Cc:** Scott, Valerie; Wiseman, Sara; Crescente, Angela; Shelton, Debbie; Hudson, Rusty; Kelly, Mimi; Pienaar, Lesley; McFarland, Beth; Trimble, Robert; Allen, Lisa; Miller, Jon; Cosby, David  
**Subject:** RE: Error assessment memo on AROs

**Follow Up Flag:** Follow up  
**Flag Status:** Completed

There were a few updates needed to the ARO memo due to some additional AROs that were booked yesterday totaling ~\$325k. Attached is a clean and tracked changes version.

Please let me know if you have any questions.



Asset Retirement  
Obligation EA...



Asset Retirement  
Obligation EA...

Thanks,

**Shannon Charnas**

*Director, Accounting & Regulatory Reporting  
LG&E and KU  
(502) 627-4978*

---

**From:** Charnas, Shannon  
**Sent:** Friday, January 06, 2012 2:10 PM  
**To:** [ritu.furlan@ey.com](mailto:ritu.furlan@ey.com); Jennifer Beneke ([jennifer.beneke@ey.com](mailto:jennifer.beneke@ey.com)); [Brett.Wemer@ey.com](mailto:Brett.Wemer@ey.com); Matt Crawley ([Matt.crawley@ey.com](mailto:Matt.crawley@ey.com))  
**Cc:** Scott, Valerie; Wiseman, Sara; Crescente, Angela; Shelton, Debbie; Hudson, Rusty; Kelly, Mimi; Pienaar, Lesley; McFarland, Beth; Trimble, Robert; Allen, Lisa; Miller, Jon; Cosby, David  
**Subject:** Error assessment memo on AROs

Attached is a memo regarding some additional AROs that needed to be recorded in Q4. Please let me know if you have any questions.

Thanks, << File: Asset Retirement Obligation EAM - 1-6-12.docx >>

**Shannon Charnas**

*Director, Accounting & Regulatory Reporting  
LG&E and KU  
(502) 627-4978*



## MEMORANDUM

**Date:** January 13, 2012

**To:** Valerie L. Scott, Controller

**From:** Sara Wiseman, Manager, Property Accounting  
Angela Crescente, Accounting Analyst III, Property Accounting

**Re:** Asset Retirement Obligation Review

**cc:** Shannon Charnas, Director, Accounting & Regulatory Reporting  
Debbie Shelton, Director, Audit Services  
Rusty Hudson, Director, Energy Services Accounting & Budget  
Mimi Kelly, Manager, Sarbanes-Oxley Compliance  
Lesley Pienaar, Manager, Financial Reporting  
Beth McFarland, Manager, Substation Construction & Maintenance  
Robby Trimble, Manager, Transmission Line Service  
Lisa Allen, Manager, Finance & Budgeting-Energy Delivery  
Jon Miller, Manager, Finance & Budgeting-Transmission  
David Cosby, Manager, Finance & Budgeting-Power Production  
Ernst & Young

### Overview of Error

During the fourth quarter of 2011, Property Accounting conducted meetings with all of the lines business regarding asset retirement obligations (AROs). The purpose of these meetings was to provide refresher training on the AROs currently recorded as well as to ascertain if any additional AROs should be established on the financial records of Kentucky Utilities Company (KU) or Louisville Gas and Electric Company (LG&E). Meeting attendees included representatives from the various lines of business, Property Accounting, Legal and Environmental Affairs. During the course of these meetings, it was discovered that AROs should have been established previously for the disposal of PCB contaminated oil in distribution and transmission bushings and distribution transformers. Additionally, AROs should have been previously established for the plugging of ground wells found at the generating plant sites and to fill the concrete tunnels that are part of the Cane Run floodwall penetration upon retirement in order to maintain the integrity of the floodwall. The determination was also made at the meetings to reverse AROs previously recorded for retirement activities for generation step-up transformers, sewage treatment plants, the Green River limestone silo and the service water pump at Tyrone, as no legal requirements were found to apply to these assets.

January 6, 2012  
Page 2  
Asset Retirement Obligation Review

These errors caused the following misstatements on LG&E and KU's financial statements:

Regulated Utility Plant	Understated
Accumulated Depreciation	Overstated
Regulatory Assets	Overstated
Asset Retirement Obligations	Understated

In December 2011, the appropriate journal entries were recorded to establish new AROs and to reverse AROs that had been recorded in error.

### **How Error Was Identified**

The errors were discovered while completing the action plan associated with the error assessment memo dated October 31, 2011, for the Trimble County Unit 2 joint use assets and gas transmission main AROs. As part of the action plan, Property Accounting conducted a training/review session with gas personnel. At the request of senior management, the training was broadened to encompass a review of all fixed assets recorded on the Companies' financial records to ascertain if any additional AROs should be established. As a result, review meetings were held with all of the lines of business and it was during these discussions that the errors were identified. The training materials provided at the meetings included the definition of an ARO as well as a summary of the AROs currently recorded on the financial records. Additionally, retirement unit listings (which represent the assets recorded on the property records) were provided in advance of the meetings to the meeting participants. This helped to ensure that adequate consideration concerning the need to establish an ARO was given to all of the fixed assets owned by the Company.

### **Controls Impacted**

The errors are determined to be deficiencies as the errors were the result of controls that were not operating effectively and were not able to identify the misstatements.

Cycle 40.01-Acquisitions, Disposals and Retirement, Control Activity #9 states "ARO Review for Acquisitions: During the AIP review process, Accounting Analysts review the projects to determine if the need for an ARO may exist. If the project is identified as having the potential to require an ARO, a copy of the AIP is forwarded to the Accounting Analyst in charge of ARO accounting for further action. The Accounting Analyst in charge of ARO accounting reviews the AIP and if appropriate, contacts the Legal and Environmental personnel who will make the final determination of the need to establish an ARO based upon review of existing legal documents including laws, statutes, contracts, permits, certificates of need, right of way agreements and environmental regulations." This control was in place and functioning. However, there was no mention on the AIPs received by Property Accounting that the Company still had bushings and line transformers with PCB contaminated oil listed on the property records. According to personnel in the Transmission and Distribution lines of business, the Company went through a program to eliminate PCB contaminated equipment during the 1980s. However, it was discovered during recent discussions, the bushings and line transformers, were not part of this

program. Property Accounting was not aware of any legal obligations for the plugging of generation wells and remediation of floodwall penetration, and the AIPs did not indicate that there was any reason to investigate a possible ARO.

**Action Plan**

In an effort to ensure that the appropriate personnel are fully aware of the AROs currently recorded on the financial records, Property Accounting will begin attaching summaries of the AROs currently recorded to the quarterly ARO questionnaire, effective with the first quarter of 2012. This process will provide employees with helpful information to aid in identifying any changes required. Additionally, Property Accounting will coordinate annual review/training meetings with line of business personnel and Legal and Environmental Affairs representatives. These meetings will be similar to the meetings held in the fourth quarter of 2011, which helped to identify the current errors. These meetings will provide the opportunity to share information and discuss any changes to laws or changes in operations of the business, which could cause changes to AROs. The meetings will be held annually in the fourth quarter, beginning in 2012.

**Materiality Assessment**

*Periods Impacted (including quarter correction booked)*

Year/Quarter	Q1	Q2	Q3	Q4
2011	X	X	X	
2010	X	X	X	X
2009	X	X	X	X

**Quantitative Assessment -- Adjustment to Amounts Reported on Financial Statements (000's)**

9ME 09/30/11

<u>Fin Stmt Line Item</u>	<u>Company</u>	<u>Debit</u>	<u>Credit</u>
Regulated Utility Plant	LG&E	1,765	
Accumulated Depreciation	LG&E	4	
Regulatory Assets	LG&E		6
Asset Retirement Obligations	LG&E		1,763
Regulated Utility Plant	KU	1,367	
Accumulated Depreciation	KU	40	
Regulatory Assets	KU		53
Asset Retirement Obligations	KU		1,354

In this situation, a waived adjustment was not entered into the waived adjustment file; there was no waived adjustment in the current period (Q4 2011) since the balance sheet was corrected when the above entry was recorded in December 2011 on the general ledger. The adjustments were discovered too late to be included in the September 2011 waived adjustment file.



January 6, 2012

Page 4

Asset Retirement Obligation Review

The following table shows the detailed financial statement lines affected. The impact shown below is inclusive of the errors discussed in this memo as well as the errors documented in the error assessment memo dated October 31, 2011, for the Trimble County Unit 2 joint use assets and gas transmission main AROs. Amounts shown are in millions of \$:

	<u>12/31/09</u>		<u>12/31/10</u>		<u>3/31/11</u>		<u>6/30/11</u>		<u>9/30/11</u>	
	<u>LG&amp;E</u>	<u>KU</u>	<u>LG&amp;E</u>	<u>KU</u>	<u>LG&amp;E</u>	<u>KU</u>	<u>LG&amp;E</u>	<u>KU</u>	<u>LG&amp;E</u>	<u>KU</u>
Impact of ARO Adjustment on Regulated Utility Plant	5.7	1.4	5.7	1.4	2.5	5.1	2.5	5.1	1.8	1.4
Regulated Utility Plant (A/C 101)	4,200	4,892	2,600	3,630	2,832	4,361	2,868	4,410	2,899	4,446
Total Percentage Impact on F/S Line	0.14%	0.03%	0.22%	0.04%	0.09%	0.12%	0.09%	0.12%	0.06%	0.03%
Impact of ARO Adjustment on Accumulated Depreciation	0.005	(0.04)	0.005	(0.04)	(0.104)	0.06	(0.104)	0.06	(0.004)	(0.04)
Accumulated Depreciation (A/C 108)	1,708	1,838	17	14	44	54	68	90	91	120
Total Percentage Impact on F/S Line	0.00%	0.00%	0.03%	-0.29%	-0.24%	0.11%	-0.15%	0.07%	0.00%	-0.03%
Impact of ARO Adjustment on Regulatory Assets	0.003	(0.05)	0.003	(0.05)	(0.306)	0.15	(0.306)	0.15	(0.006)	(0.05)
Regulatory Assets (A/C 182)	14	32	13	9	149	113	363	227	390	224
Total Percentage Impact on F/S Line	0.02%	-0.16%	0.02%	-0.56%	-0.21%	0.13%	-0.08%	0.07%	0.00%	-0.02%
Impact of ARO Adjustment on Asset Retirement Obligations	5.7	1.4	5.7	1.4	2.3	5.2	2.3	5.2	1.8	1.4
Asset Retirement Obligations (A/C 230)	31	34	49	54	49	54	50	55	54	59
Total Percentage Impact on F/S Line	18.39%	4.12%	11.63%	2.59%	4.69%	9.63%	4.60%	9.45%	3.33%	2.37%
Impact of ARO Adjustment on Total Deferred Credits and Other Noncurrent Liabilities	5.7	1.4	5.7	1.4	2.3	5.2	2.3	5.2	1.8	1.4
Total Deferred Credits and Other Noncurrent Liabilities <sup>(B)</sup>	1,006	1,014	1,269	1,275	1,220	1,256	1,244	1,286	1,284	1,315
Total Percentage Impact on F/S Line	0.57%	0.14%	0.45%	0.11%	0.19%	0.41%	0.18%	0.40%	0.14%	0.11%

<sup>(B)</sup> This subtotal line is included to show an additional level of comparison.



### *Qualitative Assessment*

In Topic 1 - M, "Materiality" the SEC provides examples of qualitative factors that could cause an otherwise small quantitative error to be material to an investor. These examples, with responses in the context of the first quarter difference not corrected prior to issuance:

- Whether it arises from a precisely measurable item/calculation or an estimate.  
Response - The asset retirement obligations are based on estimates.
- Whether it masks a change in earnings or other trends.  
Response - There is no income statement impact as accretion and depreciation expense are offset by a regulatory credit, the financial statement impact of AROs is income statement neutral.
- Whether it hides a failure to meet analysts' or others' consensus expectations.  
Response - There is no income statement impact as accretion and depreciation expense are offset by a regulatory credit, the financial statement impact of AROs is income statement neutral.
- Whether it changes a loss into income or vice versa.  
Response - There is no income statement impact as accretion and depreciation expense are offset by a regulatory credit, the financial statement impact of AROs is income statement neutral.
- Whether it affects compliance with regulatory requirements.  
Response - No.
- Whether it affects compliance with loan covenants or other contractual requirements.  
Response - No, there is no affect on compliance with loan covenants or other contractual requirements per conversation with Dan Arbough.
- Whether it has the effect of increasing management's bonuses or other compensation.  
Response - No.
- Whether it involves concealment of an unlawful or fraudulent transaction.  
Response - No.

### *Conclusion on Materiality Assessment*

Management has concluded, based on both the quantitative and qualitative assessments, this error is not material to the financial statements.

January 6, 2012  
Page 6  
Asset Retirement Obligation Review

This error impacted the balance sheet only, there was no income statement impact. For KU, the error was greater than 5% on the Asset Retirement Obligations balance sheet line in 2011 Q1 and Q2 financial statements. For LG&E, the error was greater than 5% on the Asset Retirement Obligation balance sheet line at December 31, 2010 and 2009. However, the error was less than 1% on the Total Deferred Credits and Other Noncurrent Liabilities balance sheet line for all periods for both LG&E and KU. Management believes that an investor would not be influenced by the Asset Retirement Obligation line alone, but more focused on the Total Deferred Credits and Other Noncurrent Liabilities subtotal, or total liabilities, in making investing decisions. Therefore, although the percentage of error exceeds 5% on the Asset Retirement Obligation line item, the percent impact on the Total Deferred Credits and Other Noncurrent Liabilities, and accordingly total liabilities, is immaterial and in management's opinion an adjustment or restatement is not deemed necessary.

NOTE: See also overall assessment of all errors made prior to issuance of the financial statements.

### **SOX Assessment**

Per the Public Company Accounting Oversight Board (PCAOB) Audit Standard No. 5<sup>1</sup> "A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

- A deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met.
- A deficiency in operation exists when a properly designed control does not operate as designed, or when the person performing the control does not possess the necessary authority or competence to perform the control effectively."

The SOX guidance, A Framework for Evaluating Control Exceptions and Deficiencies<sup>2</sup> (Framework) provides a methodology for evaluating deficiencies that consists of answering the following question, for which LKE is providing a subsequent response.

---

<sup>1</sup> AUDITING STANDARD No. 5 –AN AUDIT OF INTERNAL CONTROL OVER FINANCIAL REPORTING THAT IS INTEGRATED WITH AN AUDIT OF FINANCIAL STATEMENTS, PCAOB Release No. 2007-005, May 24, 2007

<sup>2</sup> A Framework for Evaluating Control Exceptions and Deficiencies, Version 3, A collaboration of 9 audit firms and William F. Messier, jr. Professor, Georgia State University, December 20, 2004

January 6, 2012  
Page 7  
Asset Retirement Obligation Review

**Considering the potential magnitude, and any mitigating controls, would a prudent official conclude that the deficiency is at least a significant deficiency with regard to both the annual and interim financial statements?** PCAOB AS5 defines a significant deficiency as “a deficiency, or combination of deficiencies in internal controls over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those responsible for oversight of the company’s financial reporting.”

See the Controls Impacted and Action Plan sections above. Based upon this assessment, the deficiency is one of operation, as the control was being performed, as evidenced by the discussion with field personnel that took place to identify the need for quantification of the AROs. The error occurred due to a misunderstanding regarding what was included in the AROs. Following earlier discussions, it was believed by Property Accounting that all PCB contaminated oil had been removed, but on later clarification, it was determined that the transmission bushings and distribution line transformers were excluded from this removal initiative. The generation wells and the floodwall remediation were previously not identified as AROs, and were brought up only recently in the ARO review meetings. Management believes that the deficiency in the operation of the controls should not be classified as a significant deficiency or material weakness.

#### **Disclosure**

Per FASB ASC 250-10-45 Accounting Changes and Error Corrections – Presentation, Materiality Determination for Correction of an Error, paragraph 45-27 – “In determining materiality for the purpose of reporting the correction of an error, amounts shall be related to the estimated income for the full fiscal year and also to the effect on the trend of earnings. Changes that are material with respect to an interim period but not material with respect to the estimated income for the full fiscal year or to the trend of earnings shall be separately disclosed in the interim period.”

No disclosure related to this error is required in the quarterly or annual financial statements.

#### **Conclusion**

Management has concluded the error is not a significant deficiency/material weakness and will not be disclosed in the financial statements.



## MEMORANDUM

**Date:** January 6<sup>th</sup>, 2012

**To:** Valerie L. Scott, Controller

**From:** Sara Wiseman, Manager, Property Accounting  
Angela Crescente, Accounting Analyst III, Property Accounting

**Re:** Asset Retirement Obligation Review

**cc:** Shannon Charnas, Director, Accounting & Regulatory Reporting  
Debbie Shelton, Director, Audit Services  
Rusty Hudson, Director, Energy Services Accounting & Budget  
Mimi Kelly, Manager, Sarbanes-Oxley Compliance  
Lesley Pienaar, Manager, Financial Reporting  
Beth McFarland, Manager, Substation Construction & Maintenance  
Robby Trimble, Manager, Transmission Line Service  
Lisa Allen, Manager, Finance & Budgeting-Energy Delivery  
Jon Miller, Manager, Finance & Budgeting-Transmission  
David Cosby, Manager, Finance & Budgeting-Power Production  
Ernst & Young

### Overview of Error

During the fourth quarter of 2011, Property Accounting conducted meetings with all of the lines business regarding asset retirement obligations (AROs). The purpose of these meetings was to provide refresher training on the AROs currently recorded as well as to ascertain if any additional AROs should be established on the financial records of Kentucky Utilities Company (KU) or Louisville Gas and Electric Company (LG&E). Meeting attendees included representatives from the various lines of business, Property Accounting, Legal and Environmental Affairs. During the course of these meetings, it was discovered that AROs should have been established previously for the disposal of PCB contaminated oil in distribution and transmission bushings and distribution transformers. Additionally, AROs should have been previously established for the plugging of ground wells found at the generating plant sites and to fill the concrete tunnels that are part of the Cane Run floodwall penetration upon retirement in order to maintain the integrity of the floodwall. The determination was also made at the meetings to reverse AROs previously recorded for retirement activities for generation step-up transformers, sewage treatment plants, the Green River limestone silo and the service water pump at Tyrone, as no legal requirements were found to apply to these assets.

January 6, 2012  
Page 2  
Asset Retirement Obligation Review

These errors caused the following misstatements on LG&E and KU's financial statements:

Regulated Utility Plant	Understated
Accumulated Depreciation	Overstated
Regulatory Assets	Overstated
Asset Retirement Obligations	Understated

In December 2011, the appropriate journal entries were recorded to establish new AROs and to reverse AROs that had been recorded in error.

### **How Error Was Identified**

The errors were discovered while completing the action plan associated with the error assessment memo dated October 31, 2011, for the Trimble County Unit 2 joint use assets and gas transmission main AROs. As part of the action plan, Property Accounting conducted a training/review session with gas personnel. At the request of senior management, the training was broadened to encompass a review of all fixed assets recorded on the Companies' financial records to ascertain if any additional AROs should be established. As a result, review meetings were held with all of the lines of business and it was during these discussions that the errors were identified. The training materials provided at the meetings included the definition of an ARO as well as a summary of the AROs currently recorded on the financial records. Additionally, retirement unit listings (which represent the assets recorded on the property records) were provided in advance of the meetings to the meeting participants. This helped to ensure that adequate consideration concerning the need to establish an ARO was given to all of the fixed assets owned by the Company.

### **Controls Impacted**

The errors are determined to be deficiencies as the errors were the result of controls that were not operating effectively and were not able to identify the misstatements.

Cycle 40.01-Acquisitions, Disposals and Retirement, Control Activity #9 states "ARO Review for Acquisitions: During the AIP review process, Accounting Analysts review the projects to determine if the need for an ARO may exist. If the project is identified as having the potential to require an ARO, a copy of the AIP is forwarded to the Accounting Analyst in charge of ARO accounting for further action. The Accounting Analyst in charge of ARO accounting reviews the AIP and if appropriate, contacts the Legal and Environmental personnel who will make the final determination of the need to establish an ARO based upon review of existing legal documents including laws, statutes, contracts, permits, certificates of need, right of way agreements and environmental regulations." This control was in place and functioning. However, there was no mention on the AIPs received by Property Accounting that the Company still had bushings and line transformers with PCB contaminated oil listed on the property records. According to personnel in the Transmission and Distribution lines of business, the Company went through a program to eliminate PCB contaminated equipment during the 1980s. However, it was discovered during recent discussions, the bushings and line transformers, were not part of this

January 6, 2012  
Page 3  
Asset Retirement Obligation Review

program. Property Accounting was not aware of any legal obligations for the plugging of generation wells and remediation of floodwall penetration, and the AIPs did not indicate that there was any reason to investigate a possible ARO.

**Action Plan**

In an effort to ensure that the appropriate personnel are fully aware of the AROs currently recorded on the financial records, Property Accounting will begin attaching summaries of the AROs currently recorded to the quarterly ARO questionnaire, effective with the first quarter of 2012. This process will provide employees with helpful information to aid in identifying any changes required. Additionally, Property Accounting will coordinate annual review/training meetings with line of business personnel and Legal and Environmental Affairs representatives. These meetings will be similar to the meetings held in the fourth quarter of 2011, which helped to identify the current errors. These meetings will provide the opportunity to share information and discuss any changes to laws or changes in operations of the business, which could cause changes to AROs. The meetings will be held annually in the fourth quarter, beginning in 2012.

**Materiality Assessment**

*Periods Impacted (including quarter correction booked)*

Year/Quarter	Q1	Q2	Q3	Q4
2011	X	X	X	
2010	X	X	X	X
2009	X	X	X	X

**Quantitative Assessment -- Adjustment to Amounts Reported on Financial Statements (000's)**

9ME 09/30/11

<u>Fin Stmt Line Item</u>	<u>Company</u>	<u>Debit</u>	<u>Credit</u>
Regulated Utility Plant	LG&E	1,6201,765	
Accumulated Depreciation	LG&E	4	
Regulatory Assets	LG&E		6
Asset Retirement Obligations	LG&E		1,6181,763
Regulated Utility Plant	KU	1,1821,367	
Accumulated Depreciation	KU	40	
Regulatory Assets	KU		53
Asset Retirement Obligations	KU		1,1691,354

In this situation, a waived adjustment was not entered into the waived adjustment file; there was no waived adjustment in the current period (Q4 2011) since the balance sheet was corrected when the above entry was recorded in December 2011 on the general ledger. The adjustments were discovered too late to be included in the September 2011 waived adjustment file.

January 6, 2012

Page 4

Asset Retirement Obligation Review

The following table shows the detailed financial statement lines affected. The impact shown below is inclusive of the errors discussed in this memo as well as the errors documented in the error assessment memo dated October 31, 2011, for the Trimble County Unit 2 joint use assets and gas transmission main AROs. Amounts shown are in millions of \$:

	<u>12/31/09</u>		<u>12/31/10</u>		<u>3/31/11</u>		<u>6/30/11</u>		<u>9/30/11</u>	
	<u>LG&amp;E</u>	<u>KU</u>	<u>LG&amp;E</u>	<u>KU</u>	<u>LG&amp;E</u>	<u>KU</u>	<u>LG&amp;E</u>	<u>KU</u>	<u>LG&amp;E</u>	<u>KU</u>
Impact of ARO Adjustment on Regulated Utility Plant	5.57	1.24	5.57	1.24	2.35	4.95.1	2.35	4.95.1	1.68	1.24
Regulated Utility Plant (A/C 101)	4,200	4,892	2,600	3,630	2,832	4,361	2,868	4,410	2,899	4,446
Total Percentage Impact on F/S Line	0.1314%	0.0203%	0.2122%	0.0304%	0.0809%	0.1112%	0.0809%	0.1112%	0.06%	0.03%
Impact of ARO Adjustment on Accumulated Depreciation	0.005	(0.04)	0.005	(0.04)	(0.104)	0.06	(0.104)	0.06	(0.004)	(0.04)
Accumulated Depreciation (A/C 108)	1,708	1,838	17	14	44	54	68	90	91	120
Total Percentage Impact on F/S Line	0.00%	0.00%	0.03%	-0.29%	-0.24%	0.11%	-0.15%	0.07%	0.00%	-0.03%
Impact of ARO Adjustment on Regulatory Assets	0.003	(0.05)	0.003	(0.05)	(0.306)	0.15	(0.306)	0.15	(0.006)	(0.05)
Regulatory Assets (A/C 182)	14	32	13	9	149	113	363	227	390	224
Total Percentage Impact on F/S Line	0.02%	-0.16%	0.02%	-0.56%	-0.21%	0.13%	-0.08%	0.07%	0.00%	-0.02%
Impact of ARO Adjustment on Asset Retirement Obligations	5.57	1.24	5.57	1.24	2.43	5.2	2.43	5.2	1.68	1.24
Asset Retirement Obligations (A/C 230)	31	34	49	54	49	54	50	55	54	59
Total Percentage Impact on F/S Line	17.7418.39%	3.534.12%	11.2263%	2.2259%	4.2969%	9.2663%	4.2060%	9.0945%	2.963.33%	2.032.37%
Impact of ARO Adjustment on Total Deferred Credits and Other Noncurrent Liabilities	5.57	1.24	5.57	1.24	2.43	5.2	2.43	5.2	1.68	1.24
Total Deferred Credits and Other Noncurrent Liabilities <sup>(B)</sup>	1,006	1,014	1,269	1,275	1,220	1,256	1,244	1,286	1,284	1,315
Total Percentage Impact on F/S Line	0.5557%	0.1214%	0.4345%	0.0911%	0.1719%	0.4041%	0.1718%	0.3940%	0.1214%	0.0911%

<sup>(B)</sup> This subtotal line is included to show an additional level of comparison.



### *Qualitative Assessment*

In Topic 1 - M, "Materiality" the SEC provides examples of qualitative factors that could cause an otherwise small quantitative error to be material to an investor. These examples, with responses in the context of the first quarter difference not corrected prior to issuance:

- Whether it arises from a precisely measurable item/calculation or an estimate.  
Response - The asset retirement obligations are based on estimates.
- Whether it masks a change in earnings or other trends.  
Response - There is no income statement impact as accretion and depreciation expense are offset by a regulatory credit, the financial statement impact of AROs is income statement neutral.
- Whether it hides a failure to meet analysts' or others' consensus expectations.  
Response - There is no income statement impact as accretion and depreciation expense are offset by a regulatory credit, the financial statement impact of AROs is income statement neutral.
- Whether it changes a loss into income or vice versa.  
Response - There is no income statement impact as accretion and depreciation expense are offset by a regulatory credit, the financial statement impact of AROs is income statement neutral.
- Whether it affects compliance with regulatory requirements.  
Response - No.
- Whether it affects compliance with loan covenants or other contractual requirements.  
Response - No, there is no affect on compliance with loan covenants or other contractual requirements per conversation with Dan Arbough.
- Whether it has the effect of increasing management's bonuses or other compensation.  
Response - No.
- Whether it involves concealment of an unlawful or fraudulent transaction.  
Response - No.

### *Conclusion on Materiality Assessment*

Management has concluded, based on both the quantitative and qualitative assessments, this error is not material to the financial statements.

January 6, 2012  
Page 6  
Asset Retirement Obligation Review

This error impacted the balance sheet only, there was no income statement impact. For KU, the error was greater than 5% on the Asset Retirement Obligations balance sheet line in 2011 Q1 and Q2 financial statements. For LG&E, the error was greater than 5% on the Asset Retirement Obligation balance sheet line at December 31, 2010 and 2009. However, the error was less than 1% on the Total Deferred Credits and Other Noncurrent Liabilities balance sheet line for all periods for both LG&E and KU. Management believes that an investor would not be influenced by the Asset Retirement Obligation line alone, but more focused on the Total Deferred Credits and Other Noncurrent Liabilities subtotal, or total liabilities, in making investing decisions. Therefore, although the percentage of error exceeds 5% on the Asset Retirement Obligation line item, the percent impact on the Total Deferred Credits and Other Noncurrent Liabilities, and accordingly total liabilities, is immaterial and in management's opinion an adjustment or restatement is not deemed necessary.

NOTE: See also overall assessment of all errors made prior to issuance of the financial statements.

### **SOX Assessment**

Per the Public Company Accounting Oversight Board (PCAOB) Audit Standard No. 5<sup>1</sup> "A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

- A deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met.
- A deficiency in operation exists when a properly designed control does not operate as designed, or when the person performing the control does not possess the necessary authority or competence to perform the control effectively."

The SOX guidance, A Framework for Evaluating Control Exceptions and Deficiencies<sup>2</sup> (Framework) provides a methodology for evaluating deficiencies that consists of answering the following question, for which LKE is providing a subsequent response.

---

<sup>1</sup> AUDITING STANDARD No. 5 –AN AUDIT OF INTERNAL CONTROL OVER FINANCIAL REPORTING THAT IS INTEGRATED WITH AN AUDIT OF FINANCIAL STATEMENTS, PCAOB Release No. 2007-005, May 24, 2007

<sup>2</sup> A Framework for Evaluating Control Exceptions and Deficiencies, Version 3, A collaboration of 9 audit firms and William F. Messier, jr. Professor, Georgia State University, December 20, 2004

January 6, 2012  
Page 7  
Asset Retirement Obligation Review

**Considering the potential magnitude, and any mitigating controls, would a prudent official conclude that the deficiency is at least a significant deficiency with regard to both the annual and interim financial statements?** PCAOB AS5 defines a significant deficiency as “a deficiency, or combination of deficiencies in internal controls over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those responsible for oversight of the company’s financial reporting.”

See the Controls Impacted and Action Plan sections above. Based upon this assessment, the deficiency is one of operation, as the control was being performed, as evidenced by the discussion with field personnel that took place to identify the need for quantification of the AROs. The error occurred due to a misunderstanding regarding what was included in the AROs. Following earlier discussions, it was believed by Property Accounting that all PCB contaminated oil had been removed, but on later clarification, it was determined that the transmission bushings and distribution line transformers were excluded from this removal initiative. The generation wells and the floodwall remediation were previously not identified as AROs, and were brought up only recently in the ARO review meetings. Management believes that the deficiency in the operation of the controls should not be classified as a significant deficiency or material weakness.

#### **Disclosure**

Per FASB ASC 250-10-45 Accounting Changes and Error Corrections – Presentation, Materiality Determination for Correction of an Error, paragraph 45-27 – “In determining materiality for the purpose of reporting the correction of an error, amounts shall be related to the estimated income for the full fiscal year and also to the effect on the trend of earnings. Changes that are material with respect to an interim period but not material with respect to the estimated income for the full fiscal year or to the trend of earnings shall be separately disclosed in the interim period.”

No disclosure related to this error is required in the quarterly or annual financial statements.

#### **Conclusion**

Management has concluded the error is not a significant deficiency/material weakness and will not be disclosed in the financial statements.

**Crescente, Angela**

---

**From:** Charnas, Shannon  
**Sent:** Friday, January 13, 2012 10:08 AM  
**To:** 'ritu.furlan@ey.com'; 'Jennifer Beneke (jennifer.beneke@ey.com)';  
'Brett.Wemer@ey.com'; 'Matt Crawley (Matt.crawley@ey.com)'  
**Cc:** Scott, Valerie; Wiseman, Sara; Crescente, Angela; Shelton, Debbie; Hudson, Rusty; Kelly, Mimi; Pienaar, Lesley; McFarland, Beth; Trimble, Robert; Allen, Lisa; Miller, Jon; Cosby, David  
**Subject:** RE: Error assessment memo on AROs

There were a few updates needed to the ARO memo due to some additional AROs that were booked yesterday totaling ~\$325k. Attached is a clean and tracked changes version.

Please let me know if you have any questions.



Asset Retirement  
Obligation EA...



Asset Retirement  
Obligation EA...

Thanks,

**Shannon Charnas**

*Director, Accounting & Regulatory Reporting  
LG&E and KU  
(502) 627-4978*

---

**From:** Charnas, Shannon  
**Sent:** Friday, January 06, 2012 2:10 PM  
**To:** [ritu.furlan@ey.com](mailto:ritu.furlan@ey.com); Jennifer Beneke ([jennifer.beneke@ey.com](mailto:jennifer.beneke@ey.com)); [Brett.Wemer@ey.com](mailto:Brett.Wemer@ey.com); Matt Crawley ([Matt.crawley@ey.com](mailto:Matt.crawley@ey.com))  
**Cc:** Scott, Valerie; Wiseman, Sara; Crescente, Angela; Shelton, Debbie; Hudson, Rusty; Kelly, Mimi; Pienaar, Lesley; McFarland, Beth; Trimble, Robert; Allen, Lisa; Miller, Jon; Cosby, David  
**Subject:** Error assessment memo on AROs

Attached is a memo regarding some additional AROs that needed to be recorded in Q4. Please let me know if you have any questions.

Thanks, << File: Asset Retirement Obligation EAM - 1-6-12.docx >>

**Shannon Charnas**

*Director, Accounting & Regulatory Reporting  
LG&E and KU  
(502) 627-4978*

## MEMORANDUM

**Date:** January 13, 2012

**To:** Valerie L. Scott, Controller

**From:** Sara Wiseman, Manager, Property Accounting  
Angela Crescente, Accounting Analyst III, Property Accounting

**Re:** Asset Retirement Obligation Review

**cc:** Shannon Charnas, Director, Accounting & Regulatory Reporting  
Debbie Shelton, Director, Audit Services  
Rusty Hudson, Director, Energy Services Accounting & Budget  
Mimi Kelly, Manager, Sarbanes-Oxley Compliance  
Lesley Pienaar, Manager, Financial Reporting  
Beth McFarland, Manager, Substation Construction & Maintenance  
Robby Trimble, Manager, Transmission Line Service  
Lisa Allen, Manager, Finance & Budgeting-Energy Delivery  
Jon Miller, Manager, Finance & Budgeting-Transmission  
David Cosby, Manager, Finance & Budgeting-Power Production  
Ernst & Young

### Overview of Error

During the fourth quarter of 2011, Property Accounting conducted meetings with all of the lines business regarding asset retirement obligations (AROs). The purpose of these meetings was to provide refresher training on the AROs currently recorded as well as to ascertain if any additional AROs should be established on the financial records of Kentucky Utilities Company (KU) or Louisville Gas and Electric Company (LG&E). Meeting attendees included representatives from the various lines of business, Property Accounting, Legal and Environmental Affairs. During the course of these meetings, it was discovered that AROs should have been established previously for the disposal of PCB contaminated oil in distribution and transmission bushings and distribution transformers. Additionally, AROs should have been previously established for the plugging of ground wells found at the generating plant sites and to fill the concrete tunnels that are part of the Cane Run floodwall penetration upon retirement in order to maintain the integrity of the floodwall. The determination was also made at the meetings to reverse AROs previously recorded for retirement activities for generation step-up transformers, sewage treatment plants, the Green River limestone silo and the service water pump at Tyrone, as no legal requirements were found to apply to these assets.

January 6, 2012  
Page 2  
Asset Retirement Obligation Review

These errors caused the following misstatements on LG&E and KU's financial statements:

Regulated Utility Plant	Understated
Accumulated Depreciation	Overstated
Regulatory Assets	Overstated
Asset Retirement Obligations	Understated

In December 2011, the appropriate journal entries were recorded to establish new AROs and to reverse AROs that had been recorded in error.

### **How Error Was Identified**

The errors were discovered while completing the action plan associated with the error assessment memo dated October 31, 2011, for the Trimble County Unit 2 joint use assets and gas transmission main AROs. As part of the action plan, Property Accounting conducted a training/review session with gas personnel. At the request of senior management, the training was broadened to encompass a review of all fixed assets recorded on the Companies' financial records to ascertain if any additional AROs should be established. As a result, review meetings were held with all of the lines of business and it was during these discussions that the errors were identified. The training materials provided at the meetings included the definition of an ARO as well as a summary of the AROs currently recorded on the financial records. Additionally, retirement unit listings (which represent the assets recorded on the property records) were provided in advance of the meetings to the meeting participants. This helped to ensure that adequate consideration concerning the need to establish an ARO was given to all of the fixed assets owned by the Company.

### **Controls Impacted**

The errors are determined to be deficiencies as the errors were the result of controls that were not operating effectively and were not able to identify the misstatements.

Cycle 40.01-Acquisitions, Disposals and Retirement, Control Activity #9 states "ARO Review for Acquisitions: During the AIP review process, Accounting Analysts review the projects to determine if the need for an ARO may exist. If the project is identified as having the potential to require an ARO, a copy of the AIP is forwarded to the Accounting Analyst in charge of ARO accounting for further action. The Accounting Analyst in charge of ARO accounting reviews the AIP and if appropriate, contacts the Legal and Environmental personnel who will make the final determination of the need to establish an ARO based upon review of existing legal documents including laws, statutes, contracts, permits, certificates of need, right of way agreements and environmental regulations." This control was in place and functioning. However, there was no mention on the AIPs received by Property Accounting that the Company still had bushings and line transformers with PCB contaminated oil listed on the property records. According to personnel in the Transmission and Distribution lines of business, the Company went through a program to eliminate PCB contaminated equipment during the 1980s. However, it was discovered during recent discussions, the bushings and line transformers, were not part of this

program. Property Accounting was not aware of any legal obligations for the plugging of generation wells and remediation of floodwall penetration, and the AIPs did not indicate that there was any reason to investigate a possible ARO.

**Action Plan**

In an effort to ensure that the appropriate personnel are fully aware of the AROs currently recorded on the financial records, Property Accounting will begin attaching summaries of the AROs currently recorded to the quarterly ARO questionnaire, effective with the first quarter of 2012. This process will provide employees with helpful information to aid in identifying any changes required. Additionally, Property Accounting will coordinate annual review/training meetings with line of business personnel and Legal and Environmental Affairs representatives. These meetings will be similar to the meetings held in the fourth quarter of 2011, which helped to identify the current errors. These meetings will provide the opportunity to share information and discuss any changes to laws or changes in operations of the business, which could cause changes to AROs. The meetings will be held annually in the fourth quarter, beginning in 2012.

**Materiality Assessment**

*Periods Impacted (including quarter correction booked)*

Year/Quarter	Q1	Q2	Q3	Q4
2011	X	X	X	
2010	X	X	X	X
2009	X	X	X	X

**Quantitative Assessment -- Adjustment to Amounts Reported on Financial Statements (000's)**

9ME 09/30/11

<u>Fin Stmt Line Item</u>	<u>Company</u>	<u>Debit</u>	<u>Credit</u>
Regulated Utility Plant	LG&E	1,765	
Accumulated Depreciation	LG&E	4	
Regulatory Assets	LG&E		6
Asset Retirement Obligations	LG&E		1,763
Regulated Utility Plant	KU	1,367	
Accumulated Depreciation	KU	40	
Regulatory Assets	KU		53
Asset Retirement Obligations	KU		1,354

In this situation, a waived adjustment was not entered into the waived adjustment file; there was no waived adjustment in the current period (Q4 2011) since the balance sheet was corrected when the above entry was recorded in December 2011 on the general ledger. The adjustments were discovered too late to be included in the September 2011 waived adjustment file.

January 6, 2012  
Page 4  
Asset Retirement Obligation Review

The following table shows the detailed financial statement lines affected. The impact shown below is inclusive of the errors discussed in this memo as well as the errors documented in the error assessment memo dated October 31, 2011, for the Trimble County Unit 2 joint use assets and gas transmission main AROs. Amounts shown are in millions of \$:

	<u>12/31/09</u>		<u>12/31/10</u>		<u>3/31/11</u>		<u>6/30/11</u>		<u>9/30/11</u>	
	<u>LG&amp;E</u>	<u>KU</u>	<u>LG&amp;E</u>	<u>KU</u>	<u>LG&amp;E</u>	<u>KU</u>	<u>LG&amp;E</u>	<u>KU</u>	<u>LG&amp;E</u>	<u>KU</u>
Impact of ARO Adjustment on Regulated Utility Plant	5.7	1.4	5.7	1.4	2.5	5.1	2.5	5.1	1.8	1.4
Regulated Utility Plant (A/C 101)	4,200	4,892	2,600	3,630	2,832	4,361	2,868	4,410	2,899	4,446
Total Percentage Impact on F/S Line	0.14%	0.03%	0.22%	0.04%	0.09%	0.12%	0.09%	0.12%	0.06%	0.03%
Impact of ARO Adjustment on Accumulated Depreciation	0.005	(0.04)	0.005	(0.04)	(0.104)	0.06	(0.104)	0.06	(0.004)	(0.04)
Accumulated Depreciation (A/C 108)	1,708	1,838	17	14	44	54	68	90	91	120
Total Percentage Impact on F/S Line	0.00%	0.00%	0.03%	-0.29%	-0.24%	0.11%	-0.15%	0.07%	0.00%	-0.03%
Impact of ARO Adjustment on Regulatory Assets	0.003	(0.05)	0.003	(0.05)	(0.306)	0.15	(0.306)	0.15	(0.006)	(0.05)
Regulatory Assets (A/C 182)	14	32	13	9	149	113	363	227	390	224
Total Percentage Impact on F/S Line	0.02%	-0.16%	0.02%	-0.56%	-0.21%	0.13%	-0.08%	0.07%	0.00%	-0.02%
Impact of ARO Adjustment on Asset Retirement Obligations	5.7	1.4	5.7	1.4	2.3	5.2	2.3	5.2	1.8	1.4
Asset Retirement Obligations (A/C 230)	31	34	49	54	49	54	50	55	54	59
Total Percentage Impact on F/S Line	18.39%	4.12%	11.63%	2.59%	4.69%	9.63%	4.60%	9.45%	3.33%	2.37%
Impact of ARO Adjustment on Total Deferred Credits and Other Noncurrent Liabilities	5.7	1.4	5.7	1.4	2.3	5.2	2.3	5.2	1.8	1.4
Total Deferred Credits and Other Noncurrent Liabilities <sup>(B)</sup>	1,006	1,014	1,269	1,275	1,220	1,256	1,244	1,286	1,284	1,315
Total Percentage Impact on F/S Line	0.57%	0.14%	0.45%	0.11%	0.19%	0.41%	0.18%	0.40%	0.14%	0.11%

<sup>(B)</sup> This subtotal line is included to show an additional level of comparison.



### *Qualitative Assessment*

In Topic 1 - M, "Materiality" the SEC provides examples of qualitative factors that could cause an otherwise small quantitative error to be material to an investor. These examples, with responses in the context of the first quarter difference not corrected prior to issuance:

- Whether it arises from a precisely measurable item/calculation or an estimate.  
Response - The asset retirement obligations are based on estimates.
- Whether it masks a change in earnings or other trends.  
Response - There is no income statement impact as accretion and depreciation expense are offset by a regulatory credit, the financial statement impact of AROs is income statement neutral.
- Whether it hides a failure to meet analysts' or others' consensus expectations.  
Response - There is no income statement impact as accretion and depreciation expense are offset by a regulatory credit, the financial statement impact of AROs is income statement neutral.
- Whether it changes a loss into income or vice versa.  
Response - There is no income statement impact as accretion and depreciation expense are offset by a regulatory credit, the financial statement impact of AROs is income statement neutral.
- Whether it affects compliance with regulatory requirements.  
Response - No.
- Whether it affects compliance with loan covenants or other contractual requirements.  
Response - No, there is no affect on compliance with loan covenants or other contractual requirements per conversation with Dan Arbough.
- Whether it has the effect of increasing management's bonuses or other compensation.  
Response - No.
- Whether it involves concealment of an unlawful or fraudulent transaction.  
Response - No.

### *Conclusion on Materiality Assessment*

Management has concluded, based on both the quantitative and qualitative assessments, this error is not material to the financial statements.

January 6, 2012  
Page 6  
Asset Retirement Obligation Review

This error impacted the balance sheet only, there was no income statement impact. For KU, the error was greater than 5% on the Asset Retirement Obligations balance sheet line in 2011 Q1 and Q2 financial statements. For LG&E, the error was greater than 5% on the Asset Retirement Obligation balance sheet line at December 31, 2010 and 2009. However, the error was less than 1% on the Total Deferred Credits and Other Noncurrent Liabilities balance sheet line for all periods for both LG&E and KU. Management believes that an investor would not be influenced by the Asset Retirement Obligation line alone, but more focused on the Total Deferred Credits and Other Noncurrent Liabilities subtotal, or total liabilities, in making investing decisions. Therefore, although the percentage of error exceeds 5% on the Asset Retirement Obligation line item, the percent impact on the Total Deferred Credits and Other Noncurrent Liabilities, and accordingly total liabilities, is immaterial and in management's opinion an adjustment or restatement is not deemed necessary.

NOTE: See also overall assessment of all errors made prior to issuance of the financial statements.

### **SOX Assessment**

Per the Public Company Accounting Oversight Board (PCAOB) Audit Standard No. 5<sup>1</sup> "A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

- A deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met.
- A deficiency in operation exists when a properly designed control does not operate as designed, or when the person performing the control does not possess the necessary authority or competence to perform the control effectively."

The SOX guidance, A Framework for Evaluating Control Exceptions and Deficiencies<sup>2</sup> (Framework) provides a methodology for evaluating deficiencies that consists of answering the following question, for which LKE is providing a subsequent response.

---

<sup>1</sup> AUDITING STANDARD No. 5 –AN AUDIT OF INTERNAL CONTROL OVER FINANCIAL REPORTING THAT IS INTEGRATED WITH AN AUDIT OF FINANCIAL STATEMENTS, PCAOB Release No. 2007-005, May 24, 2007

<sup>2</sup> A Framework for Evaluating Control Exceptions and Deficiencies, Version 3, A collaboration of 9 audit firms and William F. Messier, jr. Professor, Georgia State University, December 20, 2004

**Considering the potential magnitude, and any mitigating controls, would a prudent official conclude that the deficiency is at least a significant deficiency with regard to both the annual and interim financial statements?** PCAOB AS5 defines a significant deficiency as “a deficiency, or combination of deficiencies in internal controls over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those responsible for oversight of the company’s financial reporting.”

See the Controls Impacted and Action Plan sections above. Based upon this assessment, the deficiency is one of operation, as the control was being performed, as evidenced by the discussion with field personnel that took place to identify the need for quantification of the AROs. The error occurred due to a misunderstanding regarding what was included in the AROs. Following earlier discussions, it was believed by Property Accounting that all PCB contaminated oil had been removed, but on later clarification, it was determined that the transmission bushings and distribution line transformers were excluded from this removal initiative. The generation wells and the floodwall remediation were previously not identified as AROs, and were brought up only recently in the ARO review meetings. Management believes that the deficiency in the operation of the controls should not be classified as a significant deficiency or material weakness.

#### **Disclosure**

Per FASB ASC 250-10-45 Accounting Changes and Error Corrections – Presentation, Materiality Determination for Correction of an Error, paragraph 45-27 – “In determining materiality for the purpose of reporting the correction of an error, amounts shall be related to the estimated income for the full fiscal year and also to the effect on the trend of earnings. Changes that are material with respect to an interim period but not material with respect to the estimated income for the full fiscal year or to the trend of earnings shall be separately disclosed in the interim period.”

No disclosure related to this error is required in the quarterly or annual financial statements.

#### **Conclusion**

Management has concluded the error is not a significant deficiency/material weakness and will not be disclosed in the financial statements.

## MEMORANDUM

**Date:** January 6~~1~~3, 2012

**To:** Valerie L. Scott, Controller

**From:** Sara Wiseman, Manager, Property Accounting  
Angela Crescente, Accounting Analyst III, Property Accounting

**Re:** Asset Retirement Obligation Review

**cc:** Shannon Charnas, Director, Accounting & Regulatory Reporting  
Debbie Shelton, Director, Audit Services  
Rusty Hudson, Director, Energy Services Accounting & Budget  
Mimi Kelly, Manager, Sarbanes-Oxley Compliance  
Lesley Pienaar, Manager, Financial Reporting  
Beth McFarland, Manager, Substation Construction & Maintenance  
Robby Trimble, Manager, Transmission Line Service  
Lisa Allen, Manager, Finance & Budgeting-Energy Delivery  
Jon Miller, Manager, Finance & Budgeting-Transmission  
David Cosby, Manager, Finance & Budgeting-Power Production  
Ernst & Young

### Overview of Error

During the fourth quarter of 2011, Property Accounting conducted meetings with all of the lines business regarding asset retirement obligations (AROs). The purpose of these meetings was to provide refresher training on the AROs currently recorded as well as to ascertain if any additional AROs should be established on the financial records of Kentucky Utilities Company (KU) or Louisville Gas and Electric Company (LG&E). Meeting attendees included representatives from the various lines of business, Property Accounting, Legal and Environmental Affairs. During the course of these meetings, it was discovered that AROs should have been established previously for the disposal of PCB contaminated oil in distribution and transmission bushings and distribution transformers. Additionally, AROs should have been previously established for the plugging of ground wells found at the generating plant sites and to fill the concrete tunnels that are part of the Cane Run floodwall penetration upon retirement in order to maintain the integrity of the floodwall. The determination was also made at the meetings to reverse AROs previously recorded for retirement activities for generation step-up transformers, sewage treatment plants, the Green River limestone silo and the service water pump at Tyrone, as no legal requirements were found to apply to these assets.

January 6, 2012  
Page 2  
Asset Retirement Obligation Review

These errors caused the following misstatements on LG&E and KU's financial statements:

Regulated Utility Plant	Understated
Accumulated Depreciation	Overstated
Regulatory Assets	Overstated
Asset Retirement Obligations	Understated

In December 2011, the appropriate journal entries were recorded to establish new AROs and to reverse AROs that had been recorded in error.

### **How Error Was Identified**

The errors were discovered while completing the action plan associated with the error assessment memo dated October 31, 2011, for the Trimble County Unit 2 joint use assets and gas transmission main AROs. As part of the action plan, Property Accounting conducted a training/review session with gas personnel. At the request of senior management, the training was broadened to encompass a review of all fixed assets recorded on the Companies' financial records to ascertain if any additional AROs should be established. As a result, review meetings were held with all of the lines of business and it was during these discussions that the errors were identified. The training materials provided at the meetings included the definition of an ARO as well as a summary of the AROs currently recorded on the financial records. Additionally, retirement unit listings (which represent the assets recorded on the property records) were provided in advance of the meetings to the meeting participants. This helped to ensure that adequate consideration concerning the need to establish an ARO was given to all of the fixed assets owned by the Company.

### **Controls Impacted**

The errors are determined to be deficiencies as the errors were the result of controls that were not operating effectively and were not able to identify the misstatements.

Cycle 40.01-Acquisitions, Disposals and Retirement, Control Activity #9 states "ARO Review for Acquisitions: During the AIP review process, Accounting Analysts review the projects to determine if the need for an ARO may exist. If the project is identified as having the potential to require an ARO, a copy of the AIP is forwarded to the Accounting Analyst in charge of ARO accounting for further action. The Accounting Analyst in charge of ARO accounting reviews the AIP and if appropriate, contacts the Legal and Environmental personnel who will make the final determination of the need to establish an ARO based upon review of existing legal documents including laws, statutes, contracts, permits, certificates of need, right of way agreements and environmental regulations." This control was in place and functioning. However, there was no mention on the AIPs received by Property Accounting that the Company still had bushings and line transformers with PCB contaminated oil listed on the property records. According to personnel in the Transmission and Distribution lines of business, the Company went through a program to eliminate PCB contaminated equipment during the 1980s. However, it was discovered during recent discussions, the bushings and line transformers, were not part of this



The following table shows the detailed financial statement lines affected. The impact shown below is inclusive of the errors discussed in this memo as well as the errors documented in the error assessment memo dated October 31, 2011, for the Trimble County Unit 2 joint use assets and gas transmission main AROs. Amounts shown are in millions of \$:

	<u>12/31/09</u>		<u>12/31/10</u>		<u>3/31/11</u>		<u>6/30/11</u>		<u>9/30/11</u>	
	<u>LG&amp;E</u>	<u>KU</u>	<u>LG&amp;E</u>	<u>KU</u>	<u>LG&amp;E</u>	<u>KU</u>	<u>LG&amp;E</u>	<u>KU</u>	<u>LG&amp;E</u>	<u>KU</u>
Impact of ARO Adjustment on Regulated Utility Plant	5.57	1.24	5.57	1.24	2.35	4.95.1	2.35	4.95.1	1.68	1.24
Regulated Utility Plant (A/C 101)	4,200	4,892	2,600	3,630	2,832	4,361	2,868	4,410	2,899	4,446
Total Percentage Impact on F/S Line	0.1314%	0.0203%	0.2122%	0.0304%	0.0809%	0.1112%	0.0809%	0.1112%	0.06%	0.03%
Impact of ARO Adjustment on Accumulated Depreciation	0.005	(0.04)	0.005	(0.04)	(0.104)	0.06	(0.104)	0.06	(0.004)	(0.04)
Accumulated Depreciation (A/C 108)	1,708	1,838	17	14	44	54	68	90	91	120
Total Percentage Impact on F/S Line	0.00%	0.00%	0.03%	-0.29%	-0.24%	0.11%	-0.15%	0.07%	0.00%	-0.03%
Impact of ARO Adjustment on Regulatory Assets	0.003	(0.05)	0.003	(0.05)	(0.306)	0.15	(0.306)	0.15	(0.006)	(0.05)
Regulatory Assets (A/C 182)	14	32	13	9	149	113	363	227	390	224
Total Percentage Impact on F/S Line	0.02%	-0.16%	0.02%	-0.56%	-0.21%	0.13%	-0.08%	0.07%	0.00%	-0.02%
Impact of ARO Adjustment on Asset Retirement Obligations	5.57	1.24	5.57	1.24	2.13	5.2	2.13	5.2	1.68	1.24
Asset Retirement Obligations (A/C 230)	31	34	49	54	49	54	50	55	54	59
Total Percentage Impact on F/S Line	17.7418.39%	3.534.12%	11.2263%	2.2259%	4.2969%	9.2663%	4.2060%	9.0945%	2.963.33%	2.032.37%
Impact of ARO Adjustment on Total Deferred Credits and Other Noncurrent Liabilities	5.57	1.24	5.57	1.24	2.13	5.2	2.13	5.2	1.68	1.24
Total Deferred Credits and Other Noncurrent Liabilities <sup>(B)</sup>	1,006	1,014	1,269	1,275	1,220	1,256	1,244	1,286	1,284	1,315
Total Percentage Impact on F/S Line	0.5557%	0.1214%	0.4345%	0.0911%	0.1719%	0.4041%	0.1718%	0.3940%	0.1214%	0.0911%

<sup>(B)</sup> This subtotal line is included to show an additional level of comparison.

### *Qualitative Assessment*

In Topic 1 - M, "Materiality" the SEC provides examples of qualitative factors that could cause an otherwise small quantitative error to be material to an investor. These examples, with responses in the context of the first quarter difference not corrected prior to issuance:

- Whether it arises from a precisely measurable item/calculation or an estimate.  
Response - The asset retirement obligations are based on estimates.
- Whether it masks a change in earnings or other trends.  
Response - There is no income statement impact as accretion and depreciation expense are offset by a regulatory credit, the financial statement impact of AROs is income statement neutral.
- Whether it hides a failure to meet analysts' or others' consensus expectations.  
Response - There is no income statement impact as accretion and depreciation expense are offset by a regulatory credit, the financial statement impact of AROs is income statement neutral.
- Whether it changes a loss into income or vice versa.  
Response - There is no income statement impact as accretion and depreciation expense are offset by a regulatory credit, the financial statement impact of AROs is income statement neutral.
- Whether it affects compliance with regulatory requirements.  
Response - No.
- Whether it affects compliance with loan covenants or other contractual requirements.  
Response - No, there is no affect on compliance with loan covenants or other contractual requirements per conversation with Dan Arbough.
- Whether it has the effect of increasing management's bonuses or other compensation.  
Response - No.
- Whether it involves concealment of an unlawful or fraudulent transaction.  
Response - No.

### *Conclusion on Materiality Assessment*

Management has concluded, based on both the quantitative and qualitative assessments, this error is not material to the financial statements.



January 6, 2012  
Page 6  
Asset Retirement Obligation Review

This error impacted the balance sheet only, there was no income statement impact. For KU, the error was greater than 5% on the Asset Retirement Obligations balance sheet line in 2011 Q1 and Q2 financial statements. For LG&E, the error was greater than 5% on the Asset Retirement Obligation balance sheet line at December 31, 2010 and 2009. However, the error was less than 1% on the Total Deferred Credits and Other Noncurrent Liabilities balance sheet line for all periods for both LG&E and KU. Management believes that an investor would not be influenced by the Asset Retirement Obligation line alone, but more focused on the Total Deferred Credits and Other Noncurrent Liabilities subtotal, or total liabilities, in making investing decisions. Therefore, although the percentage of error exceeds 5% on the Asset Retirement Obligation line item, the percent impact on the Total Deferred Credits and Other Noncurrent Liabilities, and accordingly total liabilities, is immaterial and in management's opinion an adjustment or restatement is not deemed necessary.

NOTE: See also overall assessment of all errors made prior to issuance of the financial statements.

### **SOX Assessment**

Per the Public Company Accounting Oversight Board (PCAOB) Audit Standard No. 5<sup>1</sup> "A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

- A deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met.
- A deficiency in operation exists when a properly designed control does not operate as designed, or when the person performing the control does not possess the necessary authority or competence to perform the control effectively."

The SOX guidance, A Framework for Evaluating Control Exceptions and Deficiencies<sup>2</sup> (Framework) provides a methodology for evaluating deficiencies that consists of answering the following question, for which LKE is providing a subsequent response.

---

<sup>1</sup> AUDITING STANDARD No. 5 –AN AUDIT OF INTERNAL CONTROL OVER FINANCIAL REPORTING THAT IS INTEGRATED WITH AN AUDIT OF FINANCIAL STATEMENTS, PCAOB Release No. 2007-005, May 24, 2007

<sup>2</sup> A Framework for Evaluating Control Exceptions and Deficiencies, Version 3, A collaboration of 9 audit firms and William F. Messier, jr. Professor, Georgia State University, December 20, 2004

January 6, 2012  
Page 7  
Asset Retirement Obligation Review

**Considering the potential magnitude, and any mitigating controls, would a prudent official conclude that the deficiency is at least a significant deficiency with regard to both the annual and interim financial statements?** PCAOB AS5 defines a significant deficiency as “a deficiency, or combination of deficiencies in internal controls over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those responsible for oversight of the company’s financial reporting.”

See the Controls Impacted and Action Plan sections above. Based upon this assessment, the deficiency is one of operation, as the control was being performed, as evidenced by the discussion with field personnel that took place to identify the need for quantification of the AROs. The error occurred due to a misunderstanding regarding what was included in the AROs. Following earlier discussions, it was believed by Property Accounting that all PCB contaminated oil had been removed, but on later clarification, it was determined that the transmission bushings and distribution line transformers were excluded from this removal initiative. The generation wells and the floodwall remediation were previously not identified as AROs, and were brought up only recently in the ARO review meetings. Management believes that the deficiency in the operation of the controls should not be classified as a significant deficiency or material weakness.

#### **Disclosure**

Per FASB ASC 250-10-45 Accounting Changes and Error Corrections – Presentation, Materiality Determination for Correction of an Error, paragraph 45-27 – “In determining materiality for the purpose of reporting the correction of an error, amounts shall be related to the estimated income for the full fiscal year and also to the effect on the trend of earnings. Changes that are material with respect to an interim period but not material with respect to the estimated income for the full fiscal year or to the trend of earnings shall be separately disclosed in the interim period.”

No disclosure related to this error is required in the quarterly or annual financial statements.

#### **Conclusion**

Management has concluded the error is not a significant deficiency/material weakness and will not be disclosed in the financial statements.

**Crescente, Angela**

---

**From:** Wiseman, Sara  
**Sent:** Thursday, January 12, 2012 5:02 PM  
**To:** Charnas, Shannon; Crescente, Angela  
**Subject:** Asset Retirement Obligation EAM - 1-13-12.docx



Asset Retirement  
Obligation EA...

Shannon: I've updated the EAM and tracked the changes. Here it is for your review.

Sara

## MEMORANDUM

**Date:** January 6~~1~~3, 2012

**To:** Valerie L. Scott, Controller

**From:** Sara Wiseman, Manager, Property Accounting  
Angela Crescente, Accounting Analyst III, Property Accounting

**Re:** Asset Retirement Obligation Review

**cc:** Shannon Charnas, Director, Accounting & Regulatory Reporting  
Debbie Shelton, Director, Audit Services  
Rusty Hudson, Director, Energy Services Accounting & Budget  
Mimi Kelly, Manager, Sarbanes-Oxley Compliance  
Lesley Pienaar, Manager, Financial Reporting  
Beth McFarland, Manager, Substation Construction & Maintenance  
Robby Trimble, Manager, Transmission Line Service  
Lisa Allen, Manager, Finance & Budgeting-Energy Delivery  
Jon Miller, Manager, Finance & Budgeting-Transmission  
David Cosby, Manager, Finance & Budgeting-Power Production  
Ernst & Young

### Overview of Error

During the fourth quarter of 2011, Property Accounting conducted meetings with all of the lines business regarding asset retirement obligations (AROs). The purpose of these meetings was to provide refresher training on the AROs currently recorded as well as to ascertain if any additional AROs should be established on the financial records of Kentucky Utilities Company (KU) or Louisville Gas and Electric Company (LG&E). Meeting attendees included representatives from the various lines of business, Property Accounting, Legal and Environmental Affairs. During the course of these meetings, it was discovered that AROs should have been established previously for the disposal of PCB contaminated oil in distribution and transmission bushings and distribution transformers. Additionally, AROs should have been previously established for the plugging of ground wells found at the generating plant sites and to fill the concrete tunnels that are part of the Cane Run floodwall penetration upon retirement in order to maintain the integrity of the floodwall. The determination was also made at the meetings to reverse AROs previously recorded for retirement activities for generation step-up transformers, sewage treatment plants, the Green River limestone silo and the service water pump at Tyrone, as no legal requirements were found to apply to these assets.

January 6, 2012  
Page 2  
Asset Retirement Obligation Review

These errors caused the following misstatements on LG&E and KU's financial statements:

Regulated Utility Plant	Understated
Accumulated Depreciation	Overstated
Regulatory Assets	Overstated
Asset Retirement Obligations	Understated

In December 2011, the appropriate journal entries were recorded to establish new AROs and to reverse AROs that had been recorded in error.

### **How Error Was Identified**

The errors were discovered while completing the action plan associated with the error assessment memo dated October 31, 2011, for the Trimble County Unit 2 joint use assets and gas transmission main AROs. As part of the action plan, Property Accounting conducted a training/review session with gas personnel. At the request of senior management, the training was broadened to encompass a review of all fixed assets recorded on the Companies' financial records to ascertain if any additional AROs should be established. As a result, review meetings were held with all of the lines of business and it was during these discussions that the errors were identified. The training materials provided at the meetings included the definition of an ARO as well as a summary of the AROs currently recorded on the financial records. Additionally, retirement unit listings (which represent the assets recorded on the property records) were provided in advance of the meetings to the meeting participants. This helped to ensure that adequate consideration concerning the need to establish an ARO was given to all of the fixed assets owned by the Company.

### **Controls Impacted**

The errors are determined to be deficiencies as the errors were the result of controls that were not operating effectively and were not able to identify the misstatements.

Cycle 40.01-Acquisitions, Disposals and Retirement, Control Activity #9 states "ARO Review for Acquisitions: During the AIP review process, Accounting Analysts review the projects to determine if the need for an ARO may exist. If the project is identified as having the potential to require an ARO, a copy of the AIP is forwarded to the Accounting Analyst in charge of ARO accounting for further action. The Accounting Analyst in charge of ARO accounting reviews the AIP and if appropriate, contacts the Legal and Environmental personnel who will make the final determination of the need to establish an ARO based upon review of existing legal documents including laws, statutes, contracts, permits, certificates of need, right of way agreements and environmental regulations." This control was in place and functioning. However, there was no mention on the AIPs received by Property Accounting that the Company still had bushings and line transformers with PCB contaminated oil listed on the property records. According to personnel in the Transmission and Distribution lines of business, the Company went through a program to eliminate PCB contaminated equipment during the 1980s. However, it was discovered during recent discussions, the bushings and line transformers, were not part of this



January 6, 2012

Page 4

## Asset Retirement Obligation Review

The following table shows the detailed financial statement lines affected. The impact shown below is inclusive of the errors discussed in this memo as well as the errors documented in the error assessment memo dated October 31, 2011, for the Trimble County Unit 2 joint use assets and gas transmission main AROs. Amounts shown are in millions of \$:

	<u>12/31/09</u>		<u>12/31/10</u>		<u>3/31/11</u>		<u>6/30/11</u>		<u>9/30/11</u>	
	<u>LG&amp;E</u>	<u>KU</u>	<u>LG&amp;E</u>	<u>KU</u>	<u>LG&amp;E</u>	<u>KU</u>	<u>LG&amp;E</u>	<u>KU</u>	<u>LG&amp;E</u>	<u>KU</u>
Impact of ARO Adjustment on Regulated Utility Plant	5.57	1.24	5.57	1.24	2.35	4.95.1	2.35	4.95.1	1.68	1.24
Regulated Utility Plant (A/C 101)	4,200	4,892	2,600	3,630	2,832	4,361	2,868	4,410	2,899	4,446
Total Percentage Impact on F/S Line	0.1314%	0.0203%	0.2122%	0.0304%	0.0809%	0.1112%	0.0809%	0.1112%	0.06%	0.03%
Impact of ARO Adjustment on Accumulated Depreciation	0.005	(0.04)	0.005	(0.04)	(0.104)	0.06	(0.104)	0.06	(0.004)	(0.04)
Accumulated Depreciation (A/C 108)	1,708	1,838	17	14	44	54	68	90	91	120
Total Percentage Impact on F/S Line	0.00%	0.00%	0.03%	-0.29%	-0.24%	0.11%	-0.15%	0.07%	0.00%	-0.03%
Impact of ARO Adjustment on Regulatory Assets	0.003	(0.05)	0.003	(0.05)	(0.306)	0.15	(0.306)	0.15	(0.006)	(0.05)
Regulatory Assets (A/C 182)	14	32	13	9	149	113	363	227	390	224
Total Percentage Impact on F/S Line	0.02%	-0.16%	0.02%	-0.56%	-0.21%	0.13%	-0.08%	0.07%	0.00%	-0.02%
Impact of ARO Adjustment on Asset Retirement Obligations	5.57	1.24	5.57	1.24	2.13	5.2	2.13	5.2	1.68	1.24
Asset Retirement Obligations (A/C 230)	31	34	49	54	49	54	50	55	54	59
Total Percentage Impact on F/S Line	17.7418.39%	3.534.12%	11.2263%	2.2259%	4.2969%	9.2663%	4.2060%	9.0945%	2.963.33%	2.032.37%
Impact of ARO Adjustment on Total Deferred Credits and Other Noncurrent Liabilities	5.57	1.24	5.57	1.24	2.13	5.2	2.13	5.2	1.68	1.24
Total Deferred Credits and Other Noncurrent Liabilities <sup>(B)</sup>	1,006	1,014	1,269	1,275	1,220	1,256	1,244	1,286	1,284	1,315
Total Percentage Impact on F/S Line	0.5557%	0.1214%	0.4345%	0.0911%	0.1719%	0.4041%	0.1718%	0.3940%	0.1214%	0.0911%

<sup>(B)</sup> This subtotal line is included to show an additional level of comparison.

### *Qualitative Assessment*

In Topic 1 - M, "Materiality" the SEC provides examples of qualitative factors that could cause an otherwise small quantitative error to be material to an investor. These examples, with responses in the context of the first quarter difference not corrected prior to issuance:

- Whether it arises from a precisely measurable item/calculation or an estimate.  
Response - The asset retirement obligations are based on estimates.
- Whether it masks a change in earnings or other trends.  
Response - There is no income statement impact as accretion and depreciation expense are offset by a regulatory credit, the financial statement impact of AROs is income statement neutral.
- Whether it hides a failure to meet analysts' or others' consensus expectations.  
Response - There is no income statement impact as accretion and depreciation expense are offset by a regulatory credit, the financial statement impact of AROs is income statement neutral.
- Whether it changes a loss into income or vice versa.  
Response - There is no income statement impact as accretion and depreciation expense are offset by a regulatory credit, the financial statement impact of AROs is income statement neutral.
- Whether it affects compliance with regulatory requirements.  
Response - No.
- Whether it affects compliance with loan covenants or other contractual requirements.  
Response – No, there is no affect on compliance with loan covenants or other contractual requirements per conversation with Dan Arbough.
- Whether it has the effect of increasing management's bonuses or other compensation.  
Response - No.
- Whether it involves concealment of an unlawful or fraudulent transaction.  
Response - No.

### *Conclusion on Materiality Assessment*

Management has concluded, based on both the quantitative and qualitative assessments, this error is not material to the financial statements.



January 6, 2012  
Page 6  
Asset Retirement Obligation Review

This error impacted the balance sheet only, there was no income statement impact. For KU, the error was greater than 5% on the Asset Retirement Obligations balance sheet line in 2011 Q1 and Q2 financial statements. For LG&E, the error was greater than 5% on the Asset Retirement Obligation balance sheet line at December 31, 2010 and 2009. However, the error was less than 1% on the Total Deferred Credits and Other Noncurrent Liabilities balance sheet line for all periods for both LG&E and KU. Management believes that an investor would not be influenced by the Asset Retirement Obligation line alone, but more focused on the Total Deferred Credits and Other Noncurrent Liabilities subtotal, or total liabilities, in making investing decisions. Therefore, although the percentage of error exceeds 5% on the Asset Retirement Obligation line item, the percent impact on the Total Deferred Credits and Other Noncurrent Liabilities, and accordingly total liabilities, is immaterial and in management's opinion an adjustment or restatement is not deemed necessary.

NOTE: See also overall assessment of all errors made prior to issuance of the financial statements.

### SOX Assessment

Per the Public Company Accounting Oversight Board (PCAOB) Audit Standard No. 5<sup>1</sup> "A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

- A deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met.
- A deficiency in operation exists when a properly designed control does not operate as designed, or when the person performing the control does not possess the necessary authority or competence to perform the control effectively."

The SOX guidance, A Framework for Evaluating Control Exceptions and Deficiencies<sup>2</sup> (Framework) provides a methodology for evaluating deficiencies that consists of answering the following question, for which LKE is providing a subsequent response.

---

<sup>1</sup> AUDITING STANDARD No. 5 –AN AUDIT OF INTERNAL CONTROL OVER FINANCIAL REPORTING THAT IS INTEGRATED WITH AN AUDIT OF FINANCIAL STATEMENTS, PCAOB Release No. 2007-005, May 24, 2007

<sup>2</sup> A Framework for Evaluating Control Exceptions and Deficiencies, Version 3, A collaboration of 9 audit firms and William F. Messier, jr. Professor, Georgia State University, December 20, 2004

January 6, 2012  
Page 7  
Asset Retirement Obligation Review

**Considering the potential magnitude, and any mitigating controls, would a prudent official conclude that the deficiency is at least a significant deficiency with regard to both the annual and interim financial statements?** PCAOB AS5 defines a significant deficiency as “a deficiency, or combination of deficiencies in internal controls over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those responsible for oversight of the company’s financial reporting.”

See the Controls Impacted and Action Plan sections above. Based upon this assessment, the deficiency is one of operation, as the control was being performed, as evidenced by the discussion with field personnel that took place to identify the need for quantification of the AROs. The error occurred due to a misunderstanding regarding what was included in the AROs. Following earlier discussions, it was believed by Property Accounting that all PCB contaminated oil had been removed, but on later clarification, it was determined that the transmission bushings and distribution line transformers were excluded from this removal initiative. The generation wells and the floodwall remediation were previously not identified as AROs, and were brought up only recently in the ARO review meetings. Management believes that the deficiency in the operation of the controls should not be classified as a significant deficiency or material weakness.

#### **Disclosure**

Per FASB ASC 250-10-45 Accounting Changes and Error Corrections – Presentation, Materiality Determination for Correction of an Error, paragraph 45-27 – “In determining materiality for the purpose of reporting the correction of an error, amounts shall be related to the estimated income for the full fiscal year and also to the effect on the trend of earnings. Changes that are material with respect to an interim period but not material with respect to the estimated income for the full fiscal year or to the trend of earnings shall be separately disclosed in the interim period.”

No disclosure related to this error is required in the quarterly or annual financial statements.

#### **Conclusion**

Management has concluded the error is not a significant deficiency/material weakness and will not be disclosed in the financial statements.

**Crescente, Angela**

---

**From:** Wiseman, Sara  
**Sent:** Thursday, January 12, 2012 5:02 PM  
**To:** Charnas, Shannon; Crescente, Angela  
**Subject:** Asset Retirement Obligation EAM - 1-13-12.docx

**Follow Up Flag:** Follow up  
**Flag Status:** Completed



Asset Retirement  
Obligation EA...

Shannon: I've updated the EAM and tracked the changes. Here it is for your review.

Sara



## MEMORANDUM

**Date:** January 6~~1~~3, 2012

**To:** Valerie L. Scott, Controller

**From:** Sara Wiseman, Manager, Property Accounting  
Angela Crescente, Accounting Analyst III, Property Accounting

**Re:** Asset Retirement Obligation Review

**cc:** Shannon Charnas, Director, Accounting & Regulatory Reporting  
Debbie Shelton, Director, Audit Services  
Rusty Hudson, Director, Energy Services Accounting & Budget  
Mimi Kelly, Manager, Sarbanes-Oxley Compliance  
Lesley Pienaar, Manager, Financial Reporting  
Beth McFarland, Manager, Substation Construction & Maintenance  
Robby Trimble, Manager, Transmission Line Service  
Lisa Allen, Manager, Finance & Budgeting-Energy Delivery  
Jon Miller, Manager, Finance & Budgeting-Transmission  
David Cosby, Manager, Finance & Budgeting-Power Production  
Ernst & Young

### Overview of Error

During the fourth quarter of 2011, Property Accounting conducted meetings with all of the lines business regarding asset retirement obligations (AROs). The purpose of these meetings was to provide refresher training on the AROs currently recorded as well as to ascertain if any additional AROs should be established on the financial records of Kentucky Utilities Company (KU) or Louisville Gas and Electric Company (LG&E). Meeting attendees included representatives from the various lines of business, Property Accounting, Legal and Environmental Affairs. During the course of these meetings, it was discovered that AROs should have been established previously for the disposal of PCB contaminated oil in distribution and transmission bushings and distribution transformers. Additionally, AROs should have been previously established for the plugging of ground wells found at the generating plant sites and to fill the concrete tunnels that are part of the Cane Run floodwall penetration upon retirement in order to maintain the integrity of the floodwall. The determination was also made at the meetings to reverse AROs previously recorded for retirement activities for generation step-up transformers, sewage treatment plants, the Green River limestone silo and the service water pump at Tyrone, as no legal requirements were found to apply to these assets.

January 6, 2012  
Page 2  
Asset Retirement Obligation Review

These errors caused the following misstatements on LG&E and KU's financial statements:

Regulated Utility Plant	Understated
Accumulated Depreciation	Overstated
Regulatory Assets	Overstated
Asset Retirement Obligations	Understated

In December 2011, the appropriate journal entries were recorded to establish new AROs and to reverse AROs that had been recorded in error.

### **How Error Was Identified**

The errors were discovered while completing the action plan associated with the error assessment memo dated October 31, 2011, for the Trimble County Unit 2 joint use assets and gas transmission main AROs. As part of the action plan, Property Accounting conducted a training/review session with gas personnel. At the request of senior management, the training was broadened to encompass a review of all fixed assets recorded on the Companies' financial records to ascertain if any additional AROs should be established. As a result, review meetings were held with all of the lines of business and it was during these discussions that the errors were identified. The training materials provided at the meetings included the definition of an ARO as well as a summary of the AROs currently recorded on the financial records. Additionally, retirement unit listings (which represent the assets recorded on the property records) were provided in advance of the meetings to the meeting participants. This helped to ensure that adequate consideration concerning the need to establish an ARO was given to all of the fixed assets owned by the Company.

### **Controls Impacted**

The errors are determined to be deficiencies as the errors were the result of controls that were not operating effectively and were not able to identify the misstatements.

Cycle 40.01-Acquisitions, Disposals and Retirement, Control Activity #9 states "ARO Review for Acquisitions: During the AIP review process, Accounting Analysts review the projects to determine if the need for an ARO may exist. If the project is identified as having the potential to require an ARO, a copy of the AIP is forwarded to the Accounting Analyst in charge of ARO accounting for further action. The Accounting Analyst in charge of ARO accounting reviews the AIP and if appropriate, contacts the Legal and Environmental personnel who will make the final determination of the need to establish an ARO based upon review of existing legal documents including laws, statutes, contracts, permits, certificates of need, right of way agreements and environmental regulations." This control was in place and functioning. However, there was no mention on the AIPs received by Property Accounting that the Company still had bushings and line transformers with PCB contaminated oil listed on the property records. According to personnel in the Transmission and Distribution lines of business, the Company went through a program to eliminate PCB contaminated equipment during the 1980s. However, it was discovered during recent discussions, the bushings and line transformers, were not part of this

program. Property Accounting was not aware of any legal obligations for the plugging of generation wells and remediation of floodwall penetration, and the AIPs did not indicate that there was any reason to investigate a possible ARO.

**Action Plan**

In an effort to ensure that the appropriate personnel are fully aware of the AROs currently recorded on the financial records, Property Accounting will begin attaching summaries of the AROs currently recorded to the quarterly ARO questionnaire, effective with the first quarter of 2012. This process will provide employees with helpful information to aid in identifying any changes required. Additionally, Property Accounting will coordinate annual review/training meetings with line of business personnel and Legal and Environmental Affairs representatives. These meetings will be similar to the meetings held in the fourth quarter of 2011, which helped to identify the current errors. These meetings will provide the opportunity to share information and discuss any changes to laws or changes in operations of the business, which could cause changes to AROs. The meetings will be held annually in the fourth quarter, beginning in 2012.

**Materiality Assessment**

*Periods Impacted (including quarter correction booked)*

Year/Quarter	Q1	Q2	Q3	Q4
2011	X	X	X	
2010	X	X	X	X
2009	X	X	X	X

**Quantitative Assessment -- Adjustment to Amounts Reported on Financial Statements (000's)**

9ME 09/30/11

<u>Fin Stmt Line Item</u>	<u>Company</u>	<u>Debit</u>	<u>Credit</u>
Regulated Utility Plant	LG&E	1,6201,765	
Accumulated Depreciation	LG&E	4	
Regulatory Assets	LG&E		6
Asset Retirement Obligations	LG&E		1,6181,763
Regulated Utility Plant	KU	1,1821,367	
Accumulated Depreciation	KU	40	
Regulatory Assets	KU		53
Asset Retirement Obligations	KU		1,1691,354

In this situation, a waived adjustment was not entered into the waived adjustment file; there was no waived adjustment in the current period (Q4 2011) since the balance sheet was corrected when the above entry was recorded in December 2011 on the general ledger. The adjustments were discovered too late to be included in the September 2011 waived adjustment file.

January 6, 2012  
Page 4  
Asset Retirement Obligation Review

The following table shows the detailed financial statement lines affected. The impact shown below is inclusive of the errors discussed in this memo as well as the errors documented in the error assessment memo dated October 31, 2011, for the Trimble County Unit 2 joint use assets and gas transmission main AROs. Amounts shown are in millions of \$:

	<u>12/31/09</u>		<u>12/31/10</u>		<u>3/31/11</u>		<u>6/30/11</u>		<u>9/30/11</u>	
	<u>LG&amp;E</u>	<u>KU</u>	<u>LG&amp;E</u>	<u>KU</u>	<u>LG&amp;E</u>	<u>KU</u>	<u>LG&amp;E</u>	<u>KU</u>	<u>LG&amp;E</u>	<u>KU</u>
Impact of ARO Adjustment on Regulated Utility Plant	5.57	1.24	5.57	1.24	2.35	4.95.1	2.35	4.95.1	1.68	1.24
Regulated Utility Plant (A/C 101)	4,200	4,892	2,600	3,630	2,832	4,361	2,868	4,410	2,899	4,446
Total Percentage Impact on F/S Line	0.1314%	0.0203%	0.2122%	0.0304%	0.0809%	0.1112%	0.0809%	0.1112%	0.06%	0.03%
Impact of ARO Adjustment on Accumulated Depreciation	0.005	(0.04)	0.005	(0.04)	(0.104)	0.06	(0.104)	0.06	(0.004)	(0.04)
Accumulated Depreciation (A/C 108)	1,708	1,838	17	14	44	54	68	90	91	120
Total Percentage Impact on F/S Line	0.00%	0.00%	0.03%	-0.29%	-0.24%	0.11%	-0.15%	0.07%	0.00%	-0.03%
Impact of ARO Adjustment on Regulatory Assets	0.003	(0.05)	0.003	(0.05)	(0.306)	0.15	(0.306)	0.15	(0.006)	(0.05)
Regulatory Assets (A/C 182)	14	32	13	9	149	113	363	227	390	224
Total Percentage Impact on F/S Line	0.02%	-0.16%	0.02%	-0.56%	-0.21%	0.13%	-0.08%	0.07%	0.00%	-0.02%
Impact of ARO Adjustment on Asset Retirement Obligations	5.57	1.24	5.57	1.24	2.13	5.2	2.13	5.2	1.68	1.24
Asset Retirement Obligations (A/C 230)	31	34	49	54	49	54	50	55	54	59
Total Percentage Impact on F/S Line	17.7418.39%	3.534.12%	11.2263%	2.2259%	4.2969%	9.2663%	4.2060%	9.0945%	2.963.33%	2.032.37%
Impact of ARO Adjustment on Total Deferred Credits and Other Noncurrent Liabilities	5.57	1.24	5.57	1.24	2.13	5.2	2.13	5.2	1.68	1.24
Total Deferred Credits and Other Noncurrent Liabilities <sup>(B)</sup>	1,006	1,014	1,269	1,275	1,220	1,256	1,244	1,286	1,284	1,315
Total Percentage Impact on F/S Line	0.5557%	0.1214%	0.4345%	0.0911%	0.1719%	0.4041%	0.1718%	0.3940%	0.1214%	0.0911%

<sup>(B)</sup> This subtotal line is included to show an additional level of comparison.



### *Qualitative Assessment*

In Topic 1 - M, "Materiality" the SEC provides examples of qualitative factors that could cause an otherwise small quantitative error to be material to an investor. These examples, with responses in the context of the first quarter difference not corrected prior to issuance:

- Whether it arises from a precisely measurable item/calculation or an estimate.  
Response - The asset retirement obligations are based on estimates.
- Whether it masks a change in earnings or other trends.  
Response - There is no income statement impact as accretion and depreciation expense are offset by a regulatory credit, the financial statement impact of AROs is income statement neutral.
- Whether it hides a failure to meet analysts' or others' consensus expectations.  
Response - There is no income statement impact as accretion and depreciation expense are offset by a regulatory credit, the financial statement impact of AROs is income statement neutral.
- Whether it changes a loss into income or vice versa.  
Response - There is no income statement impact as accretion and depreciation expense are offset by a regulatory credit, the financial statement impact of AROs is income statement neutral.
- Whether it affects compliance with regulatory requirements.  
Response - No.
- Whether it affects compliance with loan covenants or other contractual requirements.  
Response - No, there is no affect on compliance with loan covenants or other contractual requirements per conversation with Dan Arbough.
- Whether it has the effect of increasing management's bonuses or other compensation.  
Response - No.
- Whether it involves concealment of an unlawful or fraudulent transaction.  
Response - No.

### *Conclusion on Materiality Assessment*

Management has concluded, based on both the quantitative and qualitative assessments, this error is not material to the financial statements.



January 6, 2012  
Page 6  
Asset Retirement Obligation Review

This error impacted the balance sheet only, there was no income statement impact. For KU, the error was greater than 5% on the Asset Retirement Obligations balance sheet line in 2011 Q1 and Q2 financial statements. For LG&E, the error was greater than 5% on the Asset Retirement Obligation balance sheet line at December 31, 2010 and 2009. However, the error was less than 1% on the Total Deferred Credits and Other Noncurrent Liabilities balance sheet line for all periods for both LG&E and KU. Management believes that an investor would not be influenced by the Asset Retirement Obligation line alone, but more focused on the Total Deferred Credits and Other Noncurrent Liabilities subtotal, or total liabilities, in making investing decisions. Therefore, although the percentage of error exceeds 5% on the Asset Retirement Obligation line item, the percent impact on the Total Deferred Credits and Other Noncurrent Liabilities, and accordingly total liabilities, is immaterial and in management's opinion an adjustment or restatement is not deemed necessary.

NOTE: See also overall assessment of all errors made prior to issuance of the financial statements.

### **SOX Assessment**

Per the Public Company Accounting Oversight Board (PCAOB) Audit Standard No. 5<sup>1</sup> "A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

- A deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met.
- A deficiency in operation exists when a properly designed control does not operate as designed, or when the person performing the control does not possess the necessary authority or competence to perform the control effectively."

The SOX guidance, A Framework for Evaluating Control Exceptions and Deficiencies<sup>2</sup> (Framework) provides a methodology for evaluating deficiencies that consists of answering the following question, for which LKE is providing a subsequent response.

---

<sup>1</sup> AUDITING STANDARD No. 5 –AN AUDIT OF INTERNAL CONTROL OVER FINANCIAL REPORTING THAT IS INTEGRATED WITH AN AUDIT OF FINANCIAL STATEMENTS, PCAOB Release No. 2007-005, May 24, 2007

<sup>2</sup> A Framework for Evaluating Control Exceptions and Deficiencies, Version 3, A collaboration of 9 audit firms and William F. Messier, jr. Professor, Georgia State University, December 20, 2004

January 6, 2012  
Page 7  
Asset Retirement Obligation Review

**Considering the potential magnitude, and any mitigating controls, would a prudent official conclude that the deficiency is at least a significant deficiency with regard to both the annual and interim financial statements? PCAOB AS5 defines a significant deficiency as “a deficiency, or combination of deficiencies in internal controls over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those responsible for oversight of the company’s financial reporting.”**

See the Controls Impacted and Action Plan sections above. Based upon this assessment, the deficiency is one of operation, as the control was being performed, as evidenced by the discussion with field personnel that took place to identify the need for quantification of the AROs. The error occurred due to a misunderstanding regarding what was included in the AROs. Following earlier discussions, it was believed by Property Accounting that all PCB contaminated oil had been removed, but on later clarification, it was determined that the transmission bushings and distribution line transformers were excluded from this removal initiative. The generation wells and the floodwall remediation were previously not identified as AROs, and were brought up only recently in the ARO review meetings. Management believes that the deficiency in the operation of the controls should not be classified as a significant deficiency or material weakness.

#### **Disclosure**

Per FASB ASC 250-10-45 Accounting Changes and Error Corrections – Presentation, Materiality Determination for Correction of an Error, paragraph 45-27 – “In determining materiality for the purpose of reporting the correction of an error, amounts shall be related to the estimated income for the full fiscal year and also to the effect on the trend of earnings. Changes that are material with respect to an interim period but not material with respect to the estimated income for the full fiscal year or to the trend of earnings shall be separately disclosed in the interim period.”

No disclosure related to this error is required in the quarterly or annual financial statements.

#### **Conclusion**

Management has concluded the error is not a significant deficiency/material weakness and will not be disclosed in the financial statements.

**Crescente, Angela**

---

**From:** Crescente, Angela  
**Sent:** Wednesday, January 04, 2012 1:37 PM  
**To:** Legler, Steve  
**Cc:** Wiseman, Sara; Hudson, Rusty  
**Subject:** RE: Canal and Paddy's

Steve,

Per our conversation, you are still in agreement with the estimates provided last year. The activities budgeted in 2012 would not be expected to have any asbestos removal dollars in them since it is engineering and stack removal. Based on the information we currently have available, it would be best to use 60% of the expected asbestos removal dollars for Canal in 2017 and approximately 20% in 2018 and 2019 since the contractors have explained that they intend to remove most of the asbestos upfront. For Paddy's, it would be best to use 60% in 2015 and 10% in 2016, 2017, 2018, 2019. Please confirm or feel free to correct any misunderstandings I have.

Thanks,  
Angela

---

**From:** Crescente, Angela  
**Sent:** Wednesday, January 04, 2012 9:06 AM  
**To:** Legler, Steve  
**Cc:** Wiseman, Sara; Hudson, Rusty  
**Subject:** Canal and Paddy's

Steve,

Do you still agree with the expected ARO removal dollar estimate for both Canal and Paddy's that we got from you last year? We have Canal listed at about \$1,575,000 in total for asbestos removal and Paddy's is listed in total at about \$4,600,000 for asbestos removal. I understand we are expecting some demolition charges in 2012, which would mean I will need to set up some expected retirement activity in the ARO estimates. In order to book this estimate for December, I need to know as soon as possible.

Thanks for your help,  
Angela

Deloitte

From Bloomberg

Merrill Lynch

Deloitte			From Bloomberg				Merrill Lynch						
			As of 11/1/2010										
Quoted Yld CC Yld			USD US Utility BBB+		USD US Utility BBB		Yield						
			Tenor	(%)	Tenor	(%)	BBB vs. BBB+	LG&E and KU Energy	BBB+ vs. LKE	Description	YTM	Yield vs. BBB	
3 mo	1.1125	0.011094	3M	0.8846	3M	1.1094	-0.2248						
6 mo	1.1536	0.011503	6M	0.9664	6M	1.1503	-0.1839						
1 y	1.4144	0.014094	1Y	1.3261	1Y	1.4094	-0.0833						
	2	1.601	0.015946	2Y	1.5397	2Y	1.5946	-0.0549					
	3	2.0289	0.020187	3Y	1.7829	3Y	2.0187	-0.2358					
	4	2.4809	0.024656	4Y	2.2106	4Y	2.4657	-0.2551					
	5	2.7162	0.026979	5Y	2.5694	5Y	2.698	-0.1286					
	7	3.5715	0.0354	7Y	3.2943	7Y	3.5402	-0.2459	2.219	-0.3504	US Utility Corporates, 1-3 Yrs	1.479	-0.1156
	8	3.9687	0.039298	8Y	3.7192	8Y	3.9301	-0.2109			US Utility Corporates, 1-5 Yrs	1.795	-0.2237
	9	4.2091	0.041654	9Y	3.9558	9Y	4.1657	-0.2099			US Utility Corporates, 3-5 Yrs	2.115	-0.3507
	10	4.4107	0.043628	10Y	4.1754	10Y	4.3631	-0.1877			US Utility Corporates, 5-7 Yrs	3.363	0.665
	15	4.9371	0.048771	15Y	4.8417	15Y	4.8776	-0.0359			US Utility Corporates, 5-10 Yrs	3.642	0.1018
	20	5.5525	0.054768	20Y	5.4336	20Y	5.4775	-0.0439			US Utility Corporates, 7-10 Yrs	3.752	-0.1781
	25	5.7221	0.056418	25Y	5.4654	25Y	5.6425	-0.1771	3.845	-0.3304	US Utility Corporates, 10+ Yrs	5.337	-0.1405
	30	5.8704	0.057859	30Y	5.5495	30Y	5.7867	-0.2372			US Utility Corporates, BBB Rated	3.92	

**Crescente, Angela**

---

**From:** Legler, Steve  
**Sent:** Wednesday, January 04, 2012 2:37 PM  
**To:** Crescente, Angela  
**Subject:** RE: Canal and Paddy's

Angela,

Based on our conversation, here is an estimate of asbestos removal costs based on current budget assumptions in the MTP/LTP. Please review and we can discuss.

Steve

	Demolition Asbestos Removal (\$M)					
	2015	2016	2017	2018	2019	Total
Canal			0.945	0.315	0.315	1.575
Paddy's Run	0.15	1.00	1.6	0.93	0.925	4.60
Total:	0.15	1	2.545	1.24	1.24	6.175
MTP/LTP Total Demolition Costs in MTP (2015-2019)	0.30	1.30	7.50	10.00	7.00	26.10

---

**From:** Crescente, Angela  
**Sent:** Wednesday, January 04, 2012 1:37 PM  
**To:** Legler, Steve  
**Cc:** Wiseman, Sara; Hudson, Rusty  
**Subject:** RE: Canal and Paddy's

Steve,

Per our conversation, you are still in agreement with the estimates provided last year. The activities budgeted in 2012 would not be expected to have any asbestos removal dollars in them since it is engineering and stack removal. Based on the information we currently have available, it would be best to use 60% of the expected asbestos removal dollars for Canal in 2017 and approximately 20% in 2018 and 2019 since the contractors have explained that they intend to remove most of the asbestos upfront. For Paddy's, it would be best to use 60% in 2015 and 10% in 2016, 2017, 2018, 2019. Please confirm or feel free to correct any misunderstandings I have.

Thanks,  
Angela

---

**From:** Crescente, Angela  
**Sent:** Wednesday, January 04, 2012 9:06 AM  
**To:** Legler, Steve

**Cc:** Wiseman, Sara; Hudson, Rusty  
**Subject:** Canal and Paddy's

Steve,

Do you still agree with the expected ARO removal dollar estimate for both Canal and Paddy's that we got from you last year? We have Canal listed at about \$1,575,000 in total for asbestos removal and Paddy's is listed in total at about \$4,600,000 for asbestos removal. I understand we are expecting some demolltion charges in 2012, which would mean I will need to set up some expected retirement activity in the ARO estimates. In order to book this estimate for December, I need to know as soon as possible.

Thanks for your help,  
Angela

Deloitte

From Bloomberg

Merrill Lynch

Deloitte			From Bloomberg				Merrill Lynch					
			As of 11/1/2010									
Quoted Yld CC Yld			USD US Utility BBB+		USD US Utility BBB		BBB vs. BBB+	Yield	BBB+ vs. LGE	Description	YTM	Yield vs. BBB
			Tenor	(%)	Tenor	(%)		LG&E and KU Energy				
3 mo	1.1125	0.011094	3M	0.8846	3M	1.1094	-0.2248					
6 mo	1.1536	0.011503	6M	0.9664	6M	1.1503	-0.1839					
1 y	1.4144	0.014094	1Y	1.3261	1Y	1.4094	-0.0833					
2	1.601	0.015946	2Y	1.5397	2Y	1.5946	-0.0549			US Utility Corporates, 1-3 Yrs	1.521	-0.0736
3	2.0289	0.020187	3Y	1.7829	3Y	2.0187	-0.2358			US Utility Corporates, 1-5 Yrs	1.832	-0.1867
4	2.4809	0.024656	4Y	2.2106	4Y	2.4657	-0.2551			US Utility Corporates, 3-5 Yrs	2.146	-0.3197
5	2.7162	0.026979	5Y	2.5694	5Y	2.698	-0.1286	2.219	-0.3504	US Utility Corporates, 5-7 Yrs	3.344	0.646
7	3.5715	0.0354	7Y	3.2943	7Y	3.5402	-0.2459			US Utility Corporates, 5-10 Yrs	3.614	0.0738
8	3.9687	0.039298	8Y	3.7192	8Y	3.9301	-0.2109			US Utility Corporates, 7-10 Yrs	3.72	-0.2101
9	4.2091	0.041654	9Y	3.9558	9Y	4.1657	-0.2099					
10	4.4107	0.043628	10Y	4.1754	10Y	4.3631	-0.1877	3.845	-0.3304			
15	4.9371	0.048771	15Y	4.8417	15Y	4.8776	-0.0359					
20	5.5525	0.054768	20Y	5.4336	20Y	5.4775	-0.0439			US Utility Corporates, 10+ Yrs	5.483	0.0055
25	5.7221	0.056413	25Y	5.4654	25Y	5.6425	-0.1771					
30	5.8704	0.057859	30Y	5.5495	30Y	5.7867	-0.2372			US Utility Corporates, BBB Rated	3.92	

**Crescente, Angela**

---

**From:** Legler, Steve  
**Sent:** Wednesday, January 04, 2012 2:37 PM  
**To:** Crescente, Angela  
**Subject:** RE: Canal and Paddy's

Angela,

Based on our conversation, here is an estimate of asbestos removal costs based on current budget assumptions in the MTP/LTP. Please review and we can discuss.

Steve

	Demolition Asbestos Removal (\$M)					
	2015	2016	2017	2018	2019	Total
Canal			0.945	0.315	0.315	1.575
Paddy's Run	0.15	1.00	1.6	0.93	0.925	4.60
Total:	0.15	1	2.545	1.24	1.24	6.175
MTP/LTP Total Demolition Costs in MTP (2015-2019)	0.30	1.30	7.50	10.00	7.00	26.10

---

**From:** Crescente, Angela  
**Sent:** Wednesday, January 04, 2012 1:37 PM  
**To:** Legler, Steve  
**Cc:** Wiseman, Sara; Hudson, Rusty  
**Subject:** RE: Canal and Paddy's

Steve,

Per our conversation, you are still in agreement with the estimates provided last year. The activities budgeted in 2012 would not be expected to have any asbestos removal dollars in them since it is engineering and stack removal. Based on the information we currently have available, it would be best to use 60% of the expected asbestos removal dollars for Canal in 2017 and approximately 20% in 2018 and 2019 since the contractors have explained that they intend to remove most of the asbestos upfront. For Paddy's, it would be best to use 60% in 2015 and 10% in 2016, 2017, 2018, 2019. Please confirm or feel free to correct any misunderstandings I have.

Thanks,  
Angela

---

**From:** Crescente, Angela  
**Sent:** Wednesday, January 04, 2012 9:06 AM  
**To:** Legler, Steve



**Cc:** Wiseman, Sara; Hudson, Rusty  
**Subject:** Canal and Paddy's

Steve,

Do you still agree with the expected ARO removal dollar estimate for both Canal and Paddy's that we got from you last year? We have Canal listed at about \$1,575,000 in total for asbestos removal and Paddy's is listed in total at about \$4,600,000 for asbestos removal. I understand we are expecting some demolltion charges in 2012, which would mean I will need to set up some expected retirement activity in the ARO estimates. In order to book this estimate for December, I need to know as soon as possible.

Thanks for your help,  
Angela



**Crescente, Angela**

---

**From:** Mooney, Mike (BOC 3)  
**Sent:** Wednesday, January 04, 2012 9:42 AM  
**To:** Crescente, Angela  
**Subject:** RE: Paddy's and Canal 108 Estimate

We are using the following throughout the LTP

Paddy's - 132874  
Canal - 132875

--Mike

---

**From:** Crescente, Angela  
**Sent:** Wednesday, January 04, 2012 9:39 AM  
**To:** Mooney, Mike (BOC 3)  
**Subject:** RE: Paddy's and Canal 108 Estimate

Mike,

Are the same project numbers being used throughout the LTP?

Thanks,  
Angela

---

**From:** Mooney, Mike (BOC 3)  
**Sent:** Thursday, December 22, 2011 10:42 AM  
**To:** Crescente, Angela  
**Subject:** FW: Paddy's and Canal 108 Estimate

Angela,

According to the engineer below, 50% of Paddy's (\$1.25M) and 50% of Canal (\$762k) will be for asbestos removal.

If you need anything else, just let me know.

--Mike

---

**From:** Jones, Greg  
**Sent:** Thursday, December 22, 2011 10:32 AM  
**To:** Mooney, Mike (BOC 3)  
**Subject:** RE: Paddy's and Canal 108 Estimate

I would say 50% of each, especially for PR chimney, as the asbestos coating will extremely complicate the work.

---

**From:** Mooney, Mike (BOC 3)  
**Sent:** Thursday, December 22, 2011 10:14 AM  
**To:** Jones, Greg  
**Subject:** FW: Paddy's and Canal 108 Estimate

Any idea about the amounts they want below?

--Mike

---

**From:** Crescente, Angela  
**Sent:** Thursday, December 22, 2011 10:00 AM  
**To:** Mooney, Mike (BOC 3)  
**Subject:** Paddy's and Canal 108 Estimate

Mike,

Paddy's (132874) has \$2,500,000 budget to 108901 for 2012 and Canal (132875) has \$1,525,000 budgeted for 2012. Is any of this related to the removal of asbestos? If so, please provide me an estimate of how much is asbestos related versus normal removal. In order to complete the ARO footnote for year-end, I need this information no later than January 3<sup>rd</sup>.

Thanks,  
Angela

Deloitte

From Bloomberg

			As of 11/1/2010					Yield	
			USD US Utility BBB+		USD US Utility BBB		LG&E and KU Energy		
	Quoted Yld	CC Yld	Tenor	(%)	Tenor	(%)	BBB vs. BBB+		BBB+ vs. LKE
3 mo	1.1125	0.011094	3M	0.8846	3M	1.1094	-0.2248		
6 mo	1.1536	0.011503	6M	0.9664	6M	1.1503	-0.1839		
1 y	1.4144	0.014094	1Y	1.3261	1Y	1.4094	-0.0833		
	2	1.601	0.015946	2Y	1.5397	2Y	1.5946	-0.0549	
	3	2.0289	0.020187	3Y	1.7829	3Y	2.0187	-0.2358	
	4	2.4809	0.024656	4Y	2.2106	4Y	2.4657	-0.2551	
	5	2.7162	0.026979	5Y	2.5694	5Y	2.698	-0.1286	2.219
	7	3.5715	0.0354	7Y	3.2943	7Y	3.5402	-0.2459	-0.3504
	8	3.9687	0.039298	8Y	3.7192	8Y	3.9301	-0.2109	
	9	4.2091	0.041654	9Y	3.9558	9Y	4.1657	-0.2099	
	10	4.4107	0.043628	10Y	4.1754	10Y	4.3631	-0.1877	3.845
	15	4.9371	0.048771	15Y	4.8417	15Y	4.8776	-0.0359	-0.3304
	20	5.5525	0.054768	20Y	5.4336	20Y	5.4775	-0.0439	
	25	5.7221	0.056418	25Y	5.4654	25Y	5.6425	-0.1771	
	30	5.8704	0.057859	30Y	5.5495	30Y	5.7867	-0.2372	

Clark, Ed

---

**From:** Wiseman, Sara  
**Sent:** Thursday, February 09, 2012 10:00 AM  
**To:** Crescente, Angela  
**Subject:** Summary 2010 ARO revaluation.xlsx



Summary 2010  
ARO revaluation...

This one?

Asset Retirement Obligation  
Summary of Details

Location	Description	Legal Requirement	Estimated Settlement Date	Estimated Cost	Estimate Provided by:	Nature of ARO	Comment	Support
CR	Cane Run Unit 1 (Retired) - ASB	Clean Air Act, Toxic Substances Control Act	12/1/2051	\$ 2,760,000	Steve Legler	Removal and disposal of asbestos in the proper manner.		Based on NEC estimate to remove all asbestos from a typical 100 MW unit; adjusted for known prior remediation
CR	Cane Run Unit 2 (Retired) - ASB	Clean Air Act, Toxic Substances Control Act	12/1/2051	2,600,000	Steve Legler	Removal and disposal of asbestos in the proper manner.		Based on NEC estimate to remove all asbestos from a typical 100 MW unit; adjusted for known prior remediation
CR	Cane Run Unit 3 (Retired) - ASB	Clean Air Act, Toxic Substances Control Act	12/1/2051	2,930,000	Steve Legler	Removal and disposal of asbestos in the proper manner.		Based on NEC estimate to remove all asbestos from a typical 100 MW unit; adjusted for known prior remediation
CR	Cane Run Unit 4 - ASB	Clean Air Act, Toxic Substances Control Act	12/1/2051	3,115,000	Steve Legler	Removal and disposal of asbestos in the proper manner.		Based on NEC estimate to remove all asbestos from a typical 100 MW unit; adjusted for known prior remediation
CR	Cane Run Unit 5 - ASB	Clean Air Act, Toxic Substances Control Act	12/1/2055	2,540,000	Steve Legler	Removal and disposal of asbestos in the proper manner.		Based on NEC estimate to remove all asbestos from a typical 100 MW unit; adjusted for known prior remediation
CR	Cane Run Unit 6 - ASB	Clean Air Act, Toxic Substances Control Act	12/1/2056	2,920,000	Steve Legler	Removal and disposal of asbestos in the proper manner.		Based on NEC estimate to remove all asbestos from a typical 100 MW unit; adjusted for known prior remediation
CR	CR-Ash Pond	Resource Conservation and Recovery Act, Clean Water Act	12/1/2023	6,627,500	Jeff Heun David Millay	Coal combustion by-product storage facilities must be properly closed and monitored. Must remove all material storage piles to eliminate the potential for "contaminated" stormwater runoff from the site.	43 acres @ \$83k per acre - not unit specific. Acreage verified by Paul Puckett-Environmental Dept.	List of ponds and acreage from David Millay. Jeff Heun estimated \$120,000/acre based on escalating Santec(FM5M) from 2002 to 2010 and knowledge of current project costs.
CR	CR-Coal Storage	Clean Water Act	12/1/2023	333,000	Jeff Heun David Millay		\$15k/acre at 17 acres Acreage verified by Delbert Billiter-Fuels Dept.	List of ponds and acreage from David Millay. Jeff Heun estimated \$120,000/acre based on escalating Santec(FM5M) from 2002 to 2010 and knowledge of current project costs.
	CR-Environmental Ponds		12/1/2023	843,500	Jeff Heun David Millay			Heun estimated \$120,000/acre based on escalating Santec(FM5M) from 2002 to 2010 and knowledge of current project costs.
CR	CR-Land Fill		12/1/2023	1,809,686	Jeff Heun David Millay		110 acres Acreage verified by Paul Puckett-Environmental Dept.	Heun estimated \$120,000/acre based on escalating Santec(FM5M) from 2002 to 2010 and knowledge of current project costs.
CR	CR-Nuclear Sources	The Cabinet for Human Resources - KRS 211.844, regulation 902 KAR Chapter 100	12/1/2023	53,970		The handling and disposal of radioactive waste. Must properly close all wastewater treatment facilities under KPDES permit program.	50 cesium sources - allocate evenly across 3 units - \$870/source	Current telephone estimate from nuclear disposal company (Ohmart called by Ghent 12/02) Supported by email from OHMART
CR	CR-Sewage Treatment Plant	Clean Water Act	12/1/2023	15,300	Tony Osborne Mark Payne		Estimated cost to pump out tank, fill tank with soil, and grade land.	Estimated cost to pump out tank, fill tank with soil, and grade land based on email from Osborne.
<b>Total</b>				<b>\$ 26,547,956</b>				

Asset Retirement Obligation  
Summary of Details

Location	Description	Legal Requirement	Estimated Settlement Date	Estimated Cost	Estimate Provided by:	Nature of ARO	Comment	Support
MC	MC-Ash Pond	Resource Conservation and Recovery Act, Clean Water Act	12/1/2036	\$ 10,122,000		Coal combustion by-product storage facilities must be properly closed and monitored.	54 acres @ \$83k per acre - not unit specific. Acreage verified by Paul Puckett-Environmental Dept.	Based on Pineville \$83k/acre estimate from FMSM engineering study
MC	MC-Chemical Storage	Clean Water Act, Resource Conservation and Recovery Act	12/1/2036	17,596		Hazardous wastes must be removed from site and disposed of properly. to eliminate the potential for "contaminated" stormwater runoff from the site.	This is a building which contains waste material that has already been removed for disposal. tons of usable coal) - not unit specific 20 acres Acreage verified by Delbert Billiter-Fuels Dept.	Supported by engineering estimate based on hourly rates provided by American Enviro Services Inc.
MC	MC-Coal Storage	Clean Water Act	12/1/2036	370,000				Based on Pineville \$15k/acre from PMR Construction invoice
MC	MC-Environmental Ponds		12/1/2036	964,000				
MC	MC-Landfill		12/1/2036	1,818,426			98 acres @ \$83k per acre - not unit specific. Acreage verified by Paul Puckett-Environmental Dept.	Based on Pineville \$83k/acre estimate from FMSM engineering study
MC	MC-Nuclear Sources	The Cabinet for Human Resources - KRS 211.844, regulation 902 KAR Chapter 100	12/1/2036	26,890		The handling and disposal of radioactive waste.	Allocate evenly across units	40 sources at \$870. Supported by OHMART email
MC	MC-Oil Storage	Clean Water Act	12/1/2036	1,286		chemicals/petroleum products from aboveground storage tanks/reservoirs and recycle/reuse or dispose of	Not unit specific	80 man hours at internal burdened labor rate of \$75 per hour. Supported by Shannon Charnas email.
MC	Mill Creek Unit 1 - ASB	Clean Air Act, Toxic Substances Control Act	12/1/2059	3,555,000		Removal and disposal of asbestos in the proper manner.		
MC	Mill Creek Unit 2 - ASB	Clean Air Act, Toxic Substances Control Act	12/1/2059	3,100,000		Removal and disposal of asbestos in the proper manner.		
MC	Mill Creek Unit 3 - ASB	Clean Air Act, Toxic Substances Control Act	12/1/2069	1,750,000		Removal and disposal of asbestos in the proper manner.		
MC	Mill Creek Unit 4 - ASB	Clean Air Act, Toxic Substances Control Act	12/1/2069	<u>2,600,000</u>		Removal and disposal of asbestos in the proper manner.		
<b>Total</b>				<u><b>\$ 24,325,198</b></u>				



Asset Retirement Obligation  
Summary of Details

Location	Description	Legal Requirement	Estimated Settlement Date	Estimated Cost	Estimate Provided by:	Nature of ARO	Comment	Support
TC1	TC-Ash Pond	Resource Conservation and Recovery Act, Clean Water Act	12/1/2036	14,339,500		Coal combustion by-product storage facilities must be properly closed and monitored.	\$83k/acre at 115 acres * 75% Acreage verified by Paul Puckett-Environmental Dept	FSMS estimate of \$83k/acre per study during Pineville retirement
TC1	TC-Chemical Storage	Clean Water Act, Resource Conservation and Recovery Act	12/1/2036	23,798		Hazardous wastes must be removed from site and disposed of properly. eliminate the potential for "contaminated" stormwater runoff from the site.	\$480 per drum for 6 drums	Supported by faxed estimate provided by ENSCO Inc.
TC CTs	TC-Coal Storage	Clean Water Act	12/1/2036	573,500			Marketable - no PCBs	
TC1	TC-Environmental Ponds	The Cabinet for Human Resources - KRS 211.844, regulation 902 KAR Chapter 100	12/1/2036	723,000			\$15k/acre at 22 acres * 75% Acreage verified by Delbert Billiter-Fuels Dept. Cesium source removal - 25 boxes attached to outside of ductwork and above coal feeders. Tie to conveyors on TC1.	Pineville estimate of \$15k/acre Used estimate of \$900 * 75% per source based on Ghent's estimate from call to Ohmart 12/02. Supported by OHMART email
TC1	TC-Nuclear Sources		12/1/2036	32,620		The handling and disposal of radioactive waste. Must properly close all wastewater treatment facilities under KPDES permit program.	Estimated cost to pump out tank, fill tank with soil, and grade land.	Supported by PMR invoice
TC1	TC-Sewage Treatment Plant	Clean Water Act	12/1/2036	26,155				
<b>Total</b>				<b>\$ 15,718,573</b>				

Asset Retirement Obligation  
 Summary of Details

Location	Description	Legal Requirement	Estimated Settlement Date	Estimated Cost	Estimate Provided by:	Nature of ARO	Comment	Support
PR	Paddy's (Unit 11) - ASB	Clean Air Act, Toxic Substances Control Act	12/1/2015	\$ 4,600,000		Removal and disposal of asbestos in the proper manner.	54 acres @ \$83k per acre - not unit specific. Acreage verified by Paul Puckett-Environmental Dept.	Based on Pineville \$83k/acre estimate from FMSM engineering study
OF	Ohio Falls - ASB	Clean Air Act, Toxic Substances Control Act	12/1/2069	620,000		Removal and disposal of asbestos in the proper manner.	54 acres @ \$83k per acre - not unit specific. Acreage verified by Paul Puckett-Environmental Dept.	Based on Pineville \$83k/acre estimate from FMSM engineering study
ZN	Zorn - ASB	Clean Air Act, Toxic Substances Control Act	12/1/2043	105,000		Removal and disposal of asbestos in the proper manner.	54 acres @ \$83k per acre - not unit specific. Acreage verified by Paul Puckett-Environmental Dept.	Based on Pineville \$83k/acre estimate from FMSM engineering study
CN	Canal (Retired) - ASB	Clean Air Act, Toxic Substances Control Act	12/1/2015	<u>1,575,000</u>	Steve Legler	Removal and disposal of asbestos in the proper manner.	54 acres @ \$83k per acre - not unit specific. Acreage verified by Paul Puckett-Environmental Dept.	Detailed Estimate by vendor due to possible impending demolition
<b>Total</b>				<u>\$ 6,900,000</u>				

Asset Retirement Obligation  
 Summary of Details

Location	Description	Legal Requirement	Estimated Settlement Date	Estimated Cost	Estimate Provided by:	Nature of ARO	Comment	Support
Distribution	LGE Distribution Subs (66) - ASB	Clean Air Act, Toxic Substances Control Act	12/1/2078	\$ 901,000		Removal and disposal of asbestos in the proper manner.	54 acres @ \$83k per acre - not unit specific. Acreage verified by Paul Puckett-Environmental Dept.	Based on Pineville \$83k/acre estimate from FMSM engineering study
Transmission	LGE Transmission Subs (11) - ASB	Clean Air Act, Toxic Substances Control Act	12/1/2079	111,442		Removal and disposal of asbestos in the proper manner.	54 acres @ \$83k per acre - not unit specific. Acreage verified by Paul Puckett-Environmental Dept.	Based on Pineville \$83k/acre estimate from FMSM engineering study
Distribution	Manholes - ASB	Clean Air Act, Toxic Substances Control Act	12/1/2094	4,668,187		Removal and disposal of asbestos in the proper manner.	54 acres @ \$83k per acre - not unit specific. Acreage verified by Paul Puckett-Environmental Dept.	Based on Pineville \$83k/acre estimate from FMSM engineering study
Distribution	Seventh&Ormsby - ComGenPin-ASB	Clean Air Act, Toxic Substances Control Act	12/1/2059	449,000		Removal and disposal of asbestos in the proper manner.	54 acres @ \$83k per acre - not unit specific. Acreage verified by Paul Puckett-Environmental Dept.	Based on Pineville \$83k/acre estimate from FMSM engineering study
<b>Total</b>				<b>\$ 6,129,629</b>				

Asset Retirement Obligation  
Summary of Details

Location	Description	Legal Requirement	Estimated Settlement Date	Estimated Cost	Estimate Provided by:	Nature of ARO	Comment	Support
Gas	Center Gas Storage Field - UGS		12/1/2033	\$ 4,052,250			54 acres @ \$83k per acre - not unit specific. Acreage verified by Paul Puckett-Environmental Dept.	Based on Pineville \$83k/acre estimate from FMSM engineering study
Gas	City Gate DR 237900-ASB-Dist	Clean Air Act, Toxic Substances Control Act	12/1/2066	13,874		Removal and disposal of asbestos in the proper manner.	54 acres @ \$83k per acre - not unit specific. Acreage verified by Paul Puckett-Environmental Dept.	Based on Pineville \$83k/acre estimate from FMSM engineering study
Gas	Doo Run 235300-ASB-UGS	Clean Air Act, Toxic Substances Control Act	12/1/2066	192,000		Removal and disposal of asbestos in the proper manner.	54 acres @ \$83k per acre - not unit specific. Acreage verified by Paul Puckett-Environmental Dept.	Based on Pineville \$83k/acre estimate from FMSM engineering study
Gas	Doo Run Gas Storage Field - UGS		12/1/2033	2,749,410			54 acres @ \$83k per acre - not unit specific. Acreage verified by Paul Puckett-Environmental Dept.	Based on Pineville \$83k/acre estimate from FMSM engineering study
Gas	Gas Main & Serv Abandons-Dist		12/1/2050	40,500,665			54 acres @ \$83k per acre - not unit specific. Acreage verified by Paul Puckett-Environmental Dept.	Based on Pineville \$83k/acre estimate from FMSM engineering study
Gas	Magnolia 235120-ASB-UGS	Clean Air Act, Toxic Substances Control Act	12/1/2075	67,000		Removal and disposal of asbestos in the proper manner.	54 acres @ \$83k per acre - not unit specific. Acreage verified by Paul Puckett-Environmental Dept.	Based on Pineville \$83k/acre estimate from FMSM engineering study
Gas	Magnolia 235300-ASB-UGS	Clean Air Act, Toxic Substances Control Act	12/1/2066	201,000		Removal and disposal of asbestos in the proper manner.	54 acres @ \$83k per acre - not unit specific. Acreage verified by Paul Puckett-Environmental Dept.	Based on Pineville \$83k/acre estimate from FMSM engineering study
Gas	Magnolia 235600-ASB-UGS	Clean Air Act, Toxic Substances Control Act	12/1/2066	26,000		Removal and disposal of asbestos in the proper manner.	54 acres @ \$83k per acre - not unit specific. Acreage verified by Paul Puckett-Environmental Dept.	Based on Pineville \$83k/acre estimate from FMSM engineering study
Gas	Magnolia Gas Storage Field - UGS		12/1/2033	2,832,367			54 acres @ \$83k per acre - not unit specific. Acreage verified by Paul Puckett-Environmental Dept.	Based on Pineville \$83k/acre estimate from FMSM engineering study
Gas	Muldraugh 235120-ASB-UGS	Clean Air Act, Toxic Substances Control Act	12/1/2075	95,000		Removal and disposal of asbestos in the proper manner.	54 acres @ \$83k per acre - not unit specific. Acreage verified by Paul Puckett-Environmental Dept.	Based on Pineville \$83k/acre estimate from FMSM engineering study
Gas	Muldraugh 235300-ASB-UGS	Clean Air Act, Toxic Substances Control Act	12/1/2066	151,000		Removal and disposal of asbestos in the proper manner.	54 acres @ \$83k per acre - not unit specific. Acreage verified by Paul Puckett-Environmental Dept.	Based on Pineville \$83k/acre estimate from FMSM engineering study
Gas	Muldraugh 235600-ASB-UGS	Clean Air Act, Toxic Substances Control Act	12/1/2066	115,000		Removal and disposal of asbestos in the proper manner.	54 acres @ \$83k per acre - not unit specific. Acreage verified by Paul Puckett-Environmental Dept.	Based on Pineville \$83k/acre estimate from FMSM engineering study
Gas	Muldraugh 237520-ASB-Gas Dist	Clean Air Act, Toxic Substances Control Act	12/1/2050	10,000		Removal and disposal of asbestos in the proper manner.	54 acres @ \$83k per acre - not unit specific. Acreage verified by Paul Puckett-Environmental Dept.	Based on Pineville \$83k/acre estimate from FMSM engineering study
Gas	Muldraugh Gas Storage Field - UGS		12/1/2033	1,109,029			54 acres @ \$83k per acre - not unit specific. Acreage verified by Paul Puckett-Environmental Dept.	Based on Pineville \$83k/acre estimate from FMSM engineering study
Gas	Riggs Junction 235120-ASB-UGS	Clean Air Act, Toxic Substances Control Act	12/1/2075	<u>70,603</u>		Removal and disposal of asbestos in the proper manner.	54 acres @ \$83k per acre - not unit specific. Acreage verified by Paul Puckett-Environmental Dept.	Based on Pineville \$83k/acre estimate from FMSM engineering study
<b>Total</b>				<b><u>\$ 52,185,298</u></b>				

Asset Retirement Obligation  
Summary of Details

Location	Description	Legal Requirement	Estimated Settlement Date	Estimated Cost	Estimate Provided by:	Nature of ARO	Comment	Support
GH	GH-Ash Pond	Resource Conservation and Recovery Act, Clean Water Act	12/1/2036	\$ 30,968,500		Coal combustion by-product storage facilities must be properly closed and monitored.	\$83k/acre at 276 acres Acreage verified by Paul Puckett-Environmental Dept	FSMS estimate of \$83k/acre per study during Pineville retirement
GH	GH-Chemical Storage	Clean Water Act, Resource Conservation and Recovery Act	12/1/2036	24,547		Hazardous wastes must be removed from site and disposed of properly. to eliminate the potential for "contaminated" stormwater runoff from the site.	\$83k/acre at 276 acres Acreage verified by Paul Puckett-Environmental Dept	FSMS estimate of \$83k/acre per study during Pineville retirement
GH	GH-Coal Storage	Clean Water Act	12/1/2036	869,500			Not unit specific	Based on Pineville estimate - \$15k/acre for 45 acres Acreage verified by Delbert Billiter-Fuels Dept.
GH	Ghent Unit 1 - ASB	Clean Air Act, Toxic Substances Control Act	12/1/2059	8,318,000		Removal and disposal of asbestos in the proper manner.	Not unit specific	Based on Pineville estimate - \$15k/acre for 45 acres Acreage verified by Delbert Billiter-Fuels Dept.
GH	Ghent Unit 2 - ASB	Clean Air Act, Toxic Substances Control Act	12/1/2060	11,023,000		Removal and disposal of asbestos in the proper manner.	Not unit specific	Based on Pineville estimate - \$15k/acre for 45 acres Acreage verified by Delbert Billiter-Fuels Dept.
GH	Ghent Unit 3 - ASB	Clean Air Act, Toxic Substances Control Act	12/1/2069	1,955,000		Removal and disposal of asbestos in the proper manner.	Not unit specific	Based on Pineville estimate - \$15k/acre for 45 acres Acreage verified by Delbert Billiter-Fuels Dept.
GH	Ghent Unit 4 - ASB	Clean Air Act, Toxic Substances Control Act	12/1/2069	1,955,000		Removal and disposal of asbestos in the proper manner.	Not unit specific	Based on Pineville estimate - \$15k/acre for 45 acres Acreage verified by Delbert Billiter-Fuels Dept.
GH	GH-Environmental Ponds		12/1/2036	843,500			Assume closure similar to ash pond - \$83k/acre at 10 acres Acreage verified by Paul Puckett-Environmental Dept	FSMS estimate of \$83k/acre per study during Pineville retirement
GH	GH-Gypsum Stack-GH 1 Scrubber	Clean Water Act The Cabinet for Human Resources - KRS 211.844, regulation 902	12/1/2026	6,025,000		to eliminate the potential for "contaminated" stormwater runoff from the site.	Radium Sources - 42; Unit 1 - 6; Unit 2 - 12; Unit 3 - 12; Unit 4 - 12	Cost based on phone conversations with vendors (Ohmart 12/02) and physical counts. Supported by email from OHMART.
GH	GH-Nuclear Sources	KAR Chapter 100	12/1/2036	264,100		The handling and disposal of radioactive waste.	Common to the plant in the Coal Yard.	Supported by email from Evergreen USA
GH	GH-Oil Storage	Clean Water Act	12/1/2026	12,624		chemicals/petroleum products from aboveground storage tanks/reservoirs and recycle/reuse or dispose of	Estimated cost to pump out tank, fill tank with soil, and grade land.	Based on Pineville estimate of \$1k for 50 people, assumed \$4k for 200 people and additional fee for equipment use. Supported by PMR invoice
GH	GH-Sewage Treatment Plant	Clean Water Act	12/1/2026	28,155		Must properly close all wastewater treatment facilities under KPDES permit program.		
<b>Total</b>				<b>\$ 62,284,926</b>				

**Asset Retirement Obligation  
Summary of Details**

Location	Description	Legal Requirement	Estimated Settlement Date	Estimated Cost	Estimate Provided by:	Nature of ARO	Comment	Support
BR	BR-Ash Pond	Resource Conservation and Recovery Act, Clean Water Act	12/1/2026	\$ 15,183,000		Coal combustion by-product storage facilities must be properly closed and monitored.	Not unit specific - Steam units only 1,2,3	\$83k/acre for 116 acres Acreage verified by Paul Puckett-Environmental Dept
BR	BR-Auxiliary Pond		12/1/2026	3,615,000				
BR	BR-Coal Storage	Clean Water Act	12/1/2026	92,500		eliminate the potential for "contaminated" stormwater runoff from the site.	Not unit specific - Steam units 1, 2,3, assets w/UOP 5676: 3-1,3-2,3-3,3-4,&3-5 Feeders Upper & Lower. Also, the assets with UOP 5025: Hoppers	Based on Pineville estimate - \$15k/acre for 4 acres Acreage verified by Delbert Billiter-Fuels Dept
BR	BR-Nuclear Sources	The Cabinet for Human Resources - KRS 211.844, regulation 902 KAR Chapter 100	12/1/2026	22,840		The handling and disposal of radioactive waste,	Transformers only. This oil has no PCBs (non-hazardous). Should be able to sell for reuse. Tie to BR3	based on conversations with vendors (Secol, contract supplier of radition sources, 12/02) and physical counts. Supported by OHMART email
BR	BR-Oil Storage	Clean Water Act	12/1/2026	10,092		chemicals/petroleum products from aboveground storage tanks/reservoirs and recycle/reuse or dispose of	10,11. Transformers only. This oil has no PCBs (non-hazardous). Should be able to sell for reuse. Tie to BR 7.	Supported by internal email from Shannon Charnas. American Enviro Services will take oil at no cost
BR	BR-Oil Storage CT - OP	Clean Water Act	12/1/2036	38,340		chemicals/petroleum products from aboveground storage tanks/reservoirs and recycle/reuse or dispose of	Tanks are not unit specific - for BR 1, 2, 3 - flat fee paid to contractor for removal. ESTIMATE	Supported by internal email from Shannon Charnas. American Enviro Services will take oil at no cost
BR	Brown Unit 1 - ASB	Clean Air Act, Toxic Substances Control Act	12/1/2059	1,781,000		Removal and disposal of asbestos in the proper manner.	Tanks are not unit specific - include BR 5, 6, 7, 8, 9, 10, 11 - flat fee paid to contractor for removal. ESTIMATE	Supported by email from Somerset Environmental
BR	Brown Unit 2 - ASB	Clean Air Act, Toxic Substances Control Act	12/1/2059	3,586,000		Removal and disposal of asbestos in the proper manner.		Supported by email from Somerset Environmental
BR	Brown Unit 3 - ASB	Clean Air Act, Toxic Substances Control Act	12/1/2059	\$ 8,158,000		Removal and disposal of asbestos in the proper manner.	Estimate - Not unit specific - include BR 1, 2,3.	Supported by engineering estimate provided by Barry Currens
<b>Total</b>				<u>\$ 32,486,773</u>				

**Asset Retirement Obligation  
Summary of Details**

Location	Description	Legal Requirement	Estimated Settlement Date	Estimated Cost	Estimate Provided by:	Nature of ARO	Comment	Support
TY	TY-Ash Pond	Resource Conservation and Recovery Act, Clean Water Act	12/1/2018	\$ 1,084,500		Coal combustion by-product storage facilities must be properly closed and monitored.	Not unit specific.	\$83k/acre at 9 acres based on Pineville estimate. Acreage verified by Paul Puckott-Environmental Dept
TY	TY-Chemical Storage	Clean Water Act, Resource Conservation and Recovery Act	12/1/2018	457		Hazardous wastes must be removed from site and disposed of properly. eliminate the potential for "contaminated" stormwater runoff from the site.	Not unit specific - allocable among units. UOP 5373 - Instrument or measuring device (instrumentation). Tie to TY3 Assuming that we would be required to close similar to the ash pond - Not unit specific	Supported by ENSCO quote provided by Mike Winkler
TY	TY-Coal Storage	Clean Water Act	12/1/2018	74,000		chemicals/petroleum products from aboveground storage tanks/reservoirs and recycle/reuse or dispose of	One underground and one above ground - Not unit specific.	2 acres at \$15k per acre Pineville estimate. Acreage verified by Delbert Billiter-Fuels Dept. Flat fee for contractor removal. Based upon estimate from Somerset Environmental (contractor) received on 12/23/02.
TY	TY-Oil Storage	Clean Water Act	12/1/2018	10,805		Removal and disposal of asbestos in the proper manner.		
	Tyrone Unit 1 (Retired) - ASB	Clean Air Act, Toxic Substances Control Act	12/1/2051	1,804,000		Removal and disposal of asbestos in the proper manner.		
	Tyrone Unit 2 (Retired) - ASB	Clean Air Act, Toxic Substances Control Act	12/1/2051	1,579,000		Removal and disposal of asbestos in the proper manner.		
TY	Tyrone Unit 3 - ASB	Clean Air Act, Toxic Substances Control Act	12/1/2051	2,173,000		Removal and disposal of asbestos in the proper manner.	Not unit specific.	Engineering estimate provided by Barry Currens
TY	TY-Service Water Pump Structure	Corps of Engineers	12/1/2018	221,525		Barge mooring facilities/intake and discharge structures. Must properly close all wastewater treatment facilities under KPDES permit program.	2 structures which have asbestos and lead paint issues - Not unit specific.	Flat fee for contractor removal. Supported by estimate from Evans Construction Co. Based on Pineville estimate of \$1k for 50 people and additional fee for equipment use. Supported by PMR invoice
TY	TY-Sewage Treatment Plant	Clean Water Act	12/1/2018	60,000			Estimated cost to pump out tank, fill tank with soil, and grade land.	
<b>Total</b>				<b>\$ 6,807,287</b>				

Asset Retirement Obligation  
Summary of Details

Location	Description	Legal Requirement	Estimated Settlement Date	Estimated Cost	Estimate Provided by:	Nature of ARO	Comment	Support
GR	GR-Ash Pond	Resource Conservation and Recovery Act, Clean Water Act	12/1/2018	\$ 6,627,500		Coal combustion by-product storage facilities must be properly closed and monitored.	\$83k/acre at 117 acres. Acreage verified by Paul Puckett-Environmental Dept	FSMS estimate of \$83k/acre per study during Pineville retirement chemicals and dispose of in ash pond. (\$3,000)
GR	GR-Chemical Storage	Clean Water Act, Resource Conservation and Recovery Act	12/1/2018	704		Hazardous wastes must be removed from site and disposed of properly, eliminate the potential for "contaminated" stormwater runoff from the site.	Common to the plant divide evenly among the units	Tank removal for scrap \$0. Supported by Shannon Charnas email
GR	GR-Coal Storage	Clean Water Act	12/1/2018	222,000				
GR	Green River Unit 1 - ASB	Clean Air Act, Toxic Substances Control Act	12/1/2051	1,850,000		Removal and disposal of asbestos in the proper manner.	Based on Ghent estimate.	Supported by email from Evergreen USA
GR	Green River Unit 2 - ASB	Clean Air Act, Toxic Substances Control Act	12/1/2051	1,700,000		Removal and disposal of asbestos in the proper manner.	41,700 gallons at \$0.60 per gallon. Allocate evenly across all units	Supported by Invoice from American Enviro Services
GR	Green River Unit 3 - ASB	Clean Air Act, Toxic Substances Control Act	12/1/2051	1,855,000		Removal and disposal of asbestos in the proper manner.		
GR	Green River Unit 4 - ASB	Clean Air Act, Toxic Substances Control Act	12/1/2051	2,175,000		Removal and disposal of asbestos in the proper manner.		
GR	GR-Limestone Silo	Clean Water Act	12/1/2018	1,631		to eliminate the potential for "contaminated" stormwater runoff from the site.		80 manhours at \$75 per hour internal burdened labor rate. Supported by Shannon Charnas email
GR	GR-Oil Storage	Clean Water Act	12/1/2018	1,000		chemicals/petroleum products from aboveground storage tanks/reservoirs and recycle/reuse or dispose of	Based on \$0.22 gallon (41,700 gallons) plus removal of underground line \$1K/100 feet.	Based on Ghent estimate. Supported by email from Evergreen USA
GR	GR-Sewage Treatment Plant	Clean Water Act	12/1/2018	9,200		Must properly close all wastewater treatment facilities under KPDES permit program.	Common - divide evenly among the units. Estimated cost to pump out tank, fill tank with soil, and grade land.	Based on Pineville estimate of \$1k for 50 people, assumed \$1k for 50 people and additional fee for equipment use. Supported by PMR invoice
<b>Total</b>				<b><u>\$ 14,442,035</u></b>				



Asset Retirement Obligation  
 Summary of Details

Location	Description	Legal Requirement	Estimated Settlement Date	Estimated Cost	Estimate Provided by:	Nature of ARO	Comment	Support
DD	Dix Dam - ASB - Hydro	Clean Air Act, Toxic Substances Control Act	12/1/2069	\$ 345,000		Removal and disposal of asbestos in the proper manner.	54 acres @ \$83k per acre - not unit specific. Acreage verified by Paul Puckett-Environmental Dept.	Based on Pineville \$83k/acre estimate from FMISM engineering study
Pine	Pineville - ASB	Clean Air Act, Toxic Substances Control Act	12/1/2043	1,686,700		Removal and disposal of asbestos in the proper manner.	54 acres @ \$83k per acre - not unit specific. Acreage verified by Paul Puckett-Environmental Dept.	Based on Pineville \$83k/acre estimate from FMISM engineering study
Pine	Pineville-Ash Pond	Resource Conservation and Recovery Act, Clean Water Act	12/1/2018	<u>1,205,000</u>		Coal combustion by-product storage facilities must be properly closed and monitored.	54 acres @ \$83k per acre - not unit specific. Acreage verified by Paul Puckett-Environmental Dept.	Based on Pineville \$83k/acre estimate from FMISM engineering study
<b>Total</b>				<b><u>\$ 3,236,700</u></b>				

Asset Retirement Obligation  
 Summary of Details

Location	Description	Legal Requirement	Estimated Settlement Date	Estimated Cost	Estimate Provided by:	Nature of ARO	Comment	Support
Distribution	Big Stone Gap Substation - ASB-Dist	Clean Air Act, Toxic Substances Control Act	12/1/2077	\$ 34,000		Removal and disposal of asbestos in the proper manner.	54 acres @ \$83k per acre - not unit specific. Acreage verified by Paul Puckett-Environmental Dept.	Based on Pineville \$83k/acre estimate from FMSSM engineering study
General	KU - General Facilities - ASB	Clean Air Act, Toxic Substances Control Act	12/1/2073	1,130,000		Removal and disposal of asbestos in the proper manner.	54 acres @ \$83k per acre - not unit specific. Acreage verified by Paul Puckett-Environmental Dept.	Based on Pineville \$83k/acre estimate from FMSSM engineering study
Distribution	KU Distribution Subs (478) - ASB	Clean Air Act, Toxic Substances Control Act	12/1/2077	882,000		Removal and disposal of asbestos in the proper manner.	54 acres @ \$83k per acre - not unit specific. Acreage verified by Paul Puckett-Environmental Dept.	Based on Pineville \$83k/acre estimate from FMSSM engineering study
Transmission	KU Transmission Subs (89) - ASB	Clean Air Act, Toxic Substances Control Act	12/1/2079	<u>704,181</u>		Removal and disposal of asbestos in the proper manner.	54 acres @ \$83k per acre - not unit specific. Acreage verified by Paul Puckett-Environmental Dept.	Based on Pineville \$83k/acre estimate from FMSSM engineering study
<b>Total</b>				<u>\$ 2,750,181</u>				

**Attachment pages provided under  
confidential seal have been removed.**