

Crescente, Angela

From: Wiseman, Sara
Sent: Wednesday, November 10, 2010 10:32 AM
To: Crescente, Angela
Subject: FW: ARO Analysis with 2.9% Inflation
Attachments: EVII ARO Decommissioning Cost - Deloitte v3.pdf

From: Scott, Valerie
Sent: Tuesday, November 02, 2010 4:31 PM
To: Charnas, Shannon; Wiseman, Sara
Subject: FW: ARO Analysis with 2.9% Inflation

More information as you validate Deloitte's assumptions and calculations.

Valerie

From: Motyka, Marlene (US - New York) [<mailto:mmotyka@deloitte.com>]
Sent: Tuesday, November 02, 2010 4:18 PM
To: Henninger, Tadd J; Scott, Valerie
Cc: Hannagan, Peter (US - Washington D.C.); Azplazu, Federico (US - New York); Francis, Omar (US - New York)
Subject: ARO Analysis with 2.9% Inflation

Tadd and Valerie,

Please see the attached schedule which shows ARO values with 2.9% inflation instead of 2.5%. A summary of the comparison is below.

Regards,

Marlene


	2.5% Inflation	2.9% Inflation
Kentucky Utilities Company	\$ 54,600,000 (1)	\$ 60,300,000
Louisville Gas and Electric Company	53,200,000 (2)	59,400,000
Total Fair Value of AROs	\$ 107,800,000	\$ 119,700,000

Marlene M Motyka
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Exhibit VII, Page 1 of 3

Valuation of Asset Retirement Obligations

As of September 30, 2010

**DRAFT-These materials are for discussion and information-gathering purposes only.
They do not and are not intended to present any advice to, recommendations, options
or conclusions of Deloitte Financial Advisory Services LLP.**

Kentucky Utilities Company	\$	60,300,000	(1)
Louisville Gas and Electric Company		59,400,000	(2)
Total Fair Value of AROs	\$	119,700,000	

Notes

1. See Exhibit VII, Page 2 of 3
2. See Exhibit VII, Page 3 of 3

Exhibit VII, Page 2 of 3
Valuation of Kentucky Utilities Company Asset Retirement Obligations
As of September 30, 2010

DRAFT-These materials are for discussion and information-gathering purposes only.
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or conclusions of Deloitte Financial Advisory Services LLP.

Description	Decommissioning Costs (In 2010 \$) [1]	Estimated Decommissioning Date (In 2010 \$) [1]	Time Until Decommissioning (Years)	Inflated Decommissioning Cost [2]	Discount Rate (In %) [3]	PV of Inflated Decommissioning Cost
Big Stone Gap Substation - ASB-Dist	\$ 34,000	12/1/2077	67	\$ 230,839	5.5	\$ 5,977
BR-Ash Pond	15,183,000	12/1/2026	16	23,988,527	4.8	11,194,244
BR-Auxiliary Pond	3,615,000	12/1/2026	16	5,711,554	4.8	2,665,296
BR-Coal Storage	92,500	12/1/2026	16	146,146	4.8	68,199
BR-Nuclear Sources	22,840	12/1/2026	16	36,086	4.8	16,840
BR-Oil Storage	10,092	12/1/2026	16	15,946	4.8	7,441
BR-Oil Storage CT - OP	38,340	12/1/2036	26	80,623	5.3	20,111
Brown Unit 1 - ASB	1,781,000	12/1/2059	49	7,227,986	5.5	499,471
Brown Unit 2 - ASB	3,586,000	12/1/2059	49	14,553,373	5.5	1,005,673
Brown Unit 3 - ASB	8,158,000	12/1/2059	49	33,108,314	5.5	2,287,864
Dix Dam - ASB - Hydro	345,000	12/1/2069	59	1,863,486	5.5	74,642
GH-Ash Pond	30,968,500	12/1/2036	26	65,120,828	5.3	16,244,104
GH-Chemical Storage	24,547	12/1/2036	26	51,618	5.3	12,876
GH-Coal Storage	869,500	12/1/2036	26	1,828,392	5.3	456,084
Ghent Unit 1 - ASB	8,318,000	12/1/2059	49	33,757,656	5.5	2,332,735
Ghent Unit 2 - ASB	11,023,000	12/1/2060	50	46,032,922	5.5	3,012,158
Ghent Unit 3 - ASB	1,955,000	12/1/2069	59	10,559,756	5.5	422,969
Ghent Unit 4 - ASB	1,955,000	12/1/2069	59	10,559,756	5.5	422,969
GH-Environmental Ponds	843,500	12/1/2036	26	1,773,719	5.3	442,446
GH-Gypsum Stack-GH 1 Scrubber	6,025,000	12/1/2026	16	9,519,257	4.8	4,442,160
GH-Nuclear Sources	264,100	12/1/2036	26	555,352	5.3	138,530
GH-Oil Storage	12,624	12/1/2026	16	19,945	4.8	9,308
GH-Sewage Treatment Plant	26,155	12/1/2026	16	41,324	4.8	19,284
GR-Ash Pond	6,627,500	12/1/2018	8	8,330,532	3.8	6,122,872
GR-Chemical Storage	704	12/1/2018	8	885	3.8	650
GR-Coal Storage	222,000	12/1/2018	8	279,046	3.8	205,097
Green River Unit 1 - ASB	1,850,000	12/1/2051	41	5,973,132	5.5	638,507
Green River Unit 2 - ASB	1,700,000	12/1/2051	41	5,488,824	5.5	586,736
Green River Unit 3 - ASB	1,855,000	12/1/2051	41	5,989,275	5.5	640,233
Green River Unit 4 - ASB	2,175,000	12/1/2051	41	7,022,466	5.5	750,677
GR-Limestone Silo	1,631	12/1/2018	8	2,050	3.8	1,507
GR-Oil Storage	1,000	12/1/2018	8	1,257	3.8	924
GR-Sewage Treatment Plant	9,200	12/1/2018	8	11,564	3.8	8,499
KU - General Facilities - ASB	1,130,000	12/1/2073	63	6,843,008	5.5	220,377
KU Distribution Subs (478) - ASB	882,000	12/1/2077	67	5,988,233	5.5	155,054
KU Transmission Subs (69) - ASB	704,181	12/1/2079	69	5,062,268	5.5	117,534
Pineville - ASB	1,686,700	12/1/2043	33	4,332,566	5.5	716,439
Pineville-Ash Pond	1,205,000	12/1/2018	8	1,514,642	3.8	1,113,250
TY-Ash Pond	1,084,500	12/1/2018	8	1,363,178	3.8	1,001,925
TY-Chemical Storage	457	12/1/2018	8	574	3.8	422
TY-Coal Storage	74,000	12/1/2018	8	93,015	3.8	68,366
TY-Oil Storage	10,805	12/1/2018	8	13,582	3.8	9,983
Tyrone Unit 1 (Retired) - ASB	1,604,000	12/1/2051	41	5,178,867	5.5	553,603
Tyrone Unit 2 (Retired) - ASB	1,579,000	12/1/2051	41	5,098,149	5.5	544,974
Tyrone Unit 3 - ASB	2,173,000	12/1/2051	41	7,016,008	5.5	749,987
TY-Service Water Pump Structure	221,525	12/1/2018	8	278,449	3.8	204,658
TY-Sewage Treatment Plant	\$ 60,000	12/1/2018	8	\$ 75,418	3.8	\$ 55,432
Estimated Fair Value of AROs (Rounded)						\$ 60,300,000

Notes
1. Estimated decommissioning costs and dates provided by E.ON Management
2. Rate of inflation assumption: 2.90%
3. Discount rate based on BBB-rated debt implied by a swap curve deemed to be reflective of a typical market participant in the electric utility space.

Exhibit VII, Page 3 of 3Valuation of Louisville Gas and Electric Company Asset Retirement Obligations (ARO)
As of September 30, 2010**DRAFT-These materials are for discussion and information-gathering purposes only. They do not and are not intended to present any advice to, recommendations, options or conclusions of Deloitte Financial Advisory Services LLP.**

Description	Decommissioning Costs (in 2010 \$) [1]	Estimated Decommissioning Date (in 2010 \$) [1]	Time Until Decommissioning (Years)	Inflated Decommissioning Cost [2]	Discount Rate (in %) [3]	PV of Inflated Decommissioning Cost
Canal (Retired) - ASB	\$ 1,575,000	12/1/2015	5	1,817,010	2.76	\$ 1,582,431
Cane Run Unit 1 (Retired) - ASB	2,760,000	12/1/2051	41	8,911,267	5.5	952,583
Cane Run Unit 2 (Retired) - ASB	2,600,000	12/1/2051	41	8,394,672	5.5	897,361
Cane Run Unit 3 (Retired) - ASB	2,930,000	12/1/2051	41	9,460,149	5.5	1,011,257
Cane Run Unit 4 - ASB	3,115,000	12/1/2051	41	10,057,462	5.5	1,075,108
Cane Run Unit 5 - ASB	2,540,000	12/1/2055	45	9,194,446	5.5	790,231
Cane Run Unit 6 - ASB	2,920,000	12/1/2056	46	10,876,523	5.5	885,186
Center Gas Storage Field - UGS	4,052,250	12/1/2033	23	7,820,776	5.3	2,331,421
City Gate DR 237900-ASB-Dist	13,974	12/1/2066	56	69,276	5.5	3,268
CR-Ash Pond	6,627,500	12/1/2023	13	9,610,580	4.5	5,364,436
CR-Coal Storage	333,000	12/1/2023	13	482,885	4.5	269,537
CR-Environmental Ponds	843,500	12/1/2023	13	1,223,165	4.5	682,746
CR-Land Fill	1,809,686	12/1/2023	13	2,624,238	4.5	1,464,798
CR-Nuclear Sources	53,970	12/1/2023	13	78,262	4.5	43,684
CR-Sewage Treatment Plant	15,300	12/1/2023	13	22,187	4.5	12,384
Doe Run 235300-ASB-UGS	192,000	12/1/2066	56	951,836	5.5	44,902
Doe Run Gas Storage Field - UGS	2,749,410	12/1/2033	23	5,306,316	5.3	1,581,845
Gas Main & Serv Abandons-Dist	40,500,665	12/1/2050	40	127,079,982	5.5	14,345,792
LGE Distribution Subs (66) - ASB	901,000	12/1/2078	68	6,294,631	5.5	154,337
LGE Transmission Subs (11) - ASB	111,442	12/1/2079	69	801,142	5.5	18,601
Magnolia 235120-ASB-UGS	67,000	12/1/2075	65	429,610	5.5	12,406
Magnolia 235300-ASB-UGS	201,000	12/1/2066	56	996,454	5.5	47,007
Magnolia 235600-ASB-UGS	26,000	12/1/2069	59	140,437	5.5	5,625
Magnolia Gas Storage Field - UGS	2,832,367	12/1/2033	23	5,466,422	5.3	1,629,573
Manholes - ASB	4,668,187	12/1/2094	84	51,527,577	5.5	527,958
MC-Ash Pond	10,122,000	12/1/2036	26	21,284,629	5.3	5,309,357
MC-Chemical Storage	17,596	12/1/2036	26	37,000	5.3	9,230
MC-Coal Storage	370,000	12/1/2036	26	778,039	5.3	194,078
MC-Environmental Ponds	964,000	12/1/2036	26	2,027,107	5.3	505,653
MC-Landfill	1,818,426	12/1/2036	26	3,823,802	5.3	953,831
MC-Nuclear Sources	26,890	12/1/2036	26	56,545	5.3	14,105
MC-Oil Storage	1,286	12/1/2036	26	2,705	5.3	675
Mill Creek Unit 1 - ASB	3,555,000	12/1/2059	49	14,427,563	5.5	996,979
Mill Creek Unit 2 - ASB	3,100,000	12/1/2059	49	12,580,997	5.5	869,377
Mill Creek Unit 3 - ASB	1,750,000	12/1/2069	59	9,452,467	5.5	378,617
Mill Creek Unit 4 - ASB	2,600,000	12/1/2069	59	14,043,665	5.5	562,517
Muldraugh 235120-ASB-UGS	95,000	12/1/2075	65	609,148	5.5	17,590
Muldraugh 235300-ASB-UGS	151,000	12/1/2066	56	748,580	5.5	35,314
Muldraugh 235600-ASB-UGS	115,000	12/1/2069	59	621,162	5.5	24,881
Muldraugh 237520-ASB-Gas Dist	10,000	12/1/2050	40	31,377	5.5	3,542
Muldraugh Gas Storage Field - UGS	1,109,029	12/1/2033	23	2,140,408	5.3	638,068
Ohio Falls - ASB	620,000	12/1/2069	59	3,348,874	5.5	134,139
Paddy's (Unit 11) - ASB	4,600,000	12/1/2015	5	5,306,824	2.8	4,621,705
Riggs Junction 235120-ASB-UGS	70,603	12/1/2075	65	452,713	5.5	13,073
Seventh&Ormsby - ComGenPin-ASB	449,000	12/1/2059	49	1,822,215	5.5	125,919
TC-Ash Pond	14,339,500	12/1/2036	26	30,153,224	5.3	7,521,589
TC-Chemical Storage	23,798	12/1/2036	26	50,043	5.3	12,483
TC-Coal Storage	573,500	12/1/2036	26	1,205,961	5.3	300,822
TC-Environmental Ponds	723,000	12/1/2036	26	1,520,331	5.3	379,240
TC-Nuclear Sources	32,620	12/1/2036	26	68,594	5.3	17,110
TC-Sewage Treatment Plant	26,155	12/1/2036	26	54,999	5.3	13,719
Zorn - ASB	105,000	12/1/2043	33	269,710	5.5	\$ 44,600
Estimated Fair Value of AROs (Rounded)						\$ 59,400,000

Notes

1. Estimated decommissioning costs and dates provided by E.ON Management
2. Rate of inflation assumption: 2.90%
3. Discount rate based on BBB-rated debt implied by a swap curve deemed to be reflective of a typical market participant in the electric utility space.

Crescente, Angela

From: Wiseman, Sara
Sent: Wednesday, November 10, 2010 10:55 AM
To: 'Jim Ogilvie'; 'Ann Koch'; 'mheinemann@pwrplan.com'
Cc: Kinder, Debra; Wacker, Diana; Crescente, Angela
Subject: Purchase Accounting AROs

Mark (and Jim):

We have just now been told that we will have to add a new set of AROs in the purchase accounting company. Essentially we will have to carry 2 sets of AROs the same as we did for IFRS. As of right now, this will have to be accomplished and in place for the November close.

I already had concerns about our project when I learned yesterday that Ann is scheduled to go to another client next week. Now with this new added deadline, I need to get together with you regarding how we can accomplish our new priority.

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

Crescente, Angela

From: Wiseman, Sara
Sent: Wednesday, November 10, 2010 10:59 AM
To: Bixler, Charles; Clark, Ed; Clark, Lynda; Crescente, Angela; Daly, Karen; Griffin, Sharon; Kinder, Debra; Leenerts, Patricia; Riggs, Eric; Rose, Bruce; Wacker, Diana; Wilson, Prevonne
Subject: FW: Purchase Accounting AROs

Hi all:

We have just now been told that we will have to add a new set of AROs in the purchase accounting company. Essentially we will have to carry 2 sets of AROs the same as we did for IFRS (but with all new values and on a new set of books). As of right now, this will have to be accomplished and in place for the November close. This is a massive undertaking that will require the assistance of PowerPlant and many extra hours. I'll be trying to figure out how to accomplish this in the next day or two. There are many things we need to accomplish this month, but this will be at the top of the list.

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

Crescente, Angela

From: Wiseman, Sara
Sent: Wednesday, November 10, 2010 4:47 PM
To: 'mmotyka@deloitte.com'
Cc: Charnas, Shannon; Scott, Valerie; Crescente, Angela
Subject: Decommissioning Cost - Deloitte (Revised).xls



Decommissioning
Cost - Deloitte...

Marlene, we were doing some final checking today on the ARO schedules and discovered that we left a few liabilities on each company off. They are very immaterial, but thought it best if you have a complete schedule so that you can make final adjustments to your exhibits. We have highlighted them in yellow for you. Sorry for the inconvenience.

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

**Louisville Gas and Electric
Decommissioning Cost as of September 30, 2010**

Description	Cost	Estimated Date
Canal (Retired) - ASB	\$1,575,000.00	12/1/2015
Cane Run Unit 1 (Retired) - ASB	2,760,000.00	12/1/2051
Cane Run Unit 2 (Retired) - ASB	2,600,000.00	12/1/2051
Cane Run Unit 3 (Retired) - ASB	2,930,000.00	12/1/2051
Cane Run Unit 4 - ASB	3,115,000.00	12/1/2051
Cane Run Unit 5 - ASB	2,540,000.00	12/1/2055
Cane Run Unit 6 - ASB	2,920,000.00	12/1/2056
Center Gas Storage Field - UGS	4,052,250.00	12/1/2033
City Gate DR 237900-ASB-Dist	13,974.00	12/1/2066
CR-Ash Pond	6,627,500.00	12/1/2023
CR-Coal Storage	333,000.00	12/1/2023
CR-Environmental Ponds	843,500.00	12/1/2023
CR-Land Fill	1,809,686.40	12/1/2023
CR-Nuclear Sources	53,970.00	12/1/2023
CR-Sewage Treatment Plant	15,300.00	12/1/2023
Doe Run 235300-ASB-UGS	192,000.00	12/1/2066
Doe Run Gas Storage Field - UGS	2,749,410.00	12/1/2033
Gas Main & Serv Abandons-Dist	40,500,665.00	12/1/2050
LGE Distribution Subs (66) - ASB	901,000.00	12/1/2078
LGE Transmission Subs (11) - ASB	111,442.00	12/1/2079
Magnolia 235120-ASB-UGS	67,000.00	12/1/2075
Magnolia 235300-ASB-UGS	201,000.00	12/1/2066
Magnolia 235600-ASB-UGS	26,000.00	12/1/2069
Magnolia Gas Storage Field - UGS	2,832,367.00	12/1/2033
Manholes - ASB	4,668,187.00	12/1/2094
MC-Ash Pond	10,122,000.00	12/1/2036
MC-Chemical Storage	17,595.75	12/1/2036
MC-Coal Storage	370,000.00	12/1/2036
MC-Environmental Ponds	964,000.00	12/1/2036
MC-Landfill	1,818,426.28	12/1/2036
MC-Nuclear Sources	26,890.00	12/1/2036
MC-Oil Storage	1,286.45	12/1/2036

Description	Cost	Estimated Date
Mill Creek Unit 1 - ASB	3,555,000.00	12/1/2059
Mill Creek Unit 2 - ASB	3,100,000.00	12/1/2059
Mill Creek Unit 3 - ASB	1,750,000.00	12/1/2069
Mill Creek Unit 4 - ASB	2,600,000.00	12/1/2069
Muldraugh 235120-ASB-UGS	95,000.00	12/1/2075
Muldraugh 235300-ASB-UGS	151,000.00	12/1/2066
Muldraugh 235600-ASB-UGS	115,000.00	12/1/2069
Muldraugh 237520-ASB-Gas Dist	10,000.00	12/1/2050
Muldraugh Gas Storage Field - UGS	1,109,029.00	12/1/2033
Ohio Falls - ASB	620,000.00	12/1/2069
Paddy's (Unit 11) - ASB	4,600,000.00	12/1/2015
Riggs Junction 235120-ASB-UGS	70,603.05	12/1/2075
Seventh&Ormsby - ComGenPln-ASB	449,000.00	12/1/2059
TC-Ash Pond	14,339,500.00	12/1/2036
TC-Chemical Storage	23,797.98	12/1/2036
TC-Coal Storage	573,500.00	12/1/2036
TC-Environmental Ponds	723,000.00	12/1/2036
TC-Nuclear Sources	32,620.00	12/1/2036
TC-Sewage Treatment Plant	26,155.00	12/1/2036
Zorn - ASB	105,000.00	12/1/2043
City Gate Prest 237900-ASB-Dist	16,000.00	12/1/2058
Trn-CR4 GSU	3,000.00	12/1/2017
Trn-CR5 GSU	3,000.00	12/1/2017
Trn-CR6 GSU	3,000.00	12/1/2017
Trn-CR Spare GSU	3,000.00	12/1/2017
Trn-MC1 GSU	3,000.00	12/1/2018
Trn-MC2 GSU	3,000.00	12/1/2019
Trn-MC3 GSU	3,000.00	12/1/2023
Trn-MC4 GSU	3,000.00	12/1/2028
Trn-MC Spare GSU	3,000.00	12/1/2028

Crescente, Angela


From: Motyka, Marlene (US - New York) <mmotyka@deloitte.com>
Sent: Wednesday, November 10, 2010 5:00 PM
To: Wiseman, Sara
Cc: Charnas, Shannon; Scott, Valerie; Crescente, Angela
Subject: RE: Decommissioning Cost - Deloitte (Revised).xls

Ok thanks for letting up know. we'll get them worked in.

Marlene M Motyka
Principal
Valuation Services
Deloitte Financial Advisory Services LLP

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mmotyka@deloitte.com
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From: Wiseman, Sara [<mailto:Sara.Wiseman@lge-ku.com>]
Sent: Wednesday, November 10, 2010 4:47 PM
To: Motyka, Marlene (US - New York)
Cc: Charnas, Shannon; Scott, Valerie; Crescente, Angela
Subject: Decommissioning Cost - Deloitte (Revised).xls

<<Decommissioning Cost - Deloitte (Revised).xls>>

Marlene, we were doing some final checking today on the ARO schedules and discovered that we left a few liabilities on each company off. They are very immaterial, but thought it best if you have a complete schedule so that you can make final adjustments to your exhibits. We have highlighted them in yellow for you. Sorry for the inconvenience.

Sara Wiseman

Manager, Property Accounting

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Cell 502.338.0886

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Crescente, Angela

From: Crescente, Angela
Sent: Thursday, November 11, 2010 10:57 AM
To: 'Jim Ogilvie'
Cc: akoch@pwrplan.com; Wiseman, Sara; Wacker, Diana; Kinder, Debra
Subject: Purchase Accounting AROs

Jim,

The current way of thinking is that we may not have to set up a new set of AROs on our new purchase accounting books. Instead, we may need to adjust our first set of books to match the number that they came up with for purchase accounting. Sara thought I could go ahead and send you an email for you to be thinking about how to accomplish this if that is the direction we go in. Do we do that on a new layer, is it more like conversion, etc.? There have be no definite decisions made yet, so a complete revaluation on the first set of books and all new AROs on the second set is not completely off the table.

Thanks,
Angela

Crescente, Angela

From: Arbough, Dan
Sent: Thursday, November 11, 2010 6:32 PM
To: Pienaar, Lesley; Scott, Valerie; Wiseman, Sara; Charnas, Shannon; Crescente, Angela
Subject: RE: BBB Curve for AROs
Attachments: Purchase Accounting discount rates.xlsx

Attached is a file starting with the Deloitte numbers. It also shows a BBB and BBB+ swap curve provided by PPL from Bloomberg as of November 1. The BBB curve is virtually the same as the Deloitte curve, but you can see that in some cases the BBB+ curve is quite a bit lower. I have shown the difference between BBB and BBB+. I have also shown the yield on our bonds priced on Monday which are significantly below the BBB+ swap levels.

I expect more information from an investment bank tomorrow which tracks bond yields as opposed to swaps and will provide another update as soon as I get their information.

Dan

From: Pienaar, Lesley
Sent: Thursday, November 11, 2010 8:51 AM
To: Arbough, Dan
Subject: Fw: BBB Curve for AROs

More information on the curve for the AROs.

From: Scott, Valerie
Sent: Thursday, November 11, 2010 08:22 AM
To: Charnas, Shannon; Wiseman, Sara; Pienaar, Lesley
Subject: FW: BBB Curve for AROs

FYI

Valerie


From: Motyka, Marlene (US - New York) [<mailto:mmotyka@deloitte.com>]
Sent: Wednesday, November 10, 2010 10:10 PM
To: Henninger, Tadd J; Scott, Valerie
Cc: Hannagan, Peter (US - Washington D.C.); Schaeffer, Joshua B (US - New York)
Subject: BBB Curve for AROs

Attached please find the curve we were using the AROs.

Marlene M Motyka
Principal
Valuation Services
Deloitte Financial Advisory Services LLP

Tel: +1 212 436 5605
Fax: +1 212 653 3343
mmotyka@deloitte.com
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New York, NY 10281-1414
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Deloitte

From Bloomberg

			As of 11/1/2010					Yield	
			<u>USD US Utility BBB+</u>		<u>USD US Utility BBB</u>			<u>LG&E and KU Energy</u>	BBB+ vs. LKE
	Quoted Yld	CC Yld	Tenor	(%)	Tenor	(%)	BBB 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	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	

Crescente, Angela

From: Wiseman, Sara
Sent: Friday, November 12, 2010 10:13 AM
To: Crescente, Angela; 'Jim Ogilvie'
Cc: 'akoch@pwrplan.com'; Wacker, Diana; Kinder, Debra
Subject: RE: Purchase Accounting AROs

All signs are pointing to having do as Angela suggested below. Essentially, we need to eliminate the current regulatory assets and accumulated depreciation on the children. Also, the child asset amounts and the ARO liability amounts would have to be reset. I spoke with Mark last night and he has agreed we need to try to accomplish this by the time we close November books in December and has committed help from the ARO guys (Jim D., Josh or Joe).

From: Crescente, Angela
Sent: Thursday, November 11, 2010 10:57 AM
To: 'Jim Ogilvie'
Cc: akoch@pwrplan.com; Wiseman, Sara; Wacker, Diana; Kinder, Debra
Subject: Purchase Accounting AROs

Jim,

The current way of thinking is that we may not have to set up a new set of AROs on our new purchase accounting books. Instead, we may need to adjust our first set of books to match the number that they came up with for purchase accounting. Sara thought I could go ahead and send you an email for you to be thinking about how to accomplish this if that is the direction we go in. Do we do that on a new layer, is it more like conversion, etc.? There have be no definite decisions made yet, so a complete revaluation on the first set of books and all new AROs on the second set is not completely off the table.

Thanks,
Angela

Crescente, Angela

From: Arbough, Dan
Sent: Friday, November 12, 2010 11:54 AM
To: Arbough, Dan; Pienaar, Lesley; Scott, Valerie; Wiseman, Sara; Charnas, Shannon; Crescente, Angela
Subject: RE: BBB Curve for AROs
Attachments: Purchase Accounting discount rates.xlsx

I have received the data from the investment bank and have incorporated it into the spreadsheet. The indices are not exactly comparable because they don't have a breakdown of BBB utilities by maturity. They only have all utilities within maturity buckets and then a single average for BBB utilities across all maturities. However, most utilities are in the BBB or low single A range. In the end, I think the data provided last night from PPL is probably the most helpful and on point data we have.

Let me know if you have any questions or need additional information.

Dan

From: Arbough, Dan
Sent: Thursday, November 11, 2010 6:32 PM
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Valerie


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Sent: Wednesday, November 10, 2010 10:10 PM
To: Henninger, Tadd J; Scott, Valerie
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Crescente, Angela

From: Arbough, Dan
Sent: Friday, November 12, 2010 12:40 PM
To: Arbough, Dan; Pienaar, Lesley; Scott, Valerie; Wiseman, Sara; Charnas, Shannon; Crescente, Angela
Subject: RE: BBB Curve for AROs
Attachments: Purchase Accounting discount rates.xlsx

The file I sent earlier was for rates as of yesterday for the Merrill Lynch index. I have updated it to reflect rates as of Nov. 1.

Dan

From: Arbough, Dan
Sent: Friday, November 12, 2010 11:54 AM
To: Arbough, Dan; Pienaar, Lesley; Scott, Valerie; Wiseman, Sara; Charnas, Shannon; Crescente, Angela
Subject: RE: BBB Curve for AROs

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Let me know if you have any questions or need additional information.

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Cc: Hannagan, Peter (US - Washington D.C.); Schaeffer, Joshua B (US - New York)
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Attached please find the curve we were using the AROs.

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Crescente, Angela

From: Wiseman, Sara
Sent: Friday, November 12, 2010 2:10 PM
To: 'Motyka, Marlene (US - New York)'
Cc: Scott, Valerie; Charnas, Shannon; Crescente, Angela; Arbough, Dan; Pienaar, Lesley
Subject: ARO purchase accounting



Purchase
Accounting disco...

Hi Marlene:

We have been reviewing the inflation rate and discount rates used for the ARO purchasing accounting adjustment.

We are now comfortable with the use of the inflation rate at 2.5%.

Regarding the discount rate, we believe that the use of the BBB+ swap curve (from Bloomberg as of November 1) is a more appropriate rate to use as that is our rating for unsecured bonds. It more closely matches the yield on our bonds priced this past Monday. I have attached a file with these rates. We would like to see the ARO calculations re-performed with the use of these rates. Please let me know when you think the new calculations will be available for our review.

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

Deloitte

From Bloomberg

			As of 11/1/2010						
			<u>USD US Utility BBB+</u>		<u>USD US Utility BBB</u>			Yield	
	Quoted Yld	CC Yld	<u>Tenor</u>	<u>(%)</u>	<u>Tenor</u>	<u>(%)</u>	<u>BBB vs. BBB+</u>	<u>LG&E and KU Energy</u>	<u>BBB+ vs. LKE</u>
3 mo	1.1125	0.011094	3M	0.8846	3M	1.1094	-0.2248		
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Crescente, Angela

From: Wiseman, Sara
Sent: Friday, November 12, 2010 2:59 PM
To: 'tjhenninger@pplweb.com'
Cc: Charnas, Shannon; 'Motyka, Marlene (US - New York)'; Scott, Valerie; Arbough, Dan; Pienaar, Lesley; Crescente, Angela
Subject: FW: ARO purchase accounting

Hi Tadd:

Shannon suggested I should copy you on this.

From: Wiseman, Sara
Sent: Friday, November 12, 2010 2:10 PM
To: 'Motyka, Marlene (US - New York)'
Cc: Scott, Valerie; Charnas, Shannon; Crescente, Angela; Arbough, Dan; Pienaar, Lesley
Subject: ARO purchase accounting



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

Crescente, Angela

From: Wiseman, Sara
Sent: Monday, November 15, 2010 12:26 PM
To: 'Motyka, Marlene (US - New York)'; 'joschaeffer@deloitte.com'
Cc: Charnas, Shannon; Scott, Valerie; Crescente, Angela
Subject: FW: ARO purchase accounting

Hi Marlene:

When can we expect a new calculation for AROs? We need to begin work on our computer system as well as book the entries. We really need to have the calculation back by close of business tomorrow (Tuesday) or sooner if you can.

Thanks for your help.

From: Wiseman, Sara
Sent: Friday, November 12, 2010 2:10 PM
To: 'Motyka, Marlene (US - New York)'
Cc: Scott, Valerie; Charnas, Shannon; Crescente, Angela; Arbough, Dan; Pienaar, Lesley
Subject: ARO purchase accounting



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Sara Wiseman
Manager, Property Accounting
Office 502.627.3189
Cell 502.338.0886

Crescente, Angela

From: Wiseman, Sara
Sent: Friday, November 12, 2010 2:29 PM
To: Charnas, Shannon
Cc: Crescente, Angela
Subject: FW: ARO's

Shannon:

John Nitsche sent me his technical reference for a memo he wrote on this same topic. I've incorporated that into the memo out on the shared drive with changes tracked. Please let me know if you feel I should do something else. Thanks.

From: Charnas, Shannon
Sent: Tuesday, November 09, 2010 10:15 AM
To: Wiseman, Sara; Crescente, Angela
Subject: FW: ARO's

Sara & Angela --

Nothing significant seems to be coming from PwC on the ARO memo. Please see Jeff's comment below. Would you please make appropriate changes to the memo to remove the whitepaper references (we can certainly refer to the codification) and send me an updated version -- sometime this week would be great, then we can hopefully put it to bed.

Thanks,

Shannon Charnas
Director, Utility Accounting & Reporting
LG&E and KU
(502) 627-4978

From: jeffrey.m.zoglmann@us.pwc.com [<mailto:jeffrey.m.zoglmann@us.pwc.com>]
Sent: Tuesday, November 09, 2010 8:45 AM
To: Charnas, Shannon
Subject: ARO's

Shannon,

Lindsey discussed the memo with Dave, and our main point is to remove the reference to our whitepaper. I believe this is a really old whitepaper, and doesn't really apply to a regulated entity. In addition, later you contradict the whitepaper due to the fact that you are a regulated entity. We agree with this, but it seems like it would be better just to leave it out altogether.

Dave is still reading the memo, and we will pass along any additional comments, but the one above is the main one.

Jeff

Jeff Zoglmann | PricewaterhouseCoopers LLP

500 West Main Street Suite 1800 | Louisville, KY 40202 | ☎: 502.585.7706 | ☎: 813.281.6173 | ✉: jeffrey.m.zoglmann@us.pwc.com

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Crescente, Angela

From: Josh Hirschel <jhirschel@pwrplan.com>
Sent: Saturday, November 13, 2010 8:41 AM
To: Crescente, Angela
Subject: RE: Weighted Average Quick Question

The bug I know about was with the accretion calc not the PV calculation. You could proof the calculation fairly easily by taking the Future Cash Flows, Number of Years between future date and posting date, and the annual discount rate on the estimate screen. Take the present values of the future cash flows and it should equal the "new liability" on the estimate screen (and aro liability report).

With the weighted average rate all of the liability is stored on a single layer. Additionally, the upward/downward determination is determined by looking at total cash flows on the new layer vs. total cash flows on the prior layer. When creating a layer 3 the system is really only comparing it to layer 2. At the point of creating the new layer the rate on the prior layer becomes obsolete; however, that rate is carried forward to the new layer if it was considered a "downward" estimate.

Josh

From: Crescente, Angela [<mailto:Angela.Crescente@lge-ku.com>]
Sent: Friday, 12 November, 2010 3:30 PM
To: Josh Hirschel
Subject: RE: Weighted Average Quick Question

Well....senior management is looking at the rates we used for the revaluation since it is important for some purchase accounting work we are doing in regards to the PPL acquisition. I know we are having some trouble with the accretion calculation using the rate I put in instead of the weighted average or historical rate (although about to be fixed), so how comfortable are you that the new liability that we booked for the revaluation in September calculated correctly used the new weighted average rate or the historical rate instead of the one I put in myself? The accretion calculation is easier to recalculate by hand than the new liability calculation and I need to be able to justify everything to senior management and the auditors.

My second question is not related to the purchase accounting issue. It is more a question of having multiple layers. The standard mentions using the initial measurement rate for downward revisions, so how does that work for multiple layers? For example, if layer 2 goes up and uses the weighted average rate and then layer 3 becomes a downward revision later, does it use layer 1's rate or layer 2's rate? I don't think the standard addresses this, so I was just wondering how the system handled it.

Thank you for your patience with me as I am still learning all of this stuff. I appreciate your help!

Angela

From: Josh Hirschel [<mailto:jhirschel@pwrplan.com>]
Sent: Friday, November 12, 2010 2:40 PM
To: Crescente, Angela
Subject: RE: Weighted Average Quick Question

I'm on a plane now... What is the question?

Charnas

From: Crescente, Angela [<mailto:Angela.Crescente@lge-ku.com>]

Sent: Friday, 12 November, 2010 1:20 PM

To: Josh Hirschel

Subject: Weighted Average Quick Question

Josh,

I left you a voicemail on your Atlanta phone, but thought it might be better to send you an email to ask you to call me back, since I have no idea if you are in Atlanta today or not. When you get a chance, could you call me at 502-627-2524?

Thanks,

Angela

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Crescente, Angela

From: Wiseman, Sara
Sent: Saturday, November 13, 2010 8:55 PM
To: 'Jim Ogilvie'; 'mheinemann@pwrplan.com'
Cc: Crescente, Angela; Wacker, Diana; 'akoch@pwrplan.com'
Subject: ARO work at LGE

Mark:

We need to move forward with loading new values for the ARC and ARO liabilities on the books for the next monthly close. I know Jim will help us to the extent that he can, but which ARO person (Jim, Josh or Joe) will be working with us? We'd like to get started as early as we can this coming week.

Thanks.

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

Crescente, Angela

From: Charnas, Shannon
Sent: Sunday, November 14, 2010 2:33 PM
To: Wiseman, Sara
Cc: Crescente, Angela
Subject: RE: Purchase Accounting Critical Issue ARO.docx

One question, in the Background section the purchase acctg adj proposed is listed as \$108M, but I think that is the proposed value, not the amount of the adjustment. The adj would be the difference between \$108 and our number. Other than that, no comments. Once we get a final version from Deloitte we can adjust as needed. Would you please adjust the number in the beginning and resend, including Valerie and Lesley, that way we can have a draft out in advance of our meeting.

Thanks,

Shannon Charnas

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

From: Wiseman, Sara
Sent: Saturday, November 13, 2010 8:31 PM
To: Charnas, Shannon
Cc: Crescente, Angela
Subject: Purchase Accounting Critical Issue ARO.docx

<< File: Purchase Accounting Critical Issue ARO.docx >>

Shannon:

I have drafted this memo based on some assumptions from last week. I'd be glad for any suggestions you may have to improve it.

Crescente, Angela

From: Hannagan, Peter (US - Washington D.C.) <phannagan@deloitte.com>
Sent: Monday, November 15, 2010 1:02 PM
To: Motyka, Marlene (US - New York); Wiseman, Sara; Schaeffer, Joshua B (US - New York)
Cc: Charnas, Shannon; Scott, Valerie; Crescente, Angela; Henninger, Tadd J
Subject: RE: ARO purchase accounting
Attachments: EVII ARO Decommissioning Cost - Deloitte 11.12.10.pdf; EVII ARO Decommissioning Cost - Deloitte v6.xlsx

Sara

Please see updated ARO analysis attached

thanks

Peter Hannagan
Deloitte Financial Advisory Services, LLP

Tel: +1 202 378 5057
Fax: +1 202 661 1113
Mobile: + 1 202 368 0417
phannagan@deloitte.com
www.deloitte.com

From: Motyka, Marlene (US - New York)
Sent: Monday, November 15, 2010 1:01 PM
To: Wiseman, Sara; Schaeffer, Joshua B (US - New York); Hannagan, Peter (US - Washington D.C.)
Cc: Charnas, Shannon; Scott, Valerie; Crescente, Angela
Subject: RE: ARO purchase accounting

Peter,
Can you send the ARO schedules out?


Thanks

Marlene

Marlene M Motyka
Principal
Valuation Services
Deloitte Financial Advisory Services LLP

Tel: +1 212 436 5605
Fax: +1 212 653 3343
mmotyka@deloitte.com
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USA

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From: Wiseman, Sara [<mailto:Sara.Wiseman@lge-ku.com>]
Sent: Monday, November 15, 2010 12:26 PM
To: Motyka, Marlene (US - New York); Schaeffer, Joshua B (US - New York)

Cc: Charnas, Shannon; Scott, Valerie; Crescente, Angela
Subject: FW: ARO purchase accounting

Hi Marlene:

When can we expect a new calculation for AROs? We need to begin work on our computer system as well as book the entries. We really need to have the calculation back by close of business tomorrow (Tuesday) or sooner if you can.

Thanks for your help.

From: Wiseman, Sara
Sent: Friday, November 12, 2010 2:10 PM
To: 'Motyka, Marlene (US - New York)'
Cc: Scott, Valerie; Charnas, Shannon; Crescente, Angela; Arbough, Dan; Pienaar, Lesley
Subject: ARO purchase accounting

<<Purchase Accounting discount rates (2).xlsx>>

Hi Marlene:

We have been reviewing the inflation rate and discount rates used for the ARO purchasing accounting adjustment.

We are now comfortable with the use of the inflation rate at 2.5%.

Regarding the discount rate, we believe that the use of the BBB+ swap curve (from Bloomberg as of November 1) is a more appropriate rate to use as that is our rating for unsecured bonds. It more closely matches the yield on our bonds priced this past Monday. I have attached a file with these rates. We would like to see the ARO calculations re-performed with the use of these rates. Please let me know when you think the new calculations will be available for our review.

Sara Wiseman

Manager, Property Accounting

Office 502.627.3189

Cell 502.338.0886

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Charnas

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Exhibit VII, Page 1 of 3

Valuation of Asset Retirement Obligations

As of November 1, 2010

**DRAFT-These materials are for discussion and information-gathering purposes only.
They do not and are not intended to present any advice to, recommendations, options
or conclusions of Deloitte Financial Advisory Services LLP.**

Kentucky Utilities Company	\$	53,000,000	(1)
Louisville Gas and Electric Company		51,600,000	(2)
Total Fair Value of AROs	\$	104,600,000	

Notes

-
1. See Exhibit VII, Page 2 of 3
 2. See Exhibit VII, Page 3 of 3

Exhibit VII, Page 2 of 3
Valuation of Kentucky Utilities Company Asset Retirement Obligations
 As of November 1, 2010

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 or conclusions of Deloitte Financial Advisory Services LLP.

Description	Decommissioning Costs (In 2010 \$) [1]	Estimated Decommissioning Date (In 2010 \$) [1]	Time Until Decommissioning (Years)	Inflated Decommissioning Cost [2]	Discount Rate (In %) [3]	PV of Inflated Decommissioning Cost
Big Stone Gap Substation - ASB-Dist	\$ 34,000.00	12/1/2077	67	\$ 177,819	5.5	\$ 4,317
BR-Ash Pond	15,183,000.00	12/1/2026	16	22,539,249	5.0	10,192,431
BR-Auxiliary Pond	3,615,000.00	12/1/2026	16	5,366,488	5.0	2,426,769
BR-Coal Storage	92,500.00	12/1/2026	16	137,317	5.0	62,096
BR-Nuclear Sources	22,940.00	12/1/2026	16	33,906	5.0	15,333
BR-Oil Storage	10,092.44	12/1/2026	16	14,982	5.0	6,775
BR-Oil Storage CT - OP	38,340.43	12/1/2036	26	72,858	5.5	17,516
Brown Unit 1 - ASB	1,781,000.00	12/1/2059	49	5,972,186	5.5	393,709
Brown Unit 2 - ASB	3,586,000.00	12/1/2059	49	12,024,851	5.5	792,724
Brown Unit 3 - ASB	8,158,000.00	12/1/2059	49	27,356,032	5.5	1,803,415
Dix Dam - ASB - Hydro	345,000.00	12/1/2069	59	1,480,905	5.5	56,048
GH-Ash Pond	30,968,500.00	12/1/2036	26	58,849,215	5.5	14,148,396
GH-Chemical Storage	24,547.05	12/1/2036	26	46,647	5.5	11,215
GH-Coal Storage	869,500.00	12/1/2036	26	1,652,305	5.5	397,243
Ghent Unit 1 - ASB	8,318,000.00	12/1/2059	49	27,892,556	5.5	1,838,785
Ghent Unit 2 - ASB	11,023,000.00	12/1/2060	50	37,887,249	5.5	2,362,841
Ghent Unit 3 - ASB	1,955,000.00	12/1/2069	59	8,391,794	5.5	317,604
Ghent Unit 4 - ASB	1,955,000.00	12/1/2069	59	8,391,794	5.5	317,604
GH-Environmental Ponds	843,500.00	12/1/2036	26	1,602,897	5.5	385,365
GH-Gypsum Stack-GH 1 Scrubber	6,025,000.00	12/1/2026	16	8,944,146	5.0	4,044,615
GH-Nuclear Sources	264,100.00	12/1/2026	16	591,867	5.5	120,858
GH-Oil Storage	12,624.05	12/1/2026	16	18,740	5.0	8,475
GH-Sewage Treatment Plant	26,155.00	12/1/2026	16	38,827	5.0	17,558
GR-Ash Pond	6,627,500.00	12/1/2018	8	8,074,965	3.7	5,996,839
GR-Chemical Storage	703.83	12/1/2018	8	858	3.7	637
GR-Coal Storage	222,000.00	12/1/2018	8	270,485	3.7	200,875
Green River Unit 1 - ASB	1,850,000.00	12/1/2051	41	5,091,552	5.5	523,241
Green River Unit 2 - ASB	1,700,000.00	12/1/2051	41	4,678,724	5.5	480,816
Green River Unit 3 - ASB	1,855,000.00	12/1/2051	41	5,105,313	5.5	524,656
Green River Unit 4 - ASB	2,175,000.00	12/1/2051	41	5,986,014	5.5	615,162
GR-Limestone Silo	1,631.25	12/1/2018	8	1,988	3.7	1,476
GR-Oil Storage	1,000.00	12/1/2018	8	1,218	3.7	905
GR-Sewage Treatment Plant	9,200.00	12/1/2018	8	11,209	3.7	8,325
KU - General Facilities - ASB	1,130,000.00	12/1/2073	63	5,354,044	5.5	162,296
KU Distribution Subs (47B) - ASB	882,000.00	12/1/2077	67	4,612,831	5.5	111,993
KU Transmission Subs (69) - ASB	704,181.00	12/1/2079	69	3,869,288	5.5	84,072
Pineville - ASB	1,686,700.00	12/1/2043	33	3,810,004	5.5	610,361
Pineville-Ash Pond	1,205,000.00	12/1/2018	8	1,468,175	3.7	1,090,334
TY-Ash Pond	1,084,500.00	12/1/2018	8	1,321,358	3.7	981,301
TY-Chemical Storage	456.75	12/1/2018	8	557	3.7	413
TY-Coal Storage	74,000.00	12/1/2018	8	90,162	3.7	66,958
TY-Oil Storage	10,805.40	12/1/2018	8	13,165	3.7	9,777
Tyrone Unit 1 (Retired) - ASB	1,504,000.00	12/1/2051	41	4,414,513	5.5	453,664
Tyrone Unit 2 (Retired) - ASB	1,579,000.00	12/1/2051	41	4,345,709	5.5	446,594
Tyrone Unit 3 - ASB	2,173,000.00	12/1/2051	41	5,980,510	5.5	614,597
TY-Service Water Pump Structure	221,524.88	12/1/2018	8	269,907	3.7	200,445
TY-Sewage Treatment Plant	60,000.00	12/1/2018	8	73,104	3.7	54,291
BR-Lab	18,000.00	12/1/2019	9	22,480	4.0	15,746
GH-trn-GH1 GСУ Transformer	2,400.00	12/1/2020	10	3,072	4.2	2,024
GH-trn-GH2 GСУ Transformer	2,400.00	12/1/2024	14	3,391	4.7	1,754
GH-trn-GH3 GСУ Transformer	2,400.00	12/1/2028	18	3,743	5.2	1,469
GH-trn-GH4 GСУ Transformer	2,400.00	12/1/2031	21	4,031	5.4	1,286
GH-trn-GH Spare GСУ Transformer	2,400.00	12/1/2031	21	4,031	5.4	1,286
GR-trn-G1-2 GСУ Transformer	6,250.00	12/1/2016	6	7,248	2.9	6,079
GR-trn-GR3 GСУ Transformer	6,250.00	12/1/2016	6	7,248	2.9	6,079
GR-trn-GR4 GСУ Transformer	6,250.00	12/1/2017	7	7,429	3.3	5,899
GR-trn-GСУ Spare Transformer	6,250.00	12/1/2017	7	7,429	3.3	5,899

Estimated Fair Value of AROs (Rounded) \$ 53,000,000

Notes

1. Estimated decommissioning costs and dates provided by E.ON Management
2. Rate of inflation assumption: 2.50%
3. Discount rate based on BBB+ rated debt implied by a swap curve deemed to be reflective of a typical market participant in the electric utility space.

Exhibit VII, Page 3 of 3

Valuation of Louisville Gas and Electric Company Asset Retirement Obligations (ARO)

As of November 1, 2010

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or conclusions of Deloitte Financial Advisory Services LLP.

Description	Decommissioning Costs (in 2010 \$) [1]	Estimated Decommissioning Date (in 2010 \$) [1]	Time Until Decommissioning (Years)	Inflated Decommissioning Cost [2]	Discount Rate (in %) [3]	PV of Inflated Decommissioning Cost
Canal (Retired) - ASB	\$ 1,575,000.00	12/1/2015	5	1,781,968	2.57	\$ 1,567,154
Cane Run Unit 1 (Retired) - ASB	2,760,000.00	12/1/2051	41	7,596,046	5.5	780,620
Cane Run Unit 2 (Retired) - ASB	2,600,000.00	12/1/2051	41	7,155,695	5.5	735,366
Cane Run Unit 3 (Retired) - ASB	2,930,000.00	12/1/2051	41	8,063,918	5.5	828,701
Cane Run Unit 4 - ASB	3,115,000.00	12/1/2051	41	8,573,073	5.5	881,025
Cane Run Unit 5 - ASB	2,540,000.00	12/1/2055	45	7,716,274	5.5	635,119
Cane Run Unit 6 - ASB	2,920,000.00	12/1/2056	46	9,092,445	5.5	707,989
Center Gas Storage Field - UGS	4,052,250.00	12/1/2033	23	7,150,644	5.5	2,040,278
City Gate DR 237900-ASB-Dist	13,974.00	12/1/2066	56	55,700	5.5	2,490
CR-Ash Pond	6,627,500.00	12/1/2023	13	9,136,082	4.6	5,040,263
CR-Coal Storage	333,000.00	12/1/2023	13	459,044	4.6	253,249
CR-Environmental Ponds	843,500.00	12/1/2023	13	1,162,774	4.6	641,488
CR-Land Fill	1,809,686.40	12/1/2023	13	2,494,673	4.6	1,376,280
CR-Nuclear Sources	53,970.00	12/1/2023	13	74,398	4.6	41,045
CR-Sewage Treatment Plant	15,300.00	12/1/2023	13	21,091	4.6	11,636
Doe Run 235300-ASB-UGS	192,000.00	12/1/2066	56	765,311	5.5	34,211
Doe Run Gas Storage Field - UGS	2,749,410.00	12/1/2033	23	4,851,638	5.5	1,384,308
Gas Main & Serv Abandons-Dist	40,500,665.00	12/1/2050	40	108,746,871	5.5	11,813,263
LGE Distribution Subs (66) - ASB	901,000.00	12/1/2078	68	4,830,006	5.5	110,935
LGE Transmission Subs (11) - ASB	111,442.00	12/1/2079	69	632,344	5.5	13,305
Magnolia 235120-ASB-UGS	67,000.00	12/1/2075	65	333,523	5.5	9,048
Magnolia 235300-ASB-UGS	201,000.00	12/1/2066	56	801,184	5.5	35,815
Magnolia 235600-ASB-UGS	26,000.00	12/1/2069	59	111,604	5.5	4,224
Magnolia Gas Storage Field - UGS	2,832,367.00	12/1/2033	23	4,998,025	5.5	1,426,076
Manholes - ASB	4,668,187.00	12/1/2094	84	37,149,497	5.5	351,119
MC-Ash Pond	10,122,000.00	12/1/2036	26	19,234,763	5.5	4,624,379
MC-Chemical Storage	17,595.75	12/1/2036	26	33,437	5.5	8,039
MC-Coal Storage	370,000.00	12/1/2036	26	703,108	5.5	169,040
MC-Environmental Ponds	964,000.00	12/1/2036	26	1,831,882	5.5	440,417
MC-Landfill	1,818,426.28	12/1/2036	26	3,455,542	5.5	830,774
MC-Nuclear Sources	26,890.00	12/1/2036	26	51,099	5.5	12,285
MC-Oil Storage	1,286.45	12/1/2036	26	2,445	5.5	598
Mill Creek Unit 1 - ASB	3,555,000.00	12/1/2059	49	11,820,899	5.5	785,872
Mill Creek Unit 2 - ASB	3,100,000.00	12/1/2059	49	10,395,158	5.5	685,289
Mill Creek Unit 3 - ASB	1,750,000.00	12/1/2069	59	7,511,836	5.5	284,300
Mill Creek Unit 4 - ASB	2,600,000.00	12/1/2069	59	11,160,442	5.5	422,389
Muldraugh 235120-ASB-UGS	95,000.00	12/1/2075	65	472,906	5.5	12,829
Muldraugh 235300-ASB-UGS	151,000.00	12/1/2066	56	601,885	5.5	26,906
Muldraugh 235600-ASB-UGS	115,000.00	12/1/2069	59	493,635	5.5	18,683
Muldraugh 237520-ASB-Gas Dist	10,000.00	12/1/2050	40	26,851	5.5	2,917
Muldraugh Gas Storage Field - UGS	1,109,029.00	12/1/2033	23	1,957,004	5.5	558,388
Ohio Falls - ASB	620,000.00	12/1/2069	59	2,661,336	5.5	100,723
Paddy's (Unit 11) - ASB	4,600,000.00	12/1/2015	5	5,204,478	2.6	4,577,026
Riggs Junction 235120-ASB-UGS	70,603.05	12/1/2075	65	351,459	5.5	9,535
SewenthsOrmsby - ComGenPin-ASB	449,000.00	12/1/2059	49	1,505,621	5.5	99,256
TC-Ash Pond	14,339,500.00	12/1/2036	26	27,249,247	5.5	6,551,203
TC-Chemical Storage	23,797.98	12/1/2036	26	45,223	5.5	10,872
TC-Coal Storage	573,500.00	12/1/2036	26	1,089,818	5.5	262,012
TC-Environmental Ponds	723,000.00	12/1/2036	26	1,373,912	5.5	330,313
TC-Nuclear Sources	32,620.00	12/1/2036	26	61,988	5.5	14,903
TC-Sewage Treatment Plant	26,155.00	12/1/2036	26	49,702	5.5	11,949
Zorn - ASB	105,000.00	12/1/2043	33	237,179	5.5	37,996
City Gate Prest 237900-ASB-Dist	15,000.00	12/1/2058	48	52,344	5.5	3,648
Trn-CR4 GSU	3,000.00	12/1/2017	7	3,566	3.3	2,832
Trn-CR5 GSU	3,000.00	12/1/2017	7	3,566	3.3	2,832
Trn-CR6 GSU	3,000.00	12/1/2017	7	3,566	3.3	2,832
Trn-CR Spare GGU	3,000.00	12/1/2017	7	3,566	3.3	2,832
Trn-MC1 GGU	3,000.00	12/1/2018	8	3,655	3.7	2,715
Trn-MC2 GGU	3,000.00	12/1/2019	9	3,747	4.0	2,624
Trn-MC3 GGU	3,000.00	12/1/2023	13	4,136	4.6	2,282
Trn-MC4 GGU	3,000.00	12/1/2028	18	4,679	5.2	1,835
Trn-MC Spare GGU	3,000.00	12/1/2028	18	4,679	5.2	1,835

Estimated Fair Value of AROs (Rounded) \$ 51,600,000

Notes

- Estimated decommissioning costs and dates provided by E.ON Management
- Rate of Inflation assumption: 2.50%
- Discount rate based on BBB+ rated debt implied by a swap curve deemed to be reflective of a typical market participant in the electric utility space.

Exhibit VII, Page 1 of 3

Valuation of Asset Retirement Obligations

As of November 1, 2010

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Kentucky Utilities Company	\$	53,000,000	(1)
Louisville Gas and Electric Company		51,600,000	(2)
Total Fair Value of AROs	\$	104,600,000	

Notes

1. See Exhibit VII, Page 2 of 3
2. See Exhibit VII, Page 3 of 3

Crescente, Angela

From: Josh Hirschel <jhirschel@pwrplan.com>
Sent: Monday, November 15, 2010 1:36 PM
To: Crescente, Angela; 'Jim Dahlby'; jholt@pwrplan.com; 'Jim Ogilvie'; akoch@pwrplan.com
Cc: Wiseman, Sara
Subject: RE: ARO work at LGE

Angela –

I am going to log in this evening to take a look.

Thanks,
Josh

From: Crescente, Angela [<mailto:Angela.Crescente@lge-ku.com>]
Sent: Monday, November 15, 2010 11:01 AM
To: Josh Hirschel; Jim Dahlby; jholt@pwrplan.com
Cc: Wiseman, Sara
Subject: RE: ARO work at LGE

Hi everyone,

Sara wanted me to forward you this email to see if you have heard anything from Mark in regards to this.

Thanks,

Angela

From: Wiseman, Sara
Sent: Saturday, November 13, 2010 8:55 PM
To: 'Jim Ogilvie'; 'mheinemann@pwrplan.com'
Cc: Crescente, Angela; Wacker, Diana; 'akoch@pwrplan.com'
Subject: ARO work at LGE

Mark:

We need to move forward with loading new values for the ARC and ARO liabilities on the books for the next monthly close. I know Jim will help us to the extent that he can, but which ARO person (Jim, Josh or Joe) will be working with us? We'd like to get started as early as we can this coming week.

Thanks.

Sara Wiseman

Manager, Property Accounting

Office 502.627.3189

Cell 502.338.0886

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Clark, Ed

From: Crescente, Angela
Sent: Friday, November 19, 2010 11:34 AM
To: Wiseman, Sara
Subject: RE: PPE controls question - AROs

Sara:

Please review.

Erin,

Control # 21 does not happen often, but occasionally, I will get a copy of an AIP to determine if there is the need for an ARO. However, most of the time that I receive copies, the AIP is written for the retirement/settlement of a ARO that has already been calculated and booked. Therefore, the need for control # 22 does not exist. However, we are about to add a new ARO in the next couple of months that an AIP was prepared for in 2006. Control # 22 has not happened yet because the ARO I am referring to has not been placed in-service yet. Once the asset has been added to the books, I will create a new ARO in our PowerPlant system and control # 22 will be fulfilled.

From: erin.m.schroering@us.pwc.com [<mailto:erin.m.schroering@us.pwc.com>]
Sent: Friday, November 19, 2010 10:26 AM
To: Wiseman, Sara; Crescente, Angela
Subject: PPE controls question - AROs

Hi Sara and Angela,

I had a quick question regarding a couple of the acquisition of PP&E controls and thought one of you may be able to help me out.

I am looking at controls C.04.02.01.21 and C.04.02.01.22, which I have included below. I believe these controls occur on an "event-driven" basis. Do you know how many times these event-driven controls has occurred?

C.04.02.01.21

During the AIP review 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 and if appropriate, contacts the E.ON U.S. 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.

C.04.02.01.22

If an ARO is required, information regarding the amount is gathered by the Property Accounting Analyst from the appropriate company personnel (operating units, Legal, Environmental, etc.) and the present value of the future retirement obligation is calculated in accordance with the guidelines under Statement of Financial Accounting Standards No. 143 and FASB Interpretation No. 47.

Please let me know at your earliest convenience. Thank you for your help!

Erin M Schroering
Assurance Associate

PricewaterhouseCoopers LLP (pwc.com)
500 West Main Street Suite 1800
Louisville, KY 40202-4264
Telephone: +1 502 585 7743
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erin.m.schroering@us.pwc.com

Print less, think more.

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Clark, Ed

From: Wiseman, Sara
Sent: Saturday, November 20, 2010 5:59 AM
To: Crescente, Angela
Subject: RE: PPE controls question - AROs

Looks good to me. Thanks for taking care of this.

From: Crescente, Angela
Sent: Friday, November 19, 2010 11:34 AM
To: Wiseman, Sara
Subject: RE: PPE controls question - AROs

Sara:

Please review.

Erin,

Control # 21 does not happen often, but occasionally, I will get a copy of an AIP to determine if there is the need for an ARO. However, most of the time that I receive copies, the AIP is written for the retirement/settlement of a ARO that has already been calculated and booked. Therefore, the need for control # 22 does not exist. However, we are about to add a new ARO in the next couple of months that an AIP was prepared for in 2006. Control # 22 has not happened yet because the ARO I am referring to has not been placed in-service yet. Once the asset has been added to the books, I will create a new ARO in our PowerPlant system and control # 22 will be fulfilled.

From: erin.m.schroering@us.pwc.com [mailto:erin.m.schroering@us.pwc.com]
Sent: Friday, November 19, 2010 10:26 AM
To: Wiseman, Sara; Crescente, Angela
Subject: PPE controls question - AROs

Hi Sara and Angela,

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I am looking at controls C.04.02.01.21 and C.04.02.01.22, which I have included below. I believe these controls occur on an "event-driven" basis. Do you know how many times these event-driven controls has occurred?

C.04.02.01.21

During the AIP review 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 and if appropriate, contacts the E.ON U.S. 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.

C.04.02.01.22

If an ARO is required, information regarding the amount is gathered by the Property Accounting Analyst from the appropriate company personnel (operating units, Legal, Environmental, etc.) and the present value of the future retirement obligation is calculated in accordance with the guidelines under Statement of Financial Accounting Standards No. 143 and

FASB Interpretation No. 47.

Please let me know at your earliest convenience. Thank you for your help!

Erin M Schroering
Assurance Associate

PricewaterhouseCoopers LLP (pwc.com)
500 West Main Street Suite 1800
Louisville, KY 40202-4264
Telephone: +1 502 585 7743
Facsimile: +1 813 281 6504
Mobile: +1 502 419 0288

erin.m.schroering@us.pwc.com

Print less, think more.

The information transmitted, including any attachments, is intended only for the person or entity to which it is addressed and may contain confidential and/or privileged material. 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 prohibited, and all liability arising therefrom is disclaimed. If you received this in error, please contact the sender and delete the material from any computer. PricewaterhouseCoopers LLP is a Delaware limited liability partnership. This communication may come from PricewaterhouseCoopers LLP or one of its subsidiaries.

Clark, Ed

From: Crescente, Angela
Sent: Monday, November 22, 2010 8:34 AM
To: 'erin.m.schroering@us.pwc.com'
Cc: Wiseman, Sara
Subject: RE: PPE controls question - AROs

Erin,

Control # 21 does not happen often, but occasionally, I will get a copy of an AIP to determine if there is the need for an ARO. However, most of the time that I receive copies, the AIP is written for the retirement/settlement of a ARO that has already been calculated and booked. Therefore, the need for control # 22 does not exist. However, we are about to add a new ARO in the next couple of months that an AIP was prepared for in 2006. Control # 22 has not happened yet because the ARO I am referring to has not been placed in-service yet. Once the asset has been added to the books, I will create a new ARO in our PowerPlant system and control # 22 will be fulfilled.

Thanks,
Angela

From: erin.m.schroering@us.pwc.com [mailto:erin.m.schroering@us.pwc.com]
Sent: Friday, November 19, 2010 10:26 AM
To: Wiseman, Sara; Crescente, Angela
Subject: PPE controls question - AROs

Hi Sara and Angela,

I had a quick question regarding a couple of the acquisition of PP&E controls and thought one of you may be able to help me out.

I am looking at controls C.04.02.01.21 and C.04.02.01.22, which I have included below. I believe these controls occur on an "event-driven" basis. Do you know how many times these event-driven controls has occurred?

C.04.02.01.21

During the AIP review 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 and if appropriate, contacts the E.ON U.S. 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.

C.04.02.01.22

If an ARO is required, information regarding the amount is gathered by the Property Accounting Analyst from the appropriate company personnel (operating units, Legal, Environmental, etc.) and the present value of the future retirement obligation is calculated in accordance with the guidelines under Statement of Financial Accounting Standards No. 143 and FASB Interpretation No. 47.

Please let me know at your earliest convenience. Thank you for your help!

Erin M Schroering
Assurance Associate

PricewaterhouseCoopers LLP (pwc.com)
500 West Main Street Suite 1800

Louisville, KY 40202-4264
Telephone: +1 502 585 7743
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Mobile: +1 502 419 0288

erin.m.schroering@us.pwc.com

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Clark, Ed

From: McDaniels, Jason
Sent: Thursday, December 09, 2010 4:30 PM
To: Wiseman, Sara; Crescente, Angela
Cc: Elmore, Barry
Subject: RE: MD&A Disclosure of Critical Accounting Policies - Long-lived assets and ARO's

Sara / Angela

I wanted to follow-up with you guys on my previous message. Have you guys had a chance to look at the examples I sent and start thinking about the wording we need to use for the new discussion we need to add to our MD&A? Did you have any questions for me regarding this request? I need to have the suggested language from you guys and in the draft by 12/29. Would it be possible to get me something by 12/22? If not, let me know when you think you can provide it? I know the numbers might not be ready until later, but I'm hoping I can have the language ready to go soon. Thanks again for all of your help.

Thanks,

Jason McDaniels
Accounting Analyst III
Financial Accounting and Reporting
502-627-3678 (P)
502-627-3820 (F)
Jason.McDaniels@lge-ku.com

From: McDaniels, Jason
Sent: Friday, November 12, 2010 2:55 PM
To: Wiseman, Sara; Crescente, Angela
Cc: Elmore, Barry
Subject: MD&A Disclosure of Critical Accounting Policies - Long-lived assets and ARO's

Sara/Angela

Since we have been purchased by PPL, we will need to migrate more to SEC reporting, which includes the need to have a detailed discussion of our critical accounting policies in our MD&A. We typically list impairment of long-lived assets and Asset Retirement Obligation as critical accounting policies and will need your assistance with preparing the language and numbers needed for our LKE/LGE/KU annual reports. For your reference, I am attaching three files. The first file is the guidance from the CCH Disclosure Checklist. Please pay particular attention to the areas I have highlighted in this document as those are the things we need to consider for disclosure. The second and third files are examples from PPL's 2009 10-K. Please note in the Asset impairment file that only the language highlighted in green pertains to long-lived assets. The remainder is for goodwill and I will be sending that section to another department for help. Hopefully this will provide some guidance regarding the types of things they discussed and the language they used. This can be a starting point for you, but you will need to tailor this language to our specific situation.

Finally, please notice that we need to include a sensitivity analysis similar to PPL for our ARO's. Please take a look at how PPL does it and let us know if there are any issues with using PPL's current approach to prepare our sensitivity analysis.

We will need to have the language and applicable numbers, including sensitivity analysis, ready for inclusion in our 2010 annual report. Hopefully this will give you enough time to start thinking about this and get everything ready for the reports.

Let us know if you have any questions.

Jason McDaniels
Accounting Analyst III
Financial Accounting and Reporting
502-627-3678 (P)
502-627-3820 (F)
Jason.McDaniels@lge-ku.com

Clark, Ed

From: Sneed, Lydia
Sent: Wednesday, December 22, 2010 1:37 PM
To: Crescente, Angela
Cc: Wiseman, Sara; McDaniels, Jason
Subject: Asset Retirement Obligations

Hello Angela,

Per our conversation, I have attached some wording from LG&E critical accounting policies. Please review and mock-up. KU has the exact same wording so if KU should have wording different than LG&E please let me know.

If you could get this back to me no later than next Tuesday that would be great.

Thanks



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Lydia Sneed
Financial Accounting and Reporting
Consultant

Asset Retirement Obligations (“ARO”)

LG&E is required to recognize a liability for legal obligations associated with the retirement of long-lived assets. The initial obligation should be measured at its estimated fair value. An equivalent amount should be 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 should be increased, through the recognition of accretion expense in the income statement, for changes in the obligation due to the passage of time. A conditional ARO must be recognized when incurred if the fair value of the ARO can be reasonably estimated.

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 latest estimate of the obligations.

LG&E’s AROs are primarily related to the final retirement of assets associated with generating units. For assets associated with AROs, the removal cost accrued through depreciation under regulatory accounting is established as a regulatory asset or liability.

Clark, Ed

From: Wiseman, Sara
Sent: Monday, December 27, 2010 2:26 PM
To: Sneed, Lydia; McDaniels, Jason
Cc: Crescente, Angela
Subject: FW: Asset Retirement Obligations

Lydia/Jason:

We're confused, but willing to help in any way we can once we understand what we need to do.

I have this email from earlier and thought this was the language that was going to be used for the significant accounting policies.



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From: Sneed, Lydia
Sent: Wednesday, December 22, 2010 1:37 PM
To: Crescente, Angela
Cc: Wiseman, Sara; McDaniels, Jason
Subject: Asset Retirement Obligations

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If you could get this back to me no later than next Tuesday that would be great.

Thanks

Lydia Sneed
Financial Accounting and Reporting
Consultant

Clark, Ed

From: McDaniels, Jason
Sent: Monday, December 13, 2010 6:21 PM
To: Wiseman, Sara
Subject: ARO language

Sara,

Can you take a look at the updated language for this paragraph and let me know what you think? Do we need to add/delete/tweak anything?

Asset Retirement Obligations

LG&E recognizes various legal obligations associated with the retirement of long-lived assets as liabilities in the financial statements. Initially this obligation is measured at fair value. An equivalent amount is recorded as an increase in the value of the capitalized asset. Until the obligation is settled, the liability is increased, through the recognition of accretion expense classified within "Other operation and maintenance" in the income statement, for changes in the obligation due to the passage of time. 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. 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 latest estimate of the obligations.

Jason McDaniels
Accounting Analyst III
Financial Accounting and Reporting
502-627-3678 (P)
502-627-3820 (F)
Jason.McDaniels@lge-ku.com

Asset Retirement Obligations (“ARO”)

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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 latest estimate of the obligations.

LG&E’s AROs are primarily related to the final retirement of assets associated with generating units. For assets associated with AROs, the removal cost accrued through depreciation under regulatory accounting is established as a regulatory asset or liability.

Clark, Ed

From: Sneed, Lydia
Sent: Monday, December 27, 2010 2:42 PM
To: Wiseman, Sara
Cc: McDaniels, Jason; Crescente, Angela
Subject: RE: Asset Retirement Obligations

Hello Sara,

The wording should be close to what is used in the significant accounting policies. The wording I am looking for is for the critical accounting policies part of MD&A.

It must include answers as to:

How management arrived at the estimate
How accurate the estimate has been in the past
How much the estimate has changed in the past
Whether the estimate is reasonably likely to change in the future.

I will walk over an example.

Lydia

From: Wiseman, Sara
Sent: Monday, December 27, 2010 2:26 PM
To: Sneed, Lydia; McDaniels, Jason
Cc: Crescente, Angela
Subject: FW: Asset Retirement Obligations

Lydia/Jason:

We're confused, but willing to help in any way we can once we understand what we need to do.

I have this email from earlier and thought this was the language that was going to be used for the significant accounting policies.

<< Message: ARO language >>

From: Sneed, Lydia
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To: Crescente, Angela
Cc: Wiseman, Sara; McDaniels, Jason
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Per our conversation, I have attached some wording from LG&E critical accounting policies. Please review and mock-up. KU has the exact same wording so If KU should have wording different than LG&E please let me know.

If you could get this back me no later than next Tuesday that would be great.

Thanks

<< File: Asset Retirement Obligations.docx >>

Lydia Sneed
Financial Accounting and Reporting
Consultant

Clark, Ed

From: Sneed, Lydia
Sent: Monday, December 27, 2010 3:06 PM
To: Wiseman, Sara
Cc: McDaniels, Jason; Crescente, Angela
Subject: RE: Asset Retirement Obligations

Sara,

Attached is PPL info from their 10K



ArchiveInfo.htm

Lydia M. Sneed
Consultant
Financial Accounting and Reporting

From: Sneed, Lydia
Sent: Monday, December 27, 2010 2:42 PM
To: Wiseman, Sara
Cc: McDaniels, Jason; Crescente, Angela
Subject: RE: Asset Retirement Obligations

Hello Sara,

The wording should be close to what is used in the significant accounting policies. The wording I am looking for is for the critical accounting policies part of MD&A.

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- How accurate the estimate has been in the past
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- Whether the estimate is reasonably likely to change in the future.

I will walk over an example.

Lydia

From: Wiseman, Sara
Sent: Monday, December 27, 2010 2:26 PM
To: Sneed, Lydia; McDaniels, Jason
Cc: Crescente, Angela
Subject: FW: Asset Retirement Obligations

Lydia/Jason:

We're confused, but willing to help in any way we can once we understand what we need to do.

I have this email from earlier and thought this was the language that was going to be used for the significant accounting policies.

<< Message: ARO language >>

From: Sneed, Lydia
Sent: Wednesday, December 22, 2010 1:37 PM
To: Crescente, Angela
Cc: Wiseman, Sara; McDaniels, Jason
Subject: Asset Retirement Obligations

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Thanks

<< File: Asset Retirement Obligations.docx >>

Lydia Sneed
Financial Accounting and Reporting
Consultant

5) Asset Retirement Obligations

PPL is required to recognize a liability for legal obligations associated with the retirement of long-lived assets. The initial obligation should be measured at its estimated fair value. An equivalent amount should be 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 should be increased, through the recognition of accretion expense in the income statement, for changes in the obligation due to the passage of time. A conditional ARO must be recognized when incurred if the fair value of the ARO can be reasonably estimated.

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At December 31, 2009, PPL had AROs totaling \$426 million recorded on the Balance Sheet, of which \$10 million is included in "Other current liabilities." Of the total amount, \$348 million, or 82%, relates to PPL's nuclear decommissioning ARO. 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 PPL's nuclear decommissioning ARO liability as of December 31, 2009, associated with a change in these assumptions at the time of initial recognition. There is no significant change to the annual depreciation expense of the ARO asset or the annual accretion expense of the ARO liability as a result of changing the assumptions. The sensitivities below reflect an evaluation of the change based solely on a change in that assumption.

	<u>Change in Assumption</u>	<u>Impact on ARO Liability</u>
Retirement Cost	10%/(10)%	\$32/\$(32)
Discount Rate	0.25%/(0.25)%	\$(31)/\$34
Inflation Rate	0.25%/(0.25)%	\$41/\$(37)

Clark, Ed

From: Wiseman, Sara
Sent: Tuesday, December 28, 2010 1:22 PM
To: Sneed, Lydia; McDaniels, Jason
Cc: Crescente, Angela; Daly, Karen
Subject: Asset Retirement Obligations.docx



ArchiveInfo.htm

Lydia:

Angela and I have made a few changes to LG&E's critical accounting policies. I've also put instructions in the WORD for the differences for KU.

Please call with questions.

Asset Retirement Obligations ("ARO")

LG&E is required to recognize a liability for legal obligations associated with the retirement of long-lived assets. The initial obligation should be measured at its estimated fair value. An equivalent amount should be 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 should be increased, through the recognition of accretion expense in the income statement, for changes in the obligation due to the passage of time. 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. A conditional ARO must be recognized when incurred if the fair value of the ARO can be reasonably estimated.

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LG&E's AROs are primarily related to the final retirement of assets associated with generating units and natural gas mains and wells. For assets associated with AROs, the removal cost accrued through depreciation under regulatory accounting is established as a regulatory asset or liability.

Please note that for KU the first 3 paragraphs are the same, but the last one needs minor modification.

~~LG&E~~KU's AROs are primarily related to the final retirement of assets associated with generating units ~~and natural gas mains and wells.~~ For assets associated with AROs, the removal cost accrued through depreciation under regulatory accounting is established as a regulatory asset or liability

Clark, Ed

From: Sneed, Lydia
Sent: Tuesday, December 28, 2010 1:48 PM
To: Wiseman, Sara
Cc: Crescente, Angela; Daly, Karen; McDaniels, Jason
Subject: RE: Asset Retirement Obligations.docx

Hello Sara and Angela,

Thanks for your work. We are closer than what I had originally mocked-up. I do need sensitivity analysis; it is a requirement of the SEC. The end results needs to respond to all of the below points.

- How management arrived at the estimate
- How accurate the estimate has been in the past
- How much the estimate has changed in the past
- Whether the estimate is reasonably likely to change in the future

Lydia M. Sneed
Consultant
Financial Accounting and Reporting

From: Wiseman, Sara
Sent: Tuesday, December 28, 2010 1:22 PM
To: Sneed, Lydia; McDaniels, Jason
Cc: Crescente, Angela; Daly, Karen
Subject: Asset Retirement Obligations.docx

<< File: Asset Retirement Obligations.docx >>

Lydia:

Angela and I have made a few changes to LG&E's critical accounting policies. I've also put instructions in the WORD for the differences for KU.

Please call with questions.

Clark, Ed

From: Wiseman, Sara
Sent: Tuesday, December 28, 2010 3:15 PM
To: Sneed, Lydia
Cc: Crescente, Angela; Daly, Karen; McDaniels, Jason
Subject: RE: Asset Retirement Obligations.docx

Lydia:

I attended a meeting a couple of weeks ago with PPL on the 10K and there was discussion that the sensitivity analysis/table might not be required. PPL includes only nuclear, which is very large. We do not have any nuclear. Generating the information for this table is a very time consuming effort and we need to check with PPL to see if it is going to be included before we go down that path.

From: Sneed, Lydia
Sent: Tuesday, December 28, 2010 1:48 PM
To: Wiseman, Sara
Cc: Crescente, Angela; Daly, Karen; McDaniels, Jason
Subject: RE: Asset Retirement Obligations.docx

Hello Sara and Angela,

Thanks for your work. We are closer than what I had originally mocked-up. I do need sensitivity analysis; it is a requirement of the SEC. The end results needs to respond to **all** of the below points.

- How management arrived at the estimate
- How accurate the estimate has been in the past
- How much the estimate has changed in the past
- Whether the estimate is reasonably likely to change in the future

Lydia M. Sneed
Consultant
Financial Accounting and Reporting

From: Wiseman, Sara
Sent: Tuesday, December 28, 2010 1:22 PM
To: Sneed, Lydia; McDaniels, Jason
Cc: Crescente, Angela; Daly, Karen
Subject: Asset Retirement Obligations.docx

<< File: Asset Retirement Obligations.docx >>

Lydia:

Angela and I have made a few changes to LG&E's critical accounting policies. I've also put instructions in the WORD for the differences for KU.

Please call with questions.

Clark, Ed

From: erin.m.schroering@us.pwc.com
Sent: Friday, October 22, 2010 2:40 PM
To: Crescente, Angela
Subject: RE: ARO follow up questoin

Hey Angela,

I was looking through the support you provided. I know I asked you just for the 101 stuff, but I also went ahead and tied out the 230 amounts. I noticed for KU that the amount that I total does not agree to the rollforward. Is there another entry I need to tie the 230 amount - if so I can run up and grab it. Let me know when you get a chance - sorry to bother again!

Thanks,

Erin M Schroering
Assurance Associate

PricewaterhouseCoopers LLP (pwc.com)
500 West Main Street Suite 1800
Louisville, KY 40202-4264
Telephone: +1 502 585 7743
Facsimile: +1 813 281 6504
Mobile: +1 502 419 0288

erin.m.schroering@us.pwc.com

Print less, think more.

From: "Crescente, Angela" <Angela.Crescente@eon-us.com>
To: Erin M Schroering/US/ABAS/PwC@Americas-US
Cc: "Wiseman, Sara" <Sara.Wiseman@eon-us.com>
Date: 10/22/2010 01:32 PM
Subject: RE: ARO follow up questoin

Erin,

Several AROs were set up in 2003 as a result of SFAS143, some of which include ash ponds, etc. Other AROs such as asbestos were set up in 2005 as a result of FIN47. This is the first GAAP revaluation we have performed since the AROs were set up in 2003 and 2005. However, IFRS has been revalued on a yearly basis due to the change in discount rate supplied by EON AG.

Thanks,
Angela

From: erin.m.schroering@us.pwc.com [<mailto:erin.m.schroering@us.pwc.com>]
Sent: Friday, October 22, 2010 11:19 AM
To: Crescente, Angela

Subject: ARO follow up questoin

Hey Angela,

I was reviewing my notes from our discussion yesterday in trying to document this revaluation. Is it correct that the last time these ARO's were revalued was at 2003? Or is this just when they ere set up? I'm trying to figure out how often they have been revalued, if at all, since set up. Please get back with me at your earliest convenience.

Thanks!

Erin M Schroering
Assurance Associate

PricewaterhouseCoopers LLP (pwc.com)
500 West Main Street Suite 1800
Louisville, KY 40202-4264
Telephone: +1 502 585 7743
Facsimile: +1 813 281 6504
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erin.m.schroering@us.pwc.com

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Clark, Ed

From: Charnas, Shannon
Sent: Wednesday, October 13, 2010 6:42 AM
To: Wiseman, Sara
Cc: Crescente, Angela
Subject: FW: ARO Asbestos update

FYI. Based on our recent revaluation, I would think that fair valuing would not be an issue, but I'm sure there will be more discussion about how it will need to be done.

Shannon Charnas
Director, Utility Accounting & Reporting
E.ON U.S.
(502) 627-4978

From: Scott, Valerie
Sent: Tuesday, October 12, 2010 6:34 PM
To: Charnas, Shannon
Subject: FW: ARO Asbestos update

Let me know if you would like to discuss.

Valerie

From: Muller, Kerry L [<mailto:klmuller@pplweb.com>]
Sent: Tuesday, October 12, 2010 6:06 PM
To: Scott, Valerie; Coldren, Ann R
Cc: Henninger, Tadd J; Woods, Mark D; Sorgi, Vincent; Cunningham, Mark A
Subject: ARO Asbestos update

Valerie/Ann

We discussed ARO for asbestos with EY after our purchase accounting meeting. Here is where we landed:

- EUS ARO's will need to be fair valued as part of purchase accounting - (if EUS had originally valued similar to PPL they would have needed to estimate a fair value for purchase accounting as there is no "can not reasonably estimate due to indeterminable settlement dates" exception) Based on this EY is ok that PPL says it can not reasonably estimate since we are under FIN47 and EUS can not say that because of Purchase Accounting requiring a fair value measurement
- Tadd will be discussing with D&T - valuation of ARO's at fair value which will probably require cash flow estimates from EUS
- I will be closing out the Acctg Policy review based on this discussion

Kerry

Kerry Muller
Accounting Processes & SOX Compliance
610-774-6766
klmuller@pplweb.com

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Clark, Ed

From: Crescente, Angela
Sent: Friday, July 09, 2010 5:33 PM
To: Baker, Bryan; Cosby, David
Cc: Rose, Bruce; Wiseman, Sara
Subject: RE: Asbestos-Generation

That would be great. Thank you both for your help!

Angela

From: Baker, Bryan
Sent: Friday, July 09, 2010 5:31 PM
To: Cosby, David; Crescente, Angela
Cc: Rose, Bruce; Wiseman, Sara
Subject: RE: Asbestos-Generation

Be happy to. I can just attach it to the info I'm sending out for the meeting. I'm sure most of us have seen it before or were at least involved with it.

From: Cosby, David
Sent: Friday, July 09, 2010 4:28 PM
To: Crescente, Angela
Cc: Rose, Bruce; Wiseman, Sara; Baker, Bryan
Subject: RE: Asbestos-Generation

Angela,

It has not been sent out to the Commercial Managers although some of them will be familiar with it if they were at those sites when it was done last time. You may want to have Bryan send it out to them on Monday.

David L. Cosby Jr.
Manager - Fin. & Budgeting - Power Production
EON US / LG&E / KU
502-627-2499
david.cosby@eon-us.com

From: Crescente, Angela
Sent: Friday, July 09, 2010 5:25 PM
To: Cosby, David
Cc: Rose, Bruce; Wiseman, Sara; Baker, Bryan
Subject: FW: Asbestos-Generation

David,

Has this information been sent out to the folks that we are going to be talking to in the Commercial Managers Meeting on Tuesday? We just wanted to have an idea about how aware they are of what we will need from them in order for us to know what we should discuss in the meeting or what questions they might ask.

Thanks,
Angela

From: Wiseman, Sara
Sent: Wednesday, June 23, 2010 4:21 PM
To: Cosby, David; Welsh, Elaine; Crescente, Angela
Cc: Rose, Bruce
Subject: Asbestos-Generation

Hi all:

As promised, here is the information I have for asbestos. We will talk about this in our meeting.

Cane Run and Jefferson County CTs--Kremer

<< Message: FW: FIN-47 >>

Mill Creek from Dave Cook

<< Message: FIN47 Data for Mill Creek >>

Ohio Falls, Waterside and Zorn from Kremer

<< Message: FW: Fin 47 Template.xls - Zorn Data >>
Ghent from Fred Jackson

<< Message: Ghent FIN 47 Template Revision >>
Green River from Russell Baker

<< Message: FW: FIN-47_2.xls >>

Tyrone, Pineville, Dix Dam and Brown from Sam Carr

<< Message: FW: FIN 47 Request - Batteries >>

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

Clark, Ed

From: Crescente, Angela
Sent: Thursday, September 23, 2010 2:46 PM
To: 'jeffrey.m.zoglmann@us.pwc.com'
Cc: lindsey.prather@us.pwc.com; Wiseman, Sara
Subject: RE: Fw: FAS157

Jeff,

It is time for us to do our GAAP ARO Revaluation and I just had a quick question for you to see if you agree with my way of thinking about this. In the event of a downward estimate, I understand that the original discount rate will continue to be used in accordance to the standards. Is it OK to go ahead and create a new layer with the new cash flow estimates as long as it still uses the old discount rate? I was thinking it shouldn't be an issue since this time the revaluation would cause the liability adjustment to go down (a debit to the 230 liability account and a credit to the asset 101 account), but the discount rate would still continue to be used for accretion. Then next year when we revalue, the cash flows may result in an upward estimate where a new discount rate would be used and there would be an increase adjustment in the liability (a credit to the 230 liability and a debit to the 101 account) so it would just catch up anyway.

Please advise and feel free to call me if you have any questions.

Thanks,
Angela

From: jeffrey.m.zoglmann@us.pwc.com [mailto:jeffrey.m.zoglmann@us.pwc.com]
Sent: Wednesday, January 06, 2010 4:02 PM
To: Crescente, Angela; Wiseman, Sara
Cc: lindsey.prather@us.pwc.com
Subject: Re: Fw: FAS157

Angela,

I have included our fair value guide below (the ARO section), which provides a very detailed analysis of the effect of FAS 157 on ARO's. In addition, see below for my responses to your questions:

Based on the research we have performed, it appears that the calculation of our AROs and the disclosures of them are no different than what we are already doing under FAS143 even when considering the addition of new AROs or a revision of an existing ARO- correct, as stated in our guide above, "the application of ASC 820 is not expected to have a significant impact on the measurement of AROs as the existing fair value requirements were similar to the concepts in ASC 820. This guidance is consistent with the previous guidance regarding asset retirement obligations. In determining the fair value of AROs, the previous guidance stated that quoted prices in active markets should be used if available; however, the measurement typically defaulted to a present value technique prepared in accordance with the guidance of CON 7".

Based on our understanding of FAS157, our AROs represent significant unobservable inputs (level 3) which require a reconciliation of the beginning and ending balances if it is a recurring measurement. We already provide this in our footnotes- this is correct, as stated in our guide above, "an expected present value technique will usually be the only appropriate technique with which to estimate the fair value of a liability for an asset retirement obligation".

We expect to revalue our AROs on an annual basis by asking field personnel to estimate the cost of removal for the ARO and then using the present value calculation to create new layers. Would this annual activity cause it to be recurring? Would there be any additional disclosures required than what we already do under FAS143?- I have copied in the disclosure requirements below from our guide above, but it appears the reconciliation and disclosing any activity during the period are the requirements for disclosure. As far as revaluing on an annual basis, the guide states that "when a new ARO layer is established due to a change in the timing or amount of expected cash flows, the new layer is treated

as a separate unit of account", and this new layer will be revalued at fair value. I'm assuming this is what you are doing each year, with new layers being caused by changes in expected cash flows. If this is the case, our guidance wouldn't consider to be recurring.

Disclosure Requirements

An asset retirement obligation is initially measured at fair value and is subsequently accreted through earnings. A change to the timing or amount of undiscounted cash flows expected to be paid to retire the asset after initial measurement creates a change in estimate event for the ARO. ASC 820 requires specific disclosures for recurring and nonrecurring fair value measurements.

AROs are initially recognized at fair value when a reasonable estimate of fair value can be made. The initial measurement of an ARO is subject to the measurement requirements of ASC 820. However, the disclosure requirements for nonrecurring measurements under ASC 820 only apply to "assets and liabilities that are measured at fair value on a nonrecurring basis in periods subsequent to initial recognition (e.g., impaired assets) ..." Therefore, these disclosures would not apply to the initial measurement of an ARO, including new layers associated with an existing ARO. The disclosures required for recurring measurements at fair value are also not applicable as the original liability is not subsequently remeasured at fair value.

However, the disclosures required by ASC 410-20-50-1, are similar to those required by ASC 820, including a reconciliation of beginning and ending balances, and disclosure of activity during the period. In addition, a reporting entity is not precluded from providing supplemental disclosures consistent with the requirements of ASC 820-10-50-5 for nonrecurring measurements, to the extent it believes such disclosures will be useful to users of the financial statements.

Jeff Zoglmann | PricewaterhouseCoopers LLP

500 West Main Street Suite 1800 | Louisville, KY 40202 | ☎: 502.585.7706 | 📠: 813.281.6173 | ✉: jeffrey.m.zoglmann@us.pwc.com

Lindsey Prather/US/ABAS/PwC

To Jeffrey M Zoglmann/US/ABAS/PwC@Americas-US, Kenneth L Schnurr/US/ABAS/PwC@Americas-US
cc Elizabeth Burkhart/US/ABAS/PwC@Americas-US

01/06/2010 11:13 AM

Subject Fw: FAS157

502-585-7732
Louisville
US
"Reply to All" is Disabled

Let's discuss this afternoon. I think this would be a good opportunity for SB.

Lindsey Prather | ✉: lindsey.prather@us.pwc.com | PricewaterhouseCoopers LLP | ABAS |

500 West Main Street | Suite 1800 | Louisville, Kentucky 40202 | ☎: 502.585.7732 | 📠: 813.207.1848 |

----- Forwarded by Lindsey Prather/US/ABAS/PwC on 01/06/2010 11:13 AM -----

"Crescente, Angela" <Angela.Crescente@eon-us.com>

To Lindsey Prather/US/ABAS/PwC@Americas-US
cc "Wiseman, Sara" <Sara.Wiseman@eon-us.com>
Subject FAS157

12/29/2009 10:13 AM

"Reply to All" is Disabled

Hi Lindsey,

We have been looking into the requirements of FAS157 to determine the impact on our Asset Retirement Obligations. Based on the research we have performed, it appears that the calculation of our AROs and the disclosures of them are no different than what we are already doing under FAS143 even when considering the addition of new AROs or a revision of an existing ARO. Please let me know if our understanding is accurate.

We have always used a present value technique to calculate our AROs. Based on our understanding of FAS157, our AROs represent significant unobservable inputs (level 3) which require a reconciliation of the beginning and ending balances if it is a recurring measurement. We already provide this in our footnotes. Please confirm if our understanding is correct. Are AROs considered recurring measurements or nonrecurring measurements? We expect to revalue our AROs on an annual basis by asking field personnel to estimate the cost of removal for the ARO and then using the present value calculation to create new layers. Would this annual activity cause it to be recurring? Would there be any additional disclosures required than what we already do under FAS143?

We want to be certain that we are in full compliance with FAS143 and FAS157. It appears to us that there is no difference as far as the AROs are concerned, but would like to get your thoughts on this as we are about ready to begin our year-end reporting.

Thanks so much for your help,
Angela

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Crescente, Angela

From: PowerPlantAlerts@eon-us.com
Sent: Thursday, November 18, 2010 8:26 AM
To: Crescente, Angela
Subject: PowerPlant Alerts - E.ON - AIP - ARO

Project 126552 has ARO

[login to powerplant](#)

Crescente, Angela

From: PowerPlantAlerts@eon-us.com
Sent: Friday, October 01, 2010 6:00 AM
To: Crescente, Angela
Subject: PowerPlant Alerts - E.ON - AIP - ARO

Project 132234 has ARO

[login to powerplant](#)

Crescente, Angela

From: PowerPlantAlerts@eon-us.com
Sent: Friday, September 17, 2010 6:00 AM
To: Crescente, Angela
Subject: PowerPlant Alerts - E.ON - AIP - ARO

Project 127092 has ARO Project 127090 has ARO Project 127095 has ARO Project 127091 has ARO Project 127201 has ARO

[login to powerplant](#)

Crescente, Angela

From: Wiseman, Sara
Sent: Thursday, October 21, 2010 1:09 PM
To: Charnas, Shannon
Cc: Crescente, Angela
Subject: RE: Timing of ARO revaluations.docx

That was a contributing factor, as well, in that we felt we should review the detailed estimates.

From: Charnas, Shannon
Sent: Wednesday, October 20, 2010 9:24 AM
To: Wiseman, Sara
Cc: Crescente, Angela
Subject: RE: Timing of ARO revaluations.docx

Did the gas main explosion in CA had anything to do with our ARO revaluation on the gas side?

Shannon Charnas
Director, Utility Accounting & Reporting
E.ON U.S.
(502) 627-4978

From: Wiseman, Sara
Sent: Monday, October 18, 2010 4:26 PM
To: Charnas, Shannon
Cc: Crescente, Angela
Subject: Timing of ARO revaluations.docx

<< File: Timing of ARO revaluations.docx >>

Shannon:

For your review.

Crescente, Angela

From: Leenerts, Patricia
Sent: Thursday, October 21, 2010 3:48 PM
To: Riggs, Eric
Cc: Crescente, Angela
Subject: FW: Packer replacement

We (you) made the correct decision regarding the replacement of the packers. The relining was incidental to the purpose of the work, which was to replace the Packer. The costs should go to the Packer. They do this relatively infrequently. Glenn just hadn't mentioned the "relining with existing casing" before when he has replaced packers in the past. Charging to the Packer really seems like the best and correct decision. No ARO is involved in this case.

Thanks,

Pat
502-627-3811

From: Sundheimer, Glenn
Sent: Thursday, October 21, 2010 3:37 PM
To: Leenerts, Patricia
Subject: Re: Packer replacement

Yes.

From: Leenerts, Patricia
To: Sundheimer, Glenn
Sent: Thu Oct 21 15:06:23 2010
Subject: Packer replacement

Is it required to reline (I'm assuming using the same casing) a well anytime a packer is replaced?

Crescente, Angela

From: Ogilvie, Jim
Sent: Thursday, October 21, 2010 7:49 PM
To: Crescente, Angela; Wiseman, Sara; Wacker, Diana
Cc: Koch, Ann
Subject: ARO Revaluation Double Asset Posting

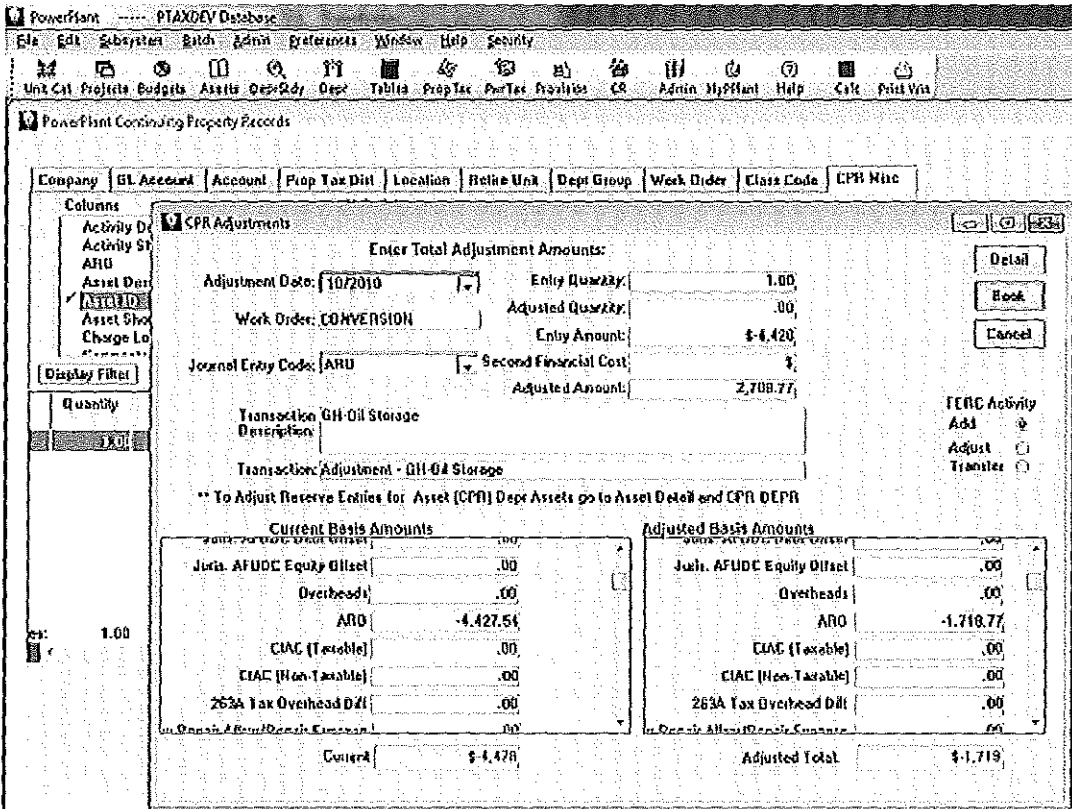
Ladies,

Last month, the asset revaluation for the GAAP ARO "GH-Oil Storage" was accidentally booked twice due to a glitch in the system that allowed two users to simultaneously create pending transaction for the same ARO layer.

The net effect of this was:

1. The ARO child asset was adjusted downward twice (each time by \$2,708.77)
2. The GL entry below was posted twice
 - a. 0110|347|015590|015590|101107|0000|0699|0000 \$(2708.77)
 - b. 0110|306|015590|015590|230012|0000|0699|0000 \$2708.77
3. The monthly depreciation expense for the asset was slightly off because of the asset's incorrect cost (by about \$7)
4. Any downstream reg entries related to #3 would have also been incorrect by the same amount

To fix this, I suggest doing an asset adjustment to the ARO child asset to add \$2708.77 of cost back to the asset. The screenshot below illustrates this. Be sure to select 230012 as the offsetting GL Account after clicking the Book button. This will effectively reverse the second posting from #2 above.



Hopefully the depreciation can be considered immaterial; the asset will still have the same end of life, and any slight miscalculation will be amortized over the remaining life of that asset. If not, you will need to make a depreciation expense adjustment in the current month to add back the \$7 of depreciation that was missed last month and a similar adjustment to account for the half month convention of the current period asset adjustment. I can work with you to determine the exact amounts if necessary.

- Jim

Crescente, Angela

From: Wiseman, Sara
Sent: Friday, October 22, 2010 11:52 AM
To: Crescente, Angela
Subject: FW: ARO revaluation

From: Charnas, Shannon
Sent: Friday, October 22, 2010 11:48 AM
To: Wiseman, Sara
Subject: ARO revaluation

Sara –

We've talked a lot about specific questions on the ARO valuation, but not really about an official technical memo. I'd like to get one that PwC could review, hopefully before we file next Friday. Do you think it would be possible to get it documented in a memo by next Tuesday?

Thanks,

Shannon Charnas
Director, Utility Accounting & Reporting
E.ON U.S.
(502) 627-4978

Crescente, Angela

From: Wiseman, Sara
Sent: Tuesday, October 26, 2010 2:34 PM
To: Charnas, Shannon
Cc: Crescente, Angela
Subject: ARO revaluation 9 30 2010.docx



ARO revaluation 9
30 2010.docx...

Shannon:

Here is the technical memo. As you said, if you don't look at it tonight, we will resend after Angela's review.



E.ON U.S.
220 West Main Street
P.O. Box 32030
Louisville, Kentucky 40232

Memo

October 25, 2010

To: Workpapers

From: Angela Crescente, Accounting Analyst II, Property Accounting
Sara Wiseman, Manager, Property Accounting

Re: Asset Retirement Obligation (ARO) revaluation as of 9/30/2010

Background

In June 2010, the EPA issued new proposed environmental regulations impacting the use of ash ponds. It was the Company's view, as expressed by many members of management, that the proposed regulations would result in the closure of many of the Company's ash ponds. At that time, the Company determined that the ARO estimates for these assets should be reviewed and updated. Additionally, as a result of the gas main explosion event in California, the Company determined it was also prudent to revisit gas main estimates at the Company. Coincidentally, the Company has been involved with a large scale main replacement program for several years. Management determined that enough consistent retirement history had been established to determine a good estimate in order to properly revalue the gas main ARO. Since these AROs represented a significant portion of the AROs on the books, the Company undertook a full scale revaluation of all AROs recorded. A revaluation of AROs was performed during the third quarter of 2010.

Research – U.S. GAAP

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 410-20-35-8, states "Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows shall be recognized as an increase or a decrease in the carrying amount of the liability for an asset retirement obligation and the related asset retirement cost capitalized as part of the carrying amount of the related long-lived asset. Upward revisions in the amount of undiscounted estimated cash flows shall be discounted using the current credit-adjusted risk-free rate. Downward revisions in the amount of undiscounted estimated cash flows shall be discounted using the credit-adjusted risk-free rate that existed when the original liability was recognized. If an entity cannot identify the prior period to which the downward revision relates, it may use a weighted-average credit-adjusted risk-free rate to discount the downward revision to estimated future cash flows. When asset retirement costs change as a result of a

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Page 2

revision to estimated cash flows, an entity shall adjust the amount of asset retirement cost allocated to expense in the period of change if the change affects that period only or in the period of change and future periods if the change affects more than one period as required by paragraph 250-10-45-17 for a change in estimate.”

ASC 250-10-45-17 states: “A change in accounting estimate shall be accounted for in the period of change if the change affects that period only or in the period of change and future periods if the change affects both. A change in accounting estimate shall not be accounted for by restating or retrospectively adjusting amounts reported in financial statements of prior periods or by reporting pro forma amounts for prior periods.”

Page 11 of a PwC white paper entitled *Accounting for Asset Retirement Obligations: An Education & Nonprofit Perspective* reads “If the asset is fully depreciated, subsequent changes to the ARO will be recorded directly in the current year statement of activities.”

ASC 980-410-25-2 states: “Many rate-regulated entities currently provide for the costs related to the retirement of certain long-lived assets in their financial statements and recover those amounts in rates charged to their customers. Some of those costs result from asset retirement obligations within the scope of Subtopic 410-20; others result from costs that are not within the scope of that Subtopic. The amounts charged to customers for the costs related to the retirement of long-lived assets may differ from the period costs recognized in accordance with that Subtopic and, therefore, may result in a difference in the timing of recognition of period costs for financial reporting and rate-making purposes. If the requirements of this Topic are met, a regulated entity also shall recognize a regulatory asset or liability for differences in the timing of recognition of the period costs associated with asset retirement obligations for financial reporting pursuant to that Subtopic and rate-making purposes.”

Analysis – U.S. GAAP

ASC 410-20-35-8 indicates that changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows should be recognized as an increase or a decrease in the amount of the ARO liability with an offsetting increase or decrease (as appropriate) to the related ARO child asset. Upward revisions shall be discounted using the current credit-adjusted risk-free rate while downward revisions will continue to be discounted using the original rate. The use of a weighted-average credit-adjusted risk-free rate to discount the downward revision is permitted. ASC 250-10-45-17 indicates that revisions will be treated as a change in estimate and not require restating of prior period financial statements, but rather will be accounted for in the current period.

Guidance provided in the PwC whitepaper suggests that amounts due to the revaluation of ARO liabilities for assets which are fully depreciated should be recorded in the income statement.

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However, ASC 980-410-25-2 indicates that differences in the timing of ARO costs which are recoverable from rate payers may be recognized as a regulatory asset or liability.

Conclusion – U.S. GAAP

Any changes in estimates or settlement dates which would cause the ARO liability to increase should be recorded using current credit-adjusted risk-free rates. These rates are provided to Property Accounting by the Treasurer and consist of XXXXXXXX. XXXXXX will be calculated using a weighted-average credit-adjusted risk-free rate which is standard PowerPlant functionality. Any changes in estimates or settlement dates which would cause the ARO liability to decrease should be recorded using the original credit-adjusted risk-free rates used when the ARO was originally established.

The PwC whitepaper suggests that any changes to AROs where the underlying asset is fully depreciated should be charged to the income statement. However, pursuant to regulatory treatment prescribed under the regulated operations guidance of ASC 980, these changes were recorded as an adjustment to the related long-lived asset.

Any adjustments required will be made to the account 230—ARO liability, account 101—ARO child or account 182—Regulatory assets-ARO and will be accounted for in the current period.

Research – International Accounting

International Financial Reporting Interpretations Committee (IFRIC) 1, *Changes in Existing Decommissioning, Restoration and Similar Liabilities*, paragraph 1 states “This Interpretation provides guidance on how to account for the effect of changes in the measurement of existing decommissioning, restoration and similar liabilities.”

IFRIC 1, Paragraph 2 states “This Interpretation applies to changes in the measurement of any existing decommissioning, restoration or similar liability that is both:

- (a) recognised as part of the cost of an item of property, plant and equipment in accordance with IAS 16; and
- (b) recognised as a liability in accordance with IAS 37.”

IFRIC 1, Paragraph 4 states “Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits required to settle the obligation.....

- (a) subject to (b), changes in the liability shall be added to, or deducted from, the cost of the related asset in the current period.”

To further clarify the reference in paragraph 2 (a) of IFRIC 1 mentioned above: International

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Accounting Standard (IAS) 16, *Property, plant and equipment*, paragraph 16, states “The cost of an item of property, plant and equipment comprises..... (c) the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

To further clarify the reference in paragraph 2 (b) of IFRIC 1 mentioned above: IFRIC 1, paragraph BC3 states “AS 37 *Provisions, Contingent Liabilities and Contingent Assets* requires that the measurement of the liability, both initially and subsequently, should be the estimated expenditure required to settle the present obligation at the end of the reporting period and should reflect a current market-based discount rate. It requires provisions to be reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Hence, when the effect of a change in estimated outflows of resources embodying economic benefits and/or the discount rate is material, that change should be recognized.”

Analysis – International Accounting

IFRIC 1 indicates that changes in the measurement of an existing decommissioning liability that result from changes in the estimated timing or amount of the outflow of resources required to settle the obligation should be recognized as an increase or a decrease in the amount of the ARO liability with an offsetting increase or decrease (as appropriate) to the related ARO child asset.

Conclusion – International Accounting

Any changes in estimates or settlement dates which would cause the ARO liability to increase should be recorded using current credit-adjusted risk-free rates. These rates are provided to Property Accounting by the Treasurer and consist of XXXXXXXX. XXXXXX will be calculated using a weighted-average credit-adjusted risk-free rate which is standard PowerPlant functionality. Any changes in estimates or settlement dates which would cause the ARO liability to decrease should be recorded using the original credit-adjusted risk-free rates used when the ARO was originally established.

Any adjustments required will be made to the account 230—ARO liability, account 101—ARO child or account 182—Regulatory assets-ARO and will be accounted for in the current period.

Crescente, Angela

From: Wiseman, Sara
Sent: Wednesday, October 27, 2010 1:55 PM
To: Crescente, Angela
Cc: Charnas, Shannon
Subject: FW: ARO revaluation 9 30 2010.docx

Should have copied Angela, please send your comments back to both of us. Thanks.

From: Wiseman, Sara
Sent: Wednesday, October 27, 2010 1:53 PM
To: Charnas, Shannon
Subject: ARO revaluation 9 30 2010.docx



ARO revaluation 9
30 2010.docx...

Shannon:

Here is a new draft. I made several changes after Angela and I reviewed it together. I have also made the change you suggested to be consistent with the financial statements and tracked that specific change.



E.ON U.S.
220 West Main Street
P.O. Box 32030
Louisville, Kentucky 40232

Memo

October 25, 2010

To: Workpapers

From: Angela Crescente, Accounting Analyst II, Property Accounting
Sara Wiseman, Manager, Property Accounting

Re: Asset Retirement Obligation (ARO) revaluation as of 9/30/2010

Background

As of September 30, 2010, the Company performed a revaluation of its AROs as a result of recently proposed environmental legislation and improved ability to forecast asset retirement costs due to recent construction and retirement activity.

In June 2010, the EPA issued new proposed environmental regulations impacting the use of ash ponds. It was the Company's view, as expressed by many members of management, that the proposed regulations would result in the closure of many of the Company's ash ponds. At that time, the Company determined that the ARO estimates for these assets should be reviewed and updated. Additionally, as a result of the gas main explosion event in California, the Company determined it was also prudent to revisit gas main estimates at the Company. Coincidentally, the Company has been involved with a large scale main replacement program for several -years. Management determined that enough consistent retirement history had been established to determine a good estimate in order to properly revalue the gas main ARO. Since these AROs represented a significant portion of the AROs on the books, the Company undertook a full scale revaluation of all AROs recorded. A revaluation of AROs was performed during the third quarter of 2010.

Research -- U.S. GAAP

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 410-20-35-8, states "Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows shall be recognized as an increase or a decrease in the carrying amount of the liability for an asset retirement obligation and the related asset retirement cost capitalized as part of the carrying amount of the related long-lived asset. Upward revisions in the amount of undiscounted estimated cash flows shall be discounted using the current credit-adjusted risk-free rate. Downward revisions in the amount of undiscounted estimated cash flows

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October 25, 2010
ARO revaluation
Page 2

shall be discounted using the credit-adjusted risk-free rate that existed when the original liability was recognized. If an entity cannot identify the prior period to which the downward revision relates, it may use a weighted-average credit-adjusted risk-free rate to discount the downward revision to estimated future cash flows. When asset retirement costs change as a result of a revision to estimated cash flows, an entity shall adjust the amount of asset retirement cost allocated to expense in the period of change if the change affects that period only or in the period of change and future periods if the change affects more than one period as required by paragraph 250-10-45-17 for a change in estimate.”

ASC 250-10-45-17 states: “A change in accounting estimate shall be accounted for in the period of change if the change affects that period only or in the period of change and future periods if the change affects both. A change in accounting estimate shall not be accounted for by restating or retrospectively adjusting amounts reported in financial statements of prior periods or by reporting pro forma amounts for prior periods.”

Page 11 of a PwC white paper entitled *Accounting for Asset Retirement Obligations: An Education & Nonprofit Perspective* reads “If the asset is fully depreciated, subsequent changes to the ARO will be recorded directly in the current year statement of activities.”

ASC 980-410-25-2 states: “Many rate-regulated entities currently provide for the costs related to the retirement of certain long-lived assets in their financial statements and recover those amounts in rates charged to their customers. Some of those costs result from asset retirement obligations within the scope of Subtopic 410-20; others result from costs that are not within the scope of that Subtopic. The amounts charged to customers for the costs related to the retirement of long-lived assets may differ from the period costs recognized in accordance with that Subtopic and, therefore, may result in a difference in the timing of recognition of period costs for financial reporting and rate-making purposes. . . . If the requirements of this Topic are met, a regulated entity also shall recognize a regulatory asset or liability for differences in the timing of recognition of the period costs associated with asset retirement obligations for financial reporting pursuant to that Subtopic and rate-making purposes.”

Analysis – U.S. GAAP

ASC 410-20-35-8 indicates that changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows should be recognized as an increase or a decrease in the amount of the ARO liability with an offsetting increase or decrease (as appropriate) to the related ARO child asset. Upward revisions shall be discounted using the current credit-adjusted risk-free rate while downward revisions will continue to be discounted using the original rate. ASC 250-10-45-17 indicates that revisions will be treated as a change in estimate and not require restating of prior period financial statements, but rather will be accounted for in the current period.

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ARO revaluation

Page 3

Guidance provided in the PwC whitepaper suggests that amounts due to the revaluation of ARO liabilities for assets which are fully depreciated should be recorded in the income statement. However, ASC 980-410-25-2 indicates that differences in the timing of ARO costs which are recoverable from rate payers may be recognized as a regulatory asset or liability.

Conclusion – U.S. GAAP

Any revisions to the cash flow estimates or settlement dates which would cause the ARO liability to increase should be recorded using current credit-adjusted risk-free rates. These rates are provided to Property Accounting by the Treasurer and are based on the Treasury Yield Curve rates. Any revisions to the cash flow estimates or settlement dates which would cause the ARO liability to decrease should be recorded using the original credit-adjusted risk-free rates used when the ARO was originally established.

The PwC whitepaper suggests that any changes to AROs where the underlying asset is fully depreciated should be charged to the income statement. However, pursuant to regulatory treatment prescribed under the regulated operations guidance of ASC 980, these changes should be recorded as an adjustment to the related asset.

Any adjustments required will be made to the account 230—ARO liability, account 101—ARO child or account 182—Regulatory assets-ARO and will be accounted for in the current period.

Research – International Accounting

International Financial Reporting Interpretations Committee (IFRIC) 1, *Changes in Existing Decommissioning, Restoration and Similar Liabilities*, paragraph 1 states “This Interpretation provides guidance on how to account for the effect of changes in the measurement of existing decommissioning, restoration and similar liabilities.”

IFRIC 1, Paragraph 2 states “This Interpretation applies to changes in the measurement of any existing decommissioning, restoration or similar liability that is both:

- (a) recognised as part of the cost of an item of property, plant and equipment in accordance with IAS 16; and
- (b) recognised as a liability in accordance with IAS 37.”

IFRIC 1, Paragraph 4 states “Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits required to settle the obligation, or a change in the discount rate.....

- (a) subject to (b), changes in the liability shall be added to, or deducted from, the cost of the

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Page 4

related asset in the current period.”

To further clarify the reference in paragraph 2 (a) of IFRIC 1 mentioned above: International Accounting Standard (IAS) 16, *Property, plant and equipment*, paragraph 16, states “The cost of an item of property, plant and equipment comprises..... (c) the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

To further clarify the reference in paragraph 2 (b) of IFRIC 1 mentioned above: IFRIC 1, paragraph BC3 states “AS 37 *Provisions, Contingent Liabilities and Contingent Assets* requires that the measurement of the liability, both initially and subsequently, should be the estimated expenditure required to settle the present obligation at the end of the reporting period and should reflect a current market-based discount rate. It requires provisions to be reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Hence, when the effect of a change in estimated outflows of resources embodying economic benefits and/or the discount rate is material, that change should be recognized.”

Analysis – International Accounting

IFRIC 1 indicates that changes in the measurement of an existing decommissioning liability that result from changes in the estimated timing, the amount of the outflow of resources required to settle the obligation or a change in the discount rate should be recognized as an increase or a decrease in the amount of the ARO liability with an offsetting increase or decrease (as appropriate) to the related ARO child asset.

Conclusion – International Accounting

Any changes in estimates, settlement dates or discount rates which would cause the ARO liability to change should be recorded using current credit-adjusted risk-free rates. These rates are provided to Property Accounting by E.ON AG on a schedule listing interest rates for the discounting of long-term provisions.

Any adjustments required will be made to the account 230—ARO liability and account 101—ARO child and will be accounted for in the current period.

Crescente, Angela

From: Wiseman, Sara
Sent: Monday, November 01, 2010 5:36 PM
To: Crescente, Angela
Subject: FW: ARO differences for LGE

From: Charnas, Shannon
Sent: Monday, November 01, 2010 5:34 PM
To: Wiseman, Sara
Subject: RE: ARO differences for LGE

Thanks.

Shannon Charnas
Director, Utility Accounting & Reporting
LG&E and KU
(502) 627-4978

From: Wiseman, Sara
Sent: Monday, November 01, 2010 5:31 PM
To: Charnas, Shannon
Subject: ARO differences for LGE

Shannon:

The cash difference did round to \$3 million. The number is actually \$2.5 million but we rounded it to \$3 million.

Sara Wiseman
Manager, Property Accounting
Office 502.627.3189
Cell 502.338.0886

Crescente, Angela

From: Ogilvie, Jim
Sent: Tuesday, November 02, 2010 9:40 AM
To: Crescente, Angela
Subject: Emailing: fix aro gl_transaction data.sql
Attachments: fix aro gl_transaction data.sql

Your message is ready to be sent with the following file or link attachments:

fix aro gl_transaction data.sql

Note: To protect against computer viruses, e-mail programs may prevent sending or receiving certain types of file attachments. Check your e-mail security settings to determine how attachments are handled.

```
fix aro gl_transaction data.sql

-- september
update gl_transaction a
set gl_account = substr(gl_account, 1, 1) || '7' || substr(gl_account, 3, 7) ||
'0007' || substr(company_number, 3, 2) || '0007' || substr(company_number, 3, 2) ||
substr(gl_account, 23)
where a.gl_je_code = 'ARO'
and a.company_number in ('0100', '0110')
and a.source = 'ARO FUTURE'
and a.month = to_date('201009', 'yyyymm')
and exists (
    select 0
    from aro b
    where substr(a.description, instr(a.description, ':') + 2) = b.aro_id
    and b.description like 'IFRS%'
)
and gl_status_id in (1,2)
;

commit;

-- october
update gl_transaction a
set gl_account = substr(gl_account, 1, 1) || '7' || substr(gl_account, 3, 7) ||
'0007' || substr(company_number, 3, 2) || '0007' || substr(company_number, 3, 2) ||
substr(gl_account, 23)
where a.gl_je_code = 'ARO'
and a.company_number in ('0100', '0110')
and a.source = 'ARO FUTURE'
and a.month = to_date('201010', 'yyyymm')
and exists (
    select 0
    from aro b
    where substr(a.description, instr(a.description, ':') + 2) = b.aro_id
    and b.description like 'IFRS%'
)
and gl_status_id in (1,2)
;

update gl_transaction a
set gl_account = replace(substr(gl_account, 1, 44), '|', '-') || '- '
where gl_status_id in (1,2)
and instr(gl_account, '|') > 0
and a.month = to_date('201010', 'yyyymm')
;

commit;
```

Crescente, Angela

From: Wiseman, Sara
Sent: Tuesday, November 02, 2010 11:14 AM
To: Charnas, Shannon
Subject: RE: Your question on MC ARO

I talked with John.

They have no AROs on the regulated side.

John does agree that the ARO child asset should be reclassified to a regulatory asset if we think we are going to get recovery on it or written off to the income statement if not. The write off to the income statement would include the accretion or depreciation in the 182 account also.

From: Charnas, Shannon
Sent: Tuesday, November 02, 2010 9:52 AM
To: Wiseman, Sara
Subject: FW: Your question on MC ARO

Sara –

FYI, per discussion in the meeting this morning. Would you please touch base with John and see if this would have been a regulated asset, would they have treated the same way? Do they have some specific guidance supporting that? I hope to get through your memo today (sorry!), but if they have additional references, that may be helpful.

Thanks,

Shannon Charnas
Director, Utility Accounting & Reporting
LG&E and KU
(502) 627-4978

From: Coldren, Ann R [<mailto:arcoldren@pplweb.com>]
Sent: Tuesday, November 02, 2010 9:45 AM
To: Charnas, Shannon
Cc: Nitsche, John P
Subject: Your question on MC ARO

I just checked with John Nitsche on your question on the Martins Creek ARO. This is non-regulatory. This plant was demolished a while ago, i.e. no longer in service. We have an obligation to cap the ash basin. No long lived asset there anymore, so the other side of the entry becomes expense. If the plant would have been active, the debit would have gone against the long lived asset. If you have additional questions, John Nitsche said he would be glad to talk to you about it.

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: Tuesday, November 02, 2010 9:49 PM
To: Charnas, Shannon
Cc: Riggs, Eric; Crescente, Angela
Subject: ARO revaluation 9 30 2010.docx



ARO revaluation 9
30 2010.docx...

Shannon:

Here is my memo with revisions. Eric tried to help me over the phone and will look over the memo first thing in the morning. I think we will still have time to make any changes he thinks are necessary before we send it to Valerie.

Hope it makes sense and as always, I welcome any suggestions to improve it.



E.ON U.S.
220 West Main Street
P.O. Box 32030
Louisville, Kentucky 40232

Memo

October 25, 2010

To: Workpapers

From: Angela Crescente, Accounting Analyst II, Property Accounting
Sara Wiseman, Manager, Property Accounting

Re: Asset Retirement Obligation (ARO) revaluation as of 9/30/2010

Background

As of September 30, 2010, the Company performed a revaluation of its AROs as a result of recently proposed environmental legislation and improved ability to forecast asset retirement costs due to recent construction and retirement activity.

In June 2010, the EPA issued new proposed environmental regulations impacting the use of ash ponds. It was the Company's view, as expressed by many members of management, that the proposed regulations would result in the closure of many of the Company's ash ponds. At that time, the Company determined that the ARO estimates for these assets should be reviewed and updated. Additionally, as a result of the gas main explosion event in California, the Company determined it was also prudent to revisit gas main estimates at the Company. Coincidentally, the Company has been involved with a large scale main replacement program for several years. Management determined that enough consistent retirement history had been established to determine a good estimate in order to properly revalue the gas main ARO. Since these AROs represented a significant portion of the AROs on the books, the Company undertook a full scale revaluation of all AROs recorded. A revaluation of AROs was performed during the third quarter of 2010.

Research – U.S. GAAP

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 410-20-35-8, states "Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows shall be recognized as an increase or a decrease in the carrying amount of the liability for an asset retirement obligation and the related asset retirement cost capitalized as part of the carrying amount of the related long-lived asset. Upward revisions in the amount of undiscounted estimated cash flows shall be discounted using the current credit-adjusted risk-free rate. Downward revisions in the amount of undiscounted estimated cash flows

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Page 2

shall be discounted using the credit-adjusted risk-free rate that existed when the original liability was recognized. If an entity cannot identify the prior period to which the downward revision relates, it may use a weighted-average credit-adjusted risk-free rate to discount the downward revision to estimated future cash flows. When asset retirement costs change as a result of a revision to estimated cash flows, an entity shall adjust the amount of asset retirement cost allocated to expense in the period of change if the change affects that period only or in the period of change and future periods if the change affects more than one period as required by paragraph 250-10-45-17 for a change in estimate.”

ASC 250-10-45-17 states: “A change in accounting estimate shall be accounted for in the period of change if the change affects that period only or in the period of change and future periods if the change affects both. A change in accounting estimate shall not be accounted for by restating or retrospectively adjusting amounts reported in financial statements of prior periods or by reporting pro forma amounts for prior periods.”

Page 11 of a PwC white paper entitled *Accounting for Asset Retirement Obligations: An Education & Nonprofit Perspective* reads “If the asset is fully depreciated, subsequent changes to the ARO will be recorded directly in the current year statement of activities.”

ASC 980-410-25-2 states: “Many rate-regulated entities currently provide for the costs related to the retirement of certain long-lived assets in their financial statements and recover those amounts in rates charged to their customers. Some of those costs result from asset retirement obligations within the scope of Subtopic 410-20; others result from costs that are not within the scope of that Subtopic. The amounts charged to customers for the costs related to the retirement of long-lived assets may differ from the period costs recognized in accordance with that Subtopic and, therefore, may result in a difference in the timing of recognition of period costs for financial reporting and rate-making purposes. If the requirements of this Topic are met, a regulated entity also shall recognize a regulatory asset or liability for differences in the timing of recognition of the period costs associated with asset retirement obligations for financial reporting pursuant to that Subtopic and rate-making purposes.”

Analysis – U.S. GAAP

ASC 410-20-35-8 indicates that changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows should be recognized as an increase or a decrease in the amount of the ARO liability with an offsetting increase or decrease (as appropriate) to the related ARO child asset. Upward revisions shall be discounted using the current credit-adjusted risk-free rate while downward revisions will continue to be discounted using the original rate. ASC 250-10-45-17 indicates that revisions will be treated as a change in estimate and not require restating of prior period financial statements, but rather will be accounted for in the current period.

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Guidance provided in the PwC whitepaper suggests that amounts due to the revaluation of ARO liabilities for assets which are fully depreciated should be recorded in the income statement. However, ASC 980-410-25-2 indicates that differences in the timing of ARO costs which are recoverable from rate payers may be recognized as a regulatory asset or liability. The Company does have some assets which are fully retired and have been removed off of the financial records for which asbestos AROs have been recorded. These assets include Canal and Paddy's Run Generating Stations for LG&E as well as Pineville Generating Station for KU.

Under group depreciation similar assets are grouped and depreciated together, not individually. Per FERC guidance, depreciation reserves (life, cost of removal and salvage) for assets are kept at a functional (group) level and a reserve is established at this functional level. It is only for reporting purposes such as calculating estimated net book value, etc that the depreciation reserve have been allocated to locations. Cost of removal has always been a component of depreciation and accordingly was collected from ratepayers for the retired assets listed above. However, remaining reserves for these retired locations were re-allocated to locations with existing assets to accomplish the reporting requirements mentioned previously. Even though no location exists for Canal and Paddy's Run, the reserve which existed at the time of retirement is still a part of the "theoretical" depreciation reserve, but has just been reallocated to a location with active assets. Therefore, any cost of removal incurred for these retired generating locations should be charged to the depreciation reserve. At the time of the next deprecation study, the depreciation consultant will then reallocate the remaining reserves over active assets and adjust the depreciable lives as needed.

ASC 980-410-25-2 indicates that differences in the timing of ARO costs which are recoverable from rate payers may be recognized as a regulatory asset. Based on the fact that cost of removal has been previously collected from ratepayers as part of the depreciation rates (as explained in the preceding paragraph) for these retired assets, a regulatory asset should be recorded.

Discussions with Mark Heinemann, President of PowerPlan Consultants and vendor of our fixed asset software confirmed that recording a regulatory asset would be proper accounting treatment based on his experiences in the industry. This approach was also confirmed by our depreciation consultant, John Spanos of Gannett Fleming, as acceptable.

Conclusion – U.S. GAAP

Any revisions to the cash flow estimates or settlement dates which would cause the ARO liability to increase should be recorded using current credit-adjusted risk-free rates. These rates are provided to Property Accounting by the Treasurer and are based on the Treasury Yield Curve rates. Any revisions to the cash flow estimates or settlement dates which would cause the ARO liability to decrease should be recorded using the original credit-adjusted risk-free rates used when the ARO was originally established.

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ARO revaluation
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The PwC whitepaper suggests that any changes to AROs where the underlying asset is fully depreciated should be charged to the income statement. However, pursuant to regulatory treatment prescribed under the regulated operations guidance of ASC 980, these changes should be recorded as an adjustment to the related regulatory asset.

Any adjustments required will be made to the account 230—ARO liability, account 101—ARO child or account 182—Regulatory assets-ARO and will be accounted for in the current period.

Research – International Accounting

International Financial Reporting Interpretations Committee (IFRIC) 1, *Changes in Existing Decommissioning, Restoration and Similar Liabilities*, paragraph 1 states “This Interpretation provides guidance on how to account for the effect of changes in the measurement of existing decommissioning, restoration and similar liabilities.”

IFRIC 1, Paragraph 2 states “This Interpretation applies to changes in the measurement of any existing decommissioning, restoration or similar liability that is both:

- (a) recognised as part of the cost of an item of property, plant and equipment in accordance with IAS 16; and
- (b) recognised as a liability in accordance with IAS 37.”

IFRIC 1, Paragraph 4 states “Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits required to settle the obligation, or a change in the discount rate.....

- (a) subject to (b), changes in the liability shall be added to, or deducted from, the cost of the related asset in the current period.”

To further clarify the reference in paragraph 2 (a) of IFRIC 1 mentioned above: International Accounting Standard (IAS) 16, *Property, plant and equipment*, paragraph 16, states “The cost of an item of property, plant and equipment comprises..... (c) the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

To further clarify the reference in paragraph 2 (b) of IFRIC 1 mentioned above: IFRIC 1, paragraph BC3 states “AS 37 *Provisions, Contingent Liabilities and Contingent Assets* requires that the measurement of the liability, both initially and subsequently, should be the estimated expenditure required to settle the present obligation at the end of the reporting period and should

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reflect a current market-based discount rate. It requires provisions to be reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Hence, when the effect of a change in estimated outflows of resources embodying economic benefits and/or the discount rate is material, that change should be recognized.”

Analysis – International Accounting

IFRIC 1 indicates that changes in the measurement of an existing decommissioning liability that result from changes in the estimated timing, the amount of the outflow of resources required to settle the obligation or a change in the discount rate should be recognized as an increase or a decrease in the amount of the ARO liability with an offsetting increase or decrease (as appropriate) to the related ARO child asset.

Conclusion – International Accounting

Any changes in estimates, settlement dates or discount rates which would cause the ARO liability to change should be recorded using current credit-adjusted risk-free rates. These rates are provided to Property Accounting by E.ON AG on a schedule listing interest rates for the discounting of long-term provisions.

Any adjustments required will be made to the account 230—ARO liability and account 101—ARO child and will be accounted for in the current period.

Crescente, Angela

From: Charnas, Shannon
Sent: Tuesday, November 02, 2010 10:27 PM
To: Wiseman, Sara
Cc: Riggs, Eric; Crescente, Angela
Subject: RE: ARO revaluation 9 30 2010.docx

Thanks. I reviewed and made some comments. I'm still trying to make it a little stronger. I may need to sleep on it (hopefully that will help, not make me forget everything from earlier). Maybe we can discuss in the morning?



ARO revaluation
9-30-10.docx

Thanks,

Shannon Charnas

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

From: Wiseman, Sara
Sent: Tuesday, November 02, 2010 9:49 PM
To: Charnas, Shannon
Cc: Riggs, Eric; Crescente, Angela
Subject: ARO revaluation 9 30 2010.docx

<< File: ARO revaluation 9 30 2010.docx >>

Shannon:

Here is my memo with revisions. Eric tried to help me over the phone and will look over the memo first thing in the morning. I think we will still have time to make any changes he thinks are necessary before we send it to Valerie.

Hope it makes sense and as always, I welcome any suggestions to improve it.



E.ON U.S.
220 West Main Street
P.O. Box 32030
Louisville, Kentucky 40232

Memo

October 25, 2010

To: Workpapers

From: Angela Crescente, Accounting Analyst II, Property Accounting
Sara Wiseman, Manager, Property Accounting

Re: Asset Retirement Obligation (ARO) revaluation as of 9/30/2010

Background

As of September 30, 2010, the Company performed a revaluation of its AROs as a result of recently proposed environmental legislation and improved ability to forecast asset retirement costs due to recent construction and retirement activity.

In June 2010, the EPA issued new proposed environmental regulations impacting the use of ash ponds. It was the Company's view, as expressed by many members of management, that the proposed regulations would result in the closure of many of the Company's ash ponds. At that time, the Company determined that the ARO estimates for these assets should be reviewed and updated. Additionally, as a result of the gas main explosion event in California, the Company determined it was also prudent to revisit gas main estimates at the Company. Coincidentally, the Company has been involved with a large scale main replacement program for several years. Management determined that enough consistent retirement history had been established to determine a good estimate in order to properly revalue the gas main ARO. Since these AROs represented a significant portion of the AROs on the books, the Company undertook a full scale revaluation of all AROs recorded. A revaluation of AROs was performed during the third quarter of 2010.

Research – U.S. GAAP

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 410-20-35-8, states "Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows shall be recognized as an increase or a decrease in the carrying amount of the liability for an asset retirement obligation and the related asset retirement cost capitalized as part of the carrying amount of the related long-lived asset. Upward revisions in the amount of undiscounted estimated cash flows shall be discounted using the current credit-adjusted risk-free rate. Downward revisions in the amount of undiscounted estimated cash flows shall be discounted using the credit-adjusted risk-free rate that existed when the original liability

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October 25, 2010
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Page 2

was recognized. If an entity cannot identify the prior period to which the downward revision relates, it may use a weighted-average credit-adjusted risk-free rate to discount the downward revision to estimated future cash flows. When asset retirement costs change as a result of a revision to estimated cash flows, an entity shall adjust the amount of asset retirement cost allocated to expense in the period of change if the change affects that period only or in the period of change and future periods if the change affects more than one period as required by paragraph 250-10-45-17 for a change in estimate.”

ASC 250-10-45-17 states: “A change in accounting estimate shall be accounted for in the period of change if the change affects that period only or in the period of change and future periods if the change affects both. A change in accounting estimate shall not be accounted for by restating or retrospectively adjusting amounts reported in financial statements of prior periods or by reporting pro forma amounts for prior periods.”

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ASC 980-410-25-2 states: “Many rate-regulated entities currently provide for the costs related to the retirement of certain long-lived assets in their financial statements and recover those amounts in rates charged to their customers. Some of those costs result from asset retirement obligations within the scope of Subtopic 410-20; others result from costs that are not within the scope of that Subtopic. The amounts charged to customers for the costs related to the retirement of long-lived assets may differ from the period costs recognized in accordance with that Subtopic and, therefore, may result in a difference in the timing of recognition of period costs for financial reporting and rate-making purposes. If the requirements of this Topic are met, a regulated entity also shall recognize a regulatory asset or liability for differences in the timing of recognition of the period costs associated with asset retirement obligations for financial reporting pursuant to that Subtopic and rate-making purposes.”

Analysis – U.S. GAAP

ASC 410-20-35-8 indicates that changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows should be recognized as an increase or a decrease in the amount of the ARO liability with an offsetting increase or decrease (as appropriate) to the related ARO child asset. Upward revisions shall be discounted using the current credit-adjusted risk-free rate while downward revisions will continue to be discounted using the original rate. ASC 250-10-45-17 indicates that revisions will be treated as a change in estimate and not require restating of prior period financial statements, but rather will be accounted for in the current period.

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Guidance provided in the PwC whitepaper suggests that amounts due to the revaluation of ARO liabilities for assets which are fully depreciated should be recorded in the income statement. However, ASC 980-410-25-2 indicates that differences in the timing of ARO costs which are recoverable from rate payers may be recognized as a regulatory asset or liability. The Company does have some assets which are fully retired, and have been removed off of from the financial records, for which asbestos AROs have been recorded. These assets include Canal and Paddy's Run Generating Stations for LG&E, as well as Pineville Generating Station for KU.

Under group depreciation similar assets are grouped and depreciated together, not individually. Per FERC guidance, depreciation reserves (life, cost of removal and salvage) for assets are kept at a functional (group) level and a reserve is established at this functional level. It is only for reporting purposes, such as calculating estimated net book value, etc that the depreciation reserves have been allocated to specific locations. Cost of removal has always been a component of depreciation and, accordingly, was collected from ratepayers for the retired assets listed above. However, remaining reserves for these retired locations were re-allocated to locations with existing in-service assets to accomplish the reporting requirements mentioned previously. Even though no active locations exists for Canal and Paddy's Run, the reserve which existed at the time of retirement is still a part of the "theoretical" depreciation reserve, but has just been reallocated to a location with active in-service assets. Therefore, any cost of removal incurred for these retired generating locations should be charged to the overall depreciation reserve. At the time of the next depreciation study, the depreciation consultant will then reallocate the remaining reserves over active assets and adjust the depreciable lives as needed. This results in the appropriate inclusion of the entire reserve amount in the depreciation rates, which are intended to recover the complete costs of the assets as well as the costs of removal, net of any salvage. Without this adjustment, the complete costs of the assets would not be recovered.

ASC 980-410-25-2 indicates that differences in the timing of ARO costs which are recoverable from rate payers may be recognized as a regulatory asset. Based on the fact that cost of removal has been previously collected from ratepayers as part of the depreciation rates (as explained in the preceding paragraph) for these retired assets, a regulatory asset should be recorded.

Discussions with Mark Heinemann, President of PowerPlan Consultants and vendor of our fixed asset software, confirmed that recording a regulatory asset would be proper accounting treatment based on his experiences in the industry. This approach was also confirmed by our depreciation consultant, John Spanos of Gannett Fleming, as acceptable. Both agree that the complete asset costs should be recovered through depreciation rates. Simply because some asset retirement costs may not be incurred until after the related asset has been retired from service, does not indicate that those costs should not be recovered. [I was trying to make these a little stronger, we may need a little more. Maybe we can both review in the morning?]

Conclusion – U.S. GAAP

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Page 4

Any revisions to the cash flow estimates or settlement dates which would cause the ARO liability to increase should be recorded using current credit-adjusted risk-free rates. These rates are provided to Property Accounting by the Treasurer and are based on the Treasury Yield Curve rates. Any revisions to the cash flow estimates or settlement dates which would cause the ARO liability to decrease should be recorded using the original credit-adjusted risk-free rates used when the ARO was originally established.

The PwC whitepaper suggests that any changes to AROs where the underlying asset is fully depreciated should be charged to the income statement. However, pursuant to regulatory treatment prescribed under the regulated operations guidance of ASC 980, these changes should be recorded as an adjustment to the related regulatory asset.

Any adjustments required will be made to the account 230—ARO liability, account 101—ARO child or account 182—Regulatory assets-ARO and will be accounted for in the current period.

Research – International Accounting

International Financial Reporting Interpretations Committee (IFRIC) 1, *Changes in Existing Decommissioning, Restoration and Similar Liabilities*, paragraph 1 states “This Interpretation provides guidance on how to account for the effect of changes in the measurement of existing decommissioning, restoration and similar liabilities.”

IFRIC 1, Paragraph 2 states “This Interpretation applies to changes in the measurement of any existing decommissioning, restoration or similar liability that is both:

- (a) recognised as part of the cost of an item of property, plant and equipment in accordance with IAS 16; and
- (b) recognised as a liability in accordance with IAS 37.”

IFRIC 1, Paragraph 4 states “Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits required to settle the obligation, or a change in the discount rate.....

- (a) subject to (b), changes in the liability shall be added to, or deducted from, the cost of the related asset in the current period.”

To further clarify the reference in paragraph 2 (a) of IFRIC 1 mentioned above: International Accounting Standard (IAS) 16, *Property, plant and equipment*, paragraph 16, states “The cost of an item of property, plant and equipment comprises..... (c) the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

October 25, 2010
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To further clarify the reference in paragraph 2 (b) of IFRIC 1 mentioned above: IFRIC 1, paragraph BC3 states “AS 37 *Provisions, Contingent Liabilities and Contingent Assets* requires that the measurement of the liability, both initially and subsequently, should be the estimated expenditure required to settle the present obligation at the end of the reporting period and should reflect a current market-based discount rate. It requires provisions to be reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Hence, when the effect of a change in estimated outflows of resources embodying economic benefits and/or the discount rate is material, that change should be recognized.”

Analysis – International Accounting

IFRIC 1 indicates that changes in the measurement of an existing decommissioning liability that result from changes in the estimated timing, the amount of the outflow of resources required to settle the obligation or a change in the discount rate should be recognized as an increase or a decrease in the amount of the ARO liability with an offsetting increase or decrease (as appropriate) to the related ARO child asset.

Conclusion – International Accounting

Any changes in estimates, settlement dates or discount rates which would cause the ARO liability to change should be recorded using current credit-adjusted risk-free rates. These rates are provided to Property Accounting by E.ON AG on a schedule listing interest rates for the discounting of long-term provisions.

Any adjustments required will be made to the account 230—ARO liability and account 101—ARO child and will be accounted for in the current period.

Crescente, Angela

From: Wiseman, Sara
Sent: Wednesday, November 03, 2010 12:57 PM
To: Riggs, Eric; Crescente, Angela
Subject: FW: ARO revaluation memo
Attachments: ARO revaluation memo.docx

FYI

From: Charnas, Shannon
Sent: Wednesday, November 03, 2010 12:09 PM
To: Scott, Valerie
Cc: Wiseman, Sara
Subject: ARO revaluation memo

Valerie --

Attached for your review is the draft memo on the ARO revaluation that we discussed last night. Please let me know what comments you have or if you would like to discuss.

Thanks,

Shannon Charnas
Director, Utility Accounting & Reporting
LG&E and KU
(502) 627-4978



E.ON U.S.
220 West Main Street
P.O. Box 32030
Louisville, Kentucky 40232

Memo

November 3, 2010

To: Valerie Scott, Controller
Shannon Charnas, Director, Utility Accounting & Reporting
PricewaterhouseCoopers
Workpapers

From: Angela Crescente, Accounting Analyst II, Property Accounting
Sara Wiseman, Manager, Property Accounting

Re: Asset Retirement Obligation (ARO) revaluation as of 9/30/2010

Background

As of September 30, 2010, the Company performed a revaluation of its AROs as a result of recently proposed environmental legislation and improved ability to forecast asset retirement costs due to recent construction and retirement activity.

In June 2010, the EPA issued new proposed environmental regulations impacting the use of ash ponds. It was the Company's view, as expressed by many members of management, that the proposed regulations would result in the closure of many of the Company's ash ponds. At that time, the Company determined that the ARO estimates for these assets should be reviewed and updated. Additionally, as a result of the gas main explosion event in California, the Company determined it was also prudent to revisit gas main estimates at the Company. Coincidentally, the Company has been involved with a large scale main replacement program for several years. Management determined that enough consistent retirement history had been established to determine a good estimate in order to properly revalue the gas main ARO. Since these AROs represented a significant portion of the AROs on the books, the Company undertook a full scale revaluation of all AROs recorded.

Research – U.S. GAAP

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 410-20-35-8, states "Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows shall be recognized as an increase or a decrease in the carrying amount of the liability for an asset retirement obligation and the related asset retirement cost capitalized as part of the carrying amount of the related long-lived asset. Upward revisions

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in the amount of undiscounted estimated cash flows shall be discounted using the current credit-adjusted risk-free rate. Downward revisions in the amount of undiscounted estimated cash flows shall be discounted using the credit-adjusted risk-free rate that existed when the original liability was recognized. If an entity cannot identify the prior period to which the downward revision relates, it may use a weighted-average credit-adjusted risk-free rate to discount the downward revision to estimated future cash flows. When asset retirement costs change as a result of a revision to estimated cash flows, an entity shall adjust the amount of asset retirement cost allocated to expense in the period of change if the change affects that period only or in the period of change and future periods if the change affects more than one period as required by paragraph 250-10-45-17 for a change in estimate.”

ASC 250-10-45-17 states: “A change in accounting estimate shall be accounted for in the period of change if the change affects that period only or in the period of change and future periods if the change affects both. A change in accounting estimate shall not be accounted for by restating or retrospectively adjusting amounts reported in financial statements of prior periods or by reporting pro forma amounts for prior periods.”

Page 11 of a PwC white paper entitled *Accounting for Asset Retirement Obligations: An Education & Nonprofit Perspective* reads “If the asset is fully depreciated, subsequent changes to the ARO will be recorded directly in the current year statement of activities.”

ASC 980-410-25-2 states: “Many rate-regulated entities currently provide for the costs related to the retirement of certain long-lived assets in their financial statements and recover those amounts in rates charged to their customers. Some of those costs result from asset retirement obligations within the scope of Subtopic 410-20; others result from costs that are not within the scope of that Subtopic. The amounts charged to customers for the costs related to the retirement of long-lived assets may differ from the period costs recognized in accordance with that Subtopic and, therefore, may result in a difference in the timing of recognition of period costs for financial reporting and rate-making purposes. If the requirements of this Topic are met, a regulated entity also shall recognize a regulatory asset or liability for differences in the timing of recognition of the period costs associated with asset retirement obligations for financial reporting pursuant to that Subtopic and rate-making purposes.”

Analysis – U.S. GAAP

ASC 410-20-35-8 indicates that changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows should be recognized as an increase or a decrease in the amount of the ARO liability with an offsetting increase or decrease (as appropriate) to the related ARO child asset. Upward revisions shall be discounted using the current credit-adjusted risk-free rate while downward revisions will continue to be discounted using the original rate. ASC 250-10-45-17 indicates that revisions will be treated as a change in estimate and not require restating of prior period financial statements, but rather will be accounted for in the current period.

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Guidance provided in the PwC whitepaper suggests that amounts due to the revaluation of ARO liabilities for assets which are fully depreciated should be recorded in the income statement. However, ASC 980-410-25-2 indicates that differences in the timing of ARO costs which are recoverable from rate payers may be recognized as a regulatory asset or liability. The Company does have some assets which are fully retired, and have been removed from the financial records, for which asbestos AROs have been recorded. These assets include Canal and Paddy's Run Generating Stations for LG&E, as well as Pineville Generating Station for KU.

Under group depreciation similar assets are grouped and depreciated together, not individually. Per FERC guidance, depreciation reserves (life, cost of removal and salvage) for assets are kept at a functional (group) level and a reserve is established at this functional level. It is only for reporting purposes, such as calculating estimated net book value, that the depreciation reserves have been allocated to specific locations. Cost of removal has always been a component of depreciation and, accordingly, was collected from ratepayers for the retired assets listed above. However, remaining reserves for these retired locations were reallocated to locations with existing in-service assets to accomplish the reporting requirements mentioned previously. Even though no active locations exist for Canal and Paddy's Run, the reserve which existed at the time of retirement is still a part of the "theoretical" depreciation reserve, but has been reallocated to a location with in-service assets. Therefore, any cost of removal incurred for these retired generating locations should be charged to the overall depreciation reserve. At the time of the next depreciation study, the depreciation consultant will reallocate the remaining reserves over active assets and adjust the depreciable lives as needed. This results in the appropriate inclusion of the entire reserve amount in the depreciation rates, which are intended to recover the complete costs of the assets as well as the costs of removal, net of any salvage. Without this adjustment, the complete costs of the assets would not be recovered.

In addition to those locations that are fully retired (Canal, Paddy's Run, and Pineville), there are a few generating stations (Cane Run, Green River, and Tyrone) that have had specific units retired but also still have active, in-service units. The retired units have common assets (still on the financial records) that are shared with the remaining active units. While the retired units have no direct in-service generating assets and the depreciation rate is zero, the remaining active units benefit from these common assets. Replacements or additions to these common assets are placed on the last unit in service (the unit with the longest remaining life) assuming that the common asset will last as long as that unit. While the generating unit itself is retired the common assets assigned to the newest unit are not fully depreciated. Therefore, the ARO liabilities should not be recorded in the income statement, but rather as a regulatory asset. This is consistent with the group depreciation methodology described above, and also supports that the depreciation reserve should encompass all assets that require removal costs, whether in-service or retired, and are actually demolished or disposed of in some future period. ASC 980-410-25-2 indicates that differences in the timing of ARO costs which are recoverable from rate payers may be recognized as a regulatory asset. Based on the fact that cost of removal

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Page 4

has been previously collected from ratepayers as part of the depreciation rates (as explained in the preceding paragraph) for these retired assets, a regulatory asset should be recorded.

Discussions with Mark Heinemann, President of PowerPlan Consultants and vendor of our fixed asset software, confirmed that recording a regulatory asset would be proper accounting treatment based on his experiences in the industry. This approach was also confirmed by our depreciation consultant, John Spanos of Gannett Fleming, as acceptable. Both agree that the complete asset costs should be recovered through depreciation rates. Simply because some asset retirement costs may not be incurred until after the related asset has been retired from service, does not indicate that those costs should not be recovered. [I was trying to make these a little stronger, we may need a little more. Maybe we can both review in the morning?]

Conclusion – U.S. GAAP

Any revisions to the cash flow estimates or settlement dates which would cause the ARO liability to increase should be recorded using current credit-adjusted risk-free rates. These rates are provided to Property Accounting by the Treasurer and are based on the Treasury Yield Curve rates. Any revisions to the cash flow estimates or settlement dates which would cause the ARO liability to decrease should be recorded using the original credit-adjusted risk-free rates used when the ARO was originally established.

The PwC whitepaper suggests that any changes to AROs where the underlying asset is fully depreciated should be charged to the income statement. However, pursuant to regulatory treatment prescribed under the regulated operations guidance of ASC 980, these changes should be recorded as regulatory asset.

Any adjustments required will be made to the account 230—ARO liability, account 101—ARO child or account 182—Regulatory assets-ARO and will be accounted for in the current period.

Research – International Accounting

International Financial Reporting Interpretations Committee (IFRIC) 1, *Changes in Existing Decommissioning, Restoration and Similar Liabilities*, paragraph 1 states “This Interpretation provides guidance on how to account for the effect of changes in the measurement of existing decommissioning, restoration and similar liabilities.”

IFRIC 1, Paragraph 2 states “This Interpretation applies to changes in the measurement of any existing decommissioning, restoration or similar liability that is both:

- (a) recognised as part of the cost of an item of property, plant and equipment in accordance with IAS 16; and
- (b) recognised as a liability in accordance with IAS 37.”

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Page 5

IFRIC 1, Paragraph 4 states “Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits required to settle the obligation, or a change in the discount rate.....

- (a) subject to (b), changes in the liability shall be added to, or deducted from, the cost of the related asset in the current period.”

To further clarify the reference in paragraph 2 (a) of IFRIC 1 mentioned above: International Accounting Standard (IAS) 16, *Property, plant and equipment*, paragraph 16, states “The cost of an item of property, plant and equipment comprises..... (c) the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

To further clarify the reference in paragraph 2 (b) of IFRIC 1 mentioned above: IFRIC 1, paragraph BC3 states “AS 37 *Provisions, Contingent Liabilities and Contingent Assets* requires that the measurement of the liability, both initially and subsequently, should be the estimated expenditure required to settle the present obligation at the end of the reporting period and should reflect a current market-based discount rate. It requires provisions to be reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Hence, when the effect of a change in estimated outflows of resources embodying economic benefits and/or the discount rate is material, that change should be recognized.”

Analysis – International Accounting

IFRIC 1 indicates that changes in the measurement of an existing decommissioning liability that result from changes in the estimated timing, the amount of the outflow of resources required to settle the obligation or a change in the discount rate should be recognized as an increase or a decrease in the amount of the ARO liability with an offsetting increase or decrease (as appropriate) to the related ARO child asset.

Conclusion – International Accounting

Any changes in estimates, settlement dates or discount rates which would cause the ARO liability to change should be recorded using current credit-adjusted risk-free rates. These rates are provided to Property Accounting by E.ON AG on a schedule listing interest rates for the discounting of long-term provisions.

Any adjustments required will be made to the account 230—ARO liability and account 101—ARO child and will be accounted for in the current period.

Crescente, Angela

From: Wiseman, Sara
Sent: Wednesday, November 03, 2010 2:35 PM
To: Crescente, Angela; Riggs, Eric
Subject: FW: ARO revaluation memo

From: Scott, Valerie
Sent: Wednesday, November 03, 2010 2:35 PM
To: Charnas, Shannon
Cc: Wiseman, Sara
Subject: RE: ARO revaluation memo

Looks very good! Only two comments:

- We should use the new logo & delete reference to E.ON U.S. in the address box. (Barbara can tell Debbie where to find the new logos.)
- There is a bracketed comment on page 4, at the end of the paragraph before the conclusion, that needs to be removed before it is sent to PwC.

Valerie

From: Charnas, Shannon
Sent: Wednesday, November 03, 2010 12:09 PM
To: Scott, Valerie
Cc: Wiseman, Sara
Subject: ARO revaluation memo

Valerie –

Attached for your review is the draft memo on the ARO revaluation that we discussed last night. Please let me know what comments you have or if you would like to discuss.

Thanks,

Shannon Charnas
Director, Utility Accounting & Reporting
LG&E and KU
(502) 627-4978

Crescente, Angela

From: Wiseman, Sara
Sent: Wednesday, November 03, 2010 4:26 PM
To: Crescente, Angela; Riggs, Eric
Subject: FW: ARO revaluation - technical memo
Attachments: ARO revaluation memo.docx

Final copy.

From: Charnas, Shannon
Sent: Wednesday, November 03, 2010 3:05 PM
To: Bill Carlin (george.w.carlin@us.pwc.com); (lindsey.prather@us.pwc.com); 'jeffrey.m.zoglmann@us.pwc.com'
Cc: (david.schroeder@us.pwc.com); Scott, Valerie; Wiseman, Sara
Subject: ARO revaluation - technical memo

All –

We have just completed a technical memo addressing the ARO revaluation that was done in September 2010. We thought you might want to review in advance of October's books being closed. Please let me know if you have any questions.

Thanks,

Shannon Charnas
Director, Utility Accounting & Reporting
LG&E and KU
(502) 627-4978

Crescente, Angela

From: Wiseman, Sara
Sent: Thursday, November 04, 2010 9:57 AM
To: Charnas, Shannon
Cc: Crescente, Angela
Subject: ARO reclass

Shannon:

Should we go ahead and do the journal entry for reclassing Canal, Pineville and Paddy's Run from the ARO child to the regulatory asset?

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

Crescente, Angela

From: Horne, Elliott
Sent: Monday, November 08, 2010 2:29 PM
To: Crescente, Angela
Subject: ARO Calc.

Angela,

I created a spreadsheet to calculate the PV of the Decommissioning Cost for the first few items listed for KU. I used a goal seek formula to determine the Discount Rate. As you can see, it comes pretty close to the Discount Rates used in the file that Deloitte created. I believe rounding in the number of years and/or the discount rate are the primary reason for the differences.

Also, I spoke with Dan and he agreed that the assumption used to determine the discount rate (treasury rates vs. BBB-rated debt) would result in material differences. It would be up to accounting of which discount rate should be used (based on accounting standards, rules, etc.).



AROCalc.xlsx

Kentucky Utility ARO
As of 9/30/2010

As of Date 9/30/2010

<u>Decommissioning Cost</u>	<u>Decommissioning Date</u>	<u>Years</u>	<u>Rate</u>	<u>PV of Inflated Cost</u>
\$ 177,819.00	12/1/2077	67.21644	5.586%	\$4,604.00
\$ 22,539,249.00	12/1/2026	16.18082	4.823%	\$10,517,938.00
\$ 5,366,488.00	12/1/2026	16.18082	4.823%	\$2,504,271.02
\$ 137,317.00	12/1/2026	16.18082	4.823%	\$64,078.96
\$ 33,906.00	12/1/2026	16.18082	4.823%	\$15,822.23
\$ 14,982.00	12/1/2026	16.18082	4.823%	\$6,991.35
\$ 72,858.00	12/1/2036	26.18904	5.445%	\$18,174.00
\$ 5,972,186.00	12/1/2059	49.20274	5.581%	\$412,692.00
\$ 12,024,851.00	12/1/2059	49.20274	5.581%	\$830,946.00
\$ 27,356,032.00	12/1/2059	49.20274	5.581%	\$1,890,367.00

Crescente, Angela

From: Wiseman, Sara
Sent: Tuesday, November 09, 2010 5:51 AM
To: Crescente, Angela
Subject: FW: ARO Analysis with 2.9% Inflation
Attachments: EVII ARO Decommissioning Cost - Deloitte v3.pdf

Can't remember I sent this to you or not. I was just looking at it again. Not sure what it means. It was sent before Valerie and Shannon's email.

From: Scott, Valerie
Sent: Tuesday, November 02, 2010 4:31 PM
To: Charnas, Shannon; Wiseman, Sara
Subject: FW: ARO Analysis with 2.9% Inflation

More information as you validate Deloitte's assumptions and calculations.

Valerie

From: Motyka, Marlene (US - New York) [<mailto:mmotyka@deloitte.com>]
Sent: Tuesday, November 02, 2010 4:18 PM
To: Henninger, Tadd J; Scott, Valerie
Cc: Hannagan, Peter (US - Washington D.C.); Azpiazu, Federico (US - New York); Francis, Omar (US - New York)
Subject: ARO Analysis with 2.9% Inflation

Tadd and Valerie,

Please see the attached schedule which shows ARO values with 2.9% inflation instead of 2.5%. A summary of the comparison is below.

Regards,


Marlene

	2.5% Inflation	2.9% Inflation
Kentucky Utilities Company	\$ 54,600,000 (1)	\$ 60,300,000
Louisville Gas and Electric Company	53,200,000 (2)	59,400,000
Total Fair Value of AROs	\$ 107,800,000	\$ 119,700,000

Marlene M Motyka
Principal
Valuation Services
Deloitte Financial Advisory Services LLP

Tel: +1 212 436 5605
Fax: +1 212 653 3343
mmotyka@deloitte.com
www.deloitte.com

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USA

 Please consider the environment before printing

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Exhibit VII, Page 1 of 3

Valuation of Asset Retirement Obligations

As of September 30, 2010

**DRAFT-These materials are for discussion and information-gathering purposes only.
They do not and are not intended to present any advice to, recommendations, options
or conclusions of Deloitte Financial Advisory Services LLP.**

Kentucky Utilities Company	\$	60,300,000	(1)
Louisville Gas and Electric Company		59,400,000	(2)
Total Fair Value of AROs	\$	119,700,000	

Notes

1. See Exhibit VII, Page 2 of 3
2. See Exhibit VII, Page 3 of 3

Exhibit VII, Page 2 of 3

Valuation of Kentucky Utilities Company Asset Retirement Obligations
As of September 30, 2010

DRAFT-These materials are for discussion and information-gathering purposes only.

They do not and are not intended to present any advice to, recommendations, options or conclusions of Deloitte Financial Advisory Services LLP.

Description	Decommissioning Costs (in 2010 \$) [1]	Estimated Decommissioning Date (in 2010 \$) [1]	Time Until Decommissioning (Years)	Inflated Decommissioning Cost [2]	Discount Rate (in %) [3]	PV of Inflated Decommissioning Cost
Big Stone Gap Substation - ASB-Dist	\$ 34,000	12/1/2077	67	\$ 230,839	5.5	\$ 5,977
BR-Ash Pond	15,183,000	12/1/2026	16	23,988,527	4.8	11,194,244
BR-Auxiliary Pond	3,615,000	12/1/2026	16	5,711,554	4.8	2,665,296
BR-Coal Storage	92,500	12/1/2026	16	146,146	4.8	68,199
BR-Nuclear Sources	22,840	12/1/2026	16	36,086	4.8	16,840
BR-Oil Storage	10,092	12/1/2026	16	15,946	4.8	7,441
BR-Oil Storage CT - OP	38,340	12/1/2036	26	80,623	5.3	20,111
Brown Unit 1 - ASB	1,781,000	12/1/2059	49	7,227,986	5.5	499,471
Brown Unit 2 - ASB	3,586,000	12/1/2059	49	14,553,373	5.5	1,005,673
Brown Unit 3 - ASB	8,158,000	12/1/2059	49	33,108,314	5.5	2,287,864
Dix Dam - ASB - Hydro	345,000	12/1/2069	59	1,863,486	5.5	74,642
GH-Ash Pond	30,968,500	12/1/2036	26	65,120,828	5.3	16,244,104
GH-Chemical Storage	24,547	12/1/2036	26	51,618	5.3	12,876
GH-Coal Storage	869,500	12/1/2036	26	1,828,392	5.3	456,084
Ghent Unit 1 - ASB	8,318,000	12/1/2059	49	33,757,656	5.5	2,332,735
Ghent Unit 2 - ASB	11,023,000	12/1/2060	50	46,032,922	5.5	3,012,158
Ghent Unit 3 - ASB	1,955,000	12/1/2069	59	10,559,756	5.5	422,969
Ghent Unit 4 - ASB	1,955,000	12/1/2069	59	10,559,756	5.5	422,969
GH-Environmental Ponds	843,500	12/1/2036	26	1,773,719	5.3	442,446
GH-Gypsum Stack-GH 1 Scrubber	6,025,000	12/1/2026	16	9,519,257	4.8	4,442,160
GH-Nuclear Sources	264,100	12/1/2036	26	555,352	5.3	138,530
GH-Oil Storage	12,624	12/1/2026	16	19,945	4.8	9,308
GH-Sewage Treatment Plant	26,155	12/1/2026	16	41,324	4.8	19,284
GR-Ash Pond	6,627,500	12/1/2018	8	8,330,532	3.8	6,122,872
GR-Chemical Storage	704	12/1/2018	8	885	3.8	650
GR-Coal Storage	222,000	12/1/2018	8	279,046	3.8	205,097
Green River Unit 1 - ASB	1,850,000	12/1/2051	41	5,973,132	5.5	638,507
Green River Unit 2 - ASB	1,700,000	12/1/2051	41	5,488,824	5.5	586,736
Green River Unit 3 - ASB	1,855,000	12/1/2051	41	5,989,275	5.5	640,233
Green River Unit 4 - ASB	2,175,000	12/1/2051	41	7,022,466	5.5	750,677
GR-Limestone Silo	1,631	12/1/2018	8	2,050	3.8	1,507
GR-Oil Storage	1,000	12/1/2018	8	1,257	3.8	924
GR-Sewage Treatment Plant	9,200	12/1/2018	8	11,564	3.8	8,499
KU - General Facilities - ASB	1,130,000	12/1/2073	63	6,843,008	5.5	220,377
KU Distribution Subs (478) - ASB	882,000	12/1/2077	67	5,988,233	5.5	155,054
KU Transmission Subs (69) - ASB	704,181	12/1/2079	69	5,062,268	5.5	117,534
Pineville - ASB	1,686,700	12/1/2043	33	4,332,566	5.5	716,439
Pineville-Ash Pond	1,205,000	12/1/2018	8	1,514,642	3.8	1,113,250
TY-Ash Pond	1,084,500	12/1/2018	8	1,363,178	3.8	1,001,925
TY-Chemical Storage	457	12/1/2018	8	574	3.8	422
TY-Coal Storage	74,000	12/1/2018	8	93,015	3.8	68,366
TY-Oil Storage	10,805	12/1/2018	8	13,582	3.8	9,983
Tyrone Unit 1 (Retired) - ASB	1,604,000	12/1/2051	41	5,178,867	5.5	553,603
Tyrone Unit 2 (Retired) - ASB	1,579,000	12/1/2051	41	5,098,149	5.5	544,874
Tyrone Unit 3 - ASB	2,173,000	12/1/2051	41	7,016,008	5.5	749,987
TY-Service Water Pump Structure	221,525	12/1/2018	8	278,449	3.8	204,658
TY-Sewage Treatment Plant	\$ 60,000	12/1/2018	8	\$ 75,418	3.8	\$ 55,432
Estimated Fair Value of AROs (Rounded)						\$ 60,300,000

Notes

1. Estimated decommissioning costs and dates provided by E.ON Management
2. Rate of Inflation assumption: 2.90%
3. Discount rate based on BBB-rated debt implied by a swap curve deemed to be reflective of a typical market participant in the electric utility space.

Exhibit VII, Page 3 of 3

Valuation of Louisville Gas and Electric Company Asset Retirement Obligations (ARO)
As of September 30, 2010

DRAFT-These materials are for discussion and information-gathering purposes only. They do not and are not intended to present any advice to, recommendations, options or conclusions of Deloitte Financial Advisory Services LLP.

Description	Decommissioning Costs (in 2010 \$) [1]	Estimated Decommissioning Date (in 2010 \$) [1]	Time Until Decommissioning (Years)	Inflated Decommissioning Cost [2]	Discount Rate (in %) [3]	PV of Inflated Decommissioning Cost
Canal (Retired) - ASB	\$ 1,575,000	12/1/2015	5	1,817,010	2.76	\$ 1,582,431
Cane Run Unit 1 (Retired) - ASB	2,750,000	12/1/2051	41	8,911,267	5.5	952,583
Cane Run Unit 2 (Retired) - ASB	2,600,000	12/1/2051	41	8,394,672	5.5	897,361
Cane Run Unit 3 (Retired) - ASB	2,930,000	12/1/2051	41	9,460,149	5.5	1,011,257
Cane Run Unit 4 - ASB	3,115,000	12/1/2051	41	10,057,462	5.5	1,075,108
Cane Run Unit 5 - ASB	2,540,000	12/1/2055	45	9,194,446	5.5	790,231
Cane Run Unit 6 - ASB	2,920,000	12/1/2056	46	10,876,523	5.5	885,186
Center Gas Storage Field - UGS	4,052,250	12/1/2033	23	7,820,776	5.3	2,331,421
City Gate DR 237900-ASB-Dist	13,974	12/1/2066	56	69,276	5.5	3,268
CR-Ash Pond	6,627,500	12/1/2023	13	9,610,580	4.5	5,364,436
CR-Coal Storage	333,000	12/1/2023	13	482,885	4.5	269,537
CR-Environmental Ponds	843,500	12/1/2023	13	1,223,165	4.5	682,746
CR-Land Fill	1,809,686	12/1/2023	13	2,624,236	4.5	1,464,798
CR-Nuclear Sources	53,970	12/1/2023	13	78,262	4.5	43,684
CR-Sewage Treatment Plant	15,300	12/1/2023	13	22,187	4.5	12,384
Doe Run 235300-ASB-UGS	192,000	12/1/2066	56	951,836	5.5	44,902
Doe Run Gas Storage Field - UGS	2,749,410	12/1/2033	23	5,306,316	5.3	1,581,845
Gas Main & Serv Abandons-Dist	40,500,665	12/1/2050	40	127,079,982	5.5	14,345,792
LGE Distribution Subs (66) - ASB	901,000	12/1/2078	68	6,294,631	5.5	154,337
LGE Transmission Subs (11) - ASB	111,442	12/1/2079	69	801,142	5.5	18,601
Magnolia 235120-ASB-UGS	67,000	12/1/2075	65	429,610	5.5	12,406
Magnolia 235300-ASB-UGS	201,000	12/1/2066	56	996,454	5.5	47,007
Magnolia 235600-ASB-UGS	26,000	12/1/2069	59	140,437	5.5	5,625
Magnolia Gas Storage Field - UGS	2,832,367	12/1/2033	23	5,466,422	5.3	1,629,573
Manholes - ASB	4,668,187	12/1/2094	84	51,527,577	5.5	527,958
MC-Ash Pond	10,122,000	12/1/2036	26	21,284,629	5.3	5,309,357
MC-Chemical Storage	17,596	12/1/2036	26	37,000	5.3	9,230
MC-Coal Storage	370,000	12/1/2036	26	778,039	5.3	194,078
MC-Environmental Ponds	964,000	12/1/2036	26	2,027,107	5.3	505,653
MC-Landfill	1,818,426	12/1/2036	26	3,823,802	5.3	953,831
MC-Nuclear Sources	26,890	12/1/2036	26	56,545	5.3	14,105
MC-Oil Storage	1,286	12/1/2036	26	2,705	5.3	675
Mill Creek Unit 1 - ASB	3,555,000	12/1/2059	49	14,427,563	5.5	996,979
Mill Creek Unit 2 - ASB	3,100,000	12/1/2059	49	12,580,997	5.5	869,377
Mill Creek Unit 3 - ASB	1,750,000	12/1/2069	59	9,452,467	5.5	378,617
Mill Creek Unit 4 - ASB	2,600,000	12/1/2069	59	14,043,665	5.5	562,517
Muldraugh 235120-ASB-UGS	95,000	12/1/2075	65	609,148	5.5	17,590
Muldraugh 235300-ASB-UGS	151,000	12/1/2066	56	748,580	5.5	35,314
Muldraugh 235600-ASB-UGS	115,000	12/1/2069	59	621,162	5.5	24,881
Muldraugh 237520-ASB-Gas Dist	10,000	12/1/2050	40	31,377	5.5	3,542
Muldraugh Gas Storage Field - UGS	1,109,029	12/1/2033	23	2,140,408	5.3	638,068
Ohlo Falls - ASB	620,000	12/1/2069	59	3,348,874	5.5	134,139
Paddy's (Unit 11) - ASB	4,600,000	12/1/2015	5	5,306,824	2.8	4,621,705
Riggs Junction 235120-ASB-UGS	70,603	12/1/2075	65	452,713	5.5	13,073
Seventh&Ormsby - ComGenPln-ASB	449,000	12/1/2059	49	1,822,215	5.5	125,919
TC-Ash Pond	14,339,500	12/1/2036	26	30,153,224	5.3	7,521,589
TC-Chemical Storage	23,798	12/1/2036	26	50,043	5.3	12,483
TC-Coal Storage	573,500	12/1/2036	26	1,205,961	5.3	300,822
TC-Environmental Ponds	723,000	12/1/2036	26	1,520,331	5.3	379,240
TC-Nuclear Sources	32,620	12/1/2036	26	68,594	5.3	17,110
TC-Sewage Treatment Plant	26,155	12/1/2036	26	54,999	5.3	13,719
Zorn - ASB	105,000	12/1/2043	33	269,710	5.5	\$ 44,600
Estimated Fair Value of AROs (Rounded)						\$ 59,400,000

Notes:

1. Estimated decommissioning costs and dates provided by E.ON Management
2. Rate of inflation assumption: 2.90%
3. Discount rate based on BBB-rated debt implied by a swap curve deemed to be reflective of a typical market participant in the electric utility space.

Crescente, Angela

From: Charnas, Shannon
Sent: Tuesday, November 09, 2010 8:06 AM
To: Wiseman, Sara
Cc: Crescente, Angela; Pienaar, Lesley
Subject: RE: ARO purchase accounting questions.docx

We plan to record the purchase accounting entries before the end of November, really by about 11/19. We are wanting to get drafts of the entries by mid next week. We will also need to record any amortization on purchase accounting entries for the month of November, as needed. I have copied Lesley on this because she is working on a memo documenting all the purchase accounting issues, including how any entries will be recorded and a go forward path (amortization of amounts if appropriate, or generally how the adjustments will be eliminated from the books over time or if they will remain). I suggest that you get with Lesley to work through these issues. She has done a lot of research on the purchase accounting requirements and can hopefully provide more guidance on some of your immediate questions.

Thanks,



ARO purchase
accounting questi...

Shannon Charnas

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

From: Wiseman, Sara
Sent: Monday, November 08, 2010 5:08 PM
To: Charnas, Shannon
Cc: Crescente, Angela
Subject: RE: ARO purchase accounting questions.docx

Shannon:

I wasn't sure if there was some other forum we should try first before the meeting on Wednesday. If you have some ideas I would be glad to try them. I'm just not sure if we are going down the right path—although I don't have any other ideas.... If we have to set up new AROs for Purchase Accounting this will be a significant amount of work. When do we have to start with the entries?

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To: Wiseman, Sara
Cc: Crescente, Angela
Subject: RE: ARO purchase accounting questions.docx

Sara –

I'll try to get through this tonight and maybe we can discuss briefly tomorrow. I'm not sure I will have all the answers, but there is another meeting this Wednesday on the purchase accounting adjustments and they may be able to be discussed then.

Shannon Charnas

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

From: Wiseman, Sara
Sent: Monday, November 08, 2010 3:26 PM
To: Charnas, Shannon
Cc: Crescente, Angela
Subject: ARO purchase accounting questions.docx

<< File: ARO purchase accounting questions.docx >>

Shannon:

As a follow up to my email earlier today, here is our list of additional questions concerning the ARO purchase accounting adjustment. Per my email below sent last week, we were able to recalculate the PV of Inflated Decommissioning Cost but still have questions about discount and inflation rates (as noted in Word doc above.)

<< Message: FW: Purchase Accounting Analysis - response needed by noon, Thursday, November 4 >>

Questions:

- Differences in the inflation rates and discount rates are different from our calculation.
- Why are the cash payments on the ARO being shown going to Goodwill (\$3 million) on GAAP and what will happen with the goodwill (amortization)? How will this impact future cash payments?
- Is this like IFRS accounting where each ARO will need to be set up on a purchase accounting basis and then accreted? If there is accretion, what rates would be used? Also, will there be depreciation on the PA ARC (child) assets? Note: If different rate are used under GAAP vs. PA the resulting accretion could differ significantly from GAAP to PA. Depreciation would also differ greatly due to the large ARC on the PA books.
- Will GAAP need to be reversed on the PA books? Initially and then each month?
- How will settlements be handled? Will they also show up on the PA books? If so, will there be gains and losses?
- What about future revaluations under GAAP and how would they be handled under PA?

Possible future steps:

- Will need PP help to set up a new set of books and load in the beginning values under PA.
- Extensive testing would be required to go out into future periods to see results for accretion/depreciation and reporting capabilities.

Crescente, Angela

From: Wiseman, Sara
Sent: Tuesday, November 09, 2010 9:00 AM
To: Pienaar, Lesley
Cc: Crescente, Angela
Subject: FW: ARO purchase accounting questions.docx

I know you are very busy, but I am concerned about how this will be accounted for. If we have to do any system modifications and testing, then we need to start work ASAP on it.

From: Charnas, Shannon
Sent: Tuesday, November 09, 2010 8:06 AM
To: Wiseman, Sara
Cc: Crescente, Angela; Pienaar, Lesley
Subject: RE: ARO purchase accounting questions.docx

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Subject: RE: ARO purchase accounting questions.docx

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Shannon Charnas
Director, Utility Accounting & Reporting
LG&E and KU
(502) 627-4978

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<< Message: FW: Purchase Accounting Analysis - response needed by noon, Thursday, November 4 >>

Crescente, Angela

From: Charnas, Shannon
Sent: Tuesday, November 09, 2010 10:15 AM
To: Wiseman, Sara; Crescente, Angela
Subject: FW: ARO's

Sara & Angela –

Nothing significant seems to be coming from PwC on the ARO memo. Please see Jeff's comment below. Would you please make appropriate changes to the memo to remove the whitepaper references (we can certainly refer to the codification) and send me an updated version – sometime this week would be great, then we can hopefully put it to bed.

Thanks,

Shannon Charnas
Director, Utility Accounting & Reporting
LG&E and KU
(502) 627-4978

From: jeffrey.m.zoglmann@us.pwc.com [<mailto:jeffrey.m.zoglmann@us.pwc.com>]
Sent: Tuesday, November 09, 2010 8:45 AM
To: Charnas, Shannon
Subject: ARO's

Shannon,

Lindsey discussed the memo with Dave, and our main point is to remove the reference to our whitepaper. I believe this is a really old whitepaper, and doesn't really apply to a regulated entity. In addition, later you contradict the whitepaper due to the fact that you are a regulated entity. We agree with this, but it seems like it would be better just to leave it out altogether.

Dave is still reading the memo, and we will pass along any additional comments, but the one above is the main one.

Jeff

Jeff Zoglmann | PricewaterhouseCoopers LLP

500 West Main Street Suite 1800 | Louisville, KY 40202 | ☎: 502.585.7706 | 📠: 813.281.6173 | ✉: jeffrey.m.zoglmann@us.pwc.com

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Crescente, Angela

From: Wiseman, Sara
Sent: Tuesday, November 09, 2010 1:39 PM
To: Charnas, Shannon
Cc: Crescente, Angela
Subject: FW: ARO purchase accounting questions.docx

Shannon:

I spoke with Lesley briefly this morning. She did not have anything to offer me right off hand, but agreed to meet with me on Wednesday prior to the purchase accounting meeting we are all attending.

From: Charnas, Shannon
Sent: Tuesday, November 09, 2010 8:06 AM
To: Wiseman, Sara
Cc: Crescente, Angela; Pienaar, Lesley
Subject: RE: ARO purchase accounting questions.docx

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LG&E and KU
(502) 627-4978

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Cc: Crescente, Angela
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As a follow up to my email earlier today, here is our list of additional questions concerning the ARO purchase accounting adjustment. Per my email below sent last week, we were able to recalculate the PV of Inflated Decommissioning Cost but still have questions about discount and inflation rates (as noted in Word doc above.)

<< Message: FW: Purchase Accounting Analysis - response needed by noon, Thursday, November 4 >>

Crescente, Angela

From: Wiseman, Sara
Sent: Tuesday, November 09, 2010 11:23 PM
To: Wiseman, Sara; Bixler, Charles; Clark, Ed; Clark, Lynda; Crescente, Angela; Daly, Karen; Griffin, Sharon; Kinder, Debra; Leenerts, Patricia; Riggs, Eric; Rose, Bruce; Wacker, Diana; Wilson, Prevonne
Subject: RE: ARO revaluation booking

Hi all:

I've asked Diana to include ARO (108799) projects and tasks on your job log even though they may not be in completed status. We will need to review these projects to determine if we should go ahead and do settlements on them or make any changes to them. I do probably have folders for these projects on my window sill from where Pat started to do some investigation on them previously. Please feel free to start your analysis of these projects using these folders to hopefully save some time and trees.

From: Wiseman, Sara
Sent: Friday, October 08, 2010 10:02 AM
To: Bixler, Charles; Clark, Ed; Clark, Lynda; Crescente, Angela; Daly, Karen; Griffin, Sharon; Kinder, Debra; Leenerts, Patricia; Riggs, Eric; Rose, Bruce; Wacker, Diana; Wilson, Prevonne
Subject: ARO revaluation booking

Hi all:

We are in the process of putting the finishing touches on the ARO revaluation. However, there is still much work to be done—including settlements found both on the job log and some others that we have identified. I will be getting with each of you in the next few months to provide the support for the AROs that were established for each of your functional areas.

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

Crescente, Angela

From: Wiseman, Sara
Sent: Tuesday, November 09, 2010 11:36 PM
To: Crescente, Angela
Subject: Purchase Accounting Critical Issue ARO.docx



Purchase
Accounting Critic...

Here is what I've done so far on this thing. I don't think I can go any further since we don't really know what the right answer is.....

LG&E and KU Energy LLC

Purchase Accounting Critical Issue – Asset Retirement Obligations

November 2, 2010

Background:

A purchase accounting adjustment has been proposed for asset retirement obligations (AROs). The adjustment proposed results from the use of a different inflation rate and discount rates by Deloitte & Touche vs. the rates used by the Company during the ARO revaluation as of September 2010.

As of September 30, 2010, the Company performed a revaluation of its AROs as a result of recently proposed environmental legislation and improved ability to forecast asset retirement costs due to recent construction and retirement activity.

~~Narrative containing a general description of the issue, including high-level history of the accounting treatment~~

LKE Assumptions:

LKE used the following assumptions in the revaluation performed at September 30, 2010:

Cash flows	updated at 9/30/2010 based on new estimates obtained from field
Settlement dates	updated at 9/30/2010 based on new information from various sources
Inflation rate	2.09 % provided by Treasury Department
Discount rate	VVVVVV

November 2, 2010
Page 2
Purchase Accounting Critical Issue – Asset Retirement Obligations

Explanation of the assumptions used by LKE in the purchase accounting analysis. This could be in table format.

Deloitte Assumptions:

Deloitte used the following assumptions in the revaluation performed at September 30, 2010:

Cash flows	updated at 9/30/2010 (agreed to amounts provided by LKE)
Settlement dates	updated at 9/30/2010 (agreed to dates provided by LKE)
Inflation rate	2.50 %
Discount rate	VVVVVV

Explanation of the assumptions used by Deloitte in the purchase accounting analysis. This could be in table format.

Differences in Assumptions:

	<u>LKE</u>	<u>Deloitte</u>
Inflation rate	2.06%	2.5%
Discount rate	0.W% to W.W%	0.W% to W.W%

November 2, 2010

Page 3

Purchase Accounting Critical Issue – Asset Retirement Obligations

Explanation of the differences between the assumptions used by LKE and those used by Deloitte in the purchase accounting analysis. This could be in table format. How can differences be explained or possibly justified.

Conclusion:

Conclusion regarding the purchase accounting calculation. Items that may be considered include: Are the assumptions reasonable, and despite differences, both could be considered appropriate measures? Are the assumptions unreasonably different, and if so, why does LKE believe the Deloitte assumptions/outcome to be unreasonable?

Clark, Ed

From: Riggs, Eric
Sent: Wednesday, September 22, 2010 12:23 PM
To: Gilliland, Dave
Cc: Wiseman, Sara; Crescente, Angela
Subject: FW: Sewage Treatment Plants

Importance: High

Dave,

Would you know if Trimble County uses a sewage treatment plant? If one exists, do you know who could answer my request for information on closing one? I have listed below the answer I got from Ghent as an example. My original emails are listed below it. I haven't heard from Mr. Kirkland and thought that he might be out of office. Any help you could provide would be greatly appreciated.

Thanks,
Eric Riggs

Response Email from Ghent:

David,
The total estimated cost would be \$26,155.
Includes the following:
Cleanout & Disposal-\$8,225
Pump & Motor Removal-\$9,880
Gravel to fill in tanks & lift stations-\$8,050

Assumptions:

Cost of labor is \$65 per hour.
Cost of gravel is \$25 per ton.
Density of gravel is 105 lb/cubic ft.
Tanks & lift stations are full at the time of cleanout.
4 hours are needed to remove each pump and it requires 2-maintenance technicians and 1-electrician.
2 hours are needed to remove each motor and it requires 1-electrician.

From: Riggs, Eric
Sent: Monday, September 20, 2010 10:58 AM
To: Legler, Steve; Kirkland, Mike; Crutcher, Tom
Cc: Wiseman, Sara
Subject: RE: Sewage Treatment Plants

Gentlemen,

We have received information relating to Tyrone, Green River, and Brown. Who should I contact for Cane Run, Mill Creek, and Trimble County?

Thanks,
Eric Riggs

From: Riggs, Eric
Sent: Monday, September 13, 2010 10:34 AM
To: Legler, Steve; Fraley, Jeffrey; Troost, Tom; Kirkland, Mike; Crutcher, Tom
Cc: Wiseman, Sara
Subject: Sewage Treatment Plants

Gentlemen,

I need to know who to ask regarding the costs associated with the retiring and disposal of sewage treatment plants at our generating facilities. Sewage plants have been identified as an Asset Retirement Obligation (ARO) for which the companies are legally required to dispose of in a particular manner. Special accounting rules apply to these types of assets. If you could provide me with someone at the facilities to contact, I would greatly appreciate it.

Thanks,
Eric Riggs

Clark, Ed

From: Riggs, Eric
Sent: Wednesday, September 22, 2010 1:07 PM
To: Freibert, Diana
Cc: Wiseman, Sara; Crescente, Angela
Subject: RE: Sewage Treatment Plants

Diana,

Please let me know if you can fill my request below and if you need additional clarification.

Thanks,
Eric Riggs

From: Gilliland, Dave
Sent: Wednesday, September 22, 2010 1:01 PM
To: Riggs, Eric
Cc: Freibert, Diana
Subject: RE: Sewage Treatment Plants

Eric,
Diana Freibert – Lab Leader, is the qualified authority on a sewage treatment plant at Trimble. She is on our e-mail and phone numbers are available for her.
Dave

From: Riggs, Eric
Sent: Wednesday, September 22, 2010 12:23 PM
To: Gilliland, Dave
Cc: Wiseman, Sara; Crescente, Angela
Subject: FW: Sewage Treatment Plants
Importance: High

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2 hours are needed to remove each motor and it requires 1-electrician.

From: Riggs, Eric
Sent: Monday, September 20, 2010 10:58 AM
To: Legler, Steve; Kirkland, Mike; Crutcher, Tom
Cc: Wiseman, Sara
Subject: RE: Sewage Treatment Plants

Gentlemen,

We have received information relating to Tyrone, Green River, and Brown. Who should I contact for Cane Run, Mill Creek, and Trimble County?

Thanks,
Eric Riggs

From: Riggs, Eric
Sent: Monday, September 13, 2010 10:34 AM
To: Legler, Steve; Fraley, Jeffrey; Troost, Tom; Kirkland, Mike; Crutcher, Tom
Cc: Wiseman, Sara
Subject: Sewage Treatment Plants

Gentlemen,

I need to know who to ask regarding the costs associated with the retiring and disposal of sewage treatment plants at our generating facilities. Sewage plants have been identified as an Asset Retirement Obligation (ARO) for which the companies are legally required to dispose of in a particular manner. Special accounting rules apply to these types of assets. If you could provide me with someone at the facilities to contact, I would greatly appreciate it.

Thanks,
Eric Riggs

Clark, Ed

From: Wiseman, Sara
Sent: Monday, September 27, 2010 10:07 AM
To: Crescente, Angela
Subject: FW: Accounting for ARO Cost Study Update
Attachments: Attachment Info.htm

Answer if you wish.

From: Harmon, Isetta [<mailto:IHarmon@eel.org>]
Sent: Monday, September 27, 2010 9:57 AM
To: Harmon, Isetta; apompeo@firstenergycorp.com
Subject: Accounting for ARO Cost Study Update

To: Property Accounting and Valuation Committee,

FERC guidance states the following regarding booking an adjustment to an asset retirement obligation due to a subsequent measurement: "The utility shall recognize any subsequent measurement changes of the liability initially recorded in account 230, Asset retirement obligations, for each specific asset retirement obligation as an adjustment of that liability in account 230 with the corresponding adjustment to electric utility plant, electric plant leased to others, and non-utility plant, as appropriate. The utility shall on a timely basis monitor any measurement changes of the asset retirement obligations."

FirstEnergy has completed a study at its Beaver Valley Nuclear Plant related to a 20yr. license extension. The study has resulted in a change in the liability and an offsetting reduction of the asset retirement cost (ARC). The reduction to the ARC has caused the asset to be negative.

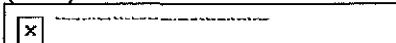
Question:

How does your Company handle these transactions? Would your company book the transaction to cause the asset to be negative? Would you reduce the asset to zero and offset expense with the balance? Would you not adjust the original ARC and take any offsets to expense? Would you account for this transaction in another way?

Please provide responses by Oct. 6th 2010.

Thank You for your prompt attention.

Al Pompeo
Supervisor - Property Accounting Services
FirstEnergy Corp
(330) 761-7742



Isetta E. Harmon, CPA

Manager, Accounting
Edison Electric Institute
(202) 508-5423 Fax (202) 508-5542
email: iharmon@eei.org

*Please register -
EEI-AGA Accounting Committees 2010 Fall Meeting*
<http://www.eei.org/meetings>

Clark, Ed

From: Wiseman, Sara
Sent: Monday, October 04, 2010 9:24 AM
To: Scott, Valerie
Cc: Charnas, Shannon; Crescente, Angela
Subject: FW: Deloitte Information Request for PPL/E.ON
Attachments: Attachment Info.htm

Importance: High

Valerie:

Angela and I have looked at our requests. We have some questions.

1. What is the period the requests should be provided for? Will that be 9/30 or 8/31 or some other date?
2. Asset Retirement Obligations
 - a. Please provide an electronic copy of the ARO Liabilities and Balances spreadsheet.
For the question above, are they referring to a specific spreadsheet or are they just asking for general information? If just general information, then we need more clarity on what "Balances" are.
 - b. Please provide existing valuation schedules for the AROs so we can analyze the discount rate to utilize.
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I know you are very busy, so I would be glad to talk directly to the D&T folks—just need to know your thoughts in the matter.

Thanks,
Sara

From: Scott, Valerie
Sent: Wednesday, September 29, 2010 6:22 PM
To: Elmore, Barry; Strange, Vicki; Wiseman, Sara; Kelly, Mimi
Cc: Arbough, Dan; Blake, Kent
Subject: FW: Deloitte Information Request for PPL/E.ON
Importance: High

All,

Attached is D&T's first request for information in support of the valuation work for purchase accounting.

Based on my review, I would like the following people to coordinate responses, recognizing that you may need assistance from those copied on this message or others to prepare the information. Please do not send the information to anyone until Shannon and/or I have reviewed it.

Barry - #1, 2(a)-(c), 3, 5, 7
Vicki - #2(d), 5, 6, secondary #1, 2, 3, 4 (WKE only)
Sara - #4
Mimi - secondary #4 (utilities)

Charnas

Obviously we would like to have the information to D&T as soon as practical, but I recognize that most of you are out of the office until Monday, October 4. Please let me know by end of day on Monday when you can have the information requested.

Thanks.

Valerie

From: Motyka, Marlene (US - New York) [<mailto:mmotyka@deloitte.com>]

Sent: Wednesday, September 29, 2010 2:10 PM

To: Henninger, Tadd J; Scott, Valerie

Cc: Motyka, Marlene (US - New York); Hannagan, Peter (US - Washington D.C.); Azpiazu, Federico (US - New York); Francis, Omar (US - New York)

Subject: Deloitte Information Request for PPL/E.ON

Importance: High

Tadd and Valerie,

I have attached our preliminary information request for the valuation work. There may be some adjustments but in the interest of time, I wanted to get this out to you. If anything is not clear please let us know and we can discuss. Per our discussion earlier today, I've broken it up into priority items and secondary items. Let me know if you don't agree with my allocation or I've forgotten anything.

We'll also get a contact list out to you for our team so you have that.

Regards,

Marlene

Marlene M Motyka

Principal

Valuation Services

Deloitte Financial Advisory Services LLP

Tel: +1 212 436 5605

Fax: +1 212 653 3343

mmotyka@deloitte.com

www.deloitte.com

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PPL Acquisition of E.ON U.S. LLC
September 29, 2010

Deloitte Financial Advisory Services LLP

Information Request: ASC850, Business Combinations

The following information is considered a priority:

1. Investment in EEI
 - a. Please confirm the ownership interest is 20%
 - b. Please provide a detailed description of EEI.
 - c. When was the original investment in EEI made? What is the current book value of EEI?
 - d. Are you aware of any recent investments in EEI both others? If so, do you have information related to the acquisition date and price?
 - e. If possible, please provide any third party appraisals that have been performed on EEI.
 - f. Do you have access to management's forecast on the business? If this information is available, please provide us with 5 years of financial forecast on EEI's business.

2. Investment in OVEC (LG&E 5.63% and KU 2% ownership interests)
 - a. Please confirm this is a cost based investment. What is the book value of OVEC on LG&Es and KUs books?
 - b. Please provide a detailed description of OVEC.
 - c. It is our understanding that LG&E and KU receive a monthly minimum dividend associated with this investment. Please provide information related to the minimum dividend (i.e. amount and timing).
 - d. Please provide a copy of the Power Purchase Agreement.

3. Debt – Pollution Control Bonds
 - a. We understand the book value of the current portion is \$348M and the book value of the long-term portion is \$416. Please confirm.
 - b. Who is the lender?
 - c. Are there any terms with the lender that would change or be impacted by transferring the bonds from E.ON U.S. to PPL (i.e. change of control provisions)? If so, what are they?
 - d. Have any discussions with the lender taken place about the transfer of the bonds from E.ON US to PPL?
 - e. Please provide the terms of the bonds (i.e. what portion is fixed and which portion is floating and the associated terms).

4. Asset Retirement Obligations
 - a. Please provide an electronic copy of the ARO Liabilities and Balances spreadsheet.
 - b. Please provide existing valuation schedules for the AROs so we can analyze the discount rate to utilize.

5. Derivatives - Interest Rate Swaps (4) and Excess Generation



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September 29, 2010

Deloitte Financial Advisory Services LLP

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 - b. Please provide the latest E.ON valuations for the Interest Rate Swaps and the Excess Generation.
6. WKE Liabilities – Century Contract & Municipality Arbitration
- a. Please provide a copy of the Century contract.
 - b. Please provide the latest E.ON valuation for the Century contract.
 - c. Please provide background information about the dispute, legal opinions on the matter, expected timing for the resolution and a copy of the current E.ON valuation.
7. Lease for E.ON Headquarters
- a. Please provide a copy of the lease agreement or lease abstract for the E.ON headquarters.

The following information is requested but is of secondary importance:

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 - a. Please provide a summary schedule of the coal contracts including all major assumptions (if possible) as well as the actual agreements.
 - b. We would like to speak to you about current market pricing and forward curves.
2. Coal Transportation Agreements
 - a. Please provide a summary schedule of the transportation agreements including all major assumptions (if possible) as well as the actual agreements.
3. Gas Contracts
 - a. Please provide copies of the gas contracts so we can confirm that they are all index based.
4. Emission Allowances
 - a. Please provide the total number of SOx and NOx allowances granted to E.ON US on an annual basis.
 - b. Please provide the number of banked allowances and the vintage year for the allowances.
 - c. We would like to speak to you about current market pricing and forward curves for SOx and NOx allowances.

Clark, Ed

From: Scott, Valerie
Sent: Monday, October 04, 2010 10:43 AM
To: Wiseman, Sara
Cc: Charnas, Shannon; Crescente, Angela
Subject: RE: Deloitte Information Request for PPL/E.ON

Sara,

If we have 9/30 (or will have in the next couple of days) let's give them 9/30. If not, we can give them 8/31 and just let them know if the balances are expected to significantly change.

Regarding 2(a) & (b) – I believe they are looking for what we have in AROs and enough information detail to recalculate the AROs using updated discount rates and perhaps updated removal costs. They may actually be better off receiving the information about how we originally calculated the AROs rather than what they are today. Rather than spend a lot of time putting together something that might not meet their needs, please feel free to call or e-mail Marlene Motyka at D&T. Her contact information is below:

Marlene M Motyka
Principal
Valuation Services
Deloitte Financial Advisory Services LLP
Tel: +1 212 436 5605
Fax: +1 212 653 3343
mmotyka@deloitte.com

Let me know if you have trouble getting hold of her or in determining what should be provided after you get more information.

Valerie

From: Wiseman, Sara
Sent: Monday, October 04, 2010 9:24 AM
To: Scott, Valerie
Cc: Charnas, Shannon; Crescente, Angela
Subject: FW: Deloitte Information Request for PPL/E.ON
Importance: High

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Sent: Wednesday, September 29, 2010 6:22 PM
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Cc: Arbough, Dan; Blake, Kent
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Importance: High

All,

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Barry - #1, 2(a)-(c), 3, 5, 7
Vicki - #2(d), 5, 6, secondary #1, 2, 3, 4 (WKE only)
Sara - #4
Mimi – secondary #4 (utilities)

Obviously we would like to have the information to D&T as soon as practical, but I recognize that most of you are out of the office until Monday, October 4. Please let me know by end of day on Monday when you can have the information requested.

Thanks.

Valerie

From: Motyka, Marlene (US - New York) [<mailto:mmotyka@deloitte.com>]
Sent: Wednesday, September 29, 2010 2:10 PM
To: Henninger, Tadd J; Scott, Valerie
Cc: Motyka, Marlene (US - New York); Hannagan, Peter (US - Washington D.C.); Azpiazu, Federico (US - New York); Francis, Omar (US - New York)
Subject: Deloitte Information Request for PPL/E.ON
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We'll also get a contact list out to you for our team so you have that.


Regards,

Marlene

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Clark, Ed

From: Wiseman, Sara
Sent: Monday, October 04, 2010 2:34 PM
To: 'mmotyka@deloitte.com'
Cc: Crescente, Angela; Wacker, Diana
Subject: FW: Deloitte Information Request for PPL/E.ON
Attachments: Attachment Info.htm

Importance: High

Hi Marlene:

I am the Property Accounting manager for E.ON U.S. and Valerie Scott has asked me to respond to question #4 regarding AROs on the attachment. We want to be responsive to your request so I have a few questions to ask.

Asset Retirement Obligations

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For the question above, we are not exactly sure what you are looking for. Our ARO calculations take place in our automated system, PowerPlant. Therefore, we do not have schedules, per se. If you can provide us with more details of what information you are needing, we would be glad to look for a standard report that fits your needs or write a query.

Thanks for your help.

Sara Wiseman
Manager, Property Accounting
502.627.3189

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September 29, 2010

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 - c. We would like to speak to you about current market pricing and forward curves for SO_x and NO_x allowances.

Clark, Ed

From: Motyka, Marlene (US - New York) <mmotyka@deloitte.com>
Sent: Tuesday, October 05, 2010 4:58 PM
To: Wiseman, Sara
Cc: Crescente, Angela; Wacker, Diana
Subject: RE: Deloitte Information Request for PPL/E.ON

Sara

Thanks for the email. I had received a hard copy of a spreadsheet related to the AROs – unfortunately I don't have the hard copy with me and I'm out of the office. If I recall though it had the beginning balance of the ARO, the depreciation and finally the current value of your AROs but business and then by type of ARO (i.e. LGE Asbestos). If I recall I got a hard copy from Kerry at PPL. I can always have someone fax a copy so you know what I'm talking about.

What PPL has asked us to do is to look at the discount rate that is being used for the estimation of AROs. We would want to know what discount rates you are using for your various AROs and what the basis of the rates are (i.e. sources and dates). We may then need to run sensitivities but let's get the initial information first and then we decide how to proceed from there.


Regards,

Marlene

Marlene M Motyka
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Fax: +1 212 653 3343
mmotyka@deloitte.com
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From: Wiseman, Sara [<mailto:Sara.Wiseman@eon-us.com>]
Sent: Monday, October 04, 2010 2:34 PM
To: Motyka, Marlene (US - New York)
Cc: Crescente, Angela; Wacker, Diana
Subject: FW: Deloitte Information Request for PPL/E.ON
Importance: High

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Manager, Property Accounting
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Regards,

Marlene

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Clark, Ed

From: Scott, Valerie
Sent: Tuesday, October 12, 2010 7:11 PM
To: Orinski, David W
Cc: Charnas, Shannon; Wiseman, Sara; Crescente, Angela
Subject: FW: Deloitte Questions

Dave,

Please load these files to the Merrill site at 10.5 – Asset Retirement Obligations.

Thanks.

Valerie

From: Wiseman, Sara
Sent: Tuesday, October 12, 2010 4:58 PM
To: Charnas, Shannon; Scott, Valerie
Cc: Crescente, Angela
Subject: Deloitte Questions

Shannon/Valerie:

Here are the spreadsheets we believe will answer Deloitte's questions.



ArchiveInfo.htm

Regarding the discount and inflation rates:

The discount rates and inflation rates were provided by our Treasury Department. Please see the attached spreadsheet detailing how these rates were derived.

In the bottom section of the spreadsheet, the find highlighted rows that show the rates that were provided in terms. In order to facilitate the AROs that were expected to be settled during the years in between, we used an incremental approach.

3rd Qtr 2010 Rate Information

Inflation Rate Calculation

30-Yr Treasury as of 9/30/2010	3.69%
30-Yr TIPS as of 9/30/2010	<u>1.63%</u>
Expected Inflation Rate	<u><u>2.06%</u></u>

Treasury Yield Curve Rates

(as of 9/30/2010)

1yr	0.27%
2yr	0.42%
3yr	0.64%
5yr	1.27%
7yr	1.91%
10yr	2.53%
20yr	3.38%
30yr	3.69%

Term	Year	Treasury Yield Curve
1	2010	0.270
2	2011	0.420
3	2012	0.640
4	2013	0.960
5	2014	1.270
6	2015	1.520
7	2016	1.770
8	2017	2.030
9	2018	2.280
10	2019	2.530
11	2020	2.620
12	2021	2.700
13	2022	2.790
14	2023	2.870
15	2024	2.960
16	2025	3.040
17	2026	3.130
18	2027	3.210
19	2028	3.300
20	2029	3.380
21	2030	3.411
22	2031	3.442
23	2032	3.470
24	2033	3.500
25	2034	3.540
26	2035	3.570
27	2036	3.600
28	2037	3.630
29	2038	3.660
30	2039	3.690
31+	2040	3.690

Kentucky Utilities Company
ARO Liabilities
As of September 30, 2010

Description	Beginning Liability	Liability Incurred	Accretion	Revisions	Liabilities Settled	Ending Liability
BR-Ash Pond	\$ 7,776,073.50	\$ -	\$ 41,587.83	\$ 2,153,809.25	\$ -	\$ 9,971,470.58
BR-Auxiliary Pond	-	2,839,814.39	196,109.09	-	-	3,035,923.48
BR-Coal Pile Retention Pond	144,919.17	-	775.05	-	(145,694.22)	-
BR-Coal Storage	47,008.06	-	251.41	12,958.54	-	60,218.01
BR-CT Fuel Oil Piping - OP	19,337.09	-	103.42	-	(19,440.51)	-
BR-Lab	14,097.14	-	75.39	-	-	14,172.53
BR-Nuclear Sources	12,533.75	-	67.03	1,971.02	-	14,571.80
BR-Oil Storage	110,458.11	-	590.75	(106,106.02)	-	4,942.84
BR-Oil Storage CT - OP	177,353.78	-	948.52	(166,162.68)	-	12,139.62
Brown Unit 1 - ASB	160,580.34	-	760.94	366,072.87	-	527,414.15
Brown Unit 2 - ASB	379,550.26	-	1,798.57	777,827.04	-	1,159,175.87
Brown Unit 3 - ASB	856,277.17	-	4,057.63	1,784,271.24	-	2,644,606.04
BR-Sewage Treatment Plant	7,844.33	-	41.95	-	(7,886.28)	-
BR-Station Fuel Oil Piping	13,315.19	-	71.21	-	(13,386.40)	-
Dix Dam - ASB - Hydro	39,786.80	-	188.54	53,005.65	-	92,980.99
GH-Ash Pond	10,737,071.17	-	57,423.77	4,132,355.63	-	14,926,850.57
GH-Chemical Storage	6,067.11	-	32.45	6,910.43	-	13,009.99
GH-Coal Storage	508,681.78	-	2,720.52	(98,993.70)	-	412,408.60
Ghent Unit 1 - ASB	750,532.39	-	3,556.54	2,074,184.94	-	2,828,273.87
Ghent Unit 2 - ASB	994,682.69	-	4,713.49	2,689,871.41	-	3,689,267.59
Ghent Unit 3 - ASB	176,433.24	-	836.06	393,088.25	-	570,357.55
Ghent Unit 4 - ASB	176,433.24	-	836.06	393,088.25	-	570,357.55
GH-Environmental Ponds	-	146,428.53	419,988.52	-	-	566,417.05
GH-Gypsum Stack-GH 1 Scrubber	682,234.27	-	3,648.71	4,104,738.27	-	4,790,621.25
GH-Nuclear Sources	85,804.57	-	458.90	43,697.91	-	129,961.38
GH-Oil Storage	9,745.90	-	52.12	(2,708.77)	-	7,089.25
GH-Sewage Treatment Plant	7,493.44	-	40.08	11,361.30	-	18,894.82
GH-Station Fuel Oil Piping GH2	2,527.81	-	13.52	-	(2,541.33)	-
GH-trn-GH Spare GSU Transformer	1,133.12	-	6.06	-	-	1,139.18
GH-trn-GH1 GSU Transformer	1,798.05	-	9.62	-	-	1,807.67
GH-trn-GH2 GSU Transformer	1,518.19	-	8.12	-	-	1,526.31
GH-trn-GH3 GSU Transformer	1,274.60	-	6.82	-	-	1,281.42
GH-trn-GH4 GSU Transformer	1,135.28	-	6.07	-	-	1,141.35
GR-Ash Pond	8,704,756.72	-	46,554.59	(4,150,216.12)	-	4,601,095.19

Kentucky Utilities Company
ARO Liabilities
As of September 30, 2010

Description	Beginning Liability	Liability Incurred	Accretion	Revisions	Liabilities Settled	Ending Liability
GR-Chemical Storage	5,132.50	-	27.45	(4,671.05)	-	488.90
GR-Coal Storage	80,272.52	-	429.31	111,857.27	-	192,559.10
Green River Unit 1 - ASB	213,055.68	-	1,009.61	448,217.47	-	662,282.76
Green River Unit 2 - ASB	195,781.05	-	927.75	411,875.41	-	608,584.21
Green River Unit 3 - ASB	116,480.55	-	551.97	547,040.22	-	664,072.74
Green River Unit 4 - ASB	218,723.04	-	1,036.46	558,870.28	-	778,629.78
GR-GR4 Oil Storage tanks	8,549.76	-	45.73	-	(8,595.49)	-
GR-Limestone Silo	5,361.94	-	28.68	(4,258.30)	-	1,132.32
GR-Mercury Sources	1,715.58	-	9.18	-	(1,724.76)	-
GR-Nuclear Sources	844.11	-	4.51	-	(848.62)	-
GR-Oil Storage	11,598.89	-	62.03	(10,966.79)	-	694.13
GR-Sewage Treatment Plant	4,260.77	-	22.79	3,381.26	-	7,664.82
GR-trn-G1-2 GSU Transformer	5,560.82	-	29.74	-	-	5,590.56
GR-trn-GR3 GSU Transformer	5,589.54	-	29.89	-	-	5,619.43
GR-trn-GR4 GSU Transformer	5,348.50	-	28.60	-	-	5,377.10
GR-trn-GSU Spare Transformer	5,341.62	-	28.57	-	-	5,370.19
Pineville - ASB	176,686.47	-	837.26	543,446.55	-	720,970.28
Pineville-Ash Pond	-	561,818.67	615,944.94	-	-	1,177,763.61
TY-Ash Pond	669,792.77	-	3,582.17	191,923.13	-	865,298.07
TY-Chemical Storage	45,491.32	-	243.30	(45,417.34)	-	317.28
TY-Coal Storage	26,752.25	-	143.08	37,291.31	-	64,186.64
TY-Mercury Sources	2,681.52	-	14.34	-	(2,695.86)	-
TY-Oil Storage	44,588.45	-	238.47	(37,325.32)	-	7,501.60
Tyrone Unit 1 (Retired) - ASB	433,382.36	-	2,053.67	158,194.85	-	593,630.88
Tyrone Unit 2 (Retired) - ASB	433,382.36	-	2,053.67	145,861.17	-	581,297.20
Tyrone Unit 3 - ASB	124,312.05	-	589.08	661,771.06	-	786,672.19
TY-Service Water Pump Structure	161,434.29	-	863.38	8,205.00	-	170,502.67
TY-Sewage Treatment Plant	4,458.90	-	23.85	52,730.99	-	57,213.74
TY-Station Fuel Oil Piping	12,487.53	-	66.79	-	(12,554.32)	-
KU Transmission Subs (69) - ASB	44,119.27	-	209.07	129,251.15	-	173,579.49
Big Stone Gap Substation - ASB-Dist	2,660.44	-	12.61	5,941.21	-	8,614.26
KU - General Facilities - ASB	91,370.44	-	432.98	208,268.17	-	300,071.59
KU Distribution Subs (478) - ASB	54,950.79	-	260.39	180,052.30	-	235,263.48
	\$ 35,820,626.34	\$ 3,548,061.59	\$ 1,420,180.67	\$ 18,776,564.71	\$ (215,367.79)	\$ 59,350,065.52

Louisville Gas and Electric Company
ARO Liabilities
As of September 30, 2010

Description	Beginning Liability	Liability Incurred	Accretion	Revisions	Liabilities Settled	Ending Liability
Canal (Retired) - ASB	\$ 2,444,381.23	\$ -	\$ 11,583.17	\$ (1,161,138.32)	\$ -	\$ 1,294,826.08
Cane Run Unit 1 (Retired) - ASB	1,110,533.69	-	5,262.48	(127,741.82)	-	988,054.35
Cane Run Unit 2 (Retired) - ASB	1,046,154.82	-	4,957.40	(120,336.39)	-	930,775.83
Cane Run Unit 3 (Retired) - ASB	1,178,936.21	-	5,586.61	(135,610.14)	-	1,048,912.68
Cane Run Unit 4 - ASB	371,094.74	-	1,758.50	742,287.71	-	1,115,140.95
Cane Run Unit 5 - ASB	308,016.45	-	1,459.59	540,398.87	-	849,874.91
Cane Run Unit 6 - ASB	304,126.66	-	1,441.16	649,439.58	-	955,007.40
CR-Ash Pond	3,063,825.30	-	16,385.88	1,788,688.85	-	4,868,900.03
CR-Coal Storage	218,662.55	-	1,169.45	5,416.47	-	225,248.47
CR-Environmental Ponds	-	286,742.62	470,797.56	-	-	757,540.18
CR-Land Fill	1,028,391.46	-	5,500.02	236,975.37	-	1,270,866.85
CR-Mercury Sources	4,258.09	-	22.77	-	(4,280.86)	-
CR-Nuclear Sources	37,585.19	-	201.01	(1,888.19)	-	35,898.01
CR-Sewage Treatment Plant	4,260.05	-	22.78	7,872.72	-	12,155.55
MC-Ash Pond	2,968,231.01	-	15,874.63	2,586,571.24	-	5,570,676.88
MC-Chemical Storage	5,135.95	-	27.47	4,980.08	-	10,143.50
MC-Coal Storage	247,040.15	-	1,321.21	(75,678.72)	-	172,682.64
MC-Environmental Ponds	-	206,907.38	442,336.80	-	-	649,244.18
MC-Hazardous Material Storage	15,920.98	-	85.15	-	(16,006.13)	-
MC-Lab Chemical Disposal	1,590.85	-	8.51	-	(1,599.36)	-
MC-Landfill	4,340,393.84	-	23,213.20	(3,787,843.29)	-	575,763.75
MC-Nuclear Sources	12,752.72	-	68.20	(687.48)	-	12,133.44
MC-Oil Storage	11,202.65	-	59.91	(10,855.22)	-	407.34
Mill Creek Unit 1 - ASB	529,065.53	-	2,507.08	583,424.46	-	1,114,997.07
Mill Creek Unit 2 - ASB	483,499.91	-	2,291.16	486,499.00	-	972,290.07
Mill Creek Unit 3 - ASB	50,510.69	-	239.35	365,310.45	-	416,060.49
Mill Creek Unit 4 - ASB	405,516.25	-	1,921.62	293,288.48	-	700,726.35
Ohio Falls - ASB	249,467.67	-	1,182.15	(83,553.53)	-	167,096.29
Paddy's (Unit 11) - ASB	1,731,241.77	-	8,203.82	2,042,268.31	-	3,781,713.90
TC-Ash Pond	3,142,229.87	-	16,805.21	4,535,718.99	-	7,694,754.07
TC-Chemical Storage	876.03	-	4.69	14,508.83	-	15,389.55

Louisville Gas and Electric Company
ARO Liabilities
As of September 30, 2010

Description	Beginning Liability	Liability Incurred	Accretion	Revisions	Liabilities Settled	Ending Liability
TC-Coal Storage	108,738.44	-	581.55	207,829.52	-	317,149.51
TC-Environmental Ponds	-	237,221.68	249,711.45	-	-	486,933.13
TC-Nuclear Sources	7,428.23	-	39.73	9,885.98	-	17,353.94
TC-Sewage Treatment Plant	1,752.22	-	9.37	14,638.17	-	16,399.76
Trn- CR Spare GSU	2,564.65	-	13.72	-	-	2,578.37
Trn-CR4 GSU	2,562.38	-	13.70	-	-	2,576.08
Trn-CR5 GSU	2,562.38	-	13.70	-	-	2,576.08
Trn-CR6 GSU	2,565.94	-	13.72	-	-	2,579.66
Trn-MC 3 GSU	1,976.17	-	10.57	-	-	1,986.74
Trn-MC Spare GSU	1,593.50	-	8.52	-	-	1,602.02
Trn-MC1 GSU	2,454.74	-	13.13	-	-	2,467.87
Trn-MC2 GSU	2,359.37	-	12.62	-	-	2,371.99
Trn-MC4 GSU	1,593.50	-	8.52	-	-	1,602.02
Waterside - ASB	-	-	-	-	-	-
Zorn - ASB	16,376.59	-	77.60	27,038.08	-	43,492.27
LGE Transmission Subs (11) - ASB	13,502.22	-	63.98	13,714.81	-	27,281.01
LGE Distribution Subs (66) - ASB	152,867.98	-	724.39	50,607.24	-	204,199.61
Manholes - ASB	148,724.61	-	704.76	810,276.94	-	959,706.31
Center Gas Storage Field - UGS	2,248,456.24	-	10,353.91	(57,229.21)	-	2,201,580.94
City Gate DR 237900-ASB-Dist	2,796.10	-	13.25	921.90	-	3,731.25
City Gate Prest 237900-ASB-Dist	2,796.10	-	13.25	-	-	2,809.35
Doe Run 235300-ASB-UGS	42,999.34	-	203.76	10,467.12	-	53,670.22
Doe Run Gas Storage Field - UGS	1,977,950.73	-	9,108.26	(541,546.98)	-	1,445,512.01
Gas Main & Serv Abandons-Dist	1,232,300.26	-	5,839.49	19,351,418.20	-	20,589,557.95
Magnolia 235120-ASB-UGS	12,450.76	-	59.00	3,455.93	-	15,965.69
Magnolia 235300-ASB-UGS	44,315.47	-	210.00	11,990.61	-	56,516.08
Magnolia 235600-ASB-UGS	4,374.60	-	20.73	2,611.95	-	7,007.28
Magnolia Gas Storage Field - UGS	2,240,031.21	-	10,315.11	(824,627.06)	-	1,425,719.26
Muldraugh 235120-ASB-UGS	17,666.45	-	83.72	4,881.41	-	22,631.58
Muldraugh 235300-ASB-UGS	33,565.77	-	159.06	8,603.08	-	42,327.91
Muldraugh 235600-ASB-UGS	20,358.38	-	96.47	9,952.50	-	30,407.35

Louisville Gas and Electric Company
ARO Liabilities
As of September 30, 2010

Description	Beginning Liability	Liability Incurred	Accretion	Revisions	Liabilities Settled	Ending Liability
Muldraugh 237520-ASB-Gas Dist	2,916.80	-	13.82	581.53	-	3,512.15
Muldraugh Gas Storage Field - UGS	674,911.80	-	3,107.90	(66,387.90)	-	611,631.80
Riggs Junction 235120-ASB-UGS	11,102.31	-	52.61	6,721.11	-	17,876.03
Seventh&Ormsby - ComGenPln-ASB	29,901.01	-	141.69	113,616.18	-	143,658.88
	\$ 34,383,418.56	\$ 730,871.68	\$ 1,334,111.60	\$ 28,547,737.42	\$ (21,886.35)	\$ 64,974,252.91

Clark, Ed

From: Motyka, Marlene (US - New York) <mmotyka@deloitte.com>
Sent: Thursday, October 14, 2010 10:59 PM
To: Wiseman, Sara
Cc: Crescente, Angela; Wacker, Diana; Motyka, Marlene (US - New York)
Subject: RE: Deloitte Information Request for PPL/E.ON

Sara,

I'm following up on the AROs. We do need additional information. In particular we need the estimated date of the decommissioning for each ARO. We also need to know the estimated cost for the decommissioning. In some cases we get a cost that's in current year dollars (say 2010) since they just analyzed the decommissioning costs and in other cases we get an estimate of the decommissioning costs from a previous year (say 2007) since that's the last time they estimated the decommissioning costs. I'm not sure where you stand so what we would need to know is your estimated decommissioning costs and what year those costs were estimated.

I hope this is clear. If not let me know and we can speak live.


Regards,

Marlene

Marlene M Motyka
Principal
Valuation Services
Deloitte Financial Advisory Services LLP

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Fax: +1 212 653 3343
mmotyka@deloitte.com
www.deloitte.com

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New York, NY 10281-1414
USA

 Please consider the environment before printing

From: Wiseman, Sara [<mailto:Sara.Wiseman@eon-us.com>]
Sent: Monday, October 04, 2010 2:34 PM
To: Motyka, Marlene (US - New York)
Cc: Crescente, Angela; Wacker, Diana
Subject: FW: Deloitte Information Request for PPL/E.ON
Importance: High

Hi Marlene:

I am the Property Accounting manager for E.ON U.S. and Valerie Scott has asked me to respond to question #4 regarding AROs on the attachment. We want to be responsive to your request so I have a few questions to ask.

Asset Retirement Obligations

- a. Please provide an electronic copy of the ARO Liabilities and Balances spreadsheet.

For the question above, are you referring to a specific spreadsheet or are you asking for a new report? If a new report, then are you interested in the ARO liability balances by ARO?

b. Please provide existing valuation schedules for the AROs so we can analyze the discount rate to utilize. For the question above, we are not exactly sure what you are looking for. Our ARO calculations take place in our automated system, PowerPlant. Therefore, we do not have schedules, per se. If you can provide us with more details of what information you are needing, we would be glad to look for a standard report that fits your needs or write a query.

Thanks for your help.

Sara Wiseman
Manager, Property Accounting
502.627.3189

From: Motyka, Marlene (US - New York) [<mailto:mmotyka@deloitte.com>]
Sent: Wednesday, September 29, 2010 2:10 PM
To: Henninger, Tadd J; Scott, Valerie
Cc: Motyka, Marlene (US - New York); Hannagan, Peter (US - Washington D.C.); Azpiazu, Federico (US - New York); Francis, Omar (US - New York)
Subject: Deloitte Information Request for PPL/E.ON
Importance: High

Tadd and Valerie,

I have attached our preliminary information request for the valuation work. There may be some adjustments but in the interest of time, I wanted to get this out to you. If anything is not clear please let us know and we can discuss. Per our discussion earlier today, I've broken it up into priority items and secondary items. Let me know if you don't agree with my allocation or I've forgotten anything.

We'll also get a contact list out to you for our team so you have that.


Regards,

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Charnas

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Clark, Ed

From: Crescente, Angela
Sent: Monday, October 18, 2010 4:37 PM
To: Wiseman, Sara
Subject: RE: Deloitte Information Request for PPL/E.ON
Attachments: Attachment Info.htm

Sara:

Here are the reports.

Thanks,
Angela

From: Motyka, Marlene (US - New York) [mailto:mmotyka@deloitte.com]
Sent: Thursday, October 14, 2010 10:59 PM
To: Wiseman, Sara
Cc: Crescente, Angela; Wacker, Diana; Motyka, Marlene (US - New York)
Subject: RE: Deloitte Information Request for PPL/E.ON

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Cc: Crescente, Angela; Wacker, Diana
Subject: FW: Deloitte Information Request for PPL/E.ON
Importance: High

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Manager, Property Accounting
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To: Henninger, Tadd J; Scott, Valerie
Cc: Motyka, Marlene (US - New York); Hannagan, Peter (US - Washington D.C.); Azpiazu, Federico (US - New York); Francis, Omar (US - New York)
Subject: Deloitte Information Request for PPL/E.ON
Importance: High

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Kentucky Utilities
Decommissioning Cost as of September 30, 2010

Description	Cost	Estimated Date
Big Stone Gap Substation - ASB-Dist	\$34,000.00	12/1/2077
BR-Ash Pond	15,183,000.00	12/1/2026
BR-Auxiliary Pond	3,615,000.00	12/1/2026
BR-Coal Storage	92,500.00	12/1/2026
BR-Nuclear Sources	22,840.00	12/1/2026
BR-Oil Storage	10,092.44	12/1/2026
BR-Oil Storage CT - OP	38,340.43	12/1/2036
Brown Unit 1 - ASB	1,781,000.00	12/1/2059
Brown Unit 2 - ASB	3,586,000.00	12/1/2059
Brown Unit 3 - ASB	8,158,000.00	12/1/2059
Dix Dam - ASB - Hydro	345,000.00	12/1/2069
GH-Ash Pond	30,968,500.00	12/1/2036
GH-Chemical Storage	24,547.05	12/1/2036
GH-Coal Storage	869,500.00	12/1/2036
Ghent Unit 1 - ASB	8,318,000.00	12/1/2059
Ghent Unit 2 - ASB	11,023,000.00	12/1/2060
Ghent Unit 3 - ASB	1,955,000.00	12/1/2069
Ghent Unit 4 - ASB	1,955,000.00	12/1/2069
GH-Environmental Ponds	843,500.00	12/1/2036
GH-Gypsum Stack-GH 1 Scrubber	6,025,000.00	12/1/2026
GH-Nuclear Sources	264,100.00	12/1/2036
GH-Oil Storage	12,624.05	12/1/2026
GH-Sewage Treatment Plant	26,155.00	12/1/2026
GR-Ash Pond	6,627,500.00	12/1/2018
GR-Chemical Storage	703.83	12/1/2018
GR-Coal Storage	222,000.00	12/1/2018
Green River Unit 1 - ASB	1,850,000.00	12/1/2051
Green River Unit 2 - ASB	1,700,000.00	12/1/2051
Green River Unit 3 - ASB	1,855,000.00	12/1/2051
Green River Unit 4 - ASB	2,175,000.00	12/1/2051
GR-Limestone Silo	1,631.25	12/1/2018
GR-Oil Storage	1,000.00	12/1/2018
GR-Sewage Treatment Plant	9,200.00	12/1/2018
KU - General Facilities - ASB	1,130,000.00	12/1/2073
KU Distribution Subs (478) - ASB	882,000.00	12/1/2077
KU Transmission Subs (69) - ASB	704,181.00	12/1/2079
Pineville - ASB	1,686,700.00	12/1/2043
Pineville-Ash Pond	1,205,000.00	12/1/2018
TY-Ash Pond	1,084,500.00	12/1/2018
TY-Chemical Storage	456.75	12/1/2018
TY-Coal Storage	74,000.00	12/1/2018
TY-Oil Storage	10,805.40	12/1/2018
Tyrone Unit 1 (Retired) - ASB	1,604,000.00	12/1/2051
Tyrone Unit 2 (Retired) - ASB	1,579,000.00	12/1/2051
Tyrone Unit 3 - ASB	2,173,000.00	12/1/2051
TY-Service Water Pump Structure	221,524.88	12/1/2018
TY-Sewage Treatment Plant	60,000.00	12/1/2018

Louisville Gas and Electric
Decommissioning Cost as of September 30, 2010

Description	Cost	Estimated Date
Canal (Retired) - ASB	\$1,575,000.00	12/1/2015
Cane Run Unit 1 (Retired) - ASB	2,760,000.00	12/1/2051
Cane Run Unit 2 (Retired) - ASB	2,600,000.00	12/1/2051
Cane Run Unit 3 (Retired) - ASB	2,930,000.00	12/1/2051
Cane Run Unit 4 - ASB	3,115,000.00	12/1/2051
Cane Run Unit 5 - ASB	2,540,000.00	12/1/2055
Cane Run Unit 6 - ASB	2,920,000.00	12/1/2056
Center Gas Storage Field - UGS	4,052,250.00	12/1/2033
City Gate DR 237900-ASB-Dist	13,974.00	12/1/2066
CR-Ash Pond	6,627,500.00	12/1/2023
CR-Coal Storage	333,000.00	12/1/2023
CR-Environmental Ponds	843,500.00	12/1/2023
CR-Land Fill	1,809,686.40	12/1/2023
CR-Nuclear Sources	53,970.00	12/1/2023
CR-Sewage Treatment Plant	15,300.00	12/1/2023
Doe Run 235300-ASB-UGS	192,000.00	12/1/2066
Doe Run Gas Storage Field - UGS	2,749,410.00	12/1/2033
Gas Main & Serv Abandons-Dist	40,500,665.00	12/1/2050
LGE Distribution Subs (66) - ASB	901,000.00	12/1/2078
LGE Transmission Subs (11) - ASB	111,442.00	12/1/2079
Magnolia 235120-ASB-UGS	67,000.00	12/1/2075
Magnolia 235300-ASB-UGS	201,000.00	12/1/2066
Magnolia 235600-ASB-UGS	26,000.00	12/1/2069
Magnolia Gas Storage Field - UGS	2,832,367.00	12/1/2033
Manholes - ASB	4,668,187.00	12/1/2094
MC-Ash Pond	10,122,000.00	12/1/2036
MC-Chemical Storage	17,595.75	12/1/2036
MC-Coal Storage	370,000.00	12/1/2036
MC-Environmental Ponds	964,000.00	12/1/2036
MC-Landfill	1,818,426.28	12/1/2036
MC-Nuclear Sources	26,890.00	12/1/2036
MC-Oil Storage	1,286.45	12/1/2036
Mill Creek Unit 1 - ASB	3,555,000.00	12/1/2059
Mill Creek Unit 2 - ASB	3,100,000.00	12/1/2059
Mill Creek Unit 3 - ASB	1,750,000.00	12/1/2069
Mill Creek Unit 4 - ASB	2,600,000.00	12/1/2069
Muldraugh 235120-ASB-UGS	95,000.00	12/1/2075
Muldraugh 235300-ASB-UGS	151,000.00	12/1/2066
Muldraugh 235600-ASB-UGS	115,000.00	12/1/2069
Muldraugh 237520-ASB-Gas Dist	10,000.00	12/1/2050
Muldraugh Gas Storage Field - UGS	1,109,029.00	12/1/2033
Ohio Falls - ASB	620,000.00	12/1/2069
Paddy's (Unit 11) - ASB	4,600,000.00	12/1/2015
Riggs Junction 235120-ASB-UGS	70,603.05	12/1/2075
Seventh&Ormsby - ComGenPln-ASB	449,000.00	12/1/2059
TC-Ash Pond	14,339,500.00	12/1/2036
TC-Chemical Storage	23,797.98	12/1/2036

Description	Cost	Estimated Date
TC-Coal Storage	573,500.00	12/1/2036
TC-Environmental Ponds	723,000.00	12/1/2036
TC-Nuclear Sources	32,620.00	12/1/2036
TC-Sewage Treatment Plant	26,155.00	12/1/2036
Zorn - ASB	105,000.00	12/1/2043

Clark, Ed

From: Wiseman, Sara
Sent: Thursday, October 21, 2010 2:33 PM
To: Crescente, Angela
Subject: FW: Deloitte Information Request for PPL/E.ON
Attachments: Attachment Info.htm

I guess we will send this later today. Any last minute thoughts? I'll be sending to Valerie and Shannon first.

From: Crescente, Angela
Sent: Monday, October 18, 2010 4:37 PM
To: Wiseman, Sara
Subject: RE: Deloitte Information Request for PPL/E.ON

Sara:

Here are the reports.

Thanks,
Angela

From: Motyka, Marlene (US - New York) [mailto:mmotyka@deloitte.com]
Sent: Thursday, October 14, 2010 10:59 PM
To: Wiseman, Sara
Cc: Crescente, Angela; Wacker, Diana; Motyka, Marlene (US - New York)
Subject: RE: Deloitte Information Request for PPL/E.ON

Sara,

I'm following up on the AROs. We do need additional information. In particular we need the estimated date of the decommissioning for each ARO. We also need to know the estimated cost for the decommissioning. In some cases we get a cost that's in current year dollars (say 2010) since they just analyzed the decommissioning costs and in other cases we get an estimate of the decommissioning costs from a previous year (say 2007) since that's the last time they estimated the decommissioning costs. I'm not sure where you stand so what we would need to know is your estimated decommissioning costs and what year those costs were estimated.

I hope this is clear. If not let me know and we can speak live.

Regards,


Marlene

Marlene M Motyka
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Fax: +1 212 653 3343
mmotyka@deloitte.com
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From: Wiseman, Sara [mailto:Sara.Wiseman@eon-us.com]
Sent: Monday, October 04, 2010 2:34 PM
To: Motyka, Marlene (US - New York)
Cc: Crescente, Angela; Wacker, Diana
Subject: FW: Deloitte Information Request for PPL/E.ON
Importance: High

Hi Marlene:

I am the Property Accounting manager for E.ON U.S. and Valerie Scott has asked me to respond to question #4 regarding AROs on the attachment. We want to be responsive to your request so I have a few questions to ask.

Asset Retirement Obligations

a. Please provide an electronic copy of the ARO Liabilities and Balances spreadsheet.

For the question above, are you referring to a specific spreadsheet or are you asking for a new report? If a new report, then are you interested in the ARO liability balances by ARO?

b. Please provide existing valuation schedules for the AROs so we can analyze the discount rate to utilize.

For the question above, we are not exactly sure what you are looking for. Our ARO calculations take place in our automated system, PowerPlant. Therefore, we do not have schedules, per se. If you can provide us with more details of what information you are needing, we would be glad to look for a standard report that fits your needs or write a query.

Thanks for your help.

Sara Wiseman
Manager, Property Accounting
502.627.3189

From: Motyka, Marlene (US - New York) [mailto:mmotyka@deloitte.com]
Sent: Wednesday, September 29, 2010 2:10 PM
To: Henninger, Tadd J; Scott, Valerie
Cc: Motyka, Marlene (US - New York); Hannagan, Peter (US - Washington D.C.); Azpiazu, Federico (US - New York); Francis, Omar (US - New York)
Subject: Deloitte Information Request for PPL/E.ON
Importance: High

Tadd and Valerie,

I have attached our preliminary information request for the valuation work. There may be some adjustments but in the interest of time, I wanted to get this out to you. If anything is not clear please let us know and we can discuss. Per our discussion earlier today, I've broken it up into priority items and secondary items. Let me know if you don't agree with my allocation or I've forgotten anything.

We'll also get a contact list out to you for our team so you have that.


Regards,

Marlene

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Kentucky Utilities
Decommissioning Cost as of September 30, 2010

Description	Cost	Estimated Date
Big Stone Gap Substation - ASB-Dist	\$34,000.00	12/1/2077
BR-Ash Pond	15,183,000.00	12/1/2026
BR-Auxiliary Pond	3,615,000.00	12/1/2026
BR-Coal Storage	92,500.00	12/1/2026
BR-Nuclear Sources	22,840.00	12/1/2026
BR-Oil Storage	10,092.44	12/1/2026
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Brown Unit 3 - ASB	8,158,000.00	12/1/2059
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GH-Ash Pond	30,968,500.00	12/1/2036
GH-Chemical Storage	24,547.05	12/1/2036
GH-Coal Storage	869,500.00	12/1/2036
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Ghent Unit 2 - ASB	11,023,000.00	12/1/2060
Ghent Unit 3 - ASB	1,955,000.00	12/1/2069
Ghent Unit 4 - ASB	1,955,000.00	12/1/2069
GH-Environmental Ponds	843,500.00	12/1/2036
GH-Gypsum Stack-GH 1 Scrubber	6,025,000.00	12/1/2026
GH-Nuclear Sources	264,100.00	12/1/2036
GH-Oil Storage	12,624.05	12/1/2026
GH-Sewage Treatment Plant	26,155.00	12/1/2026
GR-Ash Pond	6,627,500.00	12/1/2018
GR-Chemical Storage	703.83	12/1/2018
GR-Coal Storage	222,000.00	12/1/2018
Green River Unit 1 - ASB	1,850,000.00	12/1/2051
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Green River Unit 3 - ASB	1,855,000.00	12/1/2051
Green River Unit 4 - ASB	2,175,000.00	12/1/2051
GR-Limestone Silo	1,631.25	12/1/2018
GR-Oil Storage	1,000.00	12/1/2018
GR-Sewage Treatment Plant	9,200.00	12/1/2018
KU - General Facilities - ASB	1,130,000.00	12/1/2073
KU Distribution Subs (478) - ASB	882,000.00	12/1/2077
KU Transmission Subs (69) - ASB	704,181.00	12/1/2079
Pineville - ASB	1,686,700.00	12/1/2043
Pineville-Ash Pond	1,205,000.00	12/1/2018
TY-Ash Pond	1,084,500.00	12/1/2018
TY-Chemical Storage	456.75	12/1/2018
TY-Coal Storage	74,000.00	12/1/2018
TY-Oil Storage	10,805.40	12/1/2018
Tyrone Unit 1 (Retired) - ASB	1,604,000.00	12/1/2051
Tyrone Unit 2 (Retired) - ASB	1,579,000.00	12/1/2051
Tyrone Unit 3 - ASB	2,173,000.00	12/1/2051
TY-Service Water Pump Structure	221,524.88	12/1/2018
TY-Sewage Treatment Plant	60,000.00	12/1/2018

**Louisville Gas and Electric
Decommissioning Cost as of September 30, 2010**

Description	Cost	Estimated Date
Canal (Retired) - ASB	\$1,575,000.00	12/1/2015
Cane Run Unit 1 (Retired) - ASB	2,760,000.00	12/1/2051
Cane Run Unit 2 (Retired) - ASB	2,600,000.00	12/1/2051
Cane Run Unit 3 (Retired) - ASB	2,930,000.00	12/1/2051
Cane Run Unit 4 - ASB	3,115,000.00	12/1/2051
Cane Run Unit 5 - ASB	2,540,000.00	12/1/2055
Cane Run Unit 6 - ASB	2,920,000.00	12/1/2056
Center Gas Storage Field - UGS	4,052,250.00	12/1/2033
City Gate DR 237900-ASB-Dist	13,974.00	12/1/2066
CR-Ash Pond	6,627,500.00	12/1/2023
CR-Coal Storage	333,000.00	12/1/2023
CR-Environmental Ponds	843,500.00	12/1/2023
CR-Land Fill	1,809,686.40	12/1/2023
CR-Nuclear Sources	53,970.00	12/1/2023
CR-Sewage Treatment Plant	15,300.00	12/1/2023
Doe Run 235300-ASB-UGS	192,000.00	12/1/2066
Doe Run Gas Storage Field - UGS	2,749,410.00	12/1/2033
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Manholes - ASB	4,668,187.00	12/1/2094
MC-Ash Pond	10,122,000.00	12/1/2036
MC-Chemical Storage	17,595.75	12/1/2036
MC-Coal Storage	370,000.00	12/1/2036
MC-Environmental Ponds	964,000.00	12/1/2036
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Mill Creek Unit 1 - ASB	3,555,000.00	12/1/2059
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Muldraugh 235120-ASB-UGS	95,000.00	12/1/2075
Muldraugh 235300-ASB-UGS	151,000.00	12/1/2066
Muldraugh 235600-ASB-UGS	115,000.00	12/1/2069
Muldraugh 237520-ASB-Gas Dist	10,000.00	12/1/2050
Muldraugh Gas Storage Field - UGS	1,109,029.00	12/1/2033
Ohio Falls - ASB	620,000.00	12/1/2069
Paddy's (Unit 11) - ASB	4,600,000.00	12/1/2015
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Description	Cost	Estimated Date
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TC-Nuclear Sources	32,620.00	12/1/2036
TC-Sewage Treatment Plant	26,155.00	12/1/2036
Zorn - ASB	105,000.00	12/1/2043

Clark, Ed

From: Wiseman, Sara
Sent: Thursday, October 21, 2010 3:55 PM
To: Charnas, Shannon; Scott, Valerie
Cc: Crescente, Angela
Subject: FW: Deloitte Information Request for PPL/E.ON
Attachments: Attachment Info.htm

Valerie:

Here is the file we've put together to answer Marlene's questions below, for your review. Our information is in current year dollars.

From: Motyka, Marlene (US - New York) [mailto:mmotyka@deloitte.com]
Sent: Thursday, October 14, 2010 10:59 PM
To: Wiseman, Sara
Cc: Crescente, Angela; Wacker, Diana; Motyka, Marlene (US - New York)
Subject: RE: Deloitte Information Request for PPL/E.ON

Sara,

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Regards,

Marlene

Marlene M Motyka
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Fax: +1 212 653 3343
mmotyka@deloitte.com
www.deloitte.com

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New York, NY 10281-1414
USA

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From: Wiseman, Sara [mailto:Sara.Wiseman@eon-us.com]
Sent: Monday, October 04, 2010 2:34 PM
To: Motyka, Marlene (US - New York)
Cc: Crescente, Angela; Wacker, Diana

Subject: FW: Deloitte Information Request for PPL/E.ON
Importance: High

Hi Marlene:

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Thanks for your help.

Sara Wiseman
Manager, Property Accounting
502.627.3189

From: Motyka, Marlene (US - New York) [mailto:mmotyka@deloitte.com]

Sent: Wednesday, September 29, 2010 2:10 PM

To: Henninger, Tadd J; Scott, Valerie

Cc: Motyka, Marlene (US - New York); Hannagan, Peter (US - Washington D.C.); Azpiazu, Federico (US - New York); Francis, Omar (US - New York)

Subject: Deloitte Information Request for PPL/E.ON

Importance: High

Tadd and Valerie,

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Decommissioning Cost as of September 30, 2010

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GH-Sewage Treatment Plant	26,155.00	12/1/2026
GR-Ash Pond	6,627,500.00	12/1/2018
GR-Chemical Storage	703.83	12/1/2018
GR-Coal Storage	222,000.00	12/1/2018
Green River Unit 1 - ASB	1,850,000.00	12/1/2051
Green River Unit 2 - ASB	1,700,000.00	12/1/2051
Green River Unit 3 - ASB	1,855,000.00	12/1/2051
Green River Unit 4 - ASB	2,175,000.00	12/1/2051
GR-Limestone Silo	1,631.25	12/1/2018
GR-Oil Storage	1,000.00	12/1/2018
GR-Sewage Treatment Plant	9,200.00	12/1/2018
KU - General Facilities - ASB	1,130,000.00	12/1/2073
KU Distribution Subs (478) - ASB	882,000.00	12/1/2077
KU Transmission Subs (69) - ASB	704,181.00	12/1/2079
Pineville - ASB	1,686,700.00	12/1/2043
Pineville-Ash Pond	1,205,000.00	12/1/2018
TY-Ash Pond	1,084,500.00	12/1/2018
TY-Chemical Storage	456.75	12/1/2018
TY-Coal Storage	74,000.00	12/1/2018
TY-Oil Storage	10,805.40	12/1/2018
Tyrone Unit 1 (Retired) - ASB	1,604,000.00	12/1/2051
Tyrone Unit 2 (Retired) - ASB	1,579,000.00	12/1/2051
Tyrone Unit 3 - ASB	2,173,000.00	12/1/2051
TY-Service Water Pump Structure	221,524.88	12/1/2018
TY-Sewage Treatment Plant	60,000.00	12/1/2018

Louisville Gas and Electric
Decommissioning Cost as of September 30, 2010

Description	Cost	Estimated Date
Canal (Retired) - ASB	\$1,575,000.00	12/1/2015
Cane Run Unit 1 (Retired) - ASB	2,760,000.00	12/1/2051
Cane Run Unit 2 (Retired) - ASB	2,600,000.00	12/1/2051
Cane Run Unit 3 (Retired) - ASB	2,930,000.00	12/1/2051
Cane Run Unit 4 - ASB	3,115,000.00	12/1/2051
Cane Run Unit 5 - ASB	2,540,000.00	12/1/2055
Cane Run Unit 6 - ASB	2,920,000.00	12/1/2056
Center Gas Storage Field - UGS	4,052,250.00	12/1/2033
City Gate DR 237900-ASB-Dist	13,974.00	12/1/2066
CR-Ash Pond	6,627,500.00	12/1/2023
CR-Coal Storage	333,000.00	12/1/2023
CR-Environmental Ponds	843,500.00	12/1/2023
CR-Land Fill	1,809,686.40	12/1/2023
CR-Nuclear Sources	53,970.00	12/1/2023
CR-Sewage Treatment Plant	15,300.00	12/1/2023
Doe Run 235300-ASB-UGS	192,000.00	12/1/2066
Doe Run Gas Storage Field - UGS	2,749,410.00	12/1/2033
Gas Main & Serv Abandons-Dist	40,500,665.00	12/1/2050
LGE Distribution Subs (66) - ASB	901,000.00	12/1/2078
LGE Transmission Subs (11) - ASB	111,442.00	12/1/2079
Magnolia 235120-ASB-UGS	67,000.00	12/1/2075
Magnolia 235300-ASB-UGS	201,000.00	12/1/2066
Magnolia 235600-ASB-UGS	26,000.00	12/1/2069
Magnolia Gas Storage Field - UGS	2,832,367.00	12/1/2033
Manholes - ASB	4,668,187.00	12/1/2094
MC-Ash Pond	10,122,000.00	12/1/2036
MC-Chemical Storage	17,595.75	12/1/2036
MC-Coal Storage	370,000.00	12/1/2036
MC-Environmental Ponds	964,000.00	12/1/2036
MC-Landfill	1,818,426.28	12/1/2036
MC-Nuclear Sources	26,890.00	12/1/2036
MC-Oil Storage	1,286.45	12/1/2036
Mill Creek Unit 1 - ASB	3,555,000.00	12/1/2059
Mill Creek Unit 2 - ASB	3,100,000.00	12/1/2059
Mill Creek Unit 3 - ASB	1,750,000.00	12/1/2069
Mill Creek Unit 4 - ASB	2,600,000.00	12/1/2069
Muldraugh 235120-ASB-UGS	95,000.00	12/1/2075
Muldraugh 235300-ASB-UGS	151,000.00	12/1/2066
Muldraugh 235600-ASB-UGS	115,000.00	12/1/2069
Muldraugh 237520-ASB-Gas Dist	10,000.00	12/1/2050
Muldraugh Gas Storage Field - UGS	1,109,029.00	12/1/2033
Ohio Falls - ASB	620,000.00	12/1/2069
Paddy's (Unit 11) - ASB	4,600,000.00	12/1/2015
Riggs Junction 235120-ASB-UGS	70,603.05	12/1/2075
Seventh&Ormsby - ComGenPln-ASB	449,000.00	12/1/2059
TC-Ash Pond	14,339,500.00	12/1/2036
TC-Chemical Storage	23,797.98	12/1/2036

Description	Cost	Estimated Date
TC-Coal Storage	573,500.00	12/1/2036
TC-Environmental Ponds	723,000.00	12/1/2036
TC-Nuclear Sources	32,620.00	12/1/2036
TC-Sewage Treatment Plant	26,155.00	12/1/2036
Zorn - ASB	105,000.00	12/1/2043

Clark, Ed

From: Scott, Valerie
Sent: Thursday, October 21, 2010 4:44 PM
To: Wiseman, Sara
Cc: Charnas, Shannon; Crescente, Angela
Subject: RE: Deloitte Information Request for PPL/E.ON
Attachments: Attachment Info.htm

Sara,

I am confused as to what these amounts represent. They do not agree to what Angela gave me the other day (the cash flow values in the year of retirement) and they do not agree to what we have in the 9/30/2010 financial statements.

I have attached Angela's e-mail, if it helps.

Valerie

From: Wiseman, Sara
Sent: Thursday, October 21, 2010 3:55 PM
To: Charnas, Shannon; Scott, Valerie
Cc: Crescente, Angela
Subject: FW: Deloitte Information Request for PPL/E.ON

Valerie:

Here is the file we've put together to answer Marlene's questions below, for your review. Our information is in current year dollars.

From: Motyka, Marlene (US - New York) [mailto:mmotyka@deloitte.com]
Sent: Thursday, October 14, 2010 10:59 PM
To: Wiseman, Sara
Cc: Crescente, Angela; Wacker, Diana; Motyka, Marlene (US - New York)
Subject: RE: Deloitte Information Request for PPL/E.ON

Sara,

I'm following up on the AROs. We do need additional information. In particular we need the estimated date of the decommissioning for each ARO. We also need to know the estimated cost for the decommissioning. In some cases we get a cost that's in current year dollars (say 2010) since they just analyzed the decommissioning costs and in other cases we get an estimate of the decommissioning costs from a previous year (say 2007) since that's the last time they estimated the decommissioning costs. I'm not sure where you stand so what we would need to know is your estimated decommissioning costs and what year those costs were estimated.

I hope this is clear. If not let me know and we can speak live.

Regards,

Marlene

Marlene M Motyka
Principal

Valuation Services
Deloitte Financial Advisory Services LLP

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Fax: +1 212 653 3343
mmotyka@deloitte.com
www.deloitte.com

Two World Financial Center
New York, NY 10281-1414
USA

 Please consider the environment before printing

From: Wiseman, Sara [mailto:Sara.Wiseman@eon-us.com]
Sent: Monday, October 04, 2010 2:34 PM
To: Motyka, Marlene (US - New York)
Cc: Crescente, Angela; Wacker, Diana
Subject: FW: Deloitte Information Request for PPL/E.ON
Importance: High

Hi Marlene:

I am the Property Accounting manager for E.ON U.S. and Valerie Scott has asked me to respond to question #4 regarding AROs on the attachment. We want to be responsive to your request so I have a few questions to ask.

Asset Retirement Obligations

- a. Please provide an electronic copy of the ARO Liabilities and Balances spreadsheet.

For the question above, are you referring to a specific spreadsheet or are you asking for a new report? If a new report, then are you interested in the ARO liability balances by ARO?

- b. Please provide existing valuation schedules for the AROs so we can analyze the discount rate to utilize.

For the question above, we are not exactly sure what you are looking for. Our ARO calculations take place in our automated system, PowerPlant. Therefore, we do not have schedules, per se. If you can provide us with more details of what information you are needing, we would be glad to look for a standard report that fits your needs or write a query.

Thanks for your help.

Sara Wiseman
Manager, Property Accounting
502.627.3189

From: Motyka, Marlene (US - New York) [mailto:mmotyka@deloitte.com]
Sent: Wednesday, September 29, 2010 2:10 PM
To: Henninger, Tadd J; Scott, Valerie
Cc: Motyka, Marlene (US - New York); Hannagan, Peter (US - Washington D.C.); Azpiazu, Federico (US - New York); Francis, Omar (US - New York)
Subject: Deloitte Information Request for PPL/E.ON
Importance: High

Tadd and Valerie,

Charnas

I have attached our preliminary information request for the valuation work. There may be some adjustments but in the interest of time, I wanted to get this out to you. If anything is not clear please let us know and we can discuss. Per our discussion earlier today, I've broken it up into priority items and secondary items. Let me know if you don't agree with my allocation or I've forgotten anything.

We'll also get a contact list out to you for our team so you have that.


Regards,

Marlene

Marlene M Motyka
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Clark, Ed

From: Crescente, Angela
Sent: Wednesday, October 20, 2010 2:12 PM
To: Scott, Valerie
Cc: Wiseman, Sara; Charnas, Shannon
Subject: FW: ARO Liability with retirement dates

Valerie,

Please let me know if you need something else or if this is what you were looking for. I'm so sorry for my misunderstanding of what you were looking for the first time.



ku forecast
runout-spendin...



lge forecast
runout-spendin...

Thanks,
Angela

From: Scott, Valerie
Sent: Tuesday, October 19, 2010 11:37 AM
To: Crescente, Angela
Cc: Wiseman, Sara
Subject: RE: ARO Liability with retirement dates

Angela,

Could you set up columns by year & spread the costs to the appropriate year column so we can get an expected spend by year? In total it should tie back to the current column, so would you also add a total line with totals for each column?

Thanks.

Valerie

From: Crescente, Angela
Sent: Monday, October 18, 2010 3:55 PM
To: Scott, Valerie
Cc: Wiseman, Sara
Subject: RE: ARO Liability with retirement dates

Valerie,

Per your request:

<< File: lge forecast runout-final.xlsx >> << File: ku forecast runout-final.xlsx >>

Thanks,

Angela

From: Scott, Valerie
Sent: Wednesday, October 13, 2010 5:29 PM
To: Wiseman, Sara
Subject: RE: FARO Liability with retirement dates

Can you get the amounts to be paid in the future rather than the current liability value?

Valerie

From: Wiseman, Sara
Sent: Wednesday, October 13, 2010 5:07 PM
To: Scott, Valerie
Cc: Crescente, Angela
Subject: FARO Liability with retirement dates

<< File: KU GAAP ARO 1000 Report with retirement dates.xlsx >> << File: LGE GAAP ARO 1000 Report with retirement dates.xlsx >>

Valerie: Here is the information we had readily available.

Description	Ending Liability	Month/Year
GR-trn-G1-2 GSU Transformer	8,296.15	12/2016
GR-trn-GR3 GSU Transformer	8,338.99	12/2016
	\$ 16,635.14	12/2016 Total
GR-trn-GR4 GSU Transformer	8,506.81	12/2017
GR-trn-GSU Spare Transformer	8,495.84	12/2017
	\$ 17,002.65	12/2017 Total
GR-Ash Pond	7,760,286.57	12/2018
GR-Chemical Storage	824.57	12/2018
GR-Coal Storage	260,530.10	12/2018
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
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
TY-Service Water Pump Structure	259,659.16	12/2018
TY-Sewage Treatment Plant	70,480.86	12/2018
	\$ 11,153,181.43	12/2018 Total
BR-Lab	25,483.66	12/2019
	\$ 25,483.66	12/2019 Total
GH-trn-GH1 GSU Transformer	3,465.27	12/2020
	\$ 3,465.27	12/2020 Total
GH-trn-GH2 GSU Transformer	3,779.52	12/2024
	\$ 3,779.52	12/2024 Total
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-Nuclear Sources	31,525.29	12/2026
BR-Oil Storage	13,911.62	12/2026
GH-Gypsum Stack-GH 1 Scrubber	8,325,471.98	12/2026
GH-Oil Storage	17,413.18	12/2026
GH-Sewage Treatment Plant	36,124.09	12/2026
	\$ 34,508,447.72	12/2026 Total
GH-trn-GH3 GSU Transformer	4,099.06	12/2028
	\$ 4,099.06	12/2028 Total
GH-trn-GH Spare GSU Transformer	4,415.67	12/2031
GH-trn-GH4 GSU Transformer	4,423.96	12/2031
	\$ 8,839.63	12/2031 Total
BR-Oil Storage CT - OP	64,801.42	12/2036
GH-Ash Pond	52,411,634.11	12/2036

Description	Ending Liability	Month/Year
GH-Chemical Storage	41,556.07	12/2036
GH-Coal Storage	1,471,482.08	12/2036
GH-Environmental Ponds	1,429,058.16	12/2036
GH-Nuclear Sources	446,997.03	12/2036
	<u>\$ 55,865,528.87</u>	12/2036 Total
Pineville - ASB	3,293,168.39	12/2043
	<u>\$ 3,293,168.39</u>	12/2043 Total
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
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
	<u>\$ 29,733,882.71</u>	12/2051 Total
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
Ghent Unit 1 - ASB	22,512,027.72	12/2059
	<u>\$ 59,112,660.87</u>	12/2059 Total
Ghent Unit 2 - ASB	30,447,763.48	12/2060
	<u>\$ 30,447,763.48</u>	12/2060 Total
Dix Dam - ASB - Hydro	1,144,884.47	12/2069
Ghent Unit 3 - ASB	6,488,401.45	12/2069
Ghent Unit 4 - ASB	6,488,401.45	12/2069
	<u>\$ 14,121,687.37</u>	12/2069 Total
KU - General Facilities - ASB	4,068,976.18	12/2073
	<u>\$ 4,068,976.18</u>	12/2073 Total
Big Stone Gap Substation - ASB-Dist	132,839.45	12/2077
KU Distribution Subs (478) - ASB	3,446,235.00	12/2077
	<u>\$ 3,579,074.45</u>	12/2077 Total
KU Transmission Subs (69) - ASB	2,865,833.27	12/2079
	<u>\$ 2,865,833.27</u>	12/2079 Total
	<u><u>248,829,509.67</u></u>	Grand Total

Description	Ending Liability	Month/Year
Canal (Retired) - ASB	1,735,822.47	12/2015
Paddy's (Unit 11) - ASB	5,069,703.26	12/2015
	\$ 6,805,525.73	12/2015 Total
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
	\$ 16,311.21	12/2017 Total
Trn-MC1 GSU	4,162.33	12/2018
	\$ 4,162.33	12/2018 Total
Trn-MC2 GSU	4,265.13	12/2019
	\$ 4,265.13	12/2019 Total
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
Trn-MC 3 GSU	4,614.72	12/2023
	\$ 11,899,952.39	12/2023 Total
Trn-MC Spare GSU	5,124.62	12/2028
Trn-MC4 GSU	5,124.62	12/2028
	\$ 10,249.24	12/2028 Total
Center Gas Storage Field - UGS	6,452,002.42	12/2033
Doe Run Gas Storage Field - UGS	4,377,102.16	12/2033
Magnolia Gas Storage Field - UGS	4,508,467.21	12/2033
Muldraugh Gas Storage Field - UGS	1,765,893.07	12/2033
	\$ 17,103,464.86	12/2033 Total
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
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
	\$ 47,419,688.60	12/2036 Total

Description	Ending Liability	Month/Year
Zorn - ASB	204,988.90	12/2043
	\$ 204,988.90	12/2043 Total
Gas Main & Serv Abandons-Dist	91,273,146.26	12/2050
Muldrough 237520-ASB-Gas Dist	22,519.08	12/2050
	\$ 91,295,665.34	12/2050 Total
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
	\$ 26,214,324.31	12/2051 Total
Cane Run Unit 5 - ASB	6,334,678.23	12/2055
	\$ 6,334,678.23	12/2055 Total
Cane Run Unit 6 - ASB	7,432,419.77	12/2056
	\$ 7,432,419.77	12/2056 Total
City Gate Prest 237900-ASB-Dist	43,183.12	12/2058
	\$ 43,183.12	12/2058 Total
Mill Creek Unit 1 - ASB	9,620,019.34	12/2059
Mill Creek Unit 2 - ASB	8,388,765.42	12/2059
Seventh&Ormsby - ComGenPln-ASB	1,215,058.91	12/2059
	\$ 19,223,843.67	12/2059 Total
City Gate DR 237900-ASB-Dist	43,616.29	12/2066
Doe Run 235300-ASB-UGS	599,317.92	12/2066
Magnolia 235300-ASB-UGS	627,417.31	12/2066
Muldrough 235300-ASB-UGS	471,342.18	12/2066
	\$ 1,741,693.70	12/2066 Total
Magnolia 235600-ASB-UGS	86,281.17	12/2069
Mill Creek Unit 3 - ASB	5,806,361.11	12/2069
Mill Creek Unit 4 - ASB	8,628,115.08	12/2069
Muldrough 235600-ASB-UGS	381,616.97	12/2069
Ohio Falls - ASB	2,057,472.95	12/2069
	\$ 16,959,847.28	12/2069 Total
Magnolia 235120-ASB-UGS	251,278.23	12/2075
Muldrough 235120-ASB-UGS	356,289.69	12/2075
Riggs Junction 235120-ASB-UGS	264,813.33	12/2075
	\$ 872,381.25	12/2075 Total
LGE Distribution Subs (66) - ASB	3,592,366.78	12/2078
	\$ 3,592,366.78	12/2078 Total
LGE Transmission Subs (11) - ASB	453,537.08	12/2079
	\$ 453,537.08	12/2079 Total
Manholes - ASB	25,798,847.64	12/2094
	\$ 25,798,847.64	12/2094 Total
	\$ 283,431,396.56	Grand Total

Clark, Ed

From: Wiseman, Sara
Sent: Friday, October 22, 2010 6:03 AM
To: Scott, Valerie
Cc: Charnas, Shannon; Crescente, Angela
Subject: FW: Deloitte Information Request for PPL/E.ON
Attachments: Attachment Info.htm

Valerie:

Yes, you are right, the amounts on this schedule are different from what Angela provided for PPL. I interpreted the sentence below to mean the current day dollars provided by our various contacts in the field. These amounts were used as inputs to do the calculations. If you interpret the question differently, we would be glad to provide whatever you think would more appropriately answer the question.

In some cases we get a cost that's in current year dollars (say 2010) since they just analyzed the decommissioning costs

From: Scott, Valerie
Sent: Thursday, October 21, 2010 4:44 PM
To: Wiseman, Sara
Cc: Charnas, Shannon; Crescente, Angela
Subject: RE: Deloitte Information Request for PPL/E.ON

Sara,

I am confused as to what these amounts represent. They do not agree to what Angela gave me the other day (the cash flow values in the year of retirement) and they do not agree to what we have in the 9/30/2010 financial statements.

I have attached Angela's e-mail, if it helps.

Valerie

From: Wiseman, Sara
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To: Charnas, Shannon; Scott, Valerie
Cc: Crescente, Angela
Subject: FW: Deloitte Information Request for PPL/E.ON

Valerie:

Here is the file we've put together to answer Marlene's questions below, for your review. Our information is in current year dollars.

From: Motyka, Marlene (US - New York) [mailto:mmotyka@deloitte.com]
Sent: Thursday, October 14, 2010 10:59 PM
To: Wiseman, Sara
Cc: Crescente, Angela; Wacker, Diana; Motyka, Marlene (US - New York)
Subject: RE: Deloitte Information Request for PPL/E.ON

Sara,

I'm following up on the AROs. We do need additional information. In particular we need the estimated date of the decommissioning for each ARO. We also need to know the estimated cost for the decommissioning. In some cases we get a cost that's in current year dollars (say 2010) since they just analyzed the decommissioning costs and in other cases we get an estimate of the decommissioning costs from a previous year (say 2007) since that's the last time they estimated the decommissioning costs. I'm not sure where you stand so what we would need to know is your estimated decommissioning costs and what year those costs were estimated.

I hope this is clear. If not let me know and we can speak live.


Regards,

Marlene

Marlene M Motyka
Principal
Valuation Services
Deloitte Financial Advisory Services LLP

Tel: +1 212 436 5605
Fax: +1 212 653 3343
mmotyka@deloitte.com
www.deloitte.com

Two World Financial Center
New York, NY 10281-1414
USA

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From: Wiseman, Sara [mailto:Sara.Wiseman@eon-us.com]
Sent: Monday, October 04, 2010 2:34 PM
To: Motyka, Marlene (US - New York)
Cc: Crescente, Angela; Wacker, Diana
Subject: FW: Deloitte Information Request for PPL/E.ON
Importance: High

Hi Marlene:

I am the Property Accounting manager for E.ON U.S. and Valerie Scott has asked me to respond to question #4 regarding AROs on the attachment. We want to be responsive to your request so I have a few questions to ask.

Asset Retirement Obligations

- a. Please provide an electronic copy of the ARO Liabilities and Balances spreadsheet.

For the question above, are you referring to a specific spreadsheet or are you asking for a new report? If a new report, then are you interested in the ARO liability balances by ARO?

- b. Please provide existing valuation schedules for the AROs so we can analyze the discount rate to utilize.

For the question above, we are not exactly sure what you are looking for. Our ARO calculations take place in our automated system, PowerPlant. Therefore, we do not have schedules, per se. If you can provide us with more details of what information you are needing, we would be glad to look for a standard report that fits your needs or write a query.

Thanks for your help.

Sara Wiseman
Manager, Property Accounting

502.627.3189

From: Motyka, Marlene (US - New York) [mailto:mmotyka@deloitte.com]
Sent: Wednesday, September 29, 2010 2:10 PM
To: Henninger, Tadd J; Scott, Valerie
Cc: Motyka, Marlene (US - New York); Hannagan, Peter (US - Washington D.C.); Azpiazu, Federico (US - New York); Francis, Omar (US - New York)
Subject: Deloitte Information Request for PPL/E.ON
Importance: High

Tadd and Valerie,

I have attached our preliminary information request for the valuation work. There may be some adjustments but in the interest of time, I wanted to get this out to you. If anything is not clear please let us know and we can discuss. Per our discussion earlier today, I've broken it up into priority items and secondary items. Let me know if you don't agree with my allocation or I've forgotten anything.

We'll also get a contact list out to you for our team so you have that.


Regards,

Marlene

Marlene M Motyka
Principal
Valuation Services
Deloitte Financial Advisory Services LLP

Tel: +1 212 436 5605
Fax: +1 212 653 3343
mmotyka@deloitte.com
www.deloitte.com

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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.

Description	Ending Liability	Month/Year
GR-trn-G1-2 GSU Transformer	8,296.15	12/2016
GR-trn-GR3 GSU Transformer	8,338.99	12/2016
	\$ 16,635.14	12/2016 Total
GR-trn-GR4 GSU Transformer	8,506.81	12/2017
GR-trn-GSU Spare Transformer	8,495.84	12/2017
	\$ 17,002.65	12/2017 Total
GR-Ash Pond	7,760,286.57	12/2018
GR-Chemical Storage	824.57	12/2018
GR-Coal Storage	260,530.10	12/2018
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
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
TY-Service Water Pump Structure	259,659.16	12/2018
TY-Sewage Treatment Plant	70,480.86	12/2018
	\$ 11,153,181.43	12/2018 Total
BR-Lab	25,483.66	12/2019
	\$ 25,483.66	12/2019 Total
GH-trn-GH1 GSU Transformer	3,465.27	12/2020
	\$ 3,465.27	12/2020 Total
GH-trn-GH2 GSU Transformer	3,779.52	12/2024
	\$ 3,779.52	12/2024 Total
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-Nuclear Sources	31,525.29	12/2026
BR-Oil Storage	13,911.62	12/2026
GH-Gypsum Stack-GH 1 Scrubber	8,325,471.98	12/2026
GH-Oil Storage	17,413.18	12/2026
GH-Sewage Treatment Plant	36,124.09	12/2026
	\$ 34,508,447.72	12/2026 Total
GH-trn-GH3 GSU Transformer	4,099.06	12/2028
	\$ 4,099.06	12/2028 Total
GH-trn-GH Spare GSU Transformer	4,415.67	12/2031
GH-trn-GH4 GSU Transformer	4,423.96	12/2031
	\$ 8,839.63	12/2031 Total
BR-Oil Storage CT - OP	64,801.42	12/2036
GH-Ash Pond	52,411,634.11	12/2036

Description	Ending Liability	Month/Year
GH-Chemical Storage	41,556.07	12/2036
GH-Coal Storage	1,471,482.08	12/2036
GH-Environmental Ponds	1,429,058.16	12/2036
GH-Nuclear Sources	446,997.03	12/2036
	\$ 55,865,528.87	12/2036 Total
Pineville - ASB	3,293,168.39	12/2043
	\$ 3,293,168.39	12/2043 Total
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
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
	\$ 29,733,882.71	12/2051 Total
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
Ghent Unit 1 - ASB	22,512,027.72	12/2059
	\$ 59,112,660.87	12/2059 Total
Ghent Unit 2 - ASB	30,447,763.48	12/2060
	\$ 30,447,763.48	12/2060 Total
Dix Dam - ASB - Hydro	1,144,884.47	12/2069
Ghent Unit 3 - ASB	6,488,401.45	12/2069
Ghent Unit 4 - ASB	6,488,401.45	12/2069
	\$ 14,121,687.37	12/2069 Total
KU - General Facilities - ASB	4,068,976.18	12/2073
	\$ 4,068,976.18	12/2073 Total
Big Stone Gap Substation - ASB-Dist	132,839.45	12/2077
KU Distribution Subs (478) - ASB	3,446,235.00	12/2077
	\$ 3,579,074.45	12/2077 Total
KU Transmission Subs (69) - ASB	2,865,833.27	12/2079
	\$ 2,865,833.27	12/2079 Total
	248,829,509.67	Grand Total

Description	Ending Liability	Month/Year
Canal (Retired) - ASB	1,735,822.47	12/2015
Paddy's (Unit 11) - ASB	5,069,703.26	12/2015
	\$ 6,805,525.73	12/2015 Total
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
	\$ 16,311.21	12/2017 Total
Trn-MC1 GSU	4,162.33	12/2018
	\$ 4,162.33	12/2018 Total
Trn-MC2 GSU	4,265.13	12/2019
	\$ 4,265.13	12/2019 Total
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
Trn-MC 3 GSU	4,614.72	12/2023
	\$ 11,899,952.39	12/2023 Total
Trn-MC Spare GSU	5,124.62	12/2028
Trn-MC4 GSU	5,124.62	12/2028
	\$ 10,249.24	12/2028 Total
Center Gas Storage Field - UGS	6,452,002.42	12/2033
Doe Run Gas Storage Field - UGS	4,377,102.16	12/2033
Magnolia Gas Storage Field - UGS	4,508,467.21	12/2033
Muldrough Gas Storage Field - UGS	1,765,893.07	12/2033
	\$ 17,103,464.86	12/2033 Total
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
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
	\$ 47,419,688.60	12/2036 Total

Description	Ending Liability	Month/Year
Zorn - ASB	204,988.90	12/2043
	\$ 204,988.90	12/2043 Total
Gas Main & Serv Abandons-Dist	91,273,146.26	12/2050
Muldraugh 237520-ASB-Gas Dist	22,519.08	12/2050
	\$ 91,295,665.34	12/2050 Total
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
	\$ 26,214,324.31	12/2051 Total
Cane Run Unit 5 - ASB	6,334,678.23	12/2055
	\$ 6,334,678.23	12/2055 Total
Cane Run Unit 6 - ASB	7,432,419.77	12/2056
	\$ 7,432,419.77	12/2056 Total
City Gate Prest 237900-ASB-Dist	43,183.12	12/2058
	\$ 43,183.12	12/2058 Total
Mill Creek Unit 1 - ASB	9,620,019.34	12/2059
Mill Creek Unit 2 - ASB	8,388,765.42	12/2059
Seventh&Ormsby - ComGenPln-ASB	1,215,058.91	12/2059
	\$ 19,223,843.67	12/2059 Total
City Gate DR 237900-ASB-Dist	43,616.29	12/2066
Doe Run 235300-ASB-UGS	599,317.92	12/2066
Magnolia 235300-ASB-UGS	627,417.31	12/2066
Muldraugh 235300-ASB-UGS	471,342.18	12/2066
	\$ 1,741,693.70	12/2066 Total
Magnolia 235600-ASB-UGS	86,281.17	12/2069
Mill Creek Unit 3 - ASB	5,806,361.11	12/2069
Mill Creek Unit 4 - ASB	8,628,115.08	12/2069
Muldraugh 235600-ASB-UGS	381,616.97	12/2069
Ohio Falls - ASB	2,057,472.95	12/2069
	\$ 16,959,847.28	12/2069 Total
Magnolia 235120-ASB-UGS	251,278.23	12/2075
Muldraugh 235120-ASB-UGS	356,289.69	12/2075
Riggs Junction 235120-ASB-UGS	264,813.33	12/2075
	\$ 872,381.25	12/2075 Total
LGE Distribution Subs (66) - ASB	3,592,366.78	12/2078
	\$ 3,592,366.78	12/2078 Total
LGE Transmission Subs (11) - ASB	453,537.08	12/2079
	\$ 453,537.08	12/2079 Total
Manholes - ASB	25,798,847.64	12/2094
	\$ 25,798,847.64	12/2094 Total
	\$ 283,431,396.56	Grand Total

Clark, Ed

From: Scott, Valerie
Sent: Friday, October 22, 2010 8:27 AM
To: Wiseman, Sara
Cc: Charnas, Shannon; Crescente, Angela
Subject: RE: Deloitte Information Request for PPL/E.ON

Sara,

I didn't read it that way, but I think you are right. Thanks for clarifying for me.

Valerie

From: Wiseman, Sara
Sent: Friday, October 22, 2010 6:03 AM
To: Scott, Valerie
Cc: Charnas, Shannon; Crescente, Angela
Subject: FW: Deloitte Information Request for PPL/E.ON

Valerie:

Yes, you are right, the amounts on this schedule are different from what Angela provided for PPL. I interpreted the sentence below to mean the current day dollars provided by our various contacts in the field. These amounts were used as inputs to do the calculations. If you interpret the question differently, we would be glad to provide whatever you think would more appropriately answer the question.

In some cases we get a cost that's in current year dollars (say 2010) since they just analyzed the decommissioning costs

From: Scott, Valerie
Sent: Thursday, October 21, 2010 4:44 PM
To: Wiseman, Sara
Cc: Charnas, Shannon; Crescente, Angela
Subject: RE: Deloitte Information Request for PPL/E.ON

Sara,

I am confused as to what these amounts represent. They do not agree to what Angela gave me the other day (the cash flow values in the year of retirement) and they do not agree to what we have in the 9/30/2010 financial statements.

I have attached Angela's e-mail, if it helps.

Valerie

From: Wiseman, Sara
Sent: Thursday, October 21, 2010 3:55 PM
To: Charnas, Shannon; Scott, Valerie
Cc: Crescente, Angela
Subject: FW: Deloitte Information Request for PPL/E.ON

Valerie:

Here is the file we've put together to answer Marlene's questions below, for your review. Our information is in current year dollars.

From: Motyka, Marlene (US - New York) [mailto:mmotyka@deloitte.com]
Sent: Thursday, October 14, 2010 10:59 PM
To: Wiseman, Sara
Cc: Crescente, Angela; Wacker, Diana; Motyka, Marlene (US - New York)
Subject: RE: Deloitte Information Request for PPL/E.ON

Sara,

I'm following up on the AROs. We do need additional information. In particular we need the estimated date of the decommissioning for each ARO. We also need to know the estimated cost for the decommissioning. In some cases we get a cost that's in current year dollars (say 2010) since they just analyzed the decommissioning costs and in other cases we get an estimate of the decommissioning costs from a previous year (say 2007) since that's the last time they estimated the decommissioning costs. I'm not sure where you stand so what we would need to know is your estimated decommissioning costs and what year those costs were estimated.

I hope this is clear. If not let me know and we can speak live.


Regards,

Marlene

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From: Wiseman, Sara [mailto:Sara.Wiseman@eon-us.com]
Sent: Monday, October 04, 2010 2:34 PM
To: Motyka, Marlene (US - New York)
Cc: Crescente, Angela; Wacker, Diana
Subject: FW: Deloitte Information Request for PPL/E.ON
Importance: High

Hi Marlene:

I am the Property Accounting manager for E.ON U.S. and Valerie Scott has asked me to respond to question #4 regarding AROs on the attachment. We want to be responsive to your request so I have a few questions to ask.

Asset Retirement Obligations

a. Please provide an electronic copy of the ARO Liabilities and Balances spreadsheet.

For the question above, are you referring to a specific spreadsheet or are you asking for a new report? If a new report, then are you interested in the ARO liability balances by ARO?

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Thanks for your help.

Sara Wiseman
Manager, Property Accounting
502.627.3189

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To: Henninger, Tadd J; Scott, Valerie
Cc: Motyka, Marlene (US - New York); Hannagan, Peter (US - Washington D.C.); Azpiazu, Federico (US - New York); Francis, Omar (US - New York)
Subject: Deloitte Information Request for PPL/E.ON
Importance: High

Tadd and Valerie,

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Charnas

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Clark, Ed

From: Wiseman, Sara
Sent: Tuesday, October 26, 2010 4:55 AM
To: 'mmotyka@deloitte.com'
Cc: Charnas, Shannon; Scott, Valerie; Crescente, Angela
Subject: FW: Deloitte Information Request for PPL/E.ON
Attachments: Attachment Info.htm

Marlene,

Valerie may have already sent this to you, but I'm forwarding it just in case she has not. The file attached contains the estimated date of the decommissioning for each ARO as well as the decommissioning cost in current day (2010) dollars.

Please contact me with any questions.

Sara Wiseman
Manager, Property Accounting
Office 502.627.3189
Cell 502.338.0886

From: Motyka, Marlene (US - New York) [mailto:mmotyka@deloitte.com]
Sent: Thursday, October 14, 2010 10:59 PM
To: Wiseman, Sara
Cc: Crescente, Angela; Wacker, Diana; Motyka, Marlene (US - New York)
Subject: RE: Deloitte Information Request for PPL/E.ON

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Cc: Crescente, Angela; Wacker, Diana
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Sent: Wednesday, September 29, 2010 2:10 PM
To: Henninger, Tadd J; Scott, Valerie
Cc: Motyka, Marlene (US - New York); Hannagan, Peter (US - Washington D.C.); Azplazu, Federico (US - New York); Francis, Omar (US - New York)
Subject: Deloitte Information Request for PPL/E.ON
Importance: High

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Kentucky Utilities
Decommissioning Cost as of September 30, 2010

Description	Cost	Estimated Date
Big Stone Gap Substation - ASB-Dist	\$34,000.00	12/1/2077
BR-Ash Pond	15,183,000.00	12/1/2026
BR-Auxiliary Pond	3,615,000.00	12/1/2026
BR-Coal Storage	92,500.00	12/1/2026
BR-Nuclear Sources	22,840.00	12/1/2026
BR-Oil Storage	10,092.44	12/1/2026
BR-Oil Storage CT - OP	38,340.43	12/1/2036
Brown Unit 1 - ASB	1,781,000.00	12/1/2059
Brown Unit 2 - ASB	3,586,000.00	12/1/2059
Brown Unit 3 - ASB	8,158,000.00	12/1/2059
Dix Dam - ASB - Hydro	345,000.00	12/1/2069
GH-Ash Pond	30,968,500.00	12/1/2036
GH-Chemical Storage	24,547.05	12/1/2036
GH-Coal Storage	869,500.00	12/1/2036
Ghent Unit 1 - ASB	8,318,000.00	12/1/2059
Ghent Unit 2 - ASB	11,023,000.00	12/1/2060
Ghent Unit 3 - ASB	1,955,000.00	12/1/2069
Ghent Unit 4 - ASB	1,955,000.00	12/1/2069
GH-Environmental Ponds	843,500.00	12/1/2036
GH-Gypsum Stack-GH 1 Scrubber	6,025,000.00	12/1/2026
GH-Nuclear Sources	264,100.00	12/1/2036
GH-Oil Storage	12,624.05	12/1/2026
GH-Sewage Treatment Plant	26,155.00	12/1/2026
GR-Ash Pond	6,627,500.00	12/1/2018
GR-Chemical Storage	703.83	12/1/2018
GR-Coal Storage	222,000.00	12/1/2018
Green River Unit 1 - ASB	1,850,000.00	12/1/2051
Green River Unit 2 - ASB	1,700,000.00	12/1/2051
Green River Unit 3 - ASB	1,855,000.00	12/1/2051
Green River Unit 4 - ASB	2,175,000.00	12/1/2051
GR-Limestone Silo	1,631.25	12/1/2018
GR-Oil Storage	1,000.00	12/1/2018
GR-Sewage Treatment Plant	9,200.00	12/1/2018
KU - General Facilities - ASB	1,130,000.00	12/1/2073
KU Distribution Subs (478) - ASB	882,000.00	12/1/2077
KU Transmission Subs (69) - ASB	704,181.00	12/1/2079
Pineville - ASB	1,686,700.00	12/1/2043
Pineville-Ash Pond	1,205,000.00	12/1/2018
TY-Ash Pond	1,084,500.00	12/1/2018
TY-Chemical Storage	456.75	12/1/2018
TY-Coal Storage	74,000.00	12/1/2018
TY-Oil Storage	10,805.40	12/1/2018
Tyrone Unit 1 (Retired) - ASB	1,604,000.00	12/1/2051
Tyrone Unit 2 (Retired) - ASB	1,579,000.00	12/1/2051
Tyrone Unit 3 - ASB	2,173,000.00	12/1/2051
TY-Service Water Pump Structure	221,524.88	12/1/2018
TY-Sewage Treatment Plant	60,000.00	12/1/2018

**Louisville Gas and Electric
Decommissioning Cost as of September 30, 2010**

Description	Cost	Estimated Date
Canal (Retired) - ASB	\$1,575,000.00	12/1/2015
Cane Run Unit 1 (Retired) - ASB	2,760,000.00	12/1/2051
Cane Run Unit 2 (Retired) - ASB	2,600,000.00	12/1/2051
Cane Run Unit 3 (Retired) - ASB	2,930,000.00	12/1/2051
Cane Run Unit 4 - ASB	3,115,000.00	12/1/2051
Cane Run Unit 5 - ASB	2,540,000.00	12/1/2055
Cane Run Unit 6 - ASB	2,920,000.00	12/1/2056
Center Gas Storage Field - UGS	4,052,250.00	12/1/2033
City Gate DR 237900-ASB-Dist	13,974.00	12/1/2066
CR-Ash Pond	6,627,500.00	12/1/2023
CR-Coal Storage	333,000.00	12/1/2023
CR-Environmental Ponds	843,500.00	12/1/2023
CR-Land Fill	1,809,686.40	12/1/2023
CR-Nuclear Sources	53,970.00	12/1/2023
CR-Sewage Treatment Plant	15,300.00	12/1/2023
Doe Run 235300-ASB-UGS	192,000.00	12/1/2066
Doe Run Gas Storage Field - UGS	2,749,410.00	12/1/2033
Gas Main & Serv Abandons-Dist	40,500,665.00	12/1/2050
LGE Distribution Subs (66) - ASB	901,000.00	12/1/2078
LGE Transmission Subs (11) - ASB	111,442.00	12/1/2079
Magnolia 235120-ASB-UGS	67,000.00	12/1/2075
Magnolia 235300-ASB-UGS	201,000.00	12/1/2066
Magnolia 235600-ASB-UGS	26,000.00	12/1/2069
Magnolia Gas Storage Field - UGS	2,832,367.00	12/1/2033
Manholes - ASB	4,668,187.00	12/1/2094
MC-Ash Pond	10,122,000.00	12/1/2036
MC-Chemical Storage	17,595.75	12/1/2036
MC-Coal Storage	370,000.00	12/1/2036
MC-Environmental Ponds	964,000.00	12/1/2036
MC-Landfill	1,818,426.28	12/1/2036
MC-Nuclear Sources	26,890.00	12/1/2036
MC-Oil Storage	1,286.45	12/1/2036
Mill Creek Unit 1 - ASB	3,555,000.00	12/1/2059
Mill Creek Unit 2 - ASB	3,100,000.00	12/1/2059
Mill Creek Unit 3 - ASB	1,750,000.00	12/1/2069
Mill Creek Unit 4 - ASB	2,600,000.00	12/1/2069
Muldraugh 235120-ASB-UGS	95,000.00	12/1/2075
Muldraugh 235300-ASB-UGS	151,000.00	12/1/2066
Muldraugh 235600-ASB-UGS	115,000.00	12/1/2069
Muldraugh 237520-ASB-Gas Dist	10,000.00	12/1/2050
Muldraugh Gas Storage Field - UGS	1,109,029.00	12/1/2033
Ohio Falls - ASB	620,000.00	12/1/2069
Paddy's (Unit 11) - ASB	4,600,000.00	12/1/2015
Riggs Junction 235120-ASB-UGS	70,603.05	12/1/2075
Seventh&Ormsby - ComGenPln-ASB	449,000.00	12/1/2059
TC-Ash Pond	14,339,500.00	12/1/2036
TC-Chemical Storage	23,797.98	12/1/2036

Description	Cost	Estimated Date
TC-Coal Storage	573,500.00	12/1/2036
TC-Environmental Ponds	723,000.00	12/1/2036
TC-Nuclear Sources	32,620.00	12/1/2036
TC-Sewage Treatment Plant	26,155.00	12/1/2036
Zorn - ASB	105,000.00	12/1/2043

Clark, Ed

From: Motyka, Marlene (US - New York) <mmotyka@deloitte.com>
Sent: Tuesday, October 26, 2010 5:11 AM
To: Wiseman, Sara
Cc: Charnas, Shannon; Scott, Valerie; Crescente, Angela
Subject: Re: Deloitte Information Request for PPL/E.ON

Thanks for sending.

Sent from my iPhone

On Oct 26, 2010, at 4:54 AM, "Wiseman, Sara" <Sara.Wiseman@eon-us.com> wrote:

Marlene,

Valerie may have already sent this to you, but I'm forwarding it just in case she has not. The file attached contains the estimated date of the decommissioning for each ARO as well as the decommissioning cost in current day (2010) dollars.

Please contact me with any questions.

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

From: Motyka, Marlene (US - New York) [mailto:mmotyka@deloitte.com]
Sent: Thursday, October 14, 2010 10:59 PM
To: Wiseman, Sara
Cc: Crescente, Angela; Wacker, Diana; Motyka, Marlene (US - New York)
Subject: RE: Deloitte Information Request for PPL/E.ON

Sara,

I'm following up on the AROs. We do need additional information. In particular we need the estimated date of the decommissioning for each ARO. We also need to know the estimated

Charnas

cost for the decommissioning. In some cases we get a cost that's in current year dollars (say 2010) since they just analyzed the decommissioning costs and in other cases we get an estimate of the decommissioning costs from a previous year (say 2007) since that's the last time they estimated the decommissioning costs. I'm not sure where you stand so what we would need to know is your estimated decommissioning costs and what year those costs were estimated.

I hope this is clear. If not let me know and we can speak live.

Regards,


Marlene

Marlene M Motyka

Principal
Valuation Services
Deloitte Financial Advisory Services LLP

Tel: +1 212 436 5605
Fax: +1 212 653 3343
mmotyka@deloitte.com
www.deloitte.com

Two World Financial Center
New York, NY 10281-1414
USA

 Please consider the environment before printing

From: Wiseman, Sara [mailto:Sara.Wiseman@eon-us.com]
Sent: Monday, October 04, 2010 2:34 PM
To: Motyka, Marlene (US - New York)
Cc: Crescente, Angela; Wacker, Diana
Subject: FW: Deloitte Information Request for PPL/E.ON
Importance: High

Hi Marlene:

I am the Property Accounting manager for E.ON U.S. and Valerie Scott has asked me to respond to question #4 regarding AROs on the attachment. We want to be responsive to your request so I have a few questions to ask.

Asset Retirement Obligations

- a. Please provide an electronic copy of the ARO Liabilities and Balances spreadsheet.

For the question above, are you referring to a specific spreadsheet or are you asking for a new report? If a new report, then are you interested in the ARO liability balances by ARO?

- b. Please provide existing valuation schedules for the AROs so we can analyze the discount rate to utilize.

For the question above, we are not exactly sure what you are looking for. Our ARO calculations take place in our automated system, PowerPlant. Therefore, we do not have schedules, per se. If you can provide us with more details of what information you are needing, we would be glad to look for a standard report that fits your needs or write a query.

Thanks for your help.

Sara Wiseman

Manager, Property Accounting

502.627.3189

From: Motyka, Marlene (US - New York) [mailto:mmotyka@deloitte.com]

Sent: Wednesday, September 29, 2010 2:10 PM

To: Henninger, Tadd J; Scott, Valerie

Cc: Motyka, Marlene (US - New York); Hannagan, Peter (US - Washington D.C.); Azplazu, Federico (US - New York); Francis, Omar (US - New York)

Subject: Deloitte Information Request for PPL/E.ON

Importance: High

Tadd and Valerie,

I have attached our preliminary information request for the valuation work. There may be some adjustments but in the interest of time, I wanted to get this out to you. If anything is not clear please let us know and we can discuss. Per our discussion earlier today, I've broken it up into priority items and secondary items. Let me know if you don't agree with my allocation or I've forgotten anything.

We'll also get a contact list out to you for our team so you have that.

Regards,

Marlene

Marlene M Motyka
Principal
Valuation Services
Deloitte Financial Advisory Services LLP

Tel: +1 212 436 5605
Fax: +1 212 653 3343
mmotyka@deloitte.com
www.deloitte.com

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USA

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Charnas

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<Decommissioning Cost - Deloitte.xls>

Clark, Ed

From: Heitzmann, Ashley
Sent: Friday, October 29, 2010 5:49 PM
To: Wiseman, Sara
Cc: Crescente, Angela
Subject: ARO Footnote for the Form 3

Sara,
On Line 34 of page 112 for LGE, we need a footnote. I have whipped up the following and would like to use it on KU as well. Note the KU balance that I have for the revaluation is \$22,324,626. Please let me know if you would like to make any changes... and if the \$\$ amount is correct. I am going to try to finish clearing all of my notes on Monday morning. Please let me know if you need more time.

During September 2010, the Asset Retirement Obligation was revalued and increased by \$29,278,609. This revaluation and the normal accretion expenses increased the Asset Retirement Liability.

Thanks,

Ashley C. Heitzmann
Regulatory Accounting & Reporting
E.ON U.S. LLC
220 W. Main Street
P.O. Box 32030
Louisville, KY 40232-2030
502.627.4891
Ashley.Heitzmann@eon-us.com

Clark, Ed

From: Wiseman, Sara
Sent: Monday, November 01, 2010 10:42 AM
To: Heitzmann, Ashley
Cc: Crescente, Angela
Subject: RE: ARO Footnote for the Form 3

Ashley:

I am OK with your wording. However, the number for KU should be \$23,556,668.85 and for LGE it should be \$30,441,454.91.

From: Heitzmann, Ashley
Sent: Friday, October 29, 2010 5:49 PM
To: Wiseman, Sara
Cc: Crescente, Angela
Subject: ARO Footnote for the Form 3

Sara,
On Line 34 of page 112 for LGE, we need a footnote. I have whipped up the following and would like to use it on KU as well. Note the KU balance that I have for the revaluation is \$22,324,626. Please let me know if you would like to make any changes... and if the \$\$ amount is correct. I am going to try to finish clearing all of my notes on Monday morning. Please let me know if you need more time.

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Thanks,

Ashley C. Heitzmann
Regulatory Accounting & Reporting
E.ON U.S. LLC
220 W. Main Street
P.O. Box 32030
Louisville, KY 40232-2030
502.627.4891
Ashley.Heitzmann@eon-us.com

Clark, Ed

From: Wiseman, Sara
Sent: Monday, November 01, 2010 1:37 PM
To: Wiseman, Sara; Heitzmann, Ashley
Cc: Leenerts, Patricia; Crescente, Angela
Subject: RE: Page 338 Form 3 question

Ashley:

We could just say this:

The decrease is due to the revaluation of asset retirement obligations.

It is only \$88, so I'd rather not have to say anything...

From: Wiseman, Sara
Sent: Monday, November 01, 2010 1:11 PM
To: Heitzmann, Ashley
Cc: Leenerts, Patricia
Subject: RE: Page 338 Form 3 question

Ashley: Please give me a call when you have a chance. Thanks.

From: Heitzmann, Ashley
Sent: Friday, October 29, 2010 5:38 PM
To: Wiseman, Sara
Cc: Leenerts, Patricia
Subject: Page 338 Form 3 question

Sara,
On page 338 for LGE, there is a credit balance in line 4 column c. what is this due to? Does it have to do with the re-valuation? If so, we may want to tm it. Let's discuss and then decide. I am trying to get my notes cleared on Monday morning if you or Pat are available.

Thanks,

Ashley C. Heitzmann
Regulatory Accounting & Reporting
E.ON U.S. LLC
220 W. Main Street
P.O. Box 32030
Louisville, KY 40232-2030
502.627.4891
Ashley.Heitzmann@eon-us.com

Clark, Ed

From: Wiseman, Sara
Sent: Wednesday, November 10, 2010 2:03 PM
To: Pienaar, Lesley; Crescente, Angela
Subject: FW: Inflation Rate Update

-----Original Message-----

From: Henninger, Tadd J [<mailto:TJHenninger@pplweb.com>]
Sent: Wednesday, November 10, 2010 1:56 PM
To: Sorgi, Vincent; Woods, Mark D; Cunningham, Mark A; Calder, Maureen A; Muller, Kerry L; Scott, Valerie; Charnas, Shannon; Pienaar, Lesley; Wiseman, Sara
Cc: Nitsche, John P
Subject: Inflation Rate Update

All -

I had a follow-up discussion with John Nitsche regarding the appropriate inflation rate to use in establishing the asset retirement obligations in purchase accounting. John noted that the 2.9% rate used for Susquehanna was a "customized" rate specific to that ARO with a heavier weight to labor.

John noted that for other ARO's at PPL we typically look toward a standard 20 year CPI and believed that 2.5% is consistent with his expectation for the revaluation of asset retirement obligations. That being said, I would suggest that we maintain Deloitte's 2.5% inflation rate based upon a standard CPI, unless anyone has any strong concerns otherwise. Please let me know, otherwise I will tell Marlene to maintain the 2.5%.

Thanks,
TADD

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Clark, Ed

From: Wiseman, Sara
Sent: Wednesday, November 10, 2010 2:09 PM
To: Crescente, Angela
Subject: FW: Inflation Rate Update

From: Sorgi, Vincent [<mailto:VSorgi@pplweb.com>]
Sent: Wednesday, November 10, 2010 2:09 PM
To: Henninger, Tadd J; Woods, Mark D; Cunningham, Mark A; Calder, Maureen A; Muller, Kerry L; Scott, Valerie; Charnas, Shannon; Pienaar, Lesley; Wiseman, Sara
Cc: Nitsche, John P
Subject: RE: Inflation Rate Update

Sounds reasonable, we just need to get comfortable with the discount rate now.

Vince Sorgi
Vice President and Controller
PPL Corporation
Phone: 610-774-3621
Fax: 610-774-6092
Email: vsorgi@pplweb.com

From: Henninger, Tadd J
Sent: Wednesday, November 10, 2010 1:56 PM
To: Sorgi, Vincent; Woods, Mark D; Cunningham, Mark A; Calder, Maureen A; Muller, Kerry L; Scott, Valerie; Charnas, Shannon; lesley.pienaar@eon-us.com; sara.wiseman@lge-ku.com
Cc: Nitsche, John P
Subject: Inflation Rate Update

All -

I had a follow-up discussion with John Nitsche regarding the appropriate inflation rate to use in establishing the asset retirement obligations in purchase accounting. John noted that the 2.9% rate used for Susquehanna was a "customized" rate specific to that ARO with a heavier weight to labor.

John noted that for other ARO's at PPL we typically look toward a standard 20 year CPI and believed that 2.5% is consistent with his expectation for the revaluation of asset retirement obligations. That being said, I would suggest that we maintain Deloitte's 2.5% inflation rate based upon a standard CPI, unless anyone has any strong concerns otherwise. Please let me know, otherwise I will tell Marlene to maintain the 2.5%.

Thanks,
TADD

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Clark, Ed

From: McDaniels, Jason
Sent: Friday, November 12, 2010 2:55 PM
To: Wiseman, Sara; Crescente, Angela
Cc: Elmore, Barry
Subject: MD&A Disclosure of Critical Accounting Policies - Long-lived assets and ARO's
Attachments: Attachment Info.htm

Sara/Angela

Since we have been purchased by PPL, we will need to migrate more to SEC reporting, which includes the need to have a detailed discussion of our critical accounting policies in our MD&A. We typically list impairment of long-lived assets and Asset Retirement Obligation as critical accounting policies and will need your assistance with preparing the language and numbers needed for our LKE/LGE/KU annual reports. For your reference, I am attaching three files. The first file is the guidance from the CCH Disclosure Checklist. Please pay particular attention to the areas I have highlighted in this document as those are the things we need to consider for disclosure. The second and third files are examples from PPL's 2009 10-K. Please note in the Asset impairment file that only the language highlighted in green pertains to long-lived assets. The remainder is for goodwill and I will be sending that section to another department for help. Hopefully this will provide some guidance regarding the types of things they discussed and the language they used. This can be a starting point for you, but you will need to tailor this language to our specific situation.

Finally, please notice that we need to include a sensitivity analysis similar to PPL for our ARO's. Please take a look at how PPL does it and let us know if there are any issues with using PPL's current approach to prepare our sensitivity analysis.

We will need to have the language and applicable numbers, including sensitivity analysis, ready for inclusion in our 2010 annual report. Hopefully this will give you enough time to start thinking about this and get everything ready for the reports.

Let us know if you have any questions.

Jason McDaniels
Accounting Analyst III
Financial Accounting and Reporting
502-627-3678 (P)
502-627-3820 (F)
Jason.McDaniels@lge-ku.com

Critical Accounting Policies

Registrants should disclose information about their critical accounting policies. A critical accounting policy is one that is both very important to the portrayal of a company's financial position and its results of operations and requires management's most difficult, subjective or complex judgments. The purpose of disclosing information about critical accounting policies is to:

- Communicate to investors and other financial-statement users the level of imprecision inherent in the financial statements;
- Provide an understanding of how management forms its judgments about future events; and
- Explain how these judgments and future events could affect the financial statements.

The key points to identify for investors in these disclosures are:

- Types of assumptions that underlie the most significant and subjective estimates;
- Sensitivity of those estimates to deviations of actual results from management's assumptions; and
- Circumstances that have resulted in revised assumptions in the past.

Although the SEC's proposed rules regarding the discussion of critical accounting policies has not yet been finalized, MD&A should address the role significant accounting policies and estimates have in understanding the company's results. For example, the following should be considered:

- Identify and evaluate critical accounting policies
- Identify the riskiness of the critical accounting policies, analyzing to the extent possible factors such as:
 - How the company arrived at the estimate;
 - How accurate the estimate/assumption has been in the past;
 - Whether the estimate/assumption is reasonably likely to change in the future; and
 - Evaluate the sensitivity to change of critical accounting policies. For example, discuss and quantify the sensitivity of the company's pension plan long-term rate of return and the effect of reasonably possible changes on the company's financial condition and operating performance

The SEC staff has asked companies to enhance their disclosure of critical accounting policies in one or more of the following areas:

- Revenue recognition;
- Restructuring charges;
- Impairments of long-lived assets, investments and goodwill (including failing the Step 1 impairment test discussed in the preceding question);
- Depreciation and amortization expenses;
- Income tax liabilities;
- Pension income and expense;
- Environmental liabilities;
- Repurchase obligations under repurchase commitments;
- Stock based compensation;
- Insurance loss reserves;
- Inventory reserves and allowance for doubtful accounts;

- Lease accounting; and
- Changes in valuing financial instruments.

In a December 2009 update to its *Financial Reporting Manual*, Corp Fin outlined several estimates related to goodwill impairment testing that may be considered critical and therefore should be considered for disclosure. Specifically, the staff in Corp Fin recommended registrants consider providing the following disclosures for each reporting unit that is at risk of failing step one of the impairment test (defined in Codification Topic 350):

- The percentage by which fair value exceeded carrying value as of the date of the most recent test;
- The amount of goodwill allocated to the reporting unit;
- A description of the methods and key assumptions used and how the key assumptions were determined;
- A discussion of the degree of uncertainty associated with the key assumptions, including specifics to the extent possible (e.g., the valuation model assumes recovery from a business downturn within a defined period of time); and
- A description of potential events and/or changes in circumstances that could reasonably be expected to negatively affect the key assumptions.

A company that has significant assets or liabilities subject to the valuation requirements in Topic 820, *Fair Value Measurements and Disclosures*, (guidance generally derived from FASB Statement No. 157, *Fair Value Measurements*), should include as a critical accounting estimate a discussion on how the company applied Topic 820 particularly if Level 3 inputs were involved.

References: FRR No. 60; FRR No. 72 - 501.14; Summary by the Division of Corporation Finance of Significant Issues Addressed in the Review of the Periodic Reports of the Fortune 500 Companies; SEC Letter February 7, 2005; and Current Accounting and Disclosure Issues, 11/30/06, IIE2 Leasing - Disclosure, IIF Revenue- Disclosure, IIH1 Investments-Other-Than-Temporary Declines in Value, III Contingencies, Loss Reserves, and Uncertain Tax Positions, IIJ2 Pension, Post Retirement, and Post Employment Plans - Disclosure, IIL5 Segment Disclosure - Operating Segments and Goodwill Impairment, IIM1 Issues Associated with SFAS 133, Accounting for Derivative Instruments and Hedging Activities - Formal Documentation under SFAS 133

3) Asset Impairment

PPL performs impairment analyses for long-lived assets that are subject to depreciation or amortization whenever events or changes in circumstances indicate that a long-lived asset's carrying value may not be recoverable. For these long-lived assets to be held and used, such events or changes in circumstances are:

- a significant decrease in the market price of an asset;
- a significant adverse change in the manner in which an asset is being used or in its physical condition;
- a significant adverse change in legal factors or in the business climate;
- an accumulation of costs significantly in excess of the amount originally expected for the acquisition or construction of an asset;
- a current-period operating or cash flow loss combined with a history of losses or a forecast that demonstrates continuing losses; or
- a current expectation that, more likely than not, an asset will be sold or otherwise disposed of before the end of its previously estimated useful life.

For a long-lived asset to be held and used, an impairment is recognized when the carrying amount of the asset is not recoverable and exceeds its fair value. The carrying amount is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. If the asset is impaired, an impairment loss is recorded to adjust the asset's carrying value to its estimated fair value. Management must make significant judgments to estimate future cash flows including the useful lives of long-lived assets, the fair value of the assets and management's intent to use the assets. PPL considers alternate courses of action to recover the carrying value of a long-lived asset, and uses estimated cash flows from the "most likely" alternative to assess impairment whenever one alternative is clearly the most likely outcome. If no alternative is clearly the most likely, then a probability-weighted approach is used taking into consideration estimated cash flows from the alternatives. For assets tested for impairment as of the balance sheet date, the estimates of future cash flows used in that test consider the likelihood of possible outcomes that existed at the balance sheet date, including the assessment of the likelihood of a future sale of the assets. That assessment is not revised based on events that occur after the balance sheet date. Changes in assumptions and estimates could result in significantly different results than those identified and recorded in the financial statements.

For a long-lived asset held for sale, an impairment exists when the carrying amount of the asset (disposal group) exceeds its fair value less cost to sell. If the asset (disposal group) is impaired, an impairment loss is recorded to adjust its carrying amount to its fair value less cost to sell. A gain is recognized for any subsequent increase in fair value less cost to sell, but not in excess of the cumulative impairment previously recognized.

For determining fair value, quoted market prices in active markets are the best evidence of fair value. However, when market prices are unavailable, PPL considers all valuation techniques appropriate in the circumstances and for which market participant inputs can be obtained. PPL has generally used discounted cash flows to estimate fair value, which incorporates market participant inputs when available. Discounted cash flows are calculated by estimating future cash flow streams and applying appropriate discount rates to determine the present value of the cash flow streams.

In 2009, PPL recorded impairments of certain long-lived assets. See Note 17 to the Financial Statements for a discussion of impairments related to certain sulfur dioxide emission allowances and the Long Island generation business.

PPL tests goodwill for impairment at the reporting unit level. PPL has determined its reporting units to be at or one level below its operating segments. PPL performs a goodwill impairment test annually or more frequently if events or changes in circumstances indicate that the carrying value of the reporting unit may be greater than the unit's fair value. Additionally, goodwill is tested for impairment after a portion of goodwill has been allocated to a business to be disposed of.

Goodwill is tested for impairment using a two-step approach. The first step of the goodwill impairment test compares the estimated fair value of a reporting unit with its carrying amount, including goodwill. If the estimated

fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is not considered impaired. If the carrying amount exceeds the estimated fair value of the reporting unit, the second step is performed to measure the amount of impairment loss, if any.

The second step requires a calculation of the implied fair value of goodwill. The implied fair value of goodwill is determined in the same manner as the amount of goodwill in a business combination. That is, the estimated fair value of a reporting unit is allocated to all of the assets and liabilities of that unit as if the reporting unit had been acquired in a business combination and the estimated fair value of the reporting unit was the price paid to acquire the reporting unit. The excess of the estimated fair value of a reporting unit over the amounts assigned to its assets and liabilities is the implied fair value of goodwill. The implied fair value of the reporting unit's goodwill is then compared with the carrying amount of that goodwill. If the carrying amount exceeds the implied fair value, an impairment loss is recognized in an amount equal to that excess. The loss recognized cannot exceed the carrying amount of the reporting unit's goodwill.

In 2009, PPL was not required to impair any goodwill. Management primarily used discounted cash flows, which required significant assumptions, to estimate the fair value of each reporting unit. A decrease in the forecasted cash flows of 10%, or an increase of the discount rate by 25 basis points, would not have resulted in an impairment of goodwill.

Additionally, in 2009, PPL wrote off \$3 million of goodwill allocated to discontinued operations.

5) Asset Retirement Obligations

PPL is required to recognize a liability for legal obligations associated with the retirement of long-lived assets. The initial obligation should be measured at its estimated fair value. An equivalent amount should be 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 should be increased, through the recognition of accretion expense in the income statement, for changes in the obligation due to the passage of time. A conditional ARO must be recognized when incurred if the fair value of the ARO can be reasonably estimated.

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 latest estimate of the obligations.

At December 31, 2009, PPL had AROs totaling \$426 million recorded on the Balance Sheet, of which \$10 million is included in "Other current liabilities." Of the total amount, \$348 million, or 82%, relates to PPL's nuclear decommissioning ARO. 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 PPL's nuclear decommissioning ARO liability as of December 31, 2009, associated with a change in these assumptions at the time of initial recognition. There is no significant change to the annual depreciation expense of the ARO asset or the annual accretion expense of the ARO liability as a result of changing the assumptions. The sensitivities below reflect an evaluation of the change based solely on a change in that assumption.

	Change in Assumption	Impact on ARO Liability
Retirement Cost	10%/(10)%	\$32/\$(32)
Discount Rate	0.25%/(0.25)%	\$(31)/\$34
Inflation Rate	0.25%/(0.25)%	\$41/\$(37)

Clark, Ed

From: Wiseman, Sara
Sent: Friday, September 17, 2010 12:47 PM
To: Crescente, Angela
Subject: FW: Gas Main and Service Abandonments

From: Clyde, Peter
Sent: Tuesday, November 01, 2005 3:50 PM
To: Beatty, Stephen
Cc: Riggs, Eric; Wiseman, Sara; Kinder, Debra; Ryan, Joe; Skaggs, John; Martin, Cindy
Subject: RE: Gas Main and Service Abandonments

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Charnas

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Clark, Ed

From: Crescente, Angela
Sent: Friday, September 17, 2010 1:06 PM
To: Clyde, Peter
Cc: Wiseman, Sara; Riggs, Eric; Beatty, Stephen
Subject: RE: Gas Main and Service Abandonments

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Clark, Ed

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Clark, Ed

From: Ryan, Joe
Sent: Friday, September 17, 2010 2:39 PM
To: Crescente, Angela
Subject: RE: Gas Main and Service Abandonments

Angela,

I am not sure what you need from Gas Engineering. Based on the e-mails below, I believe the work that Steve had done was while he was Manager of the Muldraugh Compressor station. If you need information for the Muldraugh station you will need to contact Tom Rieth, Manager, Muldraugh Compressor station.

Regards,
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Subject: RE: Gas Main and Service Abandonments

Pete,

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Thanks so much for your help and understanding,
Angela

From: Clyde, Peter
Sent: Tuesday, November 01, 2005 3:50 PM
To: Beatty, Stephen

Cc: Riggs, Eric; Wiseman, Sara; Kinder, Debra; Ryan, Joe; Skaggs, John; Martin, Cindy
Subject: RE: Gas Main and Service Abandonments

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Sent: Tuesday, November 01, 2005 8:33 AM
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Cc: Riggs, Eric; Wiseman, Sara; Kinder, Debra; Ryan, Joe; Skaggs, John; Martin, Cindy
Subject: RE: Gas Main and Service Abandonments

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Thank you for the information.

Steve

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Sent: Friday, October 28, 2005 2:23 PM
To: Ryan, Joe; Martin, Cindy; Beatty, Stephen; Skaggs, John
Cc: Riggs, Eric; Wiseman, Sara; Kinder, Debra
Subject: Gas Main and Service Abandonments

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Clark, Ed

From: Beatty, Stephen
Sent: Friday, September 17, 2010 3:14 PM
To: Crescente, Angela; Rieth, Tom
Cc: Ryan, Joe
Subject: Re: Gas Main and Service Abandonments

You can remove my name and replace it with Rieth's.

From: Crescente, Angela
To: Clyde, Peter
Cc: Wiseman, Sara; Riggs, Eric; Beatty, Stephen
Sent: Fri Sep 17 13:05:45 2010
Subject: RE: Gas Main and Service Abandonments

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Clark, Ed

From: Riggs, Eric
Sent: Monday, September 20, 2010 2:20 PM
To: Valkovci, David
Cc: Jones, Greg; Wright, Paul; Wiseman, Sara; Crescente, Angela
Subject: RE: Sewage Treatment Plants

Thanks David,

What accounting needs to know would relate to the current sewage treatment plant. It is assumed that if the company had to walk away from the Ghent plant site, or the current system had to be replaced, that there exists a legal obligation to walk away from, or replace, the sewage treatment plant in a certain manner. It is these costs that need to be identified. Listed below are the emails I have received from some other plants for you to see what information they have provided.

Green River -- Travis Harper
Retirement in place for Green River STP

Pumping \$1200
Equipment removal -- pumps, blowers ,piping etc... 80 hours at \$50 = \$4000
Rock or Sand \$1500
Concrete Materials \$2000
Concrete Labor \$500

Total \$9200

Tyrone -- Barry Currens
Eric here is the best estimate I can give:

Plant sewage removal and cleanup	\$10,000
Plant demolition (100 hrs)	\$50,000
Total Estimated Cost	\$60,000

The Tyrone SWTP is very small and is probably not a good indicator for other larger Plants.

From: Valkovci, David
Sent: Monday, September 20, 2010 2:08 PM
To: Riggs, Eric
Cc: Jones, Greg; Wright, Paul
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David Valkovci
Senior Plant Chemist
Kentucky Utilities Company
Ghent Generating Station
(502) 347-4134

From: Joyce, Jeff
Sent: Monday, September 20, 2010 11:05 AM
To: Valkovci, David
Cc: Dunlap, Carroll
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David

Please work with Eric to deal with this issue.

Thanks
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From: Jones, Greg
Sent: Monday, September 20, 2010 4:16 PM
To: Riggs, Eric; Valkovci, David
Cc: Wright, Paul; Wiseman, Sara; Crescente, Angela
Subject: RE: Sewage Treatment Plants

Eric,

If it's sewage you want, I'm your guy!

Our group put that in during the mid 2000's; we would have all the info for cost. I'll see what we can dredge up.

Thanks
GWJ

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Cc: Wiseman, Sara; Riggs, Eric; Beatty, Stephen; Stratman, Paul
Subject: RE: Gas Main and Service Abandonments

I have changed jobs since 2005.

Paul – Can you please assist Angela with this information.

Pete

From: Crescente, Angela
Sent: Friday, September 17, 2010 1:06 PM
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(e) If air is used for purging, the operator shall insure that a combustible mixture is not present after purging.

(f) Each abandoned vault must be filled with a suitable compacted material.

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[Part 192 - Org., Aug. 19, 1970, as amended by Amdt. 192-8, 37 FR 20694, Oct. 3, 1972, Amdt. 192-27, 41 FR 34598, Aug. 16, 1976; Amdt. 192-71, 59 FR 6575, Feb. 11, 1994; Amdt. 192-89, 65 FR 54440, Sept. 8, 2000; Amdt. 192-89A, 65 FR 57861, Sept. 26, 2000; Amdt. 192-100, 70 FR 11135, Mar. 8, 2005]

Clark, Ed

From: Stratman, Paul
Sent: Monday, September 20, 2010 4:46 PM
To: Crescente, Angela
Cc: Wiseman, Sara; Riggs, Eric; Beatty, Stephen; Martin, Cindy; Clyde, Peter
Subject: RE: Gas Main and Service Abandonments

Angela,

I'll see what I can do.

Is the logic Pete outlines below adequate for you needs?

Is the most recent calendar year required for the calculation? Our large scale main replacement project was scaled back pretty significantly last year, so 2008 might be a more representative year to pull data.

Pete,

Can you provide me DOT reports for 2007, 2008 and 2009? Those pipeline inventories will be needed for some of the calculations.

Thanks,
Paul

From: Clyde, Peter
Sent: Monday, September 20, 2010 4:27 PM
To: Crescente, Angela
Cc: Wiseman, Sara; Riggs, Eric; Beatty, Stephen; Stratman, Paul
Subject: RE: Gas Main and Service Abandonments

I have changed jobs since 2005.

Paul – Can you please assist Angela with this information.

Pete

From: Crescente, Angela
Sent: Friday, September 17, 2010 1:06 PM
To: Clyde, Peter
Cc: Wiseman, Sara; Riggs, Eric; Beatty, Stephen
Subject: RE: Gas Main and Service Abandonments

Pete,

We are in the process of a revaluation of our AROs and are in need of an updated cost estimate for the Gas Mains and Service Abandonments. I apologize for the short notice, but we need this information by next Thursday, **September 23, 2010**. I have attached the email below that was sent a few years ago in the hopes that this can help you. Please feel free to contact me if you have any questions.

Thanks so much for your help and understanding,
Angela

From: Clyde, Peter
Sent: Tuesday, November 01, 2005 3:50 PM
To: Beatty, Stephen
Cc: Riggs, Eric; Wiseman, Sara; Kinder, Debra; Ryan, Joe; Skaggs, John; Martin, Cindy
Subject: RE: Gas Main and Service Abandonments

Steve,
The estimate should cover costs associated with asbestos coatings on mains and asbestos valve legs, but this is not just an asbestos issue. We are suppose to submit the cost of abandonments of our assets where the costs are required due to legal obligations. This could be environmental, contractual, or regulatory obligations. Since the DOT has requirements about how we abandon our gas mains and services at the end of their useful life, the abandonment costs fell into the legal obligation category. That is why I estimated the cost of abandoning all of our mains and services, not just coated mains. I had Asset Information give the main footage from ENOM. I assumed the storage fields are mapped. If not, let me know how many additional feet need to be factored in. Thanks.

Pete

From: Beatty, Stephen
Sent: Tuesday, November 01, 2005 8:33 AM
To: Clyde, Peter
Cc: Riggs, Eric; Wiseman, Sara; Kinder, Debra; Ryan, Joe; Skaggs, John; Martin, Cindy
Subject: RE: Gas Main and Service Abandonments

Peter:

Your methodology seems valid. I assume that this process involves the asbestos issue. If so, since you are including the costs for all mains and services, I will need to remove the costs that I included in my asbestos cost submittal. Your method is more exact than my guess.

Thank you for the information.

Steve

From: Clyde, Peter
Sent: Friday, October 28, 2005 2:23 PM
To: Ryan, Joe; Martin, Cindy; Beatty, Stephen; Skaggs, John
Cc: Riggs, Eric; Wiseman, Sara; Kinder, Debra
Subject: Gas Main and Service Abandonments

As some of you may be aware, a regulation has been passed that requires companies to show liabilities on their financial statements for any retirement costs they are obligated to incur in the future based on contractual, environmental or legal obligations. I was asked to provide an estimate to abandon our gas mains and services based on the scenario that we decided to shut down shop one day.

Below is the e-mail I plan to send to Eric Riggs, Sara Wiseman, and Debra Kinder. However, I wanted to get input from you guys. Each of you either has responsibility for some of these facilities or could potentially be in a situation where you are asked to update this estimate in future years. I want to make sure we have a methodology that is acceptable to each of us so we do not have to change it in the future. Changing it after starting with this methodology would likely raise a number of questions.

Please pay particular attention to the method associated with services. We may choose to spend more money to physically separate the company and customer service, but I thought the approach outlined below would meet the legal obligations. I would like your thoughts on this. I chose to use the scenario where mains were cut out in large segments rather than just shutting off the regulator stations because I did not feel we could meet the purging requirements otherwise.

If folks feel we need to tweak the methodology, I may schedule a phone conference to discuss the matter. Please try to get back to me by Tuesday. Call if you have questions. Thanks.

Pete

Below is the section of the code of federal register (192.727) that dictates requirements of abandoning natural gas facilities. This is the document that spells out our legal requirements associated with abandoning our facilities. These regulations are issued by the US Department of Transportation Pipeline and Hazardous Materials Safety Administration and are enforced locally by the Kentucky Public Service Commission. I have highlighted the key applicable sections that would drive the cost for us to abandon all of our gas mains and services.

The cost of disconnecting our pipelines from the supply source, purging the lines, and sealing the ends and abandoning associated vaults can be estimated based on data from historic large-scale main replacement projects. In 2004, we spent \$24,985 to retire 33.6 miles of gas main. This included the steps listed in the beginning of this paragraph. This is equal to \$743 per mile. Applying this cost to our 4,548 miles of gas mains results in a cost of \$3,381,898.

In addition, requirements must be met for each service line as described in 192.727(d). In accordance with the options presented in 192.727(d)(1) and (2), the valve on each meter set could be closed and a lock placed on it. This could be done when the meter reader takes his last reading. The incremental cost would be the cost of the locks for our approximately 320,000 gas meters. A mass purchase of locks would likely allow a unit cost of \$1 per lock to be obtained. Therefore the incremental cost of the service line shut offs would be \$320,000. This brings the total cost of abandoning our gas mains and services to \$3,701,898.

§192.727 Abandonment or deactivation of facilities.

(a) Each operator shall conduct abandonment or deactivation of pipelines in accordance with the requirements of this section.

(b) Each pipeline abandoned in place must be disconnected from all sources and supplies of gas; purged of gas; in the case of offshore pipelines, filled with water or inert materials; and sealed at the ends. However, the pipeline need not be purged when the volume of gas is so small that there is no potential hazard.

(c) Except for service lines, each inactive pipeline that is not being maintained under this part must be disconnected from all sources and supplies of gas; purged of gas; in the case of offshore pipelines, filled with water or inert materials; and sealed at the ends. However, the pipeline need not be purged when the volume of gas is so small that there is no potential hazard.

(d) Whenever service to a customer is discontinued, one of the following must be complied with:

(1) The valve that is closed to prevent the flow of gas to the customer must be provided with a locking device or other means designed to prevent the opening of the valve by persons other than those authorized by the operator.

(2) A mechanical device or fitting that will prevent the flow of gas must be installed in the service line or in the meter assembly.

(3) The customer's piping must be physically disconnected from the gas supply and the open pipe ends sealed.

(e) If air is used for purging, the operator shall insure that a combustible mixture is not present after purging.

(f) Each abandoned vault must be filled with a suitable compacted material.

(g) For each abandoned offshore pipeline facility or each abandoned onshore pipeline facility that crosses over, under or through a commercially navigable waterway, the last operator of that facility must file a report upon abandonment of that facility.

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Charnas

Standards. In addition to the NPMS-required attributes, operators must submit the date of abandonment, diameter, method of abandonment, and certification that, to the best of the operator's knowledge, all of the reasonably available information requested was provided and, to the best of the operator's knowledge, the abandonment was completed in accordance with applicable laws. Refer to the NPMS Standards for details in preparing your data for submission. The NPMS Standards also include details of how to submit data. Alternatively, operators may submit reports by mail, fax or e-mail to the Information Officer, ~~Research and Special Programs Administration~~ Pipeline and Hazardous Materials Safety Administration, Department of Transportation, Room 7128, 400 Seventh Street, SW, Washington DC 20590; fax (202) 366-4566; e-mail, roger.little@rspa.dot.gov. The information in the report must contain all reasonably available information related to the facility, including information in the possession of a third party. The report must contain the location, size, date, method of abandonment, and a certification that the facility has been abandoned in accordance with all applicable laws.

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Clark, Ed

From: Riggs, Eric
Sent: Tuesday, September 21, 2010 7:59 AM
To: Osborne, Anthony; Payne, Mark
Cc: Wiseman, Sara; Crescente, Angela
Subject: RE: Sewage Treatment Plants

Tony, Mark,

Does Cane Run have a sewage treatment plant? If so, there are accounting rules regarding assets that have legally required removal costs. In other words, the company cannot just walk away from it when operations cease or the asset is replaced. Listed below are some responses that I have gotten from other facilities. If Cane Run is not on MSD, then please estimate what it would cost to comply with the legal requirements of dismantling/removing/capping, or whatever is necessary. Please respond as soon as possible.

Thanks,
Eric Riggs

Other Responses:

Green River – Travis Harper
Retirement in place for Green River STP

Pumping \$1200
Equipment removal – pumps, blowers ,piping etc... 80 hours at \$50 = \$4000
Rock or Sand \$1500
Concrete Materials \$2000
Concrete Labor \$500

Total \$9200

Tyrone – Barry Currens
Eric here is the best estimate I can give:

Plant sewage removal and cleanup	\$10,000
Plant demolition (100 hrs)	\$50,000
Total Estimated Cost	\$60,000

The Tyrone SWTP is very small and is probably not a good indicator for other larger Plants.

From: Legler, Steve
Sent: Tuesday, September 21, 2010 7:54 AM
To: Riggs, Eric
Cc: Hensley, Mike; Payne, Mark; Osborne, Anthony
Subject: RE: Sewage Treatment Plants

Please contact Tony Osborne (449-8815) or Mark Payne (449-8842).

From: Riggs, Eric
Sent: Monday, September 20, 2010 10:58 AM
To: Legler, Steve; Kirkland, Mike; Crutcher, Tom
Cc: Wiseman, Sara
Subject: RE: Sewage Treatment Plants

Gentlemen,

We have received information relating to Tyrone, Green River, and Brown. Who should I contact for Cane Run, Mill Creek, and Trimble County?

Thanks,
Eric Riggs

From: Riggs, Eric
Sent: Monday, September 13, 2010 10:34 AM
To: Legler, Steve; Fraley, Jeffrey; Troost, Tom; Kirkland, Mike; Crutcher, Tom
Cc: Wiseman, Sara
Subject: Sewage Treatment Plants

Gentlemen,

I need to know who to ask regarding the costs associated with the retiring and disposal of sewage treatment plants at our generating facilities. Sewage plants have been identified as an Asset Retirement Obligation (ARO) for which the companies are legally required to dispose of in a particular manner. Special accounting rules apply to these types of assets. If you could provide me with someone at the facilities to contact, I would greatly appreciate it.

Thanks,
Eric Riggs

Clark, Ed

From: Crescente, Angela
Sent: Tuesday, September 21, 2010 8:26 AM
To: Stratman, Paul
Cc: Wiseman, Sara; Riggs, Eric; Beatty, Stephen; Martin, Cindy; Clyde, Peter
Subject: RE: Gas Main and Service Abandonments

Paul,

Pete's logic should work for us. The most recent calendar year is not required, so if 2008 is the most representative year, that will be just fine.

Thanks,
Angela

From: Stratman, Paul
Sent: Monday, September 20, 2010 4:46 PM
To: Crescente, Angela
Cc: Wiseman, Sara; Riggs, Eric; Beatty, Stephen; Martin, Cindy; Clyde, Peter
Subject: RE: Gas Main and Service Abandonments

Angela,

I'll see what I can do.

Is the logic Pete outlines below adequate for you needs?

Is the most recent calendar year required for the calculation? Our large scale main replacement project was scaled back pretty significantly last year, so 2008 might be a more representative year to pull data.

Pete,

Can you provide me DOT reports for 2007, 2008 and 2009? Those pipeline inventories will be needed for some of the calculations.

Thanks,
Paul

From: Clyde, Peter
Sent: Monday, September 20, 2010 4:27 PM
To: Crescente, Angela
Cc: Wiseman, Sara; Riggs, Eric; Beatty, Stephen; Stratman, Paul
Subject: RE: Gas Main and Service Abandonments

I have changed jobs since 2005.

Paul – Can you please assist Angela with this information.

Pete

From: Crescente, Angela
Sent: Friday, September 17, 2010 1:06 PM
To: Clyde, Peter
Cc: Wiseman, Sara; Riggs, Eric; Beatty, Stephen
Subject: RE: Gas Main and Service Abandonments

Pete,

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Thanks so much for your help and understanding,
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From: Clyde, Peter
Sent: Tuesday, November 01, 2005 3:50 PM
To: Beatty, Stephen
Cc: Riggs, Eric; Wiseman, Sara; Kinder, Debra; Ryan, Joe; Skaggs, John; Martin, Cindy
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Sent: Tuesday, November 01, 2005 8:33 AM
To: Clyde, Peter
Cc: Riggs, Eric; Wiseman, Sara; Kinder, Debra; Ryan, Joe; Skaggs, John; Martin, Cindy
Subject: RE: Gas Main and Service Abandonments

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Your methodology seems valid. I assume that this process involves the asbestos issue. If so, since you are including the costs for all mains and services, I will need to remove the costs that I included in my asbestos cost submittal. Your method is more exact than my guess.

Thank you for the information.

Steve

From: Clyde, Peter
Sent: Friday, October 28, 2005 2:23 PM
To: Ryan, Joe; Martin, Cindy; Beatty, Stephen; Skaggs, John

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Subject: Gas Main and Service Abandonments

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(d) Whenever service to a customer is discontinued, one of the following must be complied with:

Charnas

(1) The valve that is closed to prevent the flow of gas to the customer must be provided with a locking device or other means designed to prevent the opening of the valve by persons other than those authorized by the operator.

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Clark, Ed

From: Riggs, Eric
Sent: Tuesday, September 21, 2010 11:25 AM
To: Wiseman, Sara; Crescente, Angela
Subject: FW: Sewage Treatment Plants

FYI

From: Valkovci, David
Sent: Tuesday, September 21, 2010 10:04 AM
To: Riggs, Eric
Subject: RE: Sewage Treatment Plants

Hi Eric,

I am sorry for the delay in getting you a response, but from your earlier responses, it seems that Tyrone and Green River each took a different strategy in how they would handle the obligation. As a result, I have requested that Environmental Affairs provide me with the preferred method of compliance. After receiving this info, I will be able to generate your number for you. Thank you for your patience.

David Valkovci
Senior Plant Chemist
Kentucky Utilities Company
Ghent Generating Station
(502) 347-4134

From: Riggs, Eric
Sent: Monday, September 20, 2010 2:20 PM
To: Valkovci, David
Cc: Jones, Greg; Wright, Paul; Wiseman, Sara; Crescente, Angela
Subject: RE: Sewage Treatment Plants

Thanks David,

What accounting needs to know would relate to the current sewage treatment plant. It is assumed that if the company had to walk away from the Ghent plant site, or the current system had to be replaced, that there exists a legal obligation to walk away from, or replace, the sewage treatment plant in a certain manner. It is these costs that need to be identified. Listed below are the emails I have received from some other plants for you to see what information they have provided.

Green River – Travis Harper
Retirement in place for Green River STP

Pumping \$1200
Equipment removal – pumps, blowers ,piping etc... 80 hours at \$50 = \$4000
Rock or Sand \$1500

Concrete Materials \$2000
Concrete Labor \$500

Total \$9200

Tyrone – Barry Currens

Eric here is the best estimate I can give:

Plant sewage removal and cleanup	\$10,000
Plant demolition (100 hrs)	\$50,000
Total Estimated Cost	\$60,000

The Tyrone SWTP is very small and is probably not a good indicator for other larger Plants.

From: Valkovci, David
Sent: Monday, September 20, 2010 2:08 PM
To: Riggs, Eric
Cc: Jones, Greg; Wright, Paul
Subject: FW: Sewage Treatment Plants

Eric,

I am responsible for the day to day operations of the package sewage plant here at Ghent. However, when the old plant was replaced, it was replaced by Project Engineering as part of the Ghent FGD project. I think Greg Jones was either the man responsible for that, or he knows who was. Anyway, between he and I, I think we can answer your questions.

David Valkovci
Senior Plant Chemist
Kentucky Utilities Company
Ghent Generating Station
(502) 347-4134

From: Joyce, Jeff
Sent: Monday, September 20, 2010 11:05 AM
To: Valkovci, David
Cc: Dunlap, Carroll
Subject: FW: Sewage Treatment Plants

David

Please work with Eric to deal with this issue.

Thanks
Jeff

From: Riggs, Eric
Sent: Monday, September 20, 2010 11:02 AM
To: Joyce, Jeff
Cc: Wiseman, Sara
Subject: FW: Sewage Treatment Plants

Jeff,

I need to know who to ask regarding the costs associated with the retiring and disposal of sewage treatment plants at Ghent. Sewage plants have been identified as an Asset Retirement Obligation (ARO) for which the companies are legally required to dispose of in a particular manner. Special accounting rules apply to these types of assets. If you could provide me with someone at the facilities to contact, I would greatly appreciate it. If Ghent does not have a sewage treatment plant then just an email back stating so would be sufficient.

Thanks,
Eric Riggs

Crescente, Angela

From: Crescente, Angela
Sent: Wednesday, May 26, 2010 6:23 PM
To: Williams, Scott
Cc: Wiseman, Sara
Subject: RE: Book2.xlsx

Scott,

Your numbers were fine except for Dec 2009-131707 Reserve. I fixed it, and I also split the accounts like they are on the plant report (by the last 2 digits) in order to help me remember for next year how I checked this for you so I don't have to bother you with questions again. So, you can add them back together if you want.

Thanks,
Angela

From: Williams, Scott
Sent: Thursday, May 20, 2010 2:14 PM
To: Crescente, Angela
Subject: Book2.xlsx

<< File: Book2.xlsx >>

Angela,

Attached is a schedule I did for LG&E AROs at 12/31 2008 and 2009. Could you look at this and let me know if what I have is correct. Is there any accounts I need to add for AROs? I need the items that go into the 101 and 108 accounts.

Thanks
Scott

Crescente, Angela

From: Williams, Scott
Sent: Thursday, May 20, 2010 2:14 PM
To: Crescente, Angela
Subject: Book2.xlsx



Book2.xlsx

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Attached is a schedule I did for LG&E AROs at 12/31 2008 and 2009. Could you look at this and let me know if what I have is correct. Is there any accounts I need to add for AROs? I need the items that go into the 101 and 108 accounts.
Thanks
Scott

Louisville Gas and Electric
Asset Retirement Obligations Fair Value
March 31, 2012

ARO	FAIR VALUE
Ash Ponds, Landfills	\$ 20,102,008
Coal Storage	612,417
Floodwall Penetration	1,110,942
Generation Wells	329,691
Nuclear Sources	73,694
Chemical Storage	20,731
Oil Storage	644
Asbestos - Generation	14,086,814
Asbestos - Distribution	123,933
Asbestos - Distribution	396,174
Asbestos - Transmission	14,873
Asbestos - General Plant	109,586
Asbestos - Gas	23,474
Asbestos - Gas	93,244
Asbestos - Gas	18,477
Asbestos - Gas	3,202
PCB - Distribution	147,243
PCB - Transmission	241,930
Gas Wells	5,066,779
Gas Distribution Mains	12,716,929
Gas Transmission Mains	4,039,077
Total Fair Value	\$ 59,331,864

LG&E AROs

Account Number	12/31/2008			12/31/2009		
	Asset	Reserve	Net	Asset	Reserve	Net
131700	5,697,179	(2,382,767)	3,314,412	5,688,169	(2,643,437)	3,044,732
133700	31,163	(17,314)	13,849	31,163	(17,810)	13,353
134700	297,215	(118,220)	178,995	218,309	(89,318)	128,991
135910	5,687	(3,030)	2,657	1,687	(667)	1,020
137400	37,674	(12,797)	24,877	37,674	(13,163)	24,511
235800	541,132	(409,285)	131,847	520,993	(402,273)	118,720
238800	30,769	(20,060)	10,709	30,769	(20,380)	10,389
339910	3,735	(1,200)	2,535	3,735	(1,234)	2,501
	<u>6,644,554</u>	<u>(2,964,673)</u>	<u>3,679,881</u>	<u>6,532,499</u>	<u>(3,188,282)</u>	<u>3,344,217</u>
Change				(112,055)	(223,609)	(335,664)

Crescente, Angela

From: Scott, Valerie
Sent: Tuesday, April 13, 2010 3:55 PM
To: Crescente, Angela
Subject: RE: ARO Liability Report _revised Apr 2010.xls

Thanks Angela!

Valerie

From: Crescente, Angela
Sent: Tuesday, April 13, 2010 9:40 AM
To: Scott, Valerie
Cc: Wiseman, Sara
Subject: RE: ARO Liability Report _revised Apr 2010.xls

Valerie,

Please see the attached per your request:

<< File: ARO Liability Report 1st Quarter.xls >>

Thanks,
Angela

From: Scott, Valerie
Sent: Monday, April 12, 2010 5:23 PM
To: Crescente, Angela
Cc: Wiseman, Sara
Subject: RE: ARO Liability Report _revised Apr 2010.xls

Angela,

Thanks for checking. I agree that the best approach is to add the 3/31/10 balance to the tab with all AROs at 12/31/09. If I need just selected AROs I can get it from that balance.

Thanks so much!

Valerie

From: Crescente, Angela
Sent: Monday, April 12, 2010 10:32 AM
To: Scott, Valerie
Cc: Wiseman, Sara
Subject: RE: ARO Liability Report _revised Apr 2010.xls

Valerie,

I have a reminder for each quarter to send you a report of our ARO liabilities. Since you have recently requested a couple of different scenarios, I wanted to be certain that I would be sending you exactly what you need for the quarterly report. Please advise me on which AROs you want this information for. All AROs are listed on the second tab from the latest request, and selected AROs are from a previous request, and they are listed on the first tab.

Charnas

Also, I was going to send you the ending balance as of 12/31/2009 and the ending balance as of 3/31/2010 for this first quarter report, but not include the estimated ending liability. When we originally spoke about this, I was under the impression you would only want quarterly activity for this report. Please let me know if you need something different.

<< File: ARO Liability Report _revised Apr 2010.xls >>

Thanks,
Angela

From: Crescente, Angela
Sent: Tuesday, April 06, 2010 4:52 PM
To: Scott, Valerie
Cc: Wacker, Diana; Wiseman, Sara
Subject: ARO Liability Report _revised Apr 2010.xls

Valerie,

Per your request, I have attached the spreadsheet that was given to you before from Diana with the ending liability balances at 12/31/2009.

<< File: ARO Liability Report _revised Apr 2010.xls >>

Thanks,
Angela

Crescente, Angela

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Cc: Wiseman, Sara
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ARO Liability Report
1st Quart...

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Angela

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<< File: ARO Liability Report _revised Apr 2010.xls >>

Thanks,
Angela

Kentucky Utilities
Asset Retirement Obligations Fair Value
March 31, 2012

ARO	FAIR VALUE
Ash Ponds, Landfills	\$ 41,754,333
Coal Storage	927,559
Gypsum Stack	4,348,021
Generation Wells	736,528
Nuclear Sources	148,751
Chemical Storage	13,397
Oil Storage	46,804
Asbestos - Generation	13,227,825
Asbestos - General Plant	180,750
Asbestos - Distribution	129,857
Asbestos - Transmission	93,981
PCB - Line Transformers	318,606
PCB - Distribution	187,621
PCB - Transmission	459,192
Total Fair Value	\$ 62,573,226

ARO Liability and Estimated Settlement Year

LGE GAAP

Description of ARO	Liability at 12/31/2009	Liability at 3/31/2010
Canal (Retired) - ASB	\$ 2,353,661.07	\$ 2,387,279.70
Cane Run Unit 1 (Retired) - ASB	\$ 1,069,317.62	\$ 1,084,591.27
Cane Run Unit 2 (Retired) - ASB	\$ 1,007,328.10	\$ 1,021,716.32
Cane Run Unit 3 (Retired) - ASB	\$ 1,135,181.47	\$ 1,151,395.89
Cane Run Unit 4 - ASB	\$ 357,322.03	\$ 362,425.85
Cane Run Unit 5 - ASB	\$ 296,584.81	\$ 300,821.09
Cane Run Unit 6 - ASB	\$ 292,839.36	\$ 297,022.15
Center Gas Storage Field - UGS	\$ 2,167,315.39	\$ 2,197,394.26
City Gate Doe Run 237900 - Gas Dist	\$ 2,692.32	\$ 2,730.78
City Gate Preston 237900 - Gas Dist	\$ 2,692.32	\$ 2,730.78
CR-Ash Pond	\$ 2,935,837.65	\$ 2,983,194.17
CR-Coal Pile	\$ 209,528.18	\$ 212,907.97
CR-Land Fill	\$ 985,431.63	\$ 1,001,327.13
CR-Mercury Sources	\$ 4,080.22	\$ 4,146.04
CR-Nuclear Sources	\$ 36,015.11	\$ 36,596.06
CR-Sewage Treatment Plant	\$ 4,082.10	\$ 4,147.95
Distribution Substations (66) - ASB	\$ 147,194.48	\$ 149,296.94
Doe Run 235300 - UGS	\$ 41,403.48	\$ 41,994.87
Doe Run Gas Storage Field - UGS	\$ 1,906,571.71	\$ 1,933,031.88
Gas Main & Serv Abandons - Gas Dist	\$ 1,186,564.97	\$ 1,203,513.33
LGE Transmission Subs (11) - ASB	\$ 13,001.11	\$ 13,186.81
Magnolia 235120 - UGS	\$ 11,988.66	\$ 12,159.90
Magnolia 235300 - UGS	\$ 42,670.77	\$ 43,280.25
Magnolia 235600 - UGS	\$ 4,212.24	\$ 4,272.41
Magnolia Gas Storage Field - UGS	\$ 2,159,194.40	\$ 2,189,160.57
Manholes - ASB	\$ 143,204.87	\$ 145,250.34
MC-Ash Pond	\$ 2,844,236.70	\$ 2,890,115.65
MC-Chemical Tanks	\$ 4,921.40	\$ 5,000.78
MC-Hazardous Material Storage	\$ 15,255.89	\$ 15,501.98
MC-Lab Chemical Disposal	\$ 1,524.40	\$ 1,548.99
MC-Landfill	\$ 4,159,079.06	\$ 4,226,167.08

MC-Radiation Sources	\$	12,220.00	\$	12,417.11
MC-Storage Pile	\$	236,720.35	\$	240,538.76
MC-Storage Tanks	\$	10,734.66	\$	10,907.82
Mill Creek Unit 1 - ASB	\$	509,429.94	\$	516,706.40
Mill Creek Unit 2 - ASB	\$	465,555.42	\$	472,205.20
Mill Creek Unit 3 - ASB	\$	48,636.06	\$	49,330.75
Mill Creek Unit 4 - ASB	\$	390,466.01	\$	396,043.26
Muldraugh 235120 - UGS	\$	17,010.78	\$	17,253.75
Muldraugh 235300 - UGS	\$	32,320.02	\$	32,781.66
Muldraugh 235600 - UGS	\$	19,602.82	\$	19,882.81
Muldraugh 237510 - Gas Dist	\$	2,808.54	\$	2,848.66
Muldraugh Gas Storage Field - UGS	\$	650,556.01	\$	659,584.69
Ohio Falls - ASB	\$	240,208.99	\$	243,640.03
Paddy's (Unit 11) - ASB	\$	1,666,988.89	\$	1,690,799.41
Riggs Junction 235120 - UGS	\$	10,690.26	\$	10,842.96
Seventh and Ormsby - ComGeneralPlnt	\$	28,791.27	\$	29,202.51
TR-Ash Pond	\$	3,010,966.97	\$	3,059,535.36
TR-Coal Storage	\$	104,196.01	\$	105,876.75
TR-Hazardous Material Disposal	\$	839.43	\$	852.97
Trn- CR Spare GSU	\$	2,457.52	\$	2,497.15
Trn-CR4 GSU	\$	2,455.35	\$	2,494.95
Trn-CR5 GSU	\$	2,455.35	\$	2,494.95
Trn-CR6 GSU	\$	2,458.75	\$	2,498.41
Trn-MC 3 GSU	\$	1,893.61	\$	1,924.16
Trn-MC Spare GSU	\$	1,526.93	\$	1,551.56
Trn-MC1 GSU	\$	2,352.20	\$	2,390.14
Trn-MC2 GSU	\$	2,260.81	\$	2,297.28
Trn-MC4 GSU	\$	1,526.93	\$	1,551.56
TR-Nuclear Sources	\$	7,117.91	\$	7,232.73
TR-Sewage Plant	\$	1,679.03	\$	1,706.12
Zorn - ASB	\$	15,768.80	\$	15,994.03
Total LGE	\$	33,043,629.14	\$	33,539,793.09

KU GAAP	Description of ARO	Liability at 12/31/2009	Liability at 3/31/2010
	Big Stone Gap Substation - ASB-Dist	\$ 2,561.70	\$ 2,598.29

BR-Ash Pond	\$	7,451,237.31	\$	7,571,429.47
BR-Br 1 Coal Storage	\$	45,044.35	\$	45,770.94
BR-BR 3 Fuel Oil Tanks	\$	105,843.86	\$	107,551.17
BR-BR3 Sewage Treatment Plant	\$	7,516.63	\$	7,637.88
BR-Coal Pile Retention Pond	\$	138,865.34	\$	141,105.31
BR-CT Fuel Oil Piping - OP	\$	18,529.29	\$	18,828.18
BR-CT9 Fuel Oil Tanks - OP	\$	169,945.04	\$	172,686.34
BR-Lab	\$	13,508.26	\$	13,726.15
Brown Unit 1 - ASB	\$	154,620.61	\$	156,829.14
Brown Unit 2 - ASB	\$	365,463.72	\$	370,683.84
Brown Unit 3 - ASB	\$	824,497.51	\$	836,274.26
BR-Radiation Sources	\$	12,010.16	\$	12,203.89
BR-Station Fuel Oil Piping	\$	12,758.96	\$	12,964.77
Dix Dam - ASB - Hydro	\$	38,310.17	\$	38,857.37
GH-Ash Pond GH4	\$	10,288,542.83	\$	10,454,502.13
GH-Chemical Tanks GH4	\$	5,813.67	\$	5,907.45
GH-Coal Storage	\$	487,432.22	\$	495,294.74
Ghent Unit 1 - ASB	\$	722,677.32	\$	732,999.71
Ghent Unit 2 - ASB	\$	957,766.28	\$	971,446.58
Ghent Unit 3 - ASB	\$	169,885.15	\$	172,311.71
Ghent Unit 4 - ASB	\$	169,885.15	\$	172,311.71
GH-Gypsum Stack-GH 1 Scrubber	\$	653,734.74	\$	664,279.81
GH-Radiation Sources	\$	82,220.19	\$	83,546.44
GH-Sewage Treatment Plant GH1	\$	7,180.42	\$	7,296.24
GH-Station Fuel Oil Piping GH2	\$	2,422.23	\$	2,461.29
GH-trn-GH Spare GSU Transformer	\$	1,085.78	\$	1,103.30
GH-trn-GH1 GSU Transformer	\$	1,722.96	\$	1,750.74
GH-trn-GH2 GSU Transformer	\$	1,454.77	\$	1,478.23
GH-trn-GH3 GSU Transformer	\$	1,221.36	\$	1,241.06
GH-trn-GH4 GSU Transformer	\$	1,087.85	\$	1,105.40
GH-Underground Tank Coal Yard GH1	\$	9,338.77	\$	9,489.41
GR-Ash Pond	\$	8,341,125.88	\$	8,475,672.39
GR-Coal Storage	\$	76,919.22	\$	78,159.97
Green River Unit 1 - ASB	\$	205,148.40	\$	208,078.64
Green River Unit 2 - ASB	\$	188,514.88	\$	191,207.54
Green River Unit 3 - ASB	\$	112,157.52	\$	113,759.53
Green River Unit 4 - ASB	\$	210,605.41	\$	213,613.59

GR-GR4 Oil Storage tanks	\$	8,192.60	\$	8,324.76
GR-Hazardous Material Tanks	\$	4,918.11	\$	4,997.43
GR-Limestone Silo	\$	5,137.96	\$	5,220.84
GR-Mercury Sources	\$	1,643.91	\$	1,670.43
GR-Nuclear Source	\$	808.84	\$	821.89
GR-Sewage Treatment Plant	\$	4,082.76	\$	4,148.62
GR-trn-G1-2 GSU Transformer	\$	5,328.53	\$	5,414.48
GR-trn-GR3 GSU Transformer	\$	5,356.04	\$	5,442.44
GR-trn-GR4 GSU Transformer	\$	5,125.08	\$	5,207.75
GR-trn-GSU Spare Transformer	\$	5,118.49	\$	5,201.05
GR-Underground Tanks 1&2	\$	11,114.37	\$	11,293.65
KU - Various Substations - ASB-Dist	\$	87,979.34	\$	89,236.00
KU Distrib Subs (478) - ASB-Dist	\$	52,911.36	\$	53,667.12
KU Transmission Subs (69) - ASB	\$	57,248.12	\$	43,088.64
Pineville - ASB	\$	170,128.98	\$	172,559.03
TY-Ash Pond	\$	641,812.98	\$	652,165.74
TY-Coal Storage	\$	25,634.71	\$	26,048.21
TY-Fuel Oil Tanks	\$	42,725.81	\$	43,415.01
TY-Fuel Oil Tanks Unit 1	\$	43,590.99	\$	44,294.13
TY-Mercury Sources	\$	2,569.51	\$	2,610.96
Tyronne Unit 1 (Retired) - ASB	\$	417,297.91	\$	423,258.41
Tyronne Unit 2 (Retired) - ASB	\$	417,297.91	\$	423,258.41
Tyronne Unit 3 - ASB	\$	119,698.37	\$	121,408.08
TY-Service Water Pump Structure	\$	154,690.56	\$	157,185.80
TY-Sewage Treatment Plant	\$	4,272.64	\$	4,341.56
TY-Station Fuel Oil Piping	\$	11,965.86	\$	12,158.88
Total KU	\$	34,365,307.65	\$	34,894,603.93

Crescente, Angela

From: Scott, Valerie
Sent: Tuesday, April 06, 2010 5:07 PM
To: Crescente, Angela
Cc: Wacker, Diana; Wiseman, Sara
Subject: RE: ARO Liability Report _revised Apr 2010.xls

Angela & Diana -- Thank you!

Valerie

From: Crescente, Angela
Sent: Tuesday, April 06, 2010 4:52 PM
To: Scott, Valerie
Cc: Wacker, Diana; Wiseman, Sara
Subject: ARO Liability Report _revised Apr 2010.xls

Valerie,

Per your request, I have attached the spreadsheet that was given to you before from Diana with the ending liability balances at 12/31/2009.

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Thanks,
Angela

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ARO Liability Report
_revised ...

Thanks,
Angela

ARO Liability and Estimated Settlement Year**LGE GAAP**

Description of ARO	Estimated Year	Estimated Liability	Liability at 12/31/2009
Canal (Retired) - ASB	2036	\$ 10,888,224.07	\$ 2,353,661.07
Cane Run Unit 1 (Retired) - ASB	2036	\$ 4,946,748.70	\$ 1,069,317.62
Cane Run Unit 2 (Retired) - ASB	2036	\$ 4,659,980.15	\$ 1,007,328.10
Cane Run Unit 3 (Retired) - ASB	2036	\$ 5,251,439.77	\$ 1,135,181.47
Cane Run Unit 4 - ASB	2061	\$ 6,826,702.80	\$ 357,322.03
Cane Run Unit 5 - ASB	2061	\$ 5,666,306.72	\$ 296,584.81
Cane Run Unit 6 - ASB	2061	\$ 5,594,749.54	\$ 292,839.36
Center Gas Storage Field - UGS	2022	\$ 4,438,001.65	\$ 2,167,315.39
City Gate Doe Run 237900 - Gas Dist	2058	\$ 43,387.75	\$ 2,692.32
City Gate Preston 237900 - Gas Dist	2058	\$ 43,387.75	\$ 2,692.32
CR-Ash Pond	2017	\$ 4,899,091.90	\$ 2,935,837.65
CR-Coal Pile	2017	\$ 349,643.97	\$ 209,528.18
CR-Land Fill	2017	\$ 1,644,409.77	\$ 985,431.63
CR-Mercury Sources	2017	\$ 6,808.72	\$ 4,080.22
CR-Nuclear Sources	2017	\$ 60,099.17	\$ 36,015.11
CR-Sewage Treatment Plant	2017	\$ 6,811.78	\$ 4,082.10
Distribution Substations (66) - ASB	2062	\$ 2,976,324.82	\$ 147,194.48
Doe Run 235300 - UGS	2052	\$ 474,733.80	\$ 41,403.48
Doe Run Gas Storage Field - UGS	2022	\$ 3,904,078.00	\$ 1,906,571.71
Gas Main & Serv Abandons - Gas Dist	2041	\$ 7,289,407.72	\$ 1,186,564.97
LGE Transmission Subs (11) - ASB	2064	\$ 294,472.11	\$ 13,001.11
Magnolia 235120 - UGS	2059	\$ 204,478.53	\$ 11,988.66
Magnolia 235300 - UGS	2052	\$ 489,264.67	\$ 42,670.77
Magnolia 235600 - UGS	2059	\$ 71,843.92	\$ 4,212.24
Magnolia Gas Storage Field - UGS	2022	\$ 4,421,372.32	\$ 2,159,194.40
Manholes - ASB	2096	\$ 19,926,096.96	\$ 143,204.87
MC-Ash Pond	2023	\$ 6,968,462.08	\$ 2,844,236.70
MC-Chemical Tanks	2017	\$ 8,212.44	\$ 4,921.40
MC-Hazardous Material Storage	2028	\$ 51,475.19	\$ 15,255.89
MC-Lab Chemical Disposal	2028	\$ 5,143.59	\$ 1,524.40
MC-Landfill	2028	\$ 14,033,245.20	\$ 4,159,079.06

Charnas

MC-Radiation Sources	2028	\$	41,231.84	\$	12,220.00
MC-Storage Pile	2018	\$	421,130.83	\$	236,720.35
MC-Storage Tanks	2023	\$	26,300.24	\$	10,734.66
Mill Creek Unit 1 - ASB	2061	\$	9,732,752.83	\$	509,429.94
Mill Creek Unit 2 - ASB	2061	\$	8,894,521.15	\$	465,555.42
Mill Creek Unit 3 - ASB	2061	\$	929,201.10	\$	48,636.06
Mill Creek Unit 4 - ASB	2061	\$	7,459,923.53	\$	390,466.01
Muldrough 235120 - UGS	2059	\$	290,134.67	\$	17,010.78
Muldrough 235300 - UGS	2052	\$	370,582.68	\$	32,320.02
Muldrough 235600 - UGS	2059	\$	334,344.81	\$	19,602.82
Muldrough 237510 - Gas Dist	2047	\$	24,249.60	\$	2,808.54
Muldrough Gas Storage Field - UGS	2022	\$	1,332,140.48	\$	650,556.01
Ohio Falls - ASB	2036	\$	1,111,225.87	\$	240,208.99
Paddy's (Unit 11) - ASB	2061	\$	31,848,126.93	\$	1,666,988.89
Riggs Junction 235120 - UGS	2059	\$	182,332.53	\$	10,690.26
Seventh and Ormsby - ComGeneralPlnt	2082	\$	1,810,505.78	\$	28,791.27
TR-Ash Pond	2033	\$	13,991,253.92	\$	3,010,966.97
TR-Coal Storage	2033	\$	484,174.26	\$	104,196.01
TR-Hazardous Material Disposal	2033	\$	3,900.74	\$	839.43
Trn- CR Spare GSU	2017	\$	4,100.89	\$	2,457.52
Trn-CR4 GSU	2017	\$	4,097.30	\$	2,455.35
Trn-CR5 GSU	2017	\$	4,097.30	\$	2,455.35
Trn-CR6 GSU	2017	\$	4,102.97	\$	2,458.75
Trn-MC 3 GSU	2023	\$	4,639.40	\$	1,893.61
Trn-MC Spare GSU	2028	\$	5,152.03	\$	1,526.93
Trn-MC1 GSU	2018	\$	4,184.59	\$	2,352.20
Trn-MC2 GSU	2019	\$	4,287.94	\$	2,260.81
Trn-MC4 GSU	2028	\$	5,152.03	\$	1,526.93
TR-Nuclear Sources	2033	\$	33,075.20	\$	7,117.91
TR-Sewage Plant	2033	\$	7,802.10	\$	1,679.03
Zorn - ASB	2061	\$	301,266.08	\$	15,768.80
Total LG&E		\$	196,114,397.18	\$	33,043,629.14

KU GAAP

Big Stone Gap Substation - ASB-Dist	2075	\$	108,294.89	\$	2,561.70
BR-Ash Pond	2018	\$	13,255,920.40	\$	7,451,237.31

BR-Br 1 Coal Storage	2019	\$	85,431.83	\$	45,044.35
BR-BR 3 Fuel Oil Tanks	2019	\$	200,745.27	\$	105,843.86
BR-BR3 Sewage Treatment Plant	2019	\$	14,256.27	\$	7,516.63
BR-Coal Pile Retention Pond	2019	\$	263,374.27	\$	138,865.34
BR-CT Fuel Oil Piping - OP	2025	\$	51,597.18	\$	18,529.29
BR-CT9 Fuel Oil Tanks - OP	2024	\$	443,892.35	\$	169,945.04
BR-Lab	2019	\$	25,619.95	\$	13,508.26
Brown Unit 1 - ASB	2069	\$	4,650,703.52	\$	154,620.61
Brown Unit 2 - ASB	2069	\$	10,992,478.14	\$	365,463.72
Brown Unit 3 - ASB	2069	\$	24,799,373.87	\$	824,497.51
BR-Radiation Sources	2019	\$	22,778.65	\$	12,010.16
BR-Station Fuel Oil Piping	2019	\$	24,198.85	\$	12,758.96
Dix Dam - ASB - Hydro	2069	\$	1,152,298.97	\$	38,310.17
GH-Ash Pond GH4	2031	\$	42,063,812.79	\$	10,288,542.83
GH-Chemical Tanks GH4	2031	\$	23,768.57	\$	5,813.67
GH-Coal Storage	2020	\$	985,579.37	\$	487,432.22
Ghent Unit 1 - ASB	2069	\$	21,736,809.80	\$	722,677.32
Ghent Unit 2 - ASB	2069	\$	28,807,854.34	\$	957,766.28
Ghent Unit 3 - ASB	2069	\$	5,109,833.57	\$	169,885.15
Ghent Unit 4 - ASB	2069	\$	5,109,833.57	\$	169,885.15
GH-Gypsum Stack-GH 1 Scrubber	2018	\$	1,163,008.98	\$	653,734.74
GH-Radiation Sources	2031	\$	336,150.00	\$	82,220.19
GH-Sewage Treatment Plant GH1	2020	\$	14,518.67	\$	7,180.42
GH-Station Fuel Oil Piping GH2	2024	\$	6,326.76	\$	2,422.23
GH-trn-GH Spare GSU Transformer	2031	\$	4,439.29	\$	1,085.78
GH-trn-GH1 GSU Transformer	2020	\$	3,483.80	\$	1,722.96
GH-trn-GH2 GSU Transformer	2024	\$	3,799.73	\$	1,454.77
GH-trn-GH3 GSU Transformer	2028	\$	4,120.98	\$	1,221.36
GH-trn-GH4 GSU Transformer	2031	\$	4,447.62	\$	1,087.85
GH-Underground Tank Coal Yard GH1	2020	\$	18,882.85	\$	9,338.77
GR-Ash Pond	2016	\$	13,056,004.27	\$	8,341,125.88
GR-Coal Storage	2016	\$	120,398.38	\$	76,919.22
Green River Unit 1 - ASB	2069	\$	6,170,487.55	\$	205,148.40
Green River Unit 2 - ASB	2069	\$	5,670,182.63	\$	188,514.88
Green River Unit 3 - ASB	2069	\$	3,373,493.48	\$	112,157.52
Green River Unit 4 - ASB	2069	\$	6,334,625.19	\$	210,605.41
GR-GR4 Oil Storage tanks	2017	\$	13,671.16	\$	8,192.60

GR-Hazardous Material Tanks	2017	\$	8,206.90	\$	4,918.11
GR-Limestone Silo	2016	\$	8,042.26	\$	5,137.96
GR-Mercury Sources	2017	\$	2,743.25	\$	1,643.91
GR-Nuclear Source	2017	\$	1,349.74	\$	808.84
GR-Sewage Treatment Plant	2017	\$	6,813.03	\$	4,082.76
GR-trn-G1-2 GSU Transformer	2016	\$	8,340.52	\$	5,328.53
GR-trn-GR3 GSU Transformer	2016	\$	8,383.59	\$	5,356.04
GR-trn-GR4 GSU Transformer	2017	\$	8,552.31	\$	5,125.08
GR-trn-GSU Spare Transformer	2017	\$	8,541.28	\$	5,118.49
GR-Underground Tanks 1&2	2016	\$	17,396.82	\$	11,114.37
KU - Various Substations - ASB-Dist	2075	\$	3,719,267.44	\$	87,979.34
KU Distrib Subs (478) - ASB-Dist	2075	\$	2,236,793.38	\$	52,911.36
KU Transmission Subs (69) - ASB	2074	\$	1,696,846.70	\$	57,248.12
Pineville - ASB	2069	\$	5,117,166.78	\$	170,128.98
TY-Ash Pond	2016	\$	1,004,602.12	\$	641,812.98
TY-Coal Storage	2016	\$	40,124.82	\$	25,634.71
TY-Fuel Oil Tanks	2016	\$	66,876.86	\$	42,725.81
TY-Fuel Oil Tanks Unit 1	2016	\$	68,231.13	\$	43,590.99
TY-Mercury Sources	2016	\$	4,021.95	\$	2,569.51
Tyronne Unit 1 (Retired) - ASB	2044	\$	3,039,201.79	\$	417,297.91
Tyronne Unit 2 (Retired) - ASB	2044	\$	3,039,201.79	\$	417,297.91
Tyronne Unit 3 - ASB	2069	\$	3,600,307.58	\$	119,698.37
TY-Service Water Pump Structure	2016	\$	242,130.50	\$	154,690.56
TY-Sewage Treatment Plant	2016	\$	6,687.80	\$	4,272.64
TY-Station Fuel Oil Piping	2016	\$	18,729.65	\$	11,965.86
		\$	<u>220,205,057.75</u>	\$	<u>34,365,307.65</u>

Crescente, Angela

From: Crescente, Angela
Sent: Thursday, April 01, 2010 8:42 AM
To: Fendig, John
Cc: Wiseman, Sara
Subject: ARO Quarterly Certification needed for 2010Q1

John,

I am sending this as a gentle reminder for you to send me the quarterly certification when it is complete.

Thanks!
Angela

Crescente, Angela

From: Scott, Valerie
Sent: Monday, March 29, 2010 4:01 PM
To: Wacker, Diana; Wiseman, Sara
Cc: Leenerts, Patricia; Crescente, Angela
Subject: RE: AROs

Excellent. Thank you all for pulling this together for me!!!!

Valerie

From: Wacker, Diana
Sent: Monday, March 29, 2010 3:55 PM
To: Scott, Valerie; Wiseman, Sara
Cc: Leenerts, Patricia; Crescente, Angela
Subject: RE: AROs

Yes, that is correct. The file shows the estimated liability for the estimated settlement year. The only way this will change is when we reestimate or have settlements.

*Diana Wacker
Sr. Accounting Analyst
Property Accounting
502-627-4054*

From: Scott, Valerie
Sent: Monday, March 29, 2010 3:53 PM
To: Wacker, Diana; Wiseman, Sara
Cc: Leenerts, Patricia; Crescente, Angela
Subject: RE: AROs

Diana,

I think this file gives me what I need, but I would like to confirm with you that the estimated liability is the *future* value of the amount we have recorded today.

Can you confirm?

Valerie

From: Wacker, Diana
Sent: Monday, March 29, 2010 3:48 PM
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Cc: Leenerts, Patricia; Crescente, Angela
Subject: RE: AROs

Valerie:

Pat and I have worked up a file that has all of the ARO's listed (GAAP) with their original estimated settlement year and current ending liability at that settlement year. We have left the original tab and inserted another tab - revised - for this data. Please let us know if you have questions.

<< File: ARO Liability Report _revised.xls >>

Diana Wacker
Sr. Accounting Analyst
Property Accounting
502-627-4054

From: Wiseman, Sara
Sent: Monday, March 29, 2010 3:39 PM
To: Scott, Valerie
Cc: Wacker, Diana; Leenerts, Patricia
Subject: RE: AROs

Shannon:

Diana and Pat have been working on your request. It is taking some time to put together. They may have it complete today or it might be Tuesday morning before it is done.

Angela is out sick today.

I'm leaving shortly to go the doctor for my back, so they should get back with you.

From: Scott, Valerie
Sent: Monday, March 29, 2010 12:50 PM
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Subject: FW: AROs

Sara,

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If not, when do you think we could have an answer?

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From: Scott, Valerie
Sent: Monday, March 29, 2010 12:31 PM
To: Crescente, Angela
Subject: FW: AROs

Angela,

Any way I can get this information today???

Thanks.

Valerie

From: Scott, Valerie
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To: Crescente, Angela

Subject: FW: AROs

Angela,

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Thanks.

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From: Crescente, Angela
Sent: Thursday, February 04, 2010 1:17 PM
To: Scott, Valerie
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Valerie:

Please see the attached:

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I have also set up a reminder to send this to you quarterly as you requested.

Thanks,
Angela

From: Scott, Valerie
Sent: Wednesday, February 03, 2010 9:03 PM
To: Crescente, Angela
Subject: FW: AROs

Angela,

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Thanks.

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To: Scott, Valerie
Cc: Leenerts, Patricia; Wiseman, Sara
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Valerie,

I have attached a spreadsheet detailing your request.

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Thanks,
Angela

From: Scott, Valerie
Sent: Wednesday, September 02, 2009 3:10 PM
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Actually, just GAAP (for once).

Thanks so much!

Valerie

From: Crescente, Angela
Sent: Wednesday, September 02, 2009 3:09 PM
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Valerie:

We are currently working on your request. Would you like to see both IFRS and GAAP?

Thanks,
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ARO Liability Report
_revised....

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Thanks.

Valerie

ARO Liability and Estimated Settlement Year**LGE GAAP**

Description of ARO	Estimated Year	Estimated Liability
Canal (Retired) - ASB	2036	\$ 10,888,224.07
Cane Run Unit 1 (Retired) - ASB	2036	\$ 4,946,748.70
Cane Run Unit 2 (Retired) - ASB	2036	\$ 4,659,980.15
Cane Run Unit 3 (Retired) - ASB	2036	\$ 5,251,439.77
Cane Run Unit 4 - ASB	2061	\$ 6,826,702.80
Cane Run Unit 5 - ASB	2061	\$ 5,666,306.72
Cane Run Unit 6 - ASB	2061	\$ 5,594,749.54
Center Gas Storage Field - UGS	2022	\$ 4,438,001.65
City Gate Doe Run 237900 - Gas Dist	2058	\$ 43,387.75
City Gate Preston 237900 - Gas Dist	2058	\$ 43,387.75
CR-Ash Pond	2017	\$ 4,899,091.90
CR-Coal Pile	2017	\$ 349,643.97
CR-Land Fill	2017	\$ 1,644,409.77
CR-Mercury Sources	2017	\$ 6,808.72
CR-Nuclear Sources	2017	\$ 60,099.17
CR-Sewage Treatment Plant	2017	\$ 6,811.78
Distribution Substations (66) - ASB	2062	\$ 2,976,324.82
Doe Run 235300 - UGS	2052	\$ 474,733.80
Doe Run Gas Storage Field - UGS	2022	\$ 3,904,078.00
Gas Main & Serv Abandons - Gas Dist	2041	\$ 7,289,407.72
LGE Transmission Subs (11) - ASB	2064	\$ 294,472.11
Magnolia 235120 - UGS	2059	\$ 204,478.53
Magnolia 235300 - UGS	2052	\$ 489,264.67
Magnolia 235600 - UGS	2059	\$ 71,843.92
Magnolia Gas Storage Field - UGS	2022	\$ 4,421,372.32
Manholes - ASB	2096	\$ 19,926,096.96
MC-Ash Pond	2023	\$ 6,968,462.08
MC-Chemical Tanks	2017	\$ 8,212.44
MC-Hazardous Material Storage	2028	\$ 51,475.19
MC-Lab Chemical Disposal	2028	\$ 5,143.59
MC-Landfill	2028	\$ 14,033,245.20

BR-Br 1 Coal Storage	2019	\$	85,431.83
BR-BR 3 Fuel Oil Tanks	2019	\$	200,745.27
BR-BR3 Sewage Treatment Plant	2019	\$	14,256.27
BR-Coal Pile Retention Pond	2019	\$	263,374.27
BR-CT Fuel Oil Piping - OP	2025	\$	51,597.18
BR-CT9 Fuel Oil Tanks - OP	2024	\$	443,892.35
BR-Lab	2019	\$	25,619.95
Brown Unit 1 - ASB	2069	\$	4,650,703.52
Brown Unit 2 - ASB	2069	\$	10,992,478.14
Brown Unit 3 - ASB	2069	\$	24,799,373.87
BR-Radiation Sources	2019	\$	22,778.65
BR-Station Fuel Oil Piping	2019	\$	24,198.85
Dix Dam - ASB - Hydro	2069	\$	1,152,298.97
GH-Ash Pond GH4	2031	\$	42,063,812.79
GH-Chemical Tanks GH4	2031	\$	23,768.57
GH-Coal Storage	2020	\$	985,579.37
Ghent Unit 1 - ASB	2069	\$	21,736,809.80
Ghent Unit 2 - ASB	2069	\$	28,807,854.34
Ghent Unit 3 - ASB	2069	\$	5,109,833.57
Ghent Unit 4 - ASB	2069	\$	5,109,833.57
GH-Gypsum Stack-GH 1 Scrubber	2018	\$	1,163,008.98
GH-Radiation Sources	2031	\$	336,150.00
GH-Sewage Treatment Plant GH1	2020	\$	14,518.67
GH-Station Fuel Oil Piping GH2	2024	\$	6,326.76
GH-trn-GH Spare GSU Transformer	2031	\$	4,439.29
GH-trn-GH1 GSU Transformer	2020	\$	3,483.80
GH-trn-GH2 GSU Transformer	2024	\$	3,799.73
GH-trn-GH3 GSU Transformer	2028	\$	4,120.98
GH-trn-GH4 GSU Transformer	2031	\$	4,447.62
GH-Underground Tank Coal Yard GH1	2020	\$	18,882.85
GR-Ash Pond	2016	\$	13,056,004.27
GR-Coal Storage	2016	\$	120,398.38
Green River Unit 1 - ASB	2069	\$	6,170,487.55
Green River Unit 2 - ASB	2069	\$	5,670,182.63
Green River Unit 3 - ASB	2069	\$	3,373,493.48
Green River Unit 4 - ASB	2069	\$	6,334,625.19
GR-GR4 Oil Storage tanks	2017	\$	13,671.16

GR-Hazardous Material Tanks	2017	\$	8,206.90
GR-Limestone Silo	2016	\$	8,042.26
GR-Mercury Sources	2017	\$	2,743.25
GR-Nuclear Source	2017	\$	1,349.74
GR-Sewage Treatment Plant	2017	\$	6,813.03
GR-trn-G1-2 GSU Transformer	2016	\$	8,340.52
GR-trn-GR3 GSU Transformer	2016	\$	8,383.59
GR-trn-GR4 GSU Transformer	2017	\$	8,552.31
GR-trn-GSU Spare Transformer	2017	\$	8,541.28
GR-Underground Tanks 1&2	2016	\$	17,396.82
KU - Various Substations - ASB-Dist	2075	\$	3,719,267.44
KU Distrib Subs (478) - ASB-Dist	2075	\$	2,236,793.38
KU Transmission Subs (69) - ASB	2074	\$	1,696,846.70
Pineville - ASB	2069	\$	5,117,166.78
TY-Ash Pond	2016	\$	1,004,602.12
TY-Coal Storage	2016	\$	40,124.82
TY-Fuel Oil Tanks	2016	\$	66,876.86
TY-Fuel Oil Tanks Unit 1	2016	\$	68,231.13
TY-Mercury Sources	2016	\$	4,021.95
Tyronne Unit 1 (Retired) - ASB	2044	\$	3,039,201.79
Tyronne Unit 2 (Retired) - ASB	2044	\$	3,039,201.79
Tyronne Unit 3 - ASB	2069	\$	3,600,307.58
TY-Service Water Pump Structure	2016	\$	242,130.50
TY-Sewage Treatment Plant	2016	\$	6,687.80
TY-Station Fuel Oil Piping	2016	\$	18,729.65
		\$	<u>220,205,057.75</u>

Crescente, Angela

From: Scott, Valerie
Sent: Thursday, March 25, 2010 2:46 PM
To: Crescente, Angela
Subject: FW: AROs

Angela,

Does the schedule you provided me below contain all the AROs? If not, could you give me the schedule set up the same way, but including all AROs?

Could you also add to the schedule the full estimated cost of the removal obligation (versus the discounted value as of 12/31/08 & 12/31/09) and the date the asset is estimated to be removed?

Thanks.

Valerie

From: Crescente, Angela
Sent: Thursday, February 04, 2010 1:17 PM
To: Scott, Valerie
Subject: RE: AROs

Valerie:

Please see the attached:



ARO Liability Report
from 12-2...

I have also set up a reminder to send this to you quarterly as you requested.

Thanks,
Angela

From: Scott, Valerie
Sent: Wednesday, February 03, 2010 9:03 PM
To: Crescente, Angela
Subject: FW: AROs

Angela,

Could you provide me this report with 12/31/09 balances instead of 6/30/09? If possible, I'd like to get it on Thursday. If that timing isn't possible, please let me know.

Also, could I start getting this schedule (other reserves only) each quarter?

Thanks.

Valerie

From: Crescente, Angela
Sent: Wednesday, September 02, 2009 3:46 PM
To: Scott, Valerie
Cc: Leenerts, Patricia; Wiseman, Sara
Subject: RE: AROs

Valerie,

I have attached a spreadsheet detailing your request.

<< File: ARO Liability Report from 12-2008 to 06-2009.xls >>

Thanks,
Angela

From: Scott, Valerie
Sent: Wednesday, September 02, 2009 3:10 PM
To: Crescente, Angela
Cc: Leenerts, Patricia
Subject: RE: AROs

Actually, just GAAP (for once).

Thanks so much!

Valerie

From: Crescente, Angela
Sent: Wednesday, September 02, 2009 3:09 PM
To: Scott, Valerie
Cc: Leenerts, Patricia
Subject: RE: AROs

Valerie:

We are currently working on your request. Would you like to see both IFRS and GAAP?

Thanks,
Angela

From: Scott, Valerie
Sent: Wednesday, September 02, 2009 1:55 PM
To: Leenerts, Patricia; Crescente, Angela
Subject: AROs

Pat & Angela,

Do we have any AROs related to coal byproducts (i.e., ash ponds, etc.)?

If so, could you provide me with the locations (which plant) and the value of the ARO at 12/31/08 and 6/30/09?

I know it is close week, but if in any way possible, I would like to get this information today or tomorrow. Please let me know if this is possible.

Thanks.

Valerie

ARO Liabilities By Company and Plant for Coal and Coal Byproducts

LGE GAAP

GL Account	Description of ARO	Plant/Location	Liability 12/31/2008	Liability 12/31/2009
230012	CR-Ash Pond	Cane Run	\$ 2,753,810.75	\$ 2,935,837.65
230012	CR-Coal Pile	Cane Run	\$ 196,537.07	\$ 209,528.18
230012	CR-Land Fill	Cane Run	\$ 924,333.20	\$ 985,431.63
230012	MC-Ash Pond	Mill Creek	\$ 2,667,889.24	\$ 2,844,236.70
230012	MC-Landfill	Mill Creek	\$ 3,901,209.14	\$ 4,159,079.06
230012	MC-Storage Pile	Mill Creek	\$ 222,043.28	\$ 236,720.35
230012	TC-Ash Pond	Trimble County	\$ 2,824,281.94	\$ 3,010,966.97
230012	TC-Coal Storage	Trimble County	\$ 97,735.68	\$ 104,196.01
			\$ 13,587,840.30	\$ 14,485,996.55

KU GAAP

GL Account	Description of ARO	Plant/Location	Liability 12/31/2008	Liability 12/31/2009
230012	BR-Ash Pond	Brown	\$ 6,989,248.02	\$ 7,451,237.31
230012	BR-Br 1 Coal Storage	Brown	\$ 42,251.52	\$ 45,044.35
230012	BR-Coal Pile Retention Pond	Brown	\$ 130,255.44	\$ 138,865.34
230012	GH-Ash Pond GH4	Ghent	\$ 9,650,635.80	\$ 10,288,542.83
230012	GH-Coal Storage	Ghent	\$ 457,210.60	\$ 487,432.22
230012	GR-Ash Pond	Green River	\$ 7,823,961.98	\$ 8,341,125.88
230012	GR-Coal Storage	Green River	\$ 72,150.10	\$ 76,919.22
230012	TY-Ash Pond	Tyrone	\$ 602,019.48	\$ 641,812.98
230012	TY-Coal Storage	Tyrone	\$ 24,045.33	\$ 25,634.71
			\$ 25,791,778.27	\$ 27,496,614.84

Crescente, Angela

From: Scott, Valerie
Sent: Tuesday, March 23, 2010 12:38 PM
To: Crescente, Angela
Subject: RE: AROs

Thanks.

Valerie

From: Crescente, Angela
Sent: Tuesday, March 23, 2010 12:02 PM
To: Scott, Valerie
Cc: Wiseman, Sara; Leenerts, Patricia
Subject: RE: AROs

Valerie,

We have not identified any AROs that we haven't been able to reasonably estimate.

Thanks,
Angela

From: Scott, Valerie
Sent: Monday, March 22, 2010 7:21 PM
To: Leenerts, Patricia
Cc: Wiseman, Sara; Crescente, Angela
Subject: FW: AROs

Pat,

I hope the third time's a charm! Sara & Angela are both out. Do you know the answer to my question below?

Thanks.

Valerie

From: Scott, Valerie
Sent: Monday, March 22, 2010 7:20 PM
To: Crescente, Angela
Subject: FW: AROs

Angela,

Since Sara is out until maybe Thursday, could you provide me the information requested below?

Thanks.

Valerie

From: Scott, Valerie

Sent: Saturday, March 20, 2010 10:17 AM
To: Wiseman, Sara
Subject: AROs

Sara,

Have we identified any AROs that we have not accrued for because we couldn't reasonably estimate the amounts?

Thanks.

Valerie

Crescente, Angela

From: Leenerts, Patricia
Sent: Wednesday, March 03, 2010 12:02 PM
To: Crescente, Angela
Subject: ARO-Detail for E317.07

Angela,

Asset / CPR

I selected the Plant Account that Bruce needed (E317.07). Find Assets.

Report. Select Report: Asset - 1124 for the needed year ending. PP then asks "Have you selected 'ALL' assets (Active and Inactive)?" I said yes.

When you "Save Rows" you must put back the calculation for the NBV. Even though the NBV is on the report, the calculation does not come across to the Excel file.

Bruce needed by unit, so I added a column to use as a sort key.

Thanks,

Pat
502-627-3811

Crescente, Angela

From: Crescente, Angela
Sent: Wednesday, February 17, 2010 10:49 AM
To: Leenerts, Patricia
Subject: RE: Well heads - AROP

Still can't do them because it would hit my life reserve which would still mess me up.

From: Leenerts, Patricia
Sent: Wednesday, February 17, 2010 8:53 AM
To: Crescente, Angela
Subject: RE: Well heads - AROP

I'm thinking that the problem had been when there were NO COR dollars. These DO have dollars. Any difference on me doing them or not?

Thanks,

Pat
502-627-3811

From: Crescente, Angela
Sent: Wednesday, February 17, 2010 8:38 AM
To: Leenerts, Patricia
Subject: RE: Well heads - AROP

No, not yet, I have to finish testing the reg entry for this for the retirement of well heads pointing to the AROP Depr Group. I was planning to try to work on that next week. As far as adding, I think you have been going ahead and doing that all along. So, if you retire out of the AROP Depr Group, it will mess things up as it stands right now.

From: Leenerts, Patricia
Sent: Tuesday, February 16, 2010 5:57 PM
To: Crescente, Angela
Subject: Well heads - AROP

Angela,

I need to retire some well heads. I need to add some gate valves and I think that I now need to do it to the well head UOP. Unfortunately, this points to the AROP depr group. Can I do these transactions without messing you up? There is some retirement dollars on one of the projects. 124831 has the ARO CP.

Thanks,

Pat
502-627-3811

Crescente, Angela

From: Crescente, Angela
Sent: Friday, October 22, 2010 4:29 PM
To: 'erin.m.schroering@us.pwc.com'
Cc: Wiseman, Sara
Subject: RE: ARO follow up questoin
Attachments: Support for KU 230 Reval number.pdf

Erin,

This ties out the KU 230 Revaluation number per your request.

Thanks,
Angela

From: erin.m.schroering@us.pwc.com [mailto:erin.m.schroering@us.pwc.com]
Sent: Friday, October 22, 2010 3:49 PM
To: Crescente, Angela
Subject: RE: ARO follow up questoin

Thanks Angela. Is the support for the rest of the 230 amount for KU something I could get today, or will that be Monday as well. Either is fine, just let me know.

I appreciate your help with all of this!

Thanks,

Erin M Schroering
Assurance Associate

PricewaterhouseCoopers LLP (pwc.com)
500 West Main Street Suite 1800
Louisville, KY 40202-4264
Telephone: +1 502 585 7743
Facsimile: +1 813 281 6504
Mobile: +1 502 419 0288

erin.m.schroering@us.pwc.com

Print less, think more.

From: "Crescente, Angela" <Angela.Crescente@eon-us.com>
To: Erin M Schroering/US/ABAS/PwC@Americas-US
Cc: "Wiseman, Sara" <Sara.Wiseman@eon-us.com>
Date: 10/22/2010 03:40 PM
Subject: RE: ARO follow up questoin

Erin,

The PowerPlant System automatically handles the use of the discount rates once it determines if it is an upward revision or a downward revision. In the event of a downward revision, it uses the prior layer's discount rate. In the event of an upward revision, it uses the new layer's rate.

I am still working towards having the IFRS rollforward to you COB Monday.

Thanks,
Angela

From: erin.m.schroering@us.pwc.com [mailto:erin.m.schroering@us.pwc.com]
Sent: Friday, October 22, 2010 3:30 PM
To: Crescente, Angela
Subject: RE: ARO follow up questoin

Hi Angela,

My extension is 2362. Also, I wanted to include this excerpt below. I'm fairly sure you all experienced an upward revision to the expected cash flows and the ARO would be treated as a new liability. Can you confirm this please?

Any changes that result in upward revisions to the expected cash flows shall be treated as a new liability and discounted at the current rate. [FAS 143, paragraph A26]][Any downward revisions to the expected cash flows will result in a reduction of the asset retirement obligation. For downward revisions, the amount of the liability to be removed from the existing accrual shall be discounted at the credit-adjusted risk-free rate that was used at the time the obligation to which the downward revision relates was originally recorded (or the historical weighted-average rate if the year[s] to which the downward revision applies cannot be determined). [FAS 143, paragraph A26]]

Please call me with any questions you have. Also, do you still think you should be able to get the IFRS rollforwards to us by Monday? Please let me know when you get a chance!

Thanks!

Erin M Schroering
Assurance Associate

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500 West Main Street Suite 1800
Louisville, KY 40202-4264
Telephone: +1 502 585 7743
Facsimile: +1 813 281 6504
Mobile: +1 502 419 0288

erin.m.schroering@us.pwc.com

Print less, think more.

From: "Crescente, Angela" <Angela.Crescente@eon-us.com>
To: Erin M Schroering/US/ABAS/PwC@Americas-US
Date: 10/22/2010 03:18 PM
Subject: RE: ARO follow up questoin

I'm sorry, could you give me your extension again. Thanks.

From: erin.m.schroering@us.pwc.com [mailto:erin.m.schroering@us.pwc.com]
Sent: Friday, October 22, 2010 2:40 PM
To: Crescente, Angela
Subject: RE: ARO follow up questoin

Hey Angela,

I was looking through the support you provided. I know I asked you just for the 101 stuff, but I also went ahead and tied out the 230 amounts. I noticed for KU that the amount that I total does not agree to the rollforward. Is there another entry I need to tie the 230 amount - if so I can run up and grab it. Let me know when you get a chance - sorry to bother again!

Thanks,

Erin M Schroering
Assurance Associate

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Telephone: +1 502 585 7743
Facsimile: +1 813 281 6504
Mobile: +1 502 419 0288

erin.m.schroering@us.pwc.com

Print less, think more.

From: "Crescente, Angela" <Angela.Crescente@eon-us.com>
To: Erin M Schroering/US/ABAS/PwC@Americas-US
Cc: "Wiseman, Sara" <Sara.Wiseman@eon-us.com>
Date: 10/22/2010 01:32 PM
Subject: RE: ARO follow up questoin

Erin,

Several AROs were set up in 2003 as a result of SFAS143, some of which include ash ponds, etc. Other AROs such as asbestos were set up in 2005 as a result of FIN47. This is the first GAAP revaluation we have performed since the AROs were set up in 2003 and 2005. However, IFRS has been revalued on a yearly basis due to the change in discount rate supplied by EON AG.

Thanks,
Angela

From: erin.m.schroering@us.pwc.com [<mailto:erin.m.schroering@us.pwc.com>]
Sent: Friday, October 22, 2010 11:19 AM
To: Crescente, Angela
Subject: ARO follow up questoin

Hey Angela,

I was reviewing my notes from our discussion yesterday in trying to document this revaluation. Is it correct that the last time these ARO's were revalued was at 2003? Or is this just when they ere set up? I'm trying to figure out how often they have been revalued, if at all, since set up. Please get back with me at your earliest convenience.

Thanks!

Erin M Schroering
Assurance Associate

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500 West Main Street Suite 1800
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Telephone: +1 502 585 7743
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month	company_number	debit	credit	indicator	amount	gl_je_code	gl_account
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9/1/2010	0:00	0110			0 \$ 7,787.29	ARO	0110 306 015590 015590 230012 0000 0699 0000
9/1/2010	0:00	0110			0 \$ 1,666.92	ARO	0110 306 015590 015590 230012 0000 0699 0000
9/1/2010	0:00	0110			0 \$ 188,321.80	ARO	0110|306|015590|015590|230012|0000|0699|0000|
9/1/2010	0:00	0110			0 \$ 613,734.40	ARO	0110|306|015590|015590|230012|0000|0699|0000|
9/1/2010	0:00	0110			0 \$ 2,210.54	ARO	0110|306|015590|015590|230012|0000|0699|0000|
9/1/2010	0:00	0110			0 \$ (4,150,216.12)	ARO	0110|306|015590|015590|230012|0000|0699|0000|
9/1/2010	0:00	0110			0 \$ (10,966.79)	ARO	0110|306|015590|015590|230012|0000|0699|0000|
9/1/2010	0:00	0110			0 \$ (2,708.77)	ARO	0110|306|015590|015590|230012|0000|0699|0000|
9/1/2010	0:00	0110			0 \$ 411,875.41	ARO	0110|306|015590|015590|230012|0000|0699|0000|
9/1/2010	0:00	0110			0 \$ 53,005.65	ARO	0110|306|015590|015590|230012|0000|0699|0000|
9/1/2010	0:00	0110			0 \$ 561,818.67	ARO	0110|306|015590|015590|230012|0000|0699|0000|
9/1/2010	0:00	0110			0 \$ 393,088.25	ARO	0110|306|015590|015590|230012|0000|0699|0000|
9/1/2010	0:00	0110			0 \$ 12,958.54	ARO	0110|306|015590|015590|230012|0000|0699|0000|
9/1/2010	0:00	0110			0 \$ (4,671.05)	ARO	0110|306|015590|015590|230012|0000|0699|0000|
9/1/2010	0:00	0110			0 \$ 11,361.30	ARO	0110 306 015590 015590 230012 0000 0699 0000
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9/1/2010	0:00	0110			0 \$ 2,839,814.39	ARO	0110 306 015590 015590 230012 0000 0699 0000
9/1/2010	0:00	0110			0 \$ 3,381.26	ARO	0110|306|015590|015590|230012|0000|0699|0000|
9/1/2010	0:00	0110			0 \$ 366,072.87	ARO	0110|306|015590|015590|230012|0000|0699|0000|
9/1/2010	0:00	0110			0 \$ 52,730.99	ARO	0110|306|015590|015590|230012|0000|0699|0000|
9/1/2010	0:00	0110			0 \$ 558,870.28	ARO	0110|306|015590|015590|230012|0000|0699|0000|
9/1/2010	0:00	0110			0 \$ 1,784,271.24	ARO	0110|306|015590|015590|230012|0000|0699|0000|
9/1/2010	0:00	0110			0 \$ 543,446.55	ARO	0110|306|015590|015590|230012|0000|0699|0000|
9/1/2010	0:00	0110			0 \$ 2,153,809.25	ARO	0110|306|015590|015590|230012|0000|0699|0000|
9/1/2010	0:00	0110			0 \$ 448,217.47	ARO	0110|306|015590|015590|230012|0000|0699|0000|
9/1/2010	0:00	0110			0 \$ 777,827.04	ARO	0110|306|015590|015590|230012|0000|0699|0000|
9/1/2010	0:00	0110			0 \$ 661,771.06	ARO	0110|306|015590|015590|230012|0000|0699|0000|
9/1/2010	0:00	0110			0 \$ 4,104,738.27	ARO	0110|306|015590|015590|230012|0000|0699|0000|
9/1/2010	0:00	0110			0 \$ 393,088.25	ARO	0110|306|015590|015590|230012|0000|0699|0000|
9/1/2010	0:00	0110			0 \$ 547,040.22	ARO	0110|306|015590|015590|230012|0000|0699|0000|
9/1/2010	0:00	0110			0 \$ 111,857.27	ARO	0110|306|015590|015590|230012|0000|0699|0000|
9/1/2010	0:00	0110			0 \$ 4,132,355.63	ARO	0110|306|015590|015590|230012|0000|0699|0000|
9/1/2010	0:00	0110			0 \$ (2,708.77)	ARO	0110|306|015590|015590|230012|0000|0699|0000|
9/1/2010	0:00	0110			0 \$ (166,162.68)	ARO	0110|306|015590|015590|230012|0000|0699|0000|

month	company_number	debit	credit	indicator	amount	gl_je_code	gl_account
9/1/2010	0:00	0110			0 \$ 158,194.85	ARO	0110|306|015590|015590|230012|0000|0699|0000| |
9/1/2010	0:00	0110			0 \$ 145,861.17	ARO	0110|306|015590|015590|230012|0000|0699|0000| |
9/1/2010	0:00	0110			0 \$ 43,697.91	ARO	0110|306|015590|015590|230012|0000|0699|0000| |
9/1/2010	0:00	0110			0 \$ 37,291.31	ARO	0110|306|015590|015590|230012|0000|0699|0000| |
9/1/2010	0:00	0110			0 \$ (45,417.34)	ARO	0110|306|015590|015590|230012|0000|0699|0000| |
9/1/2010	0:00	0110			0 \$ 2,074,184.94	ARO	0110|306|015590|015590|230012|0000|0699|0000| |
9/1/2010	0:00	0110			0 \$ 1,971.02	ARO	0110|306|015590|015590|230012|0000|0699|0000| |
9/1/2010	0:00	0110			0 \$ (98,993.70)	ARO	0110|306|015590|015590|230012|0000|0699|0000| |
9/1/2010	0:00	0110			0 \$ (106,106.02)	ARO	0110|306|015590|015590|230012|0000|0699|0000| |
9/1/2010	0:00	0110			0 \$ 6,910.43	ARO	0110|306|015590|015590|230012|0000|0699|0000| |
9/1/2010	0:00	0110			0 \$ 2,689,871.41	ARO	0110|306|015590|015590|230012|0000|0699|0000| |
9/1/2010	0:00	0110			0 \$ (4,258.30)	ARO	0110|306|015590|015590|230012|0000|0699|0000| |
9/1/2010	0:00	0110			0 \$ (37,325.32)	ARO	0110|306|015590|015590|230012|0000|0699|0000| |
9/1/2010	0:00	0110			0 \$ 8,205.00	ARO	0110|306|015590|015590|230012|0000|0699|0000| |
9/1/2010	0:00	0110			0 \$ 129,251.15	ARO	0110|306|015590|015590|230013|0000|0699|0000| |
9/1/2010	0:00	0110			0 \$ 180,052.30	ARO	0110|306|015590|015590|230015|0000|0699|0000| |
9/1/2010	0:00	0110			0 \$ 5,941.21	ARO	0110|306|015590|015590|230015|0000|0699|0000| |
9/1/2010	0:00	0110			0 \$ 208,268.17	ARO	0110|306|015590|015590|230015|0000|0699|0000| |
					\$ 23,553,960.08		

Crescente, Angela

From: Crescente, Angela
Sent: Friday, October 22, 2010 1:32 PM
To: 'erin.m.schroering@us.pwc.com'
Cc: Wiseman, Sara
Subject: RE: ARO follow up questoin

Erin,

Several AROs were set up in 2003 as a result of SFAS143, some of which include ash ponds, etc. Other AROs such as asbestos were set up in 2005 as a result of FIN47. This is the first GAAP revaluation we have performed since the AROs were set up in 2003 and 2005. However, IFRS has been revalued on a yearly basis due to the change in discount rate supplied by EON AG.

Thanks,
Angela

From: erin.m.schroering@us.pwc.com [<mailto:erin.m.schroering@us.pwc.com>]
Sent: Friday, October 22, 2010 11:19 AM
To: Crescente, Angela
Subject: ARO follow up questoin

Hey Angela,

I was reviewing my notes from our discussion yesterday in trying to document this revaluation. Is it correct that the last time these ARO's were revalued was at 2003? Or is this just when they ere set up? I'm trying to figure out how often they have been revalued, if at all, since set up. Please get back with me at your earliest convenience.

Thanks!

Erin M Schroering
Assurance Associate

PricewaterhouseCoopers LLP (pwc.com)
500 West Main Street Suite 1800
Louisville, KY 40202-4264
Telephone: +1 502 585 7743
Facsimile: +1 813 281 6504
Mobile: +1 502 419 0288

erin.m.schroering@us.pwc.com

Print less, think more.

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Clark, Ed

From: Beatty, Stephen
Sent: Friday, September 03, 2010 6:56 AM
To: Wiseman, Sara
Cc: Hennekes, Lisa; Crescente, Angela
Subject: RE: Estimate-Riggs Jct.xls

This information should come from Tom Rieth. Please keep in mind that this estimate was completed based upon the original request. I am not sure this estimate covers all retirement obligations within Doe Run Field. I completed other estimates that should complement this one.

From: Wiseman, Sara
Sent: Thursday, September 02, 2010 3:33 PM
To: Beatty, Stephen
Cc: Hennekes, Lisa; Crescente, Angela
Subject: FW: Estimate-Riggs Jct.xls

Hi Steve:

We are in the process of revaluing our AROs (asset retirement obligations). Would you please update the attached spreadsheet? Please note—I do not think this was the final version of the file.

If we could have the info by Thursday, September 9, that would be great. Thanks.

From: Beatty, Stephen
Sent: Thursday, October 13, 2005 11:36 AM
To: Wiseman, Sara
Subject: RE: Estimate-Riggs Jct.xls

If you can't wait, I have updated everything except the material prices. Let me know if you finish the estimate.

<< File: Estimate-Riggs Jct.xls >>

From: Wiseman, Sara
Sent: Thursday, October 13, 2005 10:59 AM
To: Beatty, Stephen
Cc: Kinder, Debra; Riggs, Eric
Subject: Estimate-Riggs Jct.xls

<< File: Estimate-Riggs Jct.xls >>

Steve:

I believe we will need to set up an ARO for Riggs Junction. I found this old file from our SFAS 143 work. Would you please update it for us? I hope that it will not cause you too much extra work. Thanks and please give me a call if you have questions.

Sara
Ext. 3189

Clark, Ed

From: Wiseman, Sara
Sent: Friday, September 03, 2010 7:23 AM
To: Beatty, Stephen
Cc: Hennekes, Lisa; Crescente, Angela
Subject: RE: Estimate-Riggs Jct.xls

Steve:

Thanks for the quick response. I'll contact Tom.

From: Beatty, Stephen
Sent: Friday, September 03, 2010 6:56 AM
To: Wiseman, Sara
Cc: Hennekes, Lisa; Crescente, Angela
Subject: RE: Estimate-Riggs Jct.xls

This information should come from Tom Rieth. Please keep in mind that this estimate was completed based upon the original request. I am not sure this estimate covers all retirement obligations within Doe Run Field. I completed other estimates that should complement this one.

From: Wiseman, Sara
Sent: Thursday, September 02, 2010 3:33 PM
To: Beatty, Stephen
Cc: Hennekes, Lisa; Crescente, Angela
Subject: FW: Estimate-Riggs Jct.xls

Hi Steve:

We are in the process of revaluing our AROs (asset retirement obligations). Would you please update the attached spreadsheet? Please note—I do not think this was the final version of the file.

If we could have the info by Thursday, September 9, that would be great. Thanks.

From: Beatty, Stephen
Sent: Thursday, October 13, 2005 11:36 AM
To: Wiseman, Sara
Subject: RE: Estimate-Riggs Jct.xls

If you can't wait, I have updated everything except the material prices. Let me know if you finish the estimate.

<< File: Estimate-Riggs Jct.xls >>

From: Wiseman, Sara
Sent: Thursday, October 13, 2005 10:59 AM
To: Beatty, Stephen
Cc: Kinder, Debra; Riggs, Eric
Subject: Estimate-Riggs Jct.xls

<< File: Estimate-Riggs Jct.xls >>

Steve:

I believe we will need to set up an ARO for Riggs Junction. I found this old file from our SFAS 143 work. Would you please update it for us? I hope that it will not cause you too much extra work. Thanks and please give me a call if you have questions.

Sara
Ext. 3189

Clark, Ed

From: Rieth, Tom
Sent: Friday, September 03, 2010 3:39 PM
To: Wiseman, Sara
Cc: Crescente, Angela; Hennekes, Lisa; Beatty, Stephen
Subject: RE: Estimate-Riggs Jct.xls

Sara,

I will get this to you before next Thursday.

Thanks
Tom

From: Wiseman, Sara
Sent: Friday, September 03, 2010 8:01 AM
To: Rieth, Tom
Cc: Crescente, Angela; Hennekes, Lisa; Beatty, Stephen
Subject: FW: Estimate-Riggs Jct.xls

Hi Tom:

I asked Steve Beatty to update the file below as part of our ARO revaluation work. He has responded as follows:

This information should come from Tom Rieth. Please keep in mind that this estimate was completed based upon the original request. I am not sure this estimate covers all retirement obligations within Doe Run Field. I completed other estimates that should complement this one.

Would you be able to update this information? Please let me know if you are not the right person. If you are the right person, it would be if we could have get the info back within the next week to 2 weeks.

Thanks!

From: Wiseman, Sara
Sent: Thursday, September 02, 2010 3:33 PM
To: Beatty, Stephen
Cc: Hennekes, Lisa; Crescente, Angela
Subject: FW: Estimate-Riggs Jct.xls

Hi Steve:

We are in the process of revaluing our AROs (asset retirement obligations). Would you please update the attached spreadsheet? Please note—I do not think this was the final version of the file.

If we could have the info by Thursday, September 9, that would be great. Thanks.

From: Beatty, Stephen

Sent: Thursday, October 13, 2005 11:36 AM
To: Wiseman, Sara
Subject: RE: Estimate-Riggs Jct.xls

If you can't wait, I have updated everything except the material prices. Let me know if you finish the estimate.

<< File: Estimate-Riggs Jct.xls >>

From: Wiseman, Sara
Sent: Thursday, October 13, 2005 10:59 AM
To: Beatty, Stephen
Cc: Kinder, Debra; Riggs, Eric
Subject: Estimate-Riggs Jct.xls

<< File: Estimate-Riggs Jct.xls >>

Steve:

I believe we will need to set up an ARO for Riggs Junction. I found this old file from our SFAS 143 work. Would you please update it for us? I hope that it will not cause you too much extra work. Thanks and please give me a call if you have questions.

Sara
Ext. 3189

Clark, Ed

From: Riggs, Eric
Sent: Monday, September 13, 2010 8:55 AM
To: Kenton, Mike
Cc: Wiseman, Sara; Crescente, Angela
Subject: FW: GSU Transformers

Mike,

Would you be able to respond to the request in the email below?

Thanks,
Eric Riggs

From: Brown, Chris
Sent: Friday, September 10, 2010 11:40 AM
To: Wiseman, Sara; Riggs, Eric; Hoyt, Lynn
Subject: RE: GSU Transformers

Contact Mike Kenton, transmission substation.

From: Wiseman, Sara
Sent: Friday, September 10, 2010 11:28 AM
To: Riggs, Eric; Hoyt, Lynn; Brown, Chris
Subject: RE: GSU Transformers

Hi Lynn and Chris:

We'd appreciate a response by Wednesday, September 15.

Thanks.

From: Riggs, Eric
Sent: Friday, September 10, 2010 11:08 AM
To: Hoyt, Lynn; Brown, Chris
Cc: Wiseman, Sara
Subject: GSU Transformers

Lynn, Chris,

Andre Johnson gave me your names as experts in the costs associated with Generator Step-Up transformers (GSU). The companies list some GSU's as having an asset retirement obligation (ARO). This means that there is a legal requirement to dispose of these assets in a particular way. In other words, these assets can't be scrapped or thrown in a trash heap. We need to know how much it costs to dispose a GSU. Andre Johnson

informed me that you may be in the process of getting rid of it. He stated that he was given the oil to dispose. Andre said that depending on how contaminated or dirty the oil was, the disposal firm might even give the company some money for the oil.

Can you tell us what additional costs are associated with retiring and disposing of a GSU? Is there someone else that I should address this question? We will be reevaluating these costs on a yearly basis.

Thanks,
Eric Riggs

Crescente, Angela

From: Scott, Valerie
Sent: Tuesday, October 19, 2010 11:37 AM
To: Crescente, Angela
Cc: Wiseman, Sara
Subject: RE: ARO Liability with retirement dates

Angela,

Could you set up columns by year & spread the costs to the appropriate year column so we can get an expected spend by year? In total it should tie back to the current column, so would you also add a total line with totals for each column?

Thanks.

Valerie

From: Crescente, Angela
Sent: Monday, October 18, 2010 3:55 PM
To: Scott, Valerie
Cc: Wiseman, Sara
Subject: RE: ARO Liability with retirement dates

Valerie,

Per your request:

<< File: lge forecast runout-final.xlsx >> << File: ku forecast runout-final.xlsx >>

Thanks,
Angela

From: Scott, Valerie
Sent: Wednesday, October 13, 2010 5:29 PM
To: Wiseman, Sara
Subject: RE: FARO Liability with retirement dates

Can you get the amounts to be paid in the future rather than the current liability value?

Valerie

From: Wiseman, Sara
Sent: Wednesday, October 13, 2010 5:07 PM
To: Scott, Valerie
Cc: Crescente, Angela
Subject: FARO Liability with retirement dates

<< File: KU GAAP ARO 1000 Report with retirement dates.xlsx >> << File: LGE GAAP ARO 1000 Report with retirement dates.xlsx >>

Valerie: Here is the information we had readily available.

Crescente, Angela

From: Wiseman, Sara
Sent: Wednesday, October 20, 2010 6:42 AM
To: Bixler, Charles; Clark, Ed; Clark, Lynda; Crescente, Angela; Daly, Karen; Griffin, Sharon; Kinder, Debra; Leenerts, Patricia; Riggs, Eric; Rose, Bruce; Wacker, Diana; Wilson, Prevonne
Subject: ARO projects

Hi all:

There are some projects which have received charges for ARO settlements in account 108799 (the right account). These projects are still in active status, but may have old settlement activity on them. I've asked Diana to put these projects on the various job logs so that we can start investigating and possibly do settlements. I'm aiming for this to be cleared up before year end, if possible.

Thanks for your help.

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

Crescente, Angela

From: Charnas, Shannon
Sent: Wednesday, October 20, 2010 9:24 AM
To: Wiseman, Sara
Cc: Crescente, Angela
Subject: RE: Timing of ARO revaluations.docx

Did the gas main explosion in CA had anything to do with our ARO revaluation on the gas side?

Shannon Charnas

Director, Utility Accounting & Reporting
E.ON U.S.
(502) 627-4978

From: Wiseman, Sara
Sent: Monday, October 18, 2010 4:26 PM
To: Charnas, Shannon
Cc: Crescente, Angela
Subject: Timing of ARO revaluations.docx

<< File: Timing of ARO revaluations.docx >>

Shannon:

For your review.

Crescente, Angela

From: Crescente, Angela
Sent: Wednesday, October 20, 2010 2:12 PM
To: Scott, Valerie
Cc: Wiseman, Sara; Charnas, Shannon
Subject: FW: ARO Liability with retirement dates

Valerie,

Please let me know if you need something else or if this is what you were looking for. I'm so sorry for my misunderstanding of what you were looking for the first time.



ku forecast
runout-spending ...



lge forecast
runout-spending ...

Thanks,
Angela

From: Scott, Valerie
Sent: Tuesday, October 19, 2010 11:37 AM
To: Crescente, Angela
Cc: Wiseman, Sara
Subject: RE: ARO Liability with retirement dates

Angela,

Could you set up columns by year & spread the costs to the appropriate year column so we can get an expected spend by year? In total it should tie back to the current column, so would you also add a total line with totals for each column?

Thanks.

Valerie

From: Crescente, Angela
Sent: Monday, October 18, 2010 3:55 PM
To: Scott, Valerie
Cc: Wiseman, Sara
Subject: RE: ARO Liability with retirement dates

Valerie,

Per your request:

<< File: lge forecast runout-final.xlsx >> << File: ku forecast runout-final.xlsx >>

Thanks,
Angela

From: Scott, Valerie
Sent: Wednesday, October 13, 2010 5:29 PM
To: Wiseman, Sara
Subject: RE: FARO Liability with retirement dates

Can you get the amounts to be paid in the future rather than the current liability value?

Valerie

From: Wiseman, Sara
Sent: Wednesday, October 13, 2010 5:07 PM
To: Scott, Valerie
Cc: Crescente, Angela
Subject: FARO Liability with retirement dates

<< File: KU GAAP ARO 1000 Report with retirement dates.xlsx >> << File: LGE GAAP ARO 1000 Report with retirement dates.xlsx >>

Valerie: Here is the information we had readily available.

Description	Ending Liability	Month/Year
GR-trn-G1-2 GSU Transformer	8,296.15	12/2016
GR-trn-GR3 GSU Transformer	8,338.99	12/2016
	\$ 16,635.14	12/2016 Total
GR-trn-GR4 GSU Transformer	8,506.81	12/2017
GR-trn-GSU Spare Transformer	8,495.84	12/2017
	\$ 17,002.65	12/2017 Total
GR-Ash Pond	7,760,286.57	12/2018
GR-Chemical Storage	824.57	12/2018
GR-Coal Storage	260,530.10	12/2018
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
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
TY-Service Water Pump Structure	259,659.16	12/2018
TY-Sewage Treatment Plant	70,480.86	12/2018
	\$ 11,153,181.43	12/2018 Total
BR-Lab	25,483.66	12/2019
	\$ 25,483.66	12/2019 Total
GH-trn-GH1 GSU Transformer	3,465.27	12/2020
	\$ 3,465.27	12/2020 Total
GH-trn-GH2 GSU Transformer	3,779.52	12/2024
	\$ 3,779.52	12/2024 Total
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-Nuclear Sources	31,525.29	12/2026

Description	Ending Liability	Month/Year
BR-Oil Storage	13,911.62	12/2026
GH-Gypsum Stack-GH 1 Scrubber	8,325,471.98	12/2026
GH-Oil Storage	17,413.18	12/2026
GH-Sewage Treatment Plant	36,124.09	12/2026
	\$ 34,508,447.72	12/2026 Total
GH-trn-GH3 GSU Transformer	4,099.06	12/2028
	\$ 4,099.06	12/2028 Total
GH-trn-GH Spare GSU Transformer	4,415.67	12/2031
GH-trn-GH4 GSU Transformer	4,423.96	12/2031
	\$ 8,839.63	12/2031 Total
BR-Oil Storage CT - OP	64,801.42	12/2036
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
GH-Environmental Ponds	1,429,058.16	12/2036
GH-Nuclear Sources	446,997.03	12/2036
	\$ 55,865,528.87	12/2036 Total
Pineville - ASB	3,293,168.39	12/2043
	\$ 3,293,168.39	12/2043 Total
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
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
	\$ 29,733,882.71	12/2051 Total
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

Description	Ending Liability	Month/Year
Ghent Unit 1 - ASB	22,512,027.72	12/2059
	\$ 59,112,660.87	12/2059 Total
Ghent Unit 2 - ASB	30,447,763.48	12/2060
	\$ 30,447,763.48	12/2060 Total
Dix Dam - ASB - Hydro	1,144,884.47	12/2069
Ghent Unit 3 - ASB	6,488,401.45	12/2069
Ghent Unit 4 - ASB	6,488,401.45	12/2069
	\$ 14,121,687.37	12/2069 Total
KU - General Facilities - ASB	4,068,976.18	12/2073
	\$ 4,068,976.18	12/2073 Total
Big Stone Gap Substation - ASB-Dist	132,839.45	12/2077
KU Distribution Subs (478) - ASB	3,446,235.00	12/2077
	\$ 3,579,074.45	12/2077 Total
KU Transmission Subs (69) - ASB	2,865,833.27	12/2079
	\$ 2,865,833.27	12/2079 Total
	248,829,509.67	Grand Total

Description	Ending Liability	Month/Year
Canal (Retired) - ASB	1,735,822.47	12/2015
Paddy's (Unit 11) - ASB	5,069,703.26	12/2015
	\$ 6,805,525.73	12/2015 Total
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
	\$ 16,311.21	12/2017 Total
Trn-MC1 GSU	4,162.33	12/2018
	\$ 4,162.33	12/2018 Total
Trn-MC2 GSU	4,265.13	12/2019
	\$ 4,265.13	12/2019 Total
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
Trn-MC 3 GSU	4,614.72	12/2023
	\$ 11,899,952.39	12/2023 Total
Trn-MC Spare GSU	5,124.62	12/2028
Trn-MC4 GSU	5,124.62	12/2028
	\$ 10,249.24	12/2028 Total
Center Gas Storage Field - UGS	6,452,002.42	12/2033
Doe Run Gas Storage Field - UGS	4,377,102.16	12/2033
Magnolia Gas Storage Field - UGS	4,508,467.21	12/2033
Muldraugh Gas Storage Field - UGS	1,765,893.07	12/2033
	\$ 17,103,464.86	12/2033 Total
MC-Ash Pond	17,137,864.44	12/2036
MC-Chemical Storage	29,796.43	12/2036

Description	Ending Liability	Month/Year
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
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
	\$ 47,419,688.60	12/2036 Total
Zorn - ASB	204,988.90	12/2043
	\$ 204,988.90	12/2043 Total
Gas Main & Serv Abandons-Dist	91,273,146.26	12/2050
Muldraugh 237520-ASB-Gas Dist	22,519.08	12/2050
	\$ 91,295,665.34	12/2050 Total
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
	\$ 26,214,324.31	12/2051 Total
Cane Run Unit 5 - ASB	6,334,678.23	12/2055
	\$ 6,334,678.23	12/2055 Total
Cane Run Unit 6 - ASB	7,432,419.77	12/2056
	\$ 7,432,419.77	12/2056 Total
City Gate Prest 237900-ASB-Dist	43,183.12	12/2058
	\$ 43,183.12	12/2058 Total
Mill Creek Unit 1 - ASB	9,620,019.34	12/2059
Mill Creek Unit 2 - ASB	8,388,765.42	12/2059

Description	Ending Liability	Month/Year
Seventh&Ormsby - ComGenPln-ASB	1,215,058.91	12/2059
	\$ 19,223,843.67	12/2059 Total
City Gate DR 237900-ASB-Dist	43,616.29	12/2066
Doe Run 235300-ASB-UGS	599,317.92	12/2066
Magnolia 235300-ASB-UGS	627,417.31	12/2066
Muldraugh 235300-ASB-UGS	471,342.18	12/2066
	\$ 1,741,693.70	12/2066 Total
Magnolia 235600-ASB-UGS	86,281.17	12/2069
Mill Creek Unit 3 - ASB	5,806,361.11	12/2069
Mill Creek Unit 4 - ASB	8,628,115.08	12/2069
Muldraugh 235600-ASB-UGS	381,616.97	12/2069
Ohio Falls - ASB	2,057,472.95	12/2069
	\$ 16,959,847.28	12/2069 Total
Magnolia 235120-ASB-UGS	251,278.23	12/2075
Muldraugh 235120-ASB-UGS	356,289.69	12/2075
Riggs Junction 235120-ASB-UGS	264,813.33	12/2075
	\$ 872,381.25	12/2075 Total
LGE Distribution Subs (66) - ASB	3,592,366.78	12/2078
	\$ 3,592,366.78	12/2078 Total
LGE Transmission Subs (11) - ASB	453,537.08	12/2079
	\$ 453,537.08	12/2079 Total
Manholes - ASB	25,798,847.64	12/2094
	\$ 25,798,847.64	12/2094 Total
	\$ 283,431,396.56	Grand Total

Crescente, Angela

From: Wiseman, Sara
Sent: Tuesday, October 26, 2010 4:43 AM
To: Crescente, Angela
Subject: FW: AGA Acctg Svcs Cmte SOS 18-2010 "Asset Retirement Obligations (AROs) Survey "
deadline to respond is Friday, November 5th

If you are interested.

From: Allen, Doug [<mailto:DAllen@aga.org>]
Sent: Monday, October 25, 2010 1:02 PM
To: Committee Members; Cary Havens
Subject: AGA Acctg Svcs Cmte SOS 18-2010 "Asset Retirement Obligations (AROs) Survey " deadline to respond is Friday, November 5th

**AGA Accounting Services Committee
SOS 18-2010**

Date
October 25, 2010

Requestor
Cary Havens
Supervisor - General & Property Accounting
Wexpro Company, a subsidiary of Questar
Phone: (801) 324-2089
Email: Cary.Havens@questar.com

Respond by
Friday, November 5, 2010

SOS Request
Asset Retirement Obligations (AROs) Survey

We are conducting a survey of AGA members regarding their accounting treatment for asset retirement obligations (AROs). We'd appreciate it if you would respond to the following two questions:

1. How are you interpreting changes in assumptions as mentioned in ASC 410-20-55-19? How are the revision layers being constructed and recorded on the books?
2. What types of software are being used for handling AROs and the related accretion and depreciation expenses? Wexpro is currently using Excel to handle these calculations.

Thank you for your assistance with this survey.

Please respond directly to Cary Havens at Cary.Havens@questar.com by Friday, November 5, 2010.

If you wish to receive a copy of the compiled results, please provide your contact information below:

Name
Company
Address
Telephone
Fax
Email

Thank you in advance for your time and help.

Note: Responders should review the AGA Antitrust Guidelines (<http://www.aga.org/antitrust>) prior to any response or discussions and no information shall be disseminated or discussed that violates those guidelines. To steer clear of trouble, do not exchange company-specific, competitively sensitive information- i.e., prices, costs, terms and conditions of sale, capacity, business strategies or future plans. Survey participants should not make disparaging comments and generally not make recommendations for or against any of the products or services of particular manufacturers or service providers. If any questions arise, contact your company's lawyer or AGA's General Counsel's Office at: 202/824-7072 or GCO@aga.org.



Douglas C. Allen | Director, Finance & Accounting
American Gas Association
400 N. Capitol Street, NW | Washington, DC 20001
direct 202.824.7261 | fax 202.824.7085 | dallen@aga.org
Visit our Web site at <http://www.aga.org>

-Clean Fuel Green Fuel-

Clark, Ed

From: Leenerts, Patricia
Sent: Tuesday, June 29, 2010 2:07 PM
To: Crescente, Angela
Subject: FW: Project 122202

This may be of interest to you.

Thanks,

Pat
502-627-3811

From: Lanphierd, Steve
Sent: Tuesday, January 29, 2008 7:38 PM
To: Leenerts, Patricia
Subject: RE: Project 122202

Patricia, I will call you in the morning but I will note some things in your letter below. Steve

From: Leenerts, Patricia
Sent: Tuesday, January 29, 2008 3:29 PM
To: Lanphierd, Steve
Subject: Project 122202

I am working with AROs (Asset Retirement Obligations). AROs are items that require special handling upon retirement or disposition. I reviewed a couple of web sites (www.deareator.com and www.wikipedia.com) to get a basic understanding of what the deareator (DA) and deareator tank (DA tank) are. I understand that the process removes steam boiler water of dissolved gases, particularly corrosive gases, and dissolved and suspended solids. I also saw that a scrubber was or could be involved.

We use the term scrubber, it is the process of scrubbing oxygen from the feedwater.

Is there special handling of the equipment, DA, DA tank and scrubber, when it comes time to retire/dispose of it? Normally the equipment is left in place as they are very large pieces of equipment weighing many tons and are located usually on upper floors of the building and would have to be removed through the side of the building.

What is involved? More than likely they are insulated with asbestos therefore they would have to be abated if removed.

Abatement would cost approx. 10k. (educated guess)

Also, can these items be cleaned and what is involved with that? See above

How long do each of these items, DA, DA tank and scrubber, last prior to disposition? Both DA's and tanks were built in the 1940's. They usually last the life of the unit.

Feel free to give me a call if that is easier. I would still appreciate an email with some information to keep me from taking so many notes during our phone conversation. Also, please forward to a more appropriate person if needed. I got your name off the project number.

Thank you for your patience as I try to learn more about the equipment that is used in our business.

Pat
502-627-3811

Clark, Ed

From: Kapp, Karan
Sent: Tuesday, July 13, 2010 1:23 PM
To: Durbin, Tony; Wiseman, Sara; Satkamp, Mark; Skaggs, John; Woodworth, Steve; Rieth, Tom; Wiseman, Sara; Crescente, Angela
Cc: Grant, Jerry; Carroll, Sandy; Raible, Eric; Porter, Janice
Subject: RE: Asbestos AROs

I can tell you that my estimates only include the cost to remove and dispose of asbestos and does not include the cost to replace with non-asbestos items.

This is a good question for Property Accounting.

From: Durbin, Tony
Sent: Tuesday, July 13, 2010 12:52 PM
To: Kapp, Karan; Wiseman, Sara
Subject: RE: Asbestos AROs

I have a question regarding asbestos liability. If we remove arch chutes from breakers in a substation, it costs a certain amount of money. But, in reality, the breakers will no longer function. Thus, I'd have to spend a significant amount of money to upgrade to new equipment.

Should I include costs just to remove the arc chutes or replace the entire breakers with newer equipment?

Tony Durbin
Electrical Engineer
E.ON U.S. LLC
SC&M Dept, South Service Center
Ph: (502) 364-8608, Fax (502) 217-2268, Cell: (502) 645-8649

From: Kapp, Karan
Sent: Monday, July 12, 2010 11:23 AM
To: Durbin, Tony; Kapp, Karan; Satkamp, Mark; Skaggs, John; Woodworth, Steve; Rieth, Tom; Wiseman, Sara; Crescente, Angela
Cc: Porter, Janice; Raible, Eric; Carroll, Sandy; Grant, Jerry
Subject: FW: Asbestos AROs
Importance: High

<< File: REVISED ASBESTOS REMOVAL PRICING AS OF JULY 2010.xls >>

I requested up to date pricing from the vendor we typically would use for Asbestos Abatement and they were happy to review our pricing from 2005 and either confirm or update the sheet with new pricing. The attached spreadsheet lists the latest pricing to use for updating our information. Hope this helps everyone.

Karan Kapp
Eon-US
Facility Services Department
(502) 627-2498
email address- karan.kapp@eon-us.com

From: Hennekes, Lisa
Sent: Monday, June 14, 2010 4:35 PM
To: Durbin, Tony; Kapp, Karan; Satkamp, Mark; Skaggs, John; Woodworth, Steve; Rieth, Tom
Cc: Porter, Janice; Raible, Eric; Carroll, Sandy
Subject: FW: Asbestos AROs

All,

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Lisa

From: Wiseman, Sara
Sent: Friday, June 11, 2010 4:47 PM
To: Hennekes, Lisa
Cc: Clark, Lynda; Crescente, Angela
Subject: Asbestos

Hi Lisa:

Here are the files/emails for the asbestos support for AROs.

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<< Message: Asbestos Liability estimate for Distribution Substations >>

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<< Message: ASBESTOS REMOVAL EST COSTS FOR FACILITIES >>

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<< Message: Magnolia asbestos - updated >>
Manholes from Scott Cooke (Network Vaults):

<< Message: FW: Cost to Remove Asbestos in Vaults >>

Muldraugh from Steve Beatty:

<< Message: RE: Asbestos >>

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

Clark, Ed

From: Crescente, Angela
Sent: Tuesday, July 13, 2010 2:20 PM
To: Kapp, Karan; Durbin, Tony; Wiseman, Sara; Satkamp, Mark; Skaggs, John; Woodworth, Steve; Rieth, Tom; Wiseman, Sara
Cc: Grant, Jerry; Carroll, Sandy; Raible, Eric; Porter, Janice
Subject: RE: Asbestos AROs

Tracking:	Recipient	Read
	Kapp, Karan	Read: 7/13/2010 2:20 PM
	Durbin, Tony	Read: 7/13/2010 3:13 PM
	Wiseman, Sara	Read: 7/13/2010 4:06 PM
	Satkamp, Mark	Read: 7/13/2010 2:27 PM
	Skaggs, John	Read: 7/13/2010 4:43 PM
	Woodworth, Steve	Read: 7/13/2010 3:28 PM
	Rieth, Tom	Read: 7/13/2010 2:23 PM
	Wiseman, Sara	
	Grant, Jerry	Read: 7/13/2010 2:26 PM
	Carroll, Sandy	Read: 7/14/2010 10:05 PM
	Raible, Eric	
	Porter, Janice	Read: 7/13/2010 2:33 PM

Karan is correct. We only need to include the "legally obligated" portion of removal and disposal for asbestos. In other words, just the cost to remove the arch chutes from the breaker. The cost of upgrading to the new equipment would not be included since there is no asbestos to remove in the new equipment.

From: Kapp, Karan
Sent: Tuesday, July 13, 2010 1:23 PM
To: Durbin, Tony; Wiseman, Sara; Satkamp, Mark; Skaggs, John; Woodworth, Steve; Rieth, Tom; Wiseman, Sara; Crescente, Angela
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Lisa

From: Wiseman, Sara
Sent: Friday, June 11, 2010 4:47 PM
To: Hennekes, Lisa
Cc: Clark, Lynda; Crescente, Angela
Subject: Asbestos

Hi Lisa:

Here are the files/emails for the asbestos support for AROs.

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Muldraugh from Steve Beatty:

<< Message: RE: Asbestos >>

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

Clark, Ed

From: Wiseman, Sara
Sent: Tuesday, August 17, 2010 2:44 PM
To: Rieth, Tom; Hennekes, Lisa
Cc: Crescente, Angela
Subject: RE: Asbestos AROs

Tom:

We received Muldraugh, but not Magnolia. Would you be the person to send that to us?

From: Rieth, Tom
Sent: Wednesday, August 04, 2010 1:04 PM
To: Hennekes, Lisa; Wiseman, Sara
Subject: RE: Asbestos AROs

Sarah,

I believe I have sent my updated estimate to you, just want to verify that you received it. I can send again if you did not receive it.

Thanks
Tom

From: Hennekes, Lisa
Sent: Wednesday, August 04, 2010 12:38 PM
To: Kapp, Karan; Skaggs, John; Woodworth, Steve; Rieth, Tom
Cc: Porter, Janice; Raible, Eric; Carroll, Sandy; Wiseman, Sara
Subject: RE: Asbestos AROs

Just thought I would check and see how everyone is coming on the asbestos information for Sara. I think we had targeted Aug 15 to have it to her, so just wanted to make sure it was coming along okay. Thanks.

(Sara, I haven't seen any questions on the information from Tony and Mark, so I assume you all are okay with that, at least as of now. If not let us know.).

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Clark, Ed

From: Wiseman, Sara
Sent: Wednesday, August 18, 2010 8:18 AM
To: Crescente, Angela
Subject: FW: Asbestos AROs

From: Rieth, Tom
Sent: Wednesday, August 18, 2010 6:48 AM
To: Wiseman, Sara
Subject: RE: Asbestos AROs

Sara,

I would contact John Skaggs. I did work at Magnolia at the time the original estimate was put together, but I do not have their updated information.

Thanks,
Tom

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Clark, Ed

From: Wiseman, Sara
Sent: Wednesday, August 18, 2010 8:36 AM
To: Skaggs, John
Cc: Crescente, Angela; Hennekes, Lisa
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John: Please see the emails below. Do you have Magnolia's? If not, who should I get it from?

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Sara,

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

Clark, Ed

From: Thomas, Zach
Sent: Thursday, July 15, 2010 3:08 PM
To: Kapp, Karan
Cc: Skaggs, John
Subject: FW: Asbestos AROs

Karan,
Attached are updated quantities of asbestos for Magnolia.



Magnolia
asbestos 7_15_1...

Thanks,
Zach

From: Skaggs, John
Sent: Friday, July 02, 2010 2:51 PM
To: Thomas, Zach
Subject: FW: Asbestos AROs

Zach,

Look at the spreadsheet for Magnolia and please verify the footage and estimates. The dollar amount are going to be obtained by someone else. We need to have this updated by July 15th.

Thanks,
John

From: Hennekes, Lisa
Sent: Monday, June 14, 2010 4:35 PM
To: Durbin, Tony; Kapp, Karan; Satkamp, Mark; Skaggs, John; Woodworth, Steve; Rieth, Tom
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ASBESTOS
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RE: Asbestos

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

Crescente, Angela

From: sarah.b.carpenter@us.pwc.com
Sent: Wednesday, January 20, 2010 7:01 PM
To: Crescente, Angela
Subject: RE: PPE - ARO year end rollforwards

Thanks so much for working late to get this finished. Much appreciated!

Sarah Beth Carpenter | PricewaterhouseCoopers LLP | Assurance and Business Advisory Services | **Email:**
sarah.b.carpenter@us.pwc.com
500 W. Main Street Ste. 1800 | Louisville, KY 40202 | **Phone:** 502.585.7731 | **Fax:** 813.329.5081 | **Mobile:** 606.584.3322

From: "Crescente, Angela" <Angela.Crescente@eon-us.com>
To: Sarah B Carpenter/US/ABAS/PwC@Americas-US
Cc: "Wiseman, Sara" <Sara.Wiseman@eon-us.com>
Date: 01/20/2010 06:59 PM
Subject: RE: PPE - ARO year end rollforwards

Sarah:

Please see the attached per your request.

Thanks,
Angela

From: sarah.b.carpenter@us.pwc.com [<mailto:sarah.b.carpenter@us.pwc.com>]
Sent: Tuesday, January 19, 2010 5:18 PM
To: Crescente, Angela
Subject: PPE - ARO year end rollforwards

Hi Angela,

I am working on the property, plant and equipment section of the year end audit and was wondering if you could provide me with the ARO rollforwards for both LG&E and KU (IFRS and GAAP) as of 12/31/2009? Please see the attachments below for an example of what was given to us last year:

Please let me know if you have any questions. My extension in the PwC audit room is 2663.

Thanks,
Sarah Beth

Sarah Beth Carpenter | PricewaterhouseCoopers LLP | Assurance and Business Advisory Services | Email:
sarah.b.carpenter@us.pwc.com
500 W. Main Street Ste. 1800 | Louisville, KY 40202 | Phone: 502.585.7731 | Fax: 813.329.5081 | Mobile: 606.584.3322

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Crescente, Angela

From: Wiseman, Sara
Sent: Monday, January 18, 2010 1:28 PM
To: Crescente, Angela
Subject: ARO table in financial report

Angela:

Please see this file and specifically the tab called 10 K rollforward. Unless you have developed a table yourself, I think this is good support. You will need to update for 2009.

<<file://\fs2\propacct\FIN 47\2008 Files\ARO Rollforward LGE ltd as of 2008.xls>>

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

Crescente, Angela

From: Crescente, Angela
Sent: Tuesday, January 12, 2010 11:06 AM
To: 'eonaudit@us.pwc.com'
Cc: Wiseman, Sara
Subject: I.F.9b

There were no new AROs identified during the time period.

Thanks,
Angela

Crescente, Angela

From: Crescente, Angela
Sent: Tuesday, January 12, 2010 11:03 AM
To: 'eonaudit@us.pwc.com'
Cc: Wiseman, Sara
Subject: I.F.9a

Please find the attached:



ARO Liability KU
GAAP - YTD.PD...



ARO Liability KU
IFRS - YTD.PD...



ARO Liability LGE
GAAP - YTD.P...



ARO Liability LGE
IFRS - YTD.P...

Thanks,
Angela

ARO Liability Balances and Activity

Charnas

Period Beginning: 1/1/2009

Period Ending: 12/1/2009

E.ON US

Company GL Account	Beginning Liability	Liabilities Incurred	Liabilities Settled	Accretion	Revisions	Gain/Loss	Accretion and Liab. Adjust	Ending Liability
KENTUCKY UTILITIES COMPANY								
230012-ASSET RETIREMENT OBLIGAT								
BR-Ash Pond	\$6,989,248.02	\$0.00	\$0.00	\$461,989.29	\$0.00	\$0.00	\$0.00	\$7,451,237.31
BR-Br 1 Coal Storage	\$42,251.52	\$0.00	\$0.00	\$2,792.83	\$0.00	\$0.00	\$0.00	\$45,044.35
BR-BR 3 Fuel Oil Tanks	\$99,281.37	\$0.00	\$0.00	\$6,562.49	\$0.00	\$0.00	\$0.00	\$105,843.86
BR-BR3 Sewage Treatment Plant	\$7,050.59	\$0.00	\$0.00	\$466.04	\$0.00	\$0.00	\$0.00	\$7,516.63
BR-Coal Pile Retention Pond	\$130,255.44	\$0.00	\$0.00	\$8,609.90	\$0.00	\$0.00	\$0.00	\$138,865.34
BR-CT Fuel Oil Piping - OP	\$17,380.44	\$0.00	\$0.00	\$1,148.85	\$0.00	\$0.00	\$0.00	\$18,529.29
BR-CT9 Fuel Oil Tanks - OP	\$159,408.15	\$0.00	\$0.00	\$10,536.89	\$0.00	\$0.00	\$0.00	\$169,945.04
BR-Lab	\$12,670.71	\$0.00	\$0.00	\$837.55	\$0.00	\$0.00	\$0.00	\$13,508.26
Brown Unit 1 - ASB	\$215,386.71	\$0.00	\$0.00	\$11,539.34	\$0.00	(\$72,305.44)	\$0.00	\$154,620.61
Brown Unit 2 - ASB	\$345,308.09	\$0.00	\$0.00	\$20,155.63	\$0.00	\$0.00	\$0.00	\$365,463.72
Brown Unit 3 - ASB	\$779,025.79	\$0.00	\$0.00	\$45,471.72	\$0.00	\$0.00	\$0.00	\$824,497.51
BR-Radiation Sources	\$11,265.51	\$0.00	\$0.00	\$744.65	\$0.00	\$0.00	\$0.00	\$12,010.16
BR-Station Fuel Oil Piping	\$11,967.88	\$0.00	\$0.00	\$791.08	\$0.00	\$0.00	\$0.00	\$12,758.96
Dix Dam - ASB - Hydro	\$36,197.34	\$0.00	\$0.00	\$2,112.83	\$0.00	\$0.00	\$0.00	\$38,310.17
GH-Ash Pond GH4	\$9,650,635.80	\$0.00	\$0.00	\$637,907.03	\$0.00	\$0.00	\$0.00	\$10,288,542.83
GH-Chemical Tanks GH4	\$5,453.22	\$0.00	\$0.00	\$360.45	\$0.00	\$0.00	\$0.00	\$5,813.67
GH-Coal Storage	\$457,210.60	\$0.00	\$0.00	\$30,221.62	\$0.00	\$0.00	\$0.00	\$487,432.22
Ghent Unit 1 - ASB	\$682,821.04	\$0.00	\$0.00	\$39,856.28	\$0.00	\$0.00	\$0.00	\$722,677.32
Ghent Unit 2 - ASB	\$904,944.68	\$0.00	\$0.00	\$52,821.60	\$0.00	\$0.00	\$0.00	\$957,766.28
Ghent Unit 3 - ASB	\$160,515.83	\$0.00	\$0.00	\$9,369.32	\$0.00	\$0.00	\$0.00	\$169,885.15
Ghent Unit 4 - ASB	\$160,515.83	\$0.00	\$0.00	\$9,369.32	\$0.00	\$0.00	\$0.00	\$169,885.15
GH-Gypsum Stack-GH 1 Scrubber	\$613,202.09	\$0.00	\$0.00	\$40,532.65	\$0.00	\$0.00	\$0.00	\$653,734.74
GH-Radiation Sources	\$77,122.39	\$0.00	\$0.00	\$5,097.80	\$0.00	\$0.00	\$0.00	\$82,220.19
GH-Sewage Treatment Plant GH1	\$6,735.24	\$0.00	\$0.00	\$445.18	\$0.00	\$0.00	\$0.00	\$7,180.42
GH-Station Fuel Oil Piping GH2	\$2,272.04	\$0.00	\$0.00	\$150.19	\$0.00	\$0.00	\$0.00	\$2,422.23
GH-trn-GH Spare GSU Transformer	\$1,018.47	\$0.00	\$0.00	\$67.31	\$0.00	\$0.00	\$0.00	\$1,085.78
GH-trn-GH1 GSU Transformer	\$1,616.13	\$0.00	\$0.00	\$106.83	\$0.00	\$0.00	\$0.00	\$1,722.96
GH-trn-GH2 GSU Transformer	\$1,364.53	\$0.00	\$0.00	\$90.24	\$0.00	\$0.00	\$0.00	\$1,454.77
GH-trn-GH3 GSU Transformer	\$1,145.63	\$0.00	\$0.00	\$75.73	\$0.00	\$0.00	\$0.00	\$1,221.36
GH-trn-GH4 GSU Transformer	\$1,020.39	\$0.00	\$0.00	\$67.46	\$0.00	\$0.00	\$0.00	\$1,087.85
GH-Underground Tank Coal Yard GI	\$8,759.76	\$0.00	\$0.00	\$579.01	\$0.00	\$0.00	\$0.00	\$9,338.77

ARO Liability Balances and Activity

Charnas

Period Beginning: 1/1/2009

Period Ending: 12/1/2009

E.ON US

Company GL Account	Beginning Liability	Liabilities Incurred	Liabilities Settled	Accretion	Revisions	Gain/Loss	Accretion and Liab. Adjust	Ending Liability
KENTUCKY UTILITIES COMPANY								
230012-ASSET RETIREMENT OBLIGAT								
GR-Ash Pond	\$7,823,961.98	\$0.00	\$0.00	\$517,163.90	\$0.00	\$0.00	\$0.00	\$8,341,125.88
GR-Coal Storage	\$72,150.10	\$0.00	\$0.00	\$4,769.12	\$0.00	\$0.00	\$0.00	\$76,919.22
Green River Unit 1 - ASB	\$193,834.29	\$0.00	\$0.00	\$11,314.11	\$0.00	\$0.00	\$0.00	\$205,148.40
Green River Unit 2 - ASB	\$178,118.11	\$0.00	\$0.00	\$10,396.77	\$0.00	\$0.00	\$0.00	\$188,514.88
Green River Unit 3 - ASB	\$194,358.33	\$0.00	\$0.00	\$10,027.34	\$0.00	(\$92,228.15)	\$0.00	\$112,157.52
Green River Unit 4 - ASB	\$227,886.38	\$0.00	\$0.00	\$12,871.05	\$0.00	(\$30,152.02)	\$0.00	\$210,605.41
GR-GR4 Oil Storage tanks	\$7,684.64	\$0.00	\$0.00	\$507.96	\$0.00	\$0.00	\$0.00	\$8,192.60
GR-Hazardous Material Tanks	\$4,613.19	\$0.00	\$0.00	\$304.92	\$0.00	\$0.00	\$0.00	\$4,918.11
GR-Limestone Silo	\$4,819.40	\$0.00	\$0.00	\$318.56	\$0.00	\$0.00	\$0.00	\$5,137.96
GR-Mercury Sources	\$1,541.98	\$0.00	\$0.00	\$101.93	\$0.00	\$0.00	\$0.00	\$1,643.91
GR-Nuclear Source	\$758.69	\$0.00	\$0.00	\$50.15	\$0.00	\$0.00	\$0.00	\$808.84
GR-Sewage Treatment Plant	\$3,829.63	\$0.00	\$0.00	\$253.13	\$0.00	\$0.00	\$0.00	\$4,082.76
GR-trn-G1-2 GSU Transformer	\$4,998.14	\$0.00	\$0.00	\$330.39	\$0.00	\$0.00	\$0.00	\$5,328.53
GR-trn-GR3 GSU Transformer	\$5,023.96	\$0.00	\$0.00	\$332.08	\$0.00	\$0.00	\$0.00	\$5,356.04
GR-trn-GR4 GSU Transformer	\$4,807.31	\$0.00	\$0.00	\$317.77	\$0.00	\$0.00	\$0.00	\$5,125.08
GR-trn-GSU Spare Transformer	\$4,801.15	\$0.00	\$0.00	\$317.34	\$0.00	\$0.00	\$0.00	\$5,118.49
GR-Underground Tanks 1&2	\$10,425.25	\$0.00	\$0.00	\$689.12	\$0.00	\$0.00	\$0.00	\$11,114.37
Pineville - ASB	\$160,746.20	\$0.00	\$0.00	\$9,382.78	\$0.00	\$0.00	\$0.00	\$170,128.98
TY-Ash Pond	\$602,019.48	\$0.00	\$0.00	\$39,793.50	\$0.00	\$0.00	\$0.00	\$641,812.98
TY-Coal Storage	\$24,045.33	\$0.00	\$0.00	\$1,589.38	\$0.00	\$0.00	\$0.00	\$25,634.71
TY-Fuel Oil Tanks	\$40,076.74	\$0.00	\$0.00	\$2,649.07	\$0.00	\$0.00	\$0.00	\$42,725.81
TY-Fuel Oil Tanks Unit 1	\$40,888.27	\$0.00	\$0.00	\$2,702.72	\$0.00	\$0.00	\$0.00	\$43,590.99
TY-Mercury Sources	\$2,410.19	\$0.00	\$0.00	\$159.32	\$0.00	\$0.00	\$0.00	\$2,569.51
Tyronne Unit 1 (Retired) - ASB	\$394,283.57	\$0.00	\$0.00	\$23,014.34	\$0.00	\$0.00	\$0.00	\$417,297.91
Tyronne Unit 2 (Retired) - ASB	\$394,283.57	\$0.00	\$0.00	\$23,014.34	\$0.00	\$0.00	\$0.00	\$417,297.91
Tyronne Unit 3 - ASB	\$220,730.12	\$0.00	\$0.00	\$11,279.82	\$0.00	(\$112,311.57)	\$0.00	\$119,698.37
TY-Service Water Pump Structure	\$145,099.49	\$0.00	\$0.00	\$9,591.07	\$0.00	\$0.00	\$0.00	\$154,690.56
TY-Sewage Treatment Plant	\$4,007.73	\$0.00	\$0.00	\$264.91	\$0.00	\$0.00	\$0.00	\$4,272.64
TY-Station Fuel Oil Piping	\$11,223.95	\$0.00	\$0.00	\$741.91	\$0.00	\$0.00	\$0.00	\$11,965.86
GL Account Total:	\$32,376,478.40	\$0.00	\$0.00	\$2,095,125.91	\$0.00	(\$306,997.18)	\$0.00	\$34,164,607.13

ARO Liability Balances and Activity

Charnas

Period Beginning: 1/1/2009

Period Ending: 12/1/2009

E.ON US

Company GL Account	Beginning Liability	Liabilities Incurred	Liabilities Settled	Accretion	Revisions	Gain/Loss	Accretion and Liab. Adjust	Ending Liability
KENTUCKY UTILITIES COMPANY								
230013-ASSET RETIREMENT OBLIGAT								
KU Transmission Subs (69) - ASB	\$54,090.86	\$0.00	\$0.00	\$3,157.26	\$0.00	\$0.00	\$0.00	\$57,248.12
GL Account Total:	\$54,090.86	\$0.00	\$0.00	\$3,157.26	\$0.00	\$0.00	\$0.00	\$57,248.12
230015-ASSET RETIREMENT OBLIGAT								
Big Stone Gap Substation - ASB-Dist	\$2,420.43	\$0.00	\$0.00	\$141.27	\$0.00	\$0.00	\$0.00	\$2,561.70
KU - Various Substations - ASB-Dist	\$83,127.20	\$0.00	\$0.00	\$4,852.14	\$0.00	\$0.00	\$0.00	\$87,979.34
KU Distrib Subs (478) - ASB-Dist	\$49,993.25	\$0.00	\$0.00	\$2,918.11	\$0.00	\$0.00	\$0.00	\$52,911.36
GL Account Total:	\$135,540.88	\$0.00	\$0.00	\$7,911.52	\$0.00	\$0.00	\$0.00	\$143,452.40
Company Total:	\$32,566,110.14	\$0.00	\$0.00	\$2,106,194.69	\$0.00	(\$306,997.18)	\$0.00	\$34,365,307.65
Grand Total:	\$32,566,110.14	\$0.00	\$0.00	\$2,106,194.69	\$0.00		\$0.00	\$34,365,307.65

ARO Liability Balances and Activity

Charnas

Period Beginning: 1/1/2009

Period Ending: 12/1/2009

E.ON US

Company GL Account	Beginning Liability	Liabilities Incurred	Liabilities Settled	Accretion	Revisions	Gain/Loss	Accretion and Liab. Adjust	Ending Liability
KENTUCKY UTILITIES COMPANY								
230012-ASSET RETIREMENT OBLIGAT								
IFRS-BR-Ash Pond	\$8,589,315.93	\$0.00	\$0.00	\$281,420.15	\$1,240,219.38	\$0.00	\$0.00	\$10,110,955.46
IFRS-BR-Br 1 Coal Storage	\$53,002.12	\$0.00	\$0.00	\$1,789.69	\$7,472.59	\$0.00	\$0.00	\$62,264.40
IFRS-BR-BR 3 Fuel Oil Tanks	\$124,554.91	\$0.00	\$0.00	\$4,205.73	\$17,560.53	\$0.00	\$0.00	\$146,321.17
IFRS-BR-BR3 Sewage Treatment Pla	\$8,833.93	\$0.00	\$0.00	\$298.26	\$1,245.09	\$0.00	\$0.00	\$10,377.28
IFRS-BR-Coal Pile Retention Pond	\$163,423.33	\$0.00	\$0.00	\$5,518.16	\$23,040.01	\$0.00	\$0.00	\$191,981.50
IFRS-BR-CT Fuel Oil Piping	\$24,681.98	\$0.00	\$0.00	\$869.89	\$4,554.02	\$0.00	\$0.00	\$30,105.89
IFRS-BR-CT9 Fuel Oil Tanks	\$221,692.57	\$0.00	\$0.00	\$7,768.74	\$39,879.47	\$0.00	\$0.00	\$269,340.78
IFRS-BR-Lab	\$15,900.78	\$0.00	\$0.00	\$536.91	\$2,241.27	\$0.00	\$0.00	\$18,678.96
IFRS-Brown Unit 1 - ASB	\$408,685.63	\$0.00	(\$72,305.44)	\$17,601.43	\$374,348.44	\$0.00	\$0.00	\$728,330.06
IFRS-Brown Unit 2 - ASB	\$655,205.04	\$0.00	\$0.00	\$29,533.49	\$482,920.82	\$0.00	\$0.00	\$1,167,659.35
IFRS-Brown Unit 3 - ASB	\$1,478,162.67	\$0.00	\$0.00	\$66,628.44	\$1,089,484.18	\$0.00	\$0.00	\$2,634,275.29
IFRS-BR-Radiation Sources	\$14,133.70	\$0.00	\$0.00	\$477.24	\$1,993.14	\$0.00	\$0.00	\$16,604.08
IFRS-BR-Station Fuel Oil Piping	\$15,017.24	\$0.00	\$0.00	\$507.08	\$2,117.56	\$0.00	\$0.00	\$17,641.88
IFRS-Dix Dam - ASB	\$68,588.07	\$0.00	\$0.00	\$3,091.63	\$50,553.02	\$0.00	\$0.00	\$122,232.72
IFRS-GH-Ash Pond GH4	\$15,504,966.88	\$0.00	\$0.00	\$558,702.60	\$2,915,434.34	\$0.00	\$0.00	\$18,979,103.82
IFRS-GH-Chemical Tanks GH4	\$8,754.68	\$0.00	\$0.00	\$315.48	\$1,646.58	\$0.00	\$0.00	\$10,716.74
IFRS-GH-Coal Storage	\$585,533.79	\$0.00	\$0.00	\$19,940.50	\$88,310.65	\$0.00	\$0.00	\$693,784.94
IFRS-Ghent Unit 1 - ASB	\$1,295,619.06	\$0.00	\$0.00	\$58,400.26	\$954,939.71	\$0.00	\$0.00	\$2,308,959.03
IFRS-Ghent Unit 2 - ASB	\$1,717,087.82	\$0.00	\$0.00	\$77,398.01	\$1,265,584.59	\$0.00	\$0.00	\$3,060,070.42
IFRS-Ghent Unit 3 - ASB	\$304,570.92	\$0.00	\$0.00	\$13,728.59	\$224,484.80	\$0.00	\$0.00	\$542,784.31
IFRS-Ghent Unit 4 - ASB	\$304,570.92	\$0.00	\$0.00	\$13,728.59	\$224,484.80	\$0.00	\$0.00	\$542,784.31
IFRS-GH-Gypsum Stack-GH 1 Scrub	\$753,575.20	\$0.00	\$0.00	\$24,690.13	\$108,810.09	\$0.00	\$0.00	\$887,075.42
IFRS-GH-Radiation Sources	\$123,915.91	\$0.00	\$0.00	\$4,465.16	\$23,300.24	\$0.00	\$0.00	\$151,681.31
IFRS-GH-Sewage Treatment Plant G	\$8,636.40	\$0.00	\$0.00	\$294.09	\$1,302.12	\$0.00	\$0.00	\$10,232.61
IFRS-GH-Station Fuel Oil Piping GH	\$3,155.61	\$0.00	\$0.00	\$110.58	\$567.97	\$0.00	\$0.00	\$3,834.16
IFRS-GH-trn-GH Spare GSU Transfo	\$1,616.12	\$0.00	\$0.00	\$58.23	\$304.26	\$0.00	\$0.00	\$1,978.61
IFRS-GH-trn-GH1 GSU Transformer	\$2,072.62	\$0.00	\$0.00	\$70.58	\$312.76	\$0.00	\$0.00	\$2,455.96
IFRS-GH-trn-GH2 GSU Transformer	\$1,893.75	\$0.00	\$0.00	\$66.34	\$340.29	\$0.00	\$0.00	\$2,300.38
IFRS-GH-trn-GH3 GSU Transformer	\$1,729.71	\$0.00	\$0.00	\$61.82	\$330.66	\$0.00	\$0.00	\$2,122.19
IFRS-GH-trn-GH4 GSU Transformer	\$1,616.12	\$0.00	\$0.00	\$58.23	\$304.26	\$0.00	\$0.00	\$1,978.61
IFRS-GH-Underground Tank Coal Ya	\$11,227.17	\$0.00	\$0.00	\$382.33	\$1,693.24	\$0.00	\$0.00	\$13,302.74

ARO Liability Balances and Activity

Charnas

Period Beginning: 1/1/2009

Period Ending: 12/1/2009

E.ON US

Company GL Account	Beginning Liability	Liabilities Incurred	Liabilities Settled	Accretion	Revisions	Gain/Loss	Accretion and Liab. Adjust	Ending Liability
KENTUCKY UTILITIES COMPANY								
230012-ASSET RETIREMENT OBLIGAT								
IFRS-GR-Ash Pond	\$10,007,328.28	\$0.00	\$0.00	\$240,134.13	\$542,717.82	\$0.00	\$0.00	\$10,790,180.23
IFRS-GR-Coal Storage	\$92,280.39	\$0.00	\$0.00	\$2,214.34	\$5,005.01	\$0.00	\$0.00	\$99,499.74
IFRS-Green River Unit 1 - ASB	\$367,791.13	\$0.00	\$0.00	\$16,578.26	\$271,081.60	\$0.00	\$0.00	\$655,450.99
IFRS-Green River Unit 2 - ASB	\$337,970.26	\$0.00	\$0.00	\$15,234.05	\$249,102.04	\$0.00	\$0.00	\$602,306.35
IFRS-Green River Unit 3 - ASB	\$368,785.26	\$0.00	(\$92,228.15)	\$15,576.96	\$365,088.42	\$0.00	\$0.00	\$657,222.49
IFRS-Green River Unit 4 - ASB	\$432,403.09	\$0.00	(\$30,152.02)	\$19,148.64	\$349,198.11	\$0.00	\$0.00	\$770,597.82
IFRS-GR-GR4 Oil Storage tanks	\$10,126.19	\$0.00	\$0.00	\$252.64	\$484.02	\$0.00	\$0.00	\$10,862.85
IFRS-GR-Hazardous Material Tanks	\$6,076.06	\$0.00	\$0.00	\$151.61	\$289.73	\$0.00	\$0.00	\$6,517.40
IFRS-GR-Limestone Silo	\$6,152.37	\$0.00	\$0.00	\$147.62	\$333.05	\$0.00	\$0.00	\$6,633.04
IFRS-GR-Mercury Sources	\$2,025.07	\$0.00	\$0.00	\$50.53	\$97.13	\$0.00	\$0.00	\$2,172.73
IFRS-GR-Nuclear Source	\$1,012.96	\$0.00	\$0.00	\$25.27	\$47.74	\$0.00	\$0.00	\$1,085.97
IFRS-GR-Sewage Treatment Plant	\$5,063.09	\$0.00	\$0.00	\$126.34	\$242.00	\$0.00	\$0.00	\$5,431.43
IFRS-GR-trn-G1-2 GSU Transformer	\$6,408.69	\$0.00	\$0.00	\$153.76	\$346.90	\$0.00	\$0.00	\$6,909.35
IFRS-GR-trn-GR3 GSU Transformer	\$6,408.69	\$0.00	\$0.00	\$153.76	\$346.90	\$0.00	\$0.00	\$6,909.35
IFRS-GR-trn-GR4 GSU Transformer	\$6,328.87	\$0.00	\$0.00	\$157.92	\$302.49	\$0.00	\$0.00	\$6,789.28
IFRS-GR-trn-GSU Spare Transforme	\$6,328.87	\$0.00	\$0.00	\$157.92	\$302.49	\$0.00	\$0.00	\$6,789.28
IFRS-GR-Underground Tanks 1&2	\$13,329.13	\$0.00	\$0.00	\$319.86	\$723.15	\$0.00	\$0.00	\$14,372.14
IFRS-Pineville - ASB	\$305,008.21	\$0.00	\$0.00	\$13,748.30	\$224,807.22	\$0.00	\$0.00	\$543,563.73
IFRS-TY-Ash Pond	\$770,031.08	\$0.00	\$0.00	\$18,477.55	\$41,760.54	\$0.00	\$0.00	\$830,269.17
IFRS-TY-Coal Storage	\$30,760.13	\$0.00	\$0.00	\$738.12	\$1,668.60	\$0.00	\$0.00	\$33,166.85
IFRS-TY-Fuel Oil Tanks	\$51,266.88	\$0.00	\$0.00	\$1,230.20	\$2,780.19	\$0.00	\$0.00	\$55,277.27
IFRS-TY-Fuel Oil Tanks Unit 1	\$52,292.13	\$0.00	\$0.00	\$1,254.79	\$2,836.40	\$0.00	\$0.00	\$56,383.32
IFRS-TY-Mercury Sources	\$3,075.75	\$0.00	\$0.00	\$73.82	\$166.95	\$0.00	\$0.00	\$3,316.52
IFRS-Tyronne Unit 1 (Retired) - ASB	\$575,406.23	\$0.00	\$0.00	\$24,407.45	\$215,482.47	\$0.00	\$0.00	\$815,296.15
IFRS-Tyronne Unit 2 (Retired) - ASB	\$575,406.23	\$0.00	\$0.00	\$24,407.45	\$215,482.47	\$0.00	\$0.00	\$815,296.15
IFRS-Tyronne Unit 3 - ASB	\$418,824.71	\$0.00	(\$112,311.57)	\$17,604.69	\$422,281.44	\$0.00	\$0.00	\$746,399.27
IFRS-TY-Service Water Pump Struct	\$185,586.89	\$0.00	\$0.00	\$4,453.30	\$10,064.52	\$0.00	\$0.00	\$200,104.71
IFRS-TY-Sewage Treatment Plant	\$5,127.12	\$0.00	\$0.00	\$123.00	\$277.69	\$0.00	\$0.00	\$5,527.81
IFRS-TY-Station Fuel Oil Piping	\$14,354.38	\$0.00	\$0.00	\$344.45	\$778.54	\$0.00	\$0.00	\$15,477.37
GL Account Total:	\$47,134,698.72	\$0.00	(\$306,997.18)	\$1,610,165.09	\$12,073,876.51	\$0.00	\$0.00	\$60,511,743.14

ARO Liability Balances and Activity

Charnas

Period Beginning: 1/1/2009

Period Ending: 12/1/2009

E.ON US

Company GL Account	Beginning Liability	Liabilities Incurred	Liabilities Settled	Accretion	Revisions	Gain/Loss	Accretion and Liab. Adjust	Ending Liability
KENTUCKY UTILITIES COMPANY								
230013-ASSET RETIREMENT OBLIGAT								
IFRS-KU Transmission Subs (69) - A	\$108,167.92	\$0.00	\$0.00	\$4,936.59	\$88,712.08	\$0.00	\$0.00	\$201,816.59
GL Account Total:	\$108,167.92	\$0.00	\$0.00	\$4,936.59	\$88,712.08	\$0.00	\$0.00	\$201,816.59
230015-ASSET RETIREMENT OBLIGAT								
IFRS-Big Stone Gap Substation - AS	\$4,891.16	\$0.00	\$0.00	\$223.78	\$4,094.85	\$0.00	\$0.00	\$9,209.79
IFRS-KU - Various Substations - ASI	\$167,984.80	\$0.00	\$0.00	\$7,685.64	\$140,639.20	\$0.00	\$0.00	\$316,309.64
IFRS-KU Distrib Substations (478) -	\$101,026.95	\$0.00	\$0.00	\$4,622.18	\$84,581.29	\$0.00	\$0.00	\$190,230.42
GL Account Total:	\$273,902.91	\$0.00	\$0.00	\$12,531.60	\$229,315.34	\$0.00	\$0.00	\$515,749.85
Company Total:	\$47,516,769.55	\$0.00	(\$306,997.18)	\$1,627,633.28	\$12,391,903.93	\$0.00	\$0.00	\$61,229,309.58
Grand Total:	\$47,516,769.55	\$0.00	(\$306,997.18)	\$1,627,633.28	\$12,391,903.93		\$0.00	\$61,229,309.58

ARO Liability Balances and Activity

Charnas

Period Beginning: 1/1/2009

Period Ending: 12/1/2009

E.ON US

Company GL Account	Beginning Liability	Liabilities Incurred	Liabilities Settled	Accretion	Revisions	Gain/Loss	Accretion and Liab. Adjust	Ending Liability
LOUISVILLE GAS & ELECTRIC COMP								
230012-ASSET RETIREMENT OBLIGAT								
Canal (Retired) - ASB	\$2,223,854.67	\$0.00	\$0.00	\$129,806.40	\$0.00	\$0.00	\$0.00	\$2,353,661.07
Cane Run Unit 1 (Retired) - ASB	\$1,010,343.83	\$0.00	\$0.00	\$58,973.79	\$0.00	\$0.00	\$0.00	\$1,069,317.62
Cane Run Unit 2 (Retired) - ASB	\$951,773.10	\$0.00	\$0.00	\$55,555.00	\$0.00	\$0.00	\$0.00	\$1,007,328.10
Cane Run Unit 3 (Retired) - ASB	\$1,072,575.26	\$0.00	\$0.00	\$62,606.21	\$0.00	\$0.00	\$0.00	\$1,135,181.47
Cane Run Unit 4 - ASB	\$442,008.07	\$0.00	\$0.00	\$24,244.09	\$0.00	(\$108,930.13)	\$0.00	\$357,322.03
Cane Run Unit 5 - ASB	\$360,417.46	\$0.00	\$0.00	\$19,842.40	\$0.00	(\$83,675.05)	\$0.00	\$296,584.81
Cane Run Unit 6 - ASB	\$421,433.14	\$0.00	\$0.00	\$22,441.72	\$0.00	(\$151,035.50)	\$0.00	\$292,839.36
CR-Ash Pond	\$2,753,810.75	\$0.00	\$0.00	\$182,026.90	\$0.00	\$0.00	\$0.00	\$2,935,837.65
CR-Coal Pile	\$196,537.07	\$0.00	\$0.00	\$12,991.11	\$0.00	\$0.00	\$0.00	\$209,528.18
CR-Land Fill	\$924,333.20	\$0.00	\$0.00	\$61,098.43	\$0.00	\$0.00	\$0.00	\$985,431.63
CR-Mercury Sources	\$3,827.23	\$0.00	\$0.00	\$252.99	\$0.00	\$0.00	\$0.00	\$4,080.22
CR-Nuclear Sources	\$33,782.10	\$0.00	\$0.00	\$2,233.01	\$0.00	\$0.00	\$0.00	\$36,015.11
CR-Sewage Treatment Plant	\$3,828.99	\$0.00	\$0.00	\$253.11	\$0.00	\$0.00	\$0.00	\$4,082.10
MC-Ash Pond	\$2,667,889.24	\$0.00	\$0.00	\$176,347.46	\$0.00	\$0.00	\$0.00	\$2,844,236.70
MC-Chemical Tanks	\$4,616.27	\$0.00	\$0.00	\$305.13	\$0.00	\$0.00	\$0.00	\$4,921.40
MC-Hazardous Material Storage	\$14,310.00	\$0.00	\$0.00	\$945.89	\$0.00	\$0.00	\$0.00	\$15,255.89
MC-Lab Chemical Disposal	\$1,429.88	\$0.00	\$0.00	\$94.52	\$0.00	\$0.00	\$0.00	\$1,524.40
MC-Landfill	\$3,901,209.14	\$0.00	\$0.00	\$257,869.92	\$0.00	\$0.00	\$0.00	\$4,159,079.06
MC-Radiation Sources	\$11,462.34	\$0.00	\$0.00	\$757.66	\$0.00	\$0.00	\$0.00	\$12,220.00
MC-Storage Pile	\$222,043.28	\$0.00	\$0.00	\$14,677.07	\$0.00	\$0.00	\$0.00	\$236,720.35
MC-Storage Tanks	\$10,069.09	\$0.00	\$0.00	\$665.57	\$0.00	\$0.00	\$0.00	\$10,734.66
Mill Creek Unit 1 - ASB	\$504,442.64	\$0.00	\$0.00	\$29,099.91	\$0.00	(\$24,112.61)	\$0.00	\$509,429.94
Mill Creek Unit 2 - ASB	\$439,879.63	\$0.00	\$0.00	\$25,675.79	\$0.00	\$0.00	\$0.00	\$465,555.42
Mill Creek Unit 3 - ASB	\$333,457.22	\$0.00	\$0.00	\$15,178.84	\$0.00	(\$300,000.00)	\$0.00	\$48,636.06
Mill Creek Unit 4 - ASB	\$368,931.48	\$0.00	\$0.00	\$21,534.53	\$0.00	\$0.00	\$0.00	\$390,466.01
Ohio Falls - ASB	\$226,961.26	\$0.00	\$0.00	\$13,247.73	\$0.00	\$0.00	\$0.00	\$240,208.99
Paddy's (Unit 11) - ASB	\$1,575,053.06	\$0.00	\$0.00	\$91,935.83	\$0.00	\$0.00	\$0.00	\$1,666,988.89
TR-Ash Pond	\$2,824,281.94	\$0.00	\$0.00	\$186,685.03	\$0.00	\$0.00	\$0.00	\$3,010,966.97
TR-Coal Storage	\$97,735.68	\$0.00	\$0.00	\$6,460.33	\$0.00	\$0.00	\$0.00	\$104,196.01
TR-Hazardous Material Disposal	\$787.39	\$0.00	\$0.00	\$52.04	\$0.00	\$0.00	\$0.00	\$839.43
Trn- CR Spare GSU	\$2,305.16	\$0.00	\$0.00	\$152.36	\$0.00	\$0.00	\$0.00	\$2,457.52

Charnas

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ARO Liability Balances and Activity

E.ON US

Company GL Account	Beginning Liability	Liabilities Incurred	Liabilities Settled	Accretion	Revisions	Gain/Loss	Accretion and Liab. Adjust	Ending Liability
LOUISVILLE GAS & ELECTRIC COMP								
230012-ASSET RETIREMENT OBLIGAT								
Trn-CR4 GSU	\$2,303.12	\$0.00	\$0.00	\$152.23	\$0.00	\$0.00	\$0.00	\$2,455.35
Trn-CR5 GSU	\$2,303.12	\$0.00	\$0.00	\$152.23	\$0.00	\$0.00	\$0.00	\$2,455.35
Trn-CR6 GSU	\$2,306.31	\$0.00	\$0.00	\$152.44	\$0.00	\$0.00	\$0.00	\$2,458.75
Trn-MC 3 GSU	\$1,776.21	\$0.00	\$0.00	\$117.40	\$0.00	\$0.00	\$0.00	\$1,893.61
Trn-MC Spare GSU	\$1,432.26	\$0.00	\$0.00	\$94.67	\$0.00	\$0.00	\$0.00	\$1,526.93
Trn-MC1 GSU	\$2,206.37	\$0.00	\$0.00	\$145.83	\$0.00	\$0.00	\$0.00	\$2,352.20
Trn-MC2 GSU	\$2,120.64	\$0.00	\$0.00	\$140.17	\$0.00	\$0.00	\$0.00	\$2,260.81
Trn-MC4 GSU	\$1,432.26	\$0.00	\$0.00	\$94.67	\$0.00	\$0.00	\$0.00	\$1,526.93
TR-Nuclear Sources	\$6,676.59	\$0.00	\$0.00	\$441.32	\$0.00	\$0.00	\$0.00	\$7,117.91
TR-Sewage Plant	\$1,574.94	\$0.00	\$0.00	\$104.09	\$0.00	\$0.00	\$0.00	\$1,679.03
Waterside - ASB	\$574,681.70	\$0.00	\$0.00	\$10,970.63	\$0.00	(\$585,652.33)	\$0.00	\$0.00
Zorn - ASB	\$14,899.15	\$0.00	\$0.00	\$869.65	\$0.00	\$0.00	\$0.00	\$15,768.80
GL Account Total:	\$24,219,102.24	\$0.00	\$0.00	\$1,487,446.10	\$0.00	(\$1,253,405.62)	\$0.00	\$24,453,142.72
230013-ASSET RETIREMENT OBLIGAT								
LGE Transmission Subs (11) - ASB	\$12,284.09	\$0.00	\$0.00	\$717.02	\$0.00	\$0.00	\$0.00	\$13,001.11
GL Account Total:	\$12,284.09	\$0.00	\$0.00	\$717.02	\$0.00	\$0.00	\$0.00	\$13,001.11
230015-ASSET RETIREMENT OBLIGAT								
Distribution Substations (66) - ASB	\$139,076.59	\$0.00	\$0.00	\$8,117.89	\$0.00	\$0.00	\$0.00	\$147,194.48
Manholes - ASB	\$135,306.99	\$0.00	\$0.00	\$7,897.88	\$0.00	\$0.00	\$0.00	\$143,204.87
GL Account Total:	\$274,383.58	\$0.00	\$0.00	\$16,015.77	\$0.00	\$0.00	\$0.00	\$290,399.35
230016-ASSET RETIREMENT OBLIGAT								
Center Gas Storage Field - UGS	\$2,377,889.35	\$0.00	\$0.00	\$131,619.97	\$0.00	(\$342,193.93)	\$0.00	\$2,167,315.39
City Gate Doe Run 237900 - Gas Dis	\$2,543.84	\$0.00	\$0.00	\$148.48	\$0.00	\$0.00	\$0.00	\$2,692.32
City Gate Preston 237900 - Gas Dist	\$2,543.84	\$0.00	\$0.00	\$148.48	\$0.00	\$0.00	\$0.00	\$2,692.32
Doe Run 235300 - UGS	\$39,120.03	\$0.00	\$0.00	\$2,283.45	\$0.00	\$0.00	\$0.00	\$41,403.48
Doe Run Gas Storage Field - UGS	\$1,804,303.80	\$0.00	\$0.00	\$102,267.91	\$0.00	\$0.00	\$0.00	\$1,906,571.71
Gas Main & Serv Abandons - Gas Di	\$1,121,124.91	\$0.00	\$0.00	\$65,440.06	\$0.00	\$0.00	\$0.00	\$1,186,564.97
Magnolia 235120 - UGS	\$11,327.48	\$0.00	\$0.00	\$661.18	\$0.00	\$0.00	\$0.00	\$11,988.66

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Charnas

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E.ON US

Company GL Account	Beginning Liability	Liabilities Incurred	Liabilities Settled	Accretion	Revisions	Gain/Loss	Accretion and Liab. Adjust	Ending Liability
LOUISVILLE GAS & ELECTRIC COMP								
230016-ASSET RETIREMENT OBLIGAT								
Magnolia 235300 - UGS	\$40,317.43	\$0.00	\$0.00	\$2,353.34	\$0.00	\$0.00	\$0.00	\$42,670.77
Magnolia 235600 - UGS	\$3,979.93	\$0.00	\$0.00	\$232.31	\$0.00	\$0.00	\$0.00	\$4,212.24
Magnolia Gas Storage Field - UGS	\$2,119,901.25	\$0.00	\$0.00	\$119,416.40	\$0.00	(\$80,123.25)	\$0.00	\$2,159,194.40
Muldraugh 235120 - UGS	\$16,072.63	\$0.00	\$0.00	\$938.15	\$0.00	\$0.00	\$0.00	\$17,010.78
Muldraugh 235300 - UGS	\$30,537.55	\$0.00	\$0.00	\$1,782.47	\$0.00	\$0.00	\$0.00	\$32,320.02
Muldraugh 235600 - UGS	\$18,521.73	\$0.00	\$0.00	\$1,081.09	\$0.00	\$0.00	\$0.00	\$19,602.82
Muldraugh 237510 - Gas Dist	\$2,653.66	\$0.00	\$0.00	\$154.88	\$0.00	\$0.00	\$0.00	\$2,808.54
Muldraugh Gas Storage Field - UGS	\$615,660.39	\$0.00	\$0.00	\$34,895.62	\$0.00	\$0.00	\$0.00	\$650,556.01
Riggs Junction 235120 - UGS	\$10,100.69	\$0.00	\$0.00	\$589.57	\$0.00	\$0.00	\$0.00	\$10,690.26
GL Account Total:	\$8,216,598.51	\$0.00	\$0.00	\$464,013.36	\$0.00	(\$422,317.18)	\$0.00	\$8,258,294.69
230017-ASSET RETIREMENT OBLIGAT								
Seventh and Ormsby - ComGenerall	\$27,203.40	\$0.00	\$0.00	\$1,587.87	\$0.00	\$0.00	\$0.00	\$28,791.27
GL Account Total:	\$27,203.40	\$0.00	\$0.00	\$1,587.87	\$0.00	\$0.00	\$0.00	\$28,791.27
Company Total:	\$32,749,571.82	\$0.00	\$0.00	\$1,969,780.12	\$0.00	(\$1,675,722.80)	\$0.00	\$33,043,629.14
Grand Total:	\$32,749,571.82	\$0.00	\$0.00	\$1,969,780.12	\$0.00		\$0.00	\$33,043,629.14

ARO Liability Balances and Activity

Charnas

Period Beginning: 1/1/2009

Period Ending: 12/1/2009

E.ON US

Company GL Account	Beginning Liability	Liabilities Incurred	Liabilities Settled	Accretion	Revisions	Gain/Loss	Accretion and Liab. Adjust	Ending Liability
LOUISVILLE GAS & ELECTRIC COMP								
230012-ASSET RETIREMENT OBLIGAT								
IFRS-Canal (Retired) - ASB	\$3,412,922.80	\$0.00	\$0.00	\$123,252.06	\$545,530.22	\$0.00	\$0.00	\$4,081,705.08
IFRS-Cane Run Unit 1 (Retired) - AS	\$1,550,562.42	\$0.00	\$0.00	\$55,996.00	\$247,845.73	\$0.00	\$0.00	\$1,854,404.15
IFRS-Cane Run Unit 2 (Retired) - AS	\$1,460,674.94	\$0.00	\$0.00	\$52,749.87	\$233,477.72	\$0.00	\$0.00	\$1,746,902.53
IFRS-Cane Run Unit 3 (Retired) - AS	\$1,646,068.15	\$0.00	\$0.00	\$59,445.04	\$263,111.65	\$0.00	\$0.00	\$1,968,624.84
IFRS-Cane Run Unit 4 - ASB	\$771,104.06	\$0.00	(\$108,930.13)	\$32,844.74	\$581,950.49	\$0.00	\$0.00	\$1,276,969.16
IFRS-Cane Run Unit 5 - ASB	\$628,765.28	\$0.00	(\$83,675.05)	\$26,840.30	\$469,322.07	\$0.00	\$0.00	\$1,041,252.60
IFRS-Cane Run Unit 6 - ASB	\$735,209.98	\$0.00	(\$151,035.50)	\$30,780.75	\$602,572.37	\$0.00	\$0.00	\$1,217,527.60
IFRS-CR-Ash Pond	\$3,632,360.03	\$0.00	\$0.00	\$90,632.13	\$173,419.57	\$0.00	\$0.00	\$3,896,411.73
IFRS-CR-Coal Pile	\$259,237.59	\$0.00	\$0.00	\$6,468.31	\$12,376.57	\$0.00	\$0.00	\$278,082.47
IFRS-CR-Land Fill	\$1,219,225.17	\$0.00	\$0.00	\$30,421.27	\$58,209.32	\$0.00	\$0.00	\$1,307,855.76
IFRS-CR-Mercury Sources	\$5,063.09	\$0.00	\$0.00	\$126.34	\$242.00	\$0.00	\$0.00	\$5,431.43
IFRS-CR-Nuclear Sources	\$44,556.60	\$0.00	\$0.00	\$1,111.75	\$2,126.95	\$0.00	\$0.00	\$47,795.30
IFRS-CR-Sewage Treatment Plant	\$5,063.09	\$0.00	\$0.00	\$126.34	\$242.00	\$0.00	\$0.00	\$5,431.43
IFRS-MC-Ash Pond	\$3,634,647.14	\$0.00	\$0.00	\$126,568.14	\$633,606.28	\$0.00	\$0.00	\$4,394,821.56
IFRS-MC-Chemical Tanks	\$6,076.06	\$0.00	\$0.00	\$151.61	\$289.73	\$0.00	\$0.00	\$6,517.40
IFRS-MC-Hazardous Material Storag	\$21,621.43	\$0.00	\$0.00	\$772.57	\$4,135.85	\$0.00	\$0.00	\$26,529.85
IFRS-MC-Lab Chemical Disposal	\$2,162.43	\$0.00	\$0.00	\$77.26	\$413.30	\$0.00	\$0.00	\$2,652.99
IFRS-MC-Landfill	\$5,891,892.60	\$0.00	\$0.00	\$210,524.38	\$1,127,026.89	\$0.00	\$0.00	\$7,229,443.87
IFRS-MC-Radiation Sources	\$17,297.14	\$0.00	\$0.00	\$618.04	\$3,308.70	\$0.00	\$0.00	\$21,223.88
IFRS-MC-Storage Pile	\$272,877.53	\$0.00	\$0.00	\$8,940.55	\$39,400.93	\$0.00	\$0.00	\$321,219.01
IFRS-MC-Storage Tanks	\$13,718.76	\$0.00	\$0.00	\$477.72	\$2,391.44	\$0.00	\$0.00	\$16,587.92
IFRS-Mill Creek Unit 1 - ASB	\$880,024.03	\$0.00	(\$24,112.61)	\$38,620.70	\$562,811.52	\$0.00	\$0.00	\$1,457,343.64
IFRS-Mill Creek Unit 2 - ASB	\$767,390.88	\$0.00	\$0.00	\$33,916.18	\$469,513.04	\$0.00	\$0.00	\$1,270,820.10
IFRS-Mill Creek Unit 3 - ASB	\$581,731.66	\$0.00	(\$300,000.00)	\$22,307.86	\$659,324.12	\$0.00	\$0.00	\$963,363.64
IFRS-Mill Creek Unit 4 - ASB	\$643,618.01	\$0.00	\$0.00	\$28,445.83	\$393,785.21	\$0.00	\$0.00	\$1,065,849.05
IFRS-Ohio Falls - ASB	\$348,314.78	\$0.00	\$0.00	\$12,578.80	\$55,675.40	\$0.00	\$0.00	\$416,568.98
IFRS-Paddy's (Unit 11) - ASB	\$2,747,754.16	\$0.00	\$0.00	\$121,441.79	\$1,681,159.85	\$0.00	\$0.00	\$4,550,355.80
IFRS-TR-Ash Pond	\$4,728,535.72	\$0.00	\$0.00	\$170,840.90	\$851,737.72	\$0.00	\$0.00	\$5,751,114.34
IFRS-TR-Coal Storage	\$163,642.44	\$0.00	\$0.00	\$5,912.36	\$29,476.01	\$0.00	\$0.00	\$199,030.81
IFRS-TR-Hazardous Material Dispos	\$1,314.46	\$0.00	\$0.00	\$47.48	\$236.87	\$0.00	\$0.00	\$1,598.81
IFRS-Trn- CR Spare GSU	\$3,038.03	\$0.00	\$0.00	\$75.80	\$144.87	\$0.00	\$0.00	\$3,258.70

ARO Liability Balances and Activity

Charnas

Period Beginning: 1/1/2009

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E.ON US

Company GL Account	Beginning Liability	Liabilities Incurred	Liabilities Settled	Accretion	Revisions	Gain/Loss	Accretion and Liab. Adjust	Ending Liability
LOUISVILLE GAS & ELECTRIC COMP								
230012-ASSET RETIREMENT OBLIGAT								
IFRS-Trn-CR4 GSU	\$3,038.03	\$0.00	\$0.00	\$75.80	\$144.87	\$0.00	\$0.00	\$3,258.70
IFRS-Trn-CR5 GSU	\$3,038.03	\$0.00	\$0.00	\$75.80	\$144.87	\$0.00	\$0.00	\$3,258.70
IFRS-Trn-CR6 GSU	\$3,038.03	\$0.00	\$0.00	\$75.80	\$144.87	\$0.00	\$0.00	\$3,258.70
IFRS-Trn-MC 3 GSU	\$2,420.92	\$0.00	\$0.00	\$84.30	\$422.06	\$0.00	\$0.00	\$2,927.28
IFRS-Trn-MC Spare GSU	\$2,162.43	\$0.00	\$0.00	\$77.26	\$413.30	\$0.00	\$0.00	\$2,652.99
IFRS-Trn-MC1 GSU	\$2,711.04	\$0.00	\$0.00	\$88.81	\$391.36	\$0.00	\$0.00	\$3,191.21
IFRS-Trn-MC2 GSU	\$2,649.88	\$0.00	\$0.00	\$89.48	\$374.04	\$0.00	\$0.00	\$3,113.40
IFRS-Trn-MC4 GSU	\$2,162.43	\$0.00	\$0.00	\$77.26	\$413.30	\$0.00	\$0.00	\$2,652.99
IFRS-TR-Nuclear Sources	\$11,172.12	\$0.00	\$0.00	\$403.66	\$2,012.60	\$0.00	\$0.00	\$13,588.38
IFRS-TR-Sewage Plant	\$2,628.91	\$0.00	\$0.00	\$94.99	\$473.34	\$0.00	\$0.00	\$3,197.24
IFRS-Waterside - ASB	\$1,002,559.00	\$0.00	(\$13,397.08)	\$10,783.98	\$0.00	(\$999,945.90)	\$0.00	\$0.00
IFRS-Zorn - ASB	\$25,992.27	\$0.00	\$0.00	\$1,148.76	\$15,902.93	\$0.00	\$0.00	\$43,043.96
GL Account Total:	\$37,160,043.55	\$0.00	(\$681,150.37)	\$1,306,188.77	\$9,725,701.93	(\$999,945.90)	\$0.00	\$46,510,837.98
230013-ASSET RETIREMENT OBLIGAT								
IFRS-LGE Transmission Subs (11) -	\$22,116.48	\$0.00	\$0.00	\$984.68	\$14,546.36	\$0.00	\$0.00	\$37,647.52
GL Account Total:	\$22,116.48	\$0.00	\$0.00	\$984.68	\$14,546.36	\$0.00	\$0.00	\$37,647.52
230015-ASSET RETIREMENT OBLIGAT								
IFRS-Distribution Substations (66)	\$245,188.21	\$0.00	\$0.00	\$10,863.09	\$153,728.86	\$0.00	\$0.00	\$409,780.16
IFRS-Manholes - ASB	\$340,887.90	\$0.00	\$0.00	\$16,447.25	\$420,910.35	\$0.00	\$0.00	\$778,245.50
GL Account Total:	\$586,076.11	\$0.00	\$0.00	\$27,310.34	\$574,639.21	\$0.00	\$0.00	\$1,188,025.66
230016-ASSET RETIREMENT OBLIGAT								
IFRS-Center Gas Storage Field - UG	\$2,880,622.77	\$0.00	(\$342,193.93)	\$97,454.06	\$826,867.30	\$0.00	\$0.00	\$3,462,750.20
IFRS-City Gate Doe Run 237900 - Ga	\$4,300.08	\$0.00	\$0.00	\$188.67	\$2,439.08	\$0.00	\$0.00	\$6,927.83
IFRS-City Gate Preston 237900 - Ga	\$4,300.08	\$0.00	\$0.00	\$188.67	\$2,439.08	\$0.00	\$0.00	\$6,927.83
IFRS-Doe Run 235300 - UGS	\$62,092.50	\$0.00	\$0.00	\$2,684.89	\$29,901.21	\$0.00	\$0.00	\$94,678.60
IFRS-Doe Run Gas Storage Field - U	\$2,185,770.00	\$0.00	\$0.00	\$75,593.21	\$366,115.47	\$0.00	\$0.00	\$2,627,478.68
IFRS-Gas Main & Serv Abandons - C	\$1,585,413.81	\$0.00	\$0.00	\$66,770.89	\$533,218.18	\$0.00	\$0.00	\$2,185,402.88
IFRS-Magnolia 235120 - UGS	\$19,350.46	\$0.00	\$0.00	\$851.05	\$11,260.93	\$0.00	\$0.00	\$31,462.44

ARO Liability Balances and Activity

Charnas

Period Beginning: 1/1/2009

Period Ending: 12/1/2009

E.ON US

Company GL Account	Beginning Liability	Liabilities Incurred	Liabilities Settled	Accretion	Revisions	Gain/Loss	Accretion and Liab. Adjust	Ending Liability
LOUISVILLE GAS & ELECTRIC COMP								
230016-ASSET RETIREMENT OBLIGAT								
IFRS-Magnolia 235300 - UGS	\$63,993.24	\$0.00	\$0.00	\$2,767.10	\$30,816.49	\$0.00	\$0.00	\$97,576.83
IFRS-Magnolia 235600 - UGS	\$6,798.76	\$0.00	\$0.00	\$299.03	\$3,956.59	\$0.00	\$0.00	\$11,054.38
IFRS-Magnolia Gas Storage Field - L	\$2,568,091.02	\$0.00	(\$80,123.25)	\$88,307.37	\$510,785.41	\$0.00	\$0.00	\$3,087,060.55
IFRS-Muldraugh 235120 - UGS	\$27,456.75	\$0.00	\$0.00	\$1,207.59	\$15,978.31	\$0.00	\$0.00	\$44,642.65
IFRS-Muldraugh 235300 - UGS	\$48,470.23	\$0.00	\$0.00	\$2,095.89	\$23,341.06	\$0.00	\$0.00	\$73,907.18
IFRS-Muldraugh 235600 - UGS	\$31,640.65	\$0.00	\$0.00	\$1,391.61	\$18,413.11	\$0.00	\$0.00	\$51,445.37
IFRS-Muldraugh 237510 - Gas Dist	\$3,996.48	\$0.00	\$0.00	\$170.74	\$1,653.62	\$0.00	\$0.00	\$5,820.84
IFRS-Muldraugh Gas Storage Field -	\$745,823.00	\$0.00	\$0.00	\$25,793.72	\$124,925.45	\$0.00	\$0.00	\$896,542.17
IFRS-Riggs Junction 235120 - UGS	\$17,255.11	\$0.00	\$0.00	\$758.91	\$10,041.32	\$0.00	\$0.00	\$28,055.34
GL Account Total:	\$10,255,374.94	\$0.00	(\$422,317.18)	\$366,523.40	\$2,512,152.61	\$0.00	\$0.00	\$12,711,733.77
230017-ASSET RETIREMENT OBLIGAT								
IFRS-Seventh and Ormsby - ComGe	\$59,166.71	\$0.00	\$0.00	\$2,754.91	\$56,875.92	\$0.00	\$0.00	\$118,797.54
GL Account Total:	\$59,166.71	\$0.00	\$0.00	\$2,754.91	\$56,875.92	\$0.00	\$0.00	\$118,797.54
Company Total:	\$48,082,777.79	\$0.00	(\$1,103,467.55)	\$1,703,762.10	\$12,883,916.03	(\$999,945.90)	\$0.00	\$60,567,042.47
Grand Total:	\$48,082,777.79	\$0.00	(\$1,103,467.55)	\$1,703,762.10	\$12,883,916.03		\$0.00	\$60,567,042.47

Crescente, Angela

From: Crescente, Angela
Sent: Tuesday, January 12, 2010 10:54 AM
To: 'eonaudit@us.pwc.com'
Cc: Wiseman, Sara
Subject: I.F.9

Please find attached:



ARO Liability KU
GAAP - 4th Q....



ARO Liability KU
IFRS - 4th Q....



ARO Liability LGE
GAAP - 4th Q...



ARO Liability LGE
IFRS - 4th Q...

Thanks,
Angela

ARO Liability Balances and Activity

Charnas

Period Beginning: 10/1/2009

Period Ending: 12/1/2009

E.ON US

Company GL Account	Beginning Liability	Liabilities Incurred	Liabilities Settled	Accretion	Revisions	Gain/Loss	Accretion and Liab. Adjust	Ending Liability
KENTUCKY UTILITIES COMPANY								
230012-ASSET RETIREMENT OBLIGAT								
BR-Ash Pond	\$7,332,953.14	\$0.00	\$0.00	\$118,284.17	\$0.00	\$0.00	\$0.00	\$7,451,237.31
BR-Br 1 Coal Storage	\$44,329.30	\$0.00	\$0.00	\$715.05	\$0.00	\$0.00	\$0.00	\$45,044.35
BR-BR 3 Fuel Oil Tanks	\$104,163.64	\$0.00	\$0.00	\$1,680.22	\$0.00	\$0.00	\$0.00	\$105,843.86
BR-BR3 Sewage Treatment Plant	\$7,397.31	\$0.00	\$0.00	\$119.32	\$0.00	\$0.00	\$0.00	\$7,516.63
BR-Coal Pile Retention Pond	\$136,660.92	\$0.00	\$0.00	\$2,204.42	\$0.00	\$0.00	\$0.00	\$138,865.34
BR-CT Fuel Oil Piping - OP	\$18,235.15	\$0.00	\$0.00	\$294.14	\$0.00	\$0.00	\$0.00	\$18,529.29
BR-CT9 Fuel Oil Tanks - OP	\$167,247.26	\$0.00	\$0.00	\$2,697.78	\$0.00	\$0.00	\$0.00	\$169,945.04
BR-Lab	\$13,293.82	\$0.00	\$0.00	\$214.44	\$0.00	\$0.00	\$0.00	\$13,508.26
Brown Unit 1 - ASB	\$152,443.19	\$0.00	\$0.00	\$2,177.42	\$0.00	\$0.00	\$0.00	\$154,620.61
Brown Unit 2 - ASB	\$360,317.12	\$0.00	\$0.00	\$5,146.60	\$0.00	\$0.00	\$0.00	\$365,463.72
Brown Unit 3 - ASB	\$812,886.61	\$0.00	\$0.00	\$11,610.90	\$0.00	\$0.00	\$0.00	\$824,497.51
BR-Radiation Sources	\$11,819.51	\$0.00	\$0.00	\$190.65	\$0.00	\$0.00	\$0.00	\$12,010.16
BR-Station Fuel Oil Piping	\$12,556.43	\$0.00	\$0.00	\$202.53	\$0.00	\$0.00	\$0.00	\$12,758.96
Dix Dam - ASB - Hydro	\$37,770.68	\$0.00	\$0.00	\$539.49	\$0.00	\$0.00	\$0.00	\$38,310.17
GH-Ash Pond GH4	\$10,125,218.04	\$0.00	\$0.00	\$163,324.79	\$0.00	\$0.00	\$0.00	\$10,288,542.83
GH-Chemical Tanks GH4	\$5,721.38	\$0.00	\$0.00	\$92.29	\$0.00	\$0.00	\$0.00	\$5,813.67
GH-Coal Storage	\$479,694.51	\$0.00	\$0.00	\$7,737.71	\$0.00	\$0.00	\$0.00	\$487,432.22
Ghent Unit 1 - ASB	\$712,500.29	\$0.00	\$0.00	\$10,177.03	\$0.00	\$0.00	\$0.00	\$722,677.32
Ghent Unit 2 - ASB	\$944,278.64	\$0.00	\$0.00	\$13,487.64	\$0.00	\$0.00	\$0.00	\$957,766.28
Ghent Unit 3 - ASB	\$167,492.75	\$0.00	\$0.00	\$2,392.40	\$0.00	\$0.00	\$0.00	\$169,885.15
Ghent Unit 4 - ASB	\$167,492.75	\$0.00	\$0.00	\$2,392.40	\$0.00	\$0.00	\$0.00	\$169,885.15
GH-Gypsum Stack-GH 1 Scrubber	\$643,357.07	\$0.00	\$0.00	\$10,377.67	\$0.00	\$0.00	\$0.00	\$653,734.74
GH-Radiation Sources	\$80,914.99	\$0.00	\$0.00	\$1,305.20	\$0.00	\$0.00	\$0.00	\$82,220.19
GH-Sewage Treatment Plant GH1	\$7,066.44	\$0.00	\$0.00	\$113.98	\$0.00	\$0.00	\$0.00	\$7,180.42
GH-Station Fuel Oil Piping GH2	\$2,383.77	\$0.00	\$0.00	\$38.46	\$0.00	\$0.00	\$0.00	\$2,422.23
GH-trn-GH Spare GSU Transformer	\$1,068.54	\$0.00	\$0.00	\$17.24	\$0.00	\$0.00	\$0.00	\$1,085.78
GH-trn-GH1 GSU Transformer	\$1,695.60	\$0.00	\$0.00	\$27.36	\$0.00	\$0.00	\$0.00	\$1,722.96
GH-trn-GH2 GSU Transformer	\$1,431.67	\$0.00	\$0.00	\$23.10	\$0.00	\$0.00	\$0.00	\$1,454.77
GH-trn-GH3 GSU Transformer	\$1,201.97	\$0.00	\$0.00	\$19.39	\$0.00	\$0.00	\$0.00	\$1,221.36
GH-trn-GH4 GSU Transformer	\$1,070.57	\$0.00	\$0.00	\$17.28	\$0.00	\$0.00	\$0.00	\$1,087.85
GH-Underground Tank Coal Yard GI	\$9,190.52	\$0.00	\$0.00	\$148.25	\$0.00	\$0.00	\$0.00	\$9,338.77

ARO Liability Balances and Activity

Charnas

Period Beginning: 10/1/2009

Period Ending: 12/1/2009

E.ON US

Company GL Account	Beginning Liability	Liabilities Incurred	Liabilities Settled	Accretion	Revisions	Gain/Loss	Accretion and Liab. Adjust	Ending Liability
KENTUCKY UTILITIES COMPANY								
230012-ASSET RETIREMENT OBLIGAT								
GR-Ash Pond	\$8,208,715.22	\$0.00	\$0.00	\$132,410.66	\$0.00	\$0.00	\$0.00	\$8,341,125.88
GR-Coal Storage	\$75,698.17	\$0.00	\$0.00	\$1,221.05	\$0.00	\$0.00	\$0.00	\$76,919.22
Green River Unit 1 - ASB	\$202,259.42	\$0.00	\$0.00	\$2,888.98	\$0.00	\$0.00	\$0.00	\$205,148.40
Green River Unit 2 - ASB	\$185,860.14	\$0.00	\$0.00	\$2,654.74	\$0.00	\$0.00	\$0.00	\$188,514.88
Green River Unit 3 - ASB	\$110,578.07	\$0.00	\$0.00	\$1,579.45	\$0.00	\$0.00	\$0.00	\$112,157.52
Green River Unit 4 - ASB	\$207,639.58	\$0.00	\$0.00	\$2,965.83	\$0.00	\$0.00	\$0.00	\$210,605.41
GR-GR4 Oil Storage tanks	\$8,062.55	\$0.00	\$0.00	\$130.05	\$0.00	\$0.00	\$0.00	\$8,192.60
GR-Hazardous Material Tanks	\$4,840.04	\$0.00	\$0.00	\$78.07	\$0.00	\$0.00	\$0.00	\$4,918.11
GR-Limestone Silo	\$5,056.40	\$0.00	\$0.00	\$81.56	\$0.00	\$0.00	\$0.00	\$5,137.96
GR-Mercury Sources	\$1,617.81	\$0.00	\$0.00	\$26.10	\$0.00	\$0.00	\$0.00	\$1,643.91
GR-Nuclear Source	\$796.00	\$0.00	\$0.00	\$12.84	\$0.00	\$0.00	\$0.00	\$808.84
GR-Sewage Treatment Plant	\$4,017.95	\$0.00	\$0.00	\$64.81	\$0.00	\$0.00	\$0.00	\$4,082.76
GR-trn-G1-2 GSU Transformer	\$5,243.93	\$0.00	\$0.00	\$84.60	\$0.00	\$0.00	\$0.00	\$5,328.53
GR-trn-GR3 GSU Transformer	\$5,271.02	\$0.00	\$0.00	\$85.02	\$0.00	\$0.00	\$0.00	\$5,356.04
GR-trn-GR4 GSU Transformer	\$5,043.73	\$0.00	\$0.00	\$81.35	\$0.00	\$0.00	\$0.00	\$5,125.08
GR-trn-GSU Spare Transformer	\$5,037.24	\$0.00	\$0.00	\$81.25	\$0.00	\$0.00	\$0.00	\$5,118.49
GR-Underground Tanks 1&2	\$10,937.93	\$0.00	\$0.00	\$176.44	\$0.00	\$0.00	\$0.00	\$11,114.37
Pineville - ASB	\$167,733.15	\$0.00	\$0.00	\$2,395.83	\$0.00	\$0.00	\$0.00	\$170,128.98
TY-Ash Pond	\$631,624.56	\$0.00	\$0.00	\$10,188.42	\$0.00	\$0.00	\$0.00	\$641,812.98
TY-Coal Storage	\$25,227.78	\$0.00	\$0.00	\$406.93	\$0.00	\$0.00	\$0.00	\$25,634.71
TY-Fuel Oil Tanks	\$42,047.56	\$0.00	\$0.00	\$678.25	\$0.00	\$0.00	\$0.00	\$42,725.81
TY-Fuel Oil Tanks Unit 1	\$42,899.01	\$0.00	\$0.00	\$691.98	\$0.00	\$0.00	\$0.00	\$43,590.99
TY-Mercury Sources	\$2,528.72	\$0.00	\$0.00	\$40.79	\$0.00	\$0.00	\$0.00	\$2,569.51
Tyronne Unit 1 (Retired) - ASB	\$411,421.35	\$0.00	\$0.00	\$5,876.56	\$0.00	\$0.00	\$0.00	\$417,297.91
Tyronne Unit 2 (Retired) - ASB	\$411,421.35	\$0.00	\$0.00	\$5,876.56	\$0.00	\$0.00	\$0.00	\$417,297.91
Tyronne Unit 3 - ASB	\$118,012.72	\$0.00	\$0.00	\$1,685.65	\$0.00	\$0.00	\$0.00	\$119,698.37
TY-Service Water Pump Structure	\$152,234.94	\$0.00	\$0.00	\$2,455.62	\$0.00	\$0.00	\$0.00	\$154,690.56
TY-Sewage Treatment Plant	\$4,204.81	\$0.00	\$0.00	\$67.83	\$0.00	\$0.00	\$0.00	\$4,272.64
TY-Station Fuel Oil Piping	\$11,775.90	\$0.00	\$0.00	\$189.96	\$0.00	\$0.00	\$0.00	\$11,965.86
GL Account Total:	\$33,631,660.63	\$0.00	\$0.00	\$532,946.50	\$0.00	\$0.00	\$0.00	\$34,164,607.13

ARO Liability Balances and Activity

Charnas

Period Beginning: 10/1/2009

Period Ending: 12/1/2009

E.ON US

Company GL Account	Beginning Liability	Liabilities Incurred	Liabilities Settled	Accretion	Revisions	Gain/Loss	Accretion and Liab. Adjust	Ending Liability
KENTUCKY UTILITIES COMPANY								
230013-ASSET RETIREMENT OBLIGAT								
KU Transmission Subs (69) - ASB	\$56,441.93	\$0.00	\$0.00	\$806.19	\$0.00	\$0.00	\$0.00	\$57,248.12
GL Account Total:	\$56,441.93	\$0.00	\$0.00	\$806.19	\$0.00	\$0.00	\$0.00	\$57,248.12
230015-ASSET RETIREMENT OBLIGAT								
Big Stone Gap Substation - ASB-Dist	\$2,525.63	\$0.00	\$0.00	\$36.07	\$0.00	\$0.00	\$0.00	\$2,561.70
KU - Various Substations - ASB-Dist	\$86,740.38	\$0.00	\$0.00	\$1,238.96	\$0.00	\$0.00	\$0.00	\$87,979.34
KU Distrib Subs (478) - ASB-Dist	\$52,166.24	\$0.00	\$0.00	\$745.12	\$0.00	\$0.00	\$0.00	\$52,911.36
GL Account Total:	\$141,432.25	\$0.00	\$0.00	\$2,020.15	\$0.00	\$0.00	\$0.00	\$143,452.40
Company Total:	\$33,829,534.81	\$0.00	\$0.00	\$535,772.84	\$0.00	\$0.00	\$0.00	\$34,365,307.65
Grand Total:	\$33,829,534.81	\$0.00	\$0.00	\$535,772.84	\$0.00	\$0.00	\$0.00	\$34,365,307.65

ARO Liability Balances and Activity

Charnas

Period Beginning: 10/1/2009

Period Ending: 12/1/2009

E.ON US

Company GL Account	Beginning Liability	Liabilities Incurred	Liabilities Settled	Accretion	Revisions	Gain/Loss	Accretion and Liab. Adjust	Ending Liability
KENTUCKY UTILITIES COMPANY								
230012-ASSET RETIREMENT OBLIGAT								
IFRS-BR-Ash Pond	\$9,517,670.39	\$0.00	\$0.00	\$82,038.98	\$511,246.09	\$0.00	\$0.00	\$10,110,955.46
IFRS-BR-Br 1 Coal Storage	\$57,922.23	\$0.00	\$0.00	\$533.07	\$3,809.10	\$0.00	\$0.00	\$62,264.40
IFRS-BR-BR 3 Fuel Oil Tanks	\$136,116.92	\$0.00	\$0.00	\$1,252.69	\$8,951.56	\$0.00	\$0.00	\$146,321.17
IFRS-BR-BR3 Sewage Treatment Pla	\$9,653.35	\$0.00	\$0.00	\$88.83	\$635.10	\$0.00	\$0.00	\$10,377.28
IFRS-BR-Coal Pile Retention Pond	\$178,592.67	\$0.00	\$0.00	\$1,643.61	\$11,745.22	\$0.00	\$0.00	\$191,981.50
IFRS-BR-CT Fuel Oil Piping	\$27,064.63	\$0.00	\$0.00	\$266.64	\$2,774.62	\$0.00	\$0.00	\$30,105.89
IFRS-BR-CT9 Fuel Oil Tanks	\$243,478.96	\$0.00	\$0.00	\$2,372.46	\$23,489.36	\$0.00	\$0.00	\$269,340.78
IFRS-BR-Lab	\$17,376.60	\$0.00	\$0.00	\$159.92	\$1,142.44	\$0.00	\$0.00	\$18,678.96
IFRS-Brown Unit 1 - ASB	\$451,227.36	\$0.00	\$0.00	\$5,118.09	\$271,984.61	\$0.00	\$0.00	\$728,330.06
IFRS-Brown Unit 2 - ASB	\$839,328.21	\$0.00	\$0.00	\$9,520.18	\$318,810.96	\$0.00	\$0.00	\$1,167,659.35
IFRS-Brown Unit 3 - ASB	\$1,893,550.13	\$0.00	\$0.00	\$21,477.81	\$719,247.35	\$0.00	\$0.00	\$2,634,275.29
IFRS-BR-Radiation Sources	\$15,445.79	\$0.00	\$0.00	\$142.15	\$1,016.14	\$0.00	\$0.00	\$16,604.08
IFRS-BR-Station Fuel Oil Piping	\$16,411.54	\$0.00	\$0.00	\$151.04	\$1,079.30	\$0.00	\$0.00	\$17,641.88
IFRS-Dix Dam - ASB	\$87,862.44	\$0.00	\$0.00	\$996.60	\$33,373.68	\$0.00	\$0.00	\$122,232.72
IFRS-GH-Ash Pond GH4	\$16,541,490.47	\$0.00	\$0.00	\$173,711.25	\$2,263,902.10	\$0.00	\$0.00	\$18,979,103.82
IFRS-GH-Chemical Tanks GH4	\$9,340.11	\$0.00	\$0.00	\$98.09	\$1,278.54	\$0.00	\$0.00	\$10,716.74
IFRS-GH-Coal Storage	\$641,621.58	\$0.00	\$0.00	\$5,974.30	\$46,189.06	\$0.00	\$0.00	\$693,784.94
IFRS-Ghent Unit 1 - ASB	\$1,659,708.74	\$0.00	\$0.00	\$18,825.44	\$630,424.85	\$0.00	\$0.00	\$2,308,959.03
IFRS-Ghent Unit 2 - ASB	\$2,199,617.01	\$0.00	\$0.00	\$24,949.41	\$835,504.00	\$0.00	\$0.00	\$3,060,070.42
IFRS-Ghent Unit 3 - ASB	\$390,160.17	\$0.00	\$0.00	\$4,425.44	\$148,198.70	\$0.00	\$0.00	\$542,784.31
IFRS-Ghent Unit 4 - ASB	\$390,160.17	\$0.00	\$0.00	\$4,425.44	\$148,198.70	\$0.00	\$0.00	\$542,784.31
IFRS-GH-Gypsum Stack-GH 1 Scrub	\$835,024.23	\$0.00	\$0.00	\$7,197.61	\$44,853.58	\$0.00	\$0.00	\$887,075.42
IFRS-GH-Radiation Sources	\$132,199.55	\$0.00	\$0.00	\$1,388.30	\$18,093.46	\$0.00	\$0.00	\$151,681.31
IFRS-GH-Sewage Treatment Plant G	\$9,463.56	\$0.00	\$0.00	\$88.11	\$680.94	\$0.00	\$0.00	\$10,232.61
IFRS-GH-Station Fuel Oil Piping GH	\$3,465.97	\$0.00	\$0.00	\$33.77	\$334.42	\$0.00	\$0.00	\$3,834.16
IFRS-GH-trn-GH Spare GSU Transfo	\$1,724.20	\$0.00	\$0.00	\$18.11	\$236.30	\$0.00	\$0.00	\$1,978.61
IFRS-GH-trn-GH1 GSU Transformer	\$2,271.50	\$0.00	\$0.00	\$21.15	\$163.31	\$0.00	\$0.00	\$2,455.96
IFRS-GH-trn-GH2 GSU Transformer	\$2,079.48	\$0.00	\$0.00	\$20.26	\$200.64	\$0.00	\$0.00	\$2,300.38
IFRS-GH-trn-GH3 GSU Transformer	\$1,878.29	\$0.00	\$0.00	\$19.11	\$224.79	\$0.00	\$0.00	\$2,122.19
IFRS-GH-trn-GH4 GSU Transformer	\$1,724.20	\$0.00	\$0.00	\$18.11	\$236.30	\$0.00	\$0.00	\$1,978.61
IFRS-GH-Underground Tank Coal Y:	\$12,302.43	\$0.00	\$0.00	\$114.55	\$885.76	\$0.00	\$0.00	\$13,302.74

Charnas

Period Beginning: 10/1/2009

Period Ending: 12/1/2009

ARO Liability Balances and Activity

E.ON US

Company GL Account	Beginning Liability	Liabilities Incurred	Liabilities Settled	Accretion	Revisions	Gain/Loss	Accretion and Liab. Adjust	Ending Liability
KENTUCKY UTILITIES COMPANY								
230012-ASSET RETIREMENT OBLIGAT								
IFRS-GR-Ash Pond	\$10,366,711.00	\$0.00	\$0.00	\$77,267.68	\$346,201.55	\$0.00	\$0.00	\$10,790,180.23
IFRS-GR-Coal Storage	\$95,594.28	\$0.00	\$0.00	\$712.50	\$3,192.96	\$0.00	\$0.00	\$99,499.74
IFRS-Green River Unit 1 - ASB	\$471,146.44	\$0.00	\$0.00	\$5,344.04	\$178,960.51	\$0.00	\$0.00	\$655,450.99
IFRS-Green River Unit 2 - ASB	\$432,945.32	\$0.00	\$0.00	\$4,910.73	\$164,450.30	\$0.00	\$0.00	\$602,306.35
IFRS-Green River Unit 3 - ASB	\$380,191.66	\$0.00	\$0.00	\$4,312.37	\$272,718.46	\$0.00	\$0.00	\$657,222.49
IFRS-Green River Unit 4 - ASB	\$523,763.34	\$0.00	\$0.00	\$5,940.84	\$240,893.64	\$0.00	\$0.00	\$770,597.82
IFRS-GR-GR4 Oil Storage tanks	\$10,336.22	\$0.00	\$0.00	\$83.06	\$443.57	\$0.00	\$0.00	\$10,862.85
IFRS-GR-Hazardous Material Tanks	\$6,202.04	\$0.00	\$0.00	\$49.84	\$265.52	\$0.00	\$0.00	\$6,517.40
IFRS-GR-Limestone Silo	\$6,372.69	\$0.00	\$0.00	\$47.49	\$212.86	\$0.00	\$0.00	\$6,633.04
IFRS-GR-Mercury Sources	\$2,067.09	\$0.00	\$0.00	\$16.61	\$89.03	\$0.00	\$0.00	\$2,172.73
IFRS-GR-Nuclear Source	\$1,033.55	\$0.00	\$0.00	\$8.31	\$44.11	\$0.00	\$0.00	\$1,085.97
IFRS-GR-Sewage Treatment Plant	\$5,168.50	\$0.00	\$0.00	\$41.54	\$221.39	\$0.00	\$0.00	\$5,431.43
IFRS-GR-trn-G1-2 GSU Transformer	\$6,638.74	\$0.00	\$0.00	\$49.47	\$221.14	\$0.00	\$0.00	\$6,909.35
IFRS-GR-trn-GR3 GSU Transformer	\$6,638.74	\$0.00	\$0.00	\$49.47	\$221.14	\$0.00	\$0.00	\$6,909.35
IFRS-GR-trn-GR4 GSU Transformer	\$6,460.04	\$0.00	\$0.00	\$51.92	\$277.32	\$0.00	\$0.00	\$6,789.28
IFRS-GR-trn-GSU Spare Transforme	\$6,460.04	\$0.00	\$0.00	\$51.92	\$277.32	\$0.00	\$0.00	\$6,789.28
IFRS-GR-Underground Tanks 1&2	\$13,808.02	\$0.00	\$0.00	\$102.92	\$461.20	\$0.00	\$0.00	\$14,372.14
IFRS-Pineville - ASB	\$390,720.47	\$0.00	\$0.00	\$4,431.79	\$148,411.47	\$0.00	\$0.00	\$543,563.73
IFRS-TY-Ash Pond	\$797,684.41	\$0.00	\$0.00	\$5,945.50	\$26,639.26	\$0.00	\$0.00	\$830,269.17
IFRS-TY-Coal Storage	\$31,865.03	\$0.00	\$0.00	\$237.50	\$1,064.32	\$0.00	\$0.00	\$33,166.85
IFRS-TY-Fuel Oil Tanks	\$53,108.38	\$0.00	\$0.00	\$395.84	\$1,773.05	\$0.00	\$0.00	\$55,277.27
IFRS-TY-Fuel Oil Tanks Unit 1	\$54,170.23	\$0.00	\$0.00	\$403.75	\$1,809.34	\$0.00	\$0.00	\$56,383.32
IFRS-TY-Mercury Sources	\$3,186.35	\$0.00	\$0.00	\$23.76	\$106.41	\$0.00	\$0.00	\$3,316.52
IFRS-Tyronne Unit 1 (Retired) - ASB	\$669,319.52	\$0.00	\$0.00	\$7,591.83	\$138,384.80	\$0.00	\$0.00	\$815,296.15
IFRS-Tyronne Unit 2 (Retired) - ASB	\$669,319.52	\$0.00	\$0.00	\$7,591.83	\$138,384.80	\$0.00	\$0.00	\$815,296.15
IFRS-Tyronne Unit 3 - ASB	\$424,209.61	\$0.00	\$0.00	\$4,811.65	\$317,378.01	\$0.00	\$0.00	\$746,399.27
IFRS-TY-Service Water Pump Struct	\$192,251.23	\$0.00	\$0.00	\$1,432.93	\$6,420.55	\$0.00	\$0.00	\$200,104.71
IFRS-TY-Sewage Treatment Plant	\$5,310.84	\$0.00	\$0.00	\$39.58	\$177.39	\$0.00	\$0.00	\$5,527.81
IFRS-TY-Station Fuel Oil Piping	\$14,870.66	\$0.00	\$0.00	\$110.84	\$495.87	\$0.00	\$0.00	\$15,477.37
GL Account Total:	\$51,973,486.84	\$0.00	\$0.00	\$499,148.03	\$8,039,108.27	\$0.00	\$0.00	\$60,511,743.14

ARO Liability Balances and Activity

E.ON US

Charnas

Period Beginning: 10/1/2009

Period Ending: 12/1/2009

Company GL Account	Beginning Liability	Liabilities Incurred	Liabilities Settled	Accretion	Revisions	Gain/Loss	Accretion and Liab. Adjust	Ending Liability
KENTUCKY UTILITIES COMPANY								
230013-ASSET RETIREMENT OBLIGAT								
IFRS-KU Transmission Subs (69) - A	\$141,264.18	\$0.00	\$0.00	\$1,602.31	\$58,950.10	\$0.00	\$0.00	\$201,816.59
GL Account Total:	\$141,264.18	\$0.00	\$0.00	\$1,602.31	\$58,950.10	\$0.00	\$0.00	\$201,816.59
230015-ASSET RETIREMENT OBLIGAT								
IFRS-Big Stone Gap Substation - AS	\$6,412.37	\$0.00	\$0.00	\$72.73	\$2,724.69	\$0.00	\$0.00	\$9,209.79
IFRS-KU - Various Substations - AS	\$220,231.54	\$0.00	\$0.00	\$2,498.00	\$93,580.10	\$0.00	\$0.00	\$316,309.64
IFRS-KU Distrib Substations (478) -	\$132,448.49	\$0.00	\$0.00	\$1,502.31	\$56,279.62	\$0.00	\$0.00	\$190,230.42
GL Account Total:	\$359,092.40	\$0.00	\$0.00	\$4,073.04	\$152,584.41	\$0.00	\$0.00	\$515,749.85
Company Total:	\$52,473,843.42	\$0.00	\$0.00	\$504,823.38	\$8,250,642.78	\$0.00	\$0.00	\$61,229,309.58
Grand Total:	\$52,473,843.42	\$0.00	\$0.00	\$504,823.38	\$8,250,642.78	\$0.00	\$0.00	\$61,229,309.58

ARO Liability Balances and Activity

Charnas

Period Beginning: 10/1/2009

Period Ending: 12/1/2009

E.ON US

Company GL Account	Beginning Liability	Liabilities Incurred	Liabilities Settled	Accretion	Revisions	Gain/Loss	Accretion and Liab. Adjust	Ending Liability
LOUISVILLE GAS & ELECTRIC COMP								
230012-ASSET RETIREMENT OBLIGAT								
IFRS-Canal (Retired) - ASB	\$3,475,869.01	\$0.00	\$0.00	\$38,383.68	\$567,452.39	\$0.00	\$0.00	\$4,081,705.08
IFRS-Cane Run Unit 1 (Retired) - AS	\$1,579,160.36	\$0.00	\$0.00	\$17,438.51	\$257,805.28	\$0.00	\$0.00	\$1,854,404.15
IFRS-Cane Run Unit 2 (Retired) - AS	\$1,487,614.91	\$0.00	\$0.00	\$16,427.59	\$242,860.03	\$0.00	\$0.00	\$1,746,902.53
IFRS-Cane Run Unit 3 (Retired) - AS	\$1,676,427.42	\$0.00	\$0.00	\$18,512.63	\$273,684.79	\$0.00	\$0.00	\$1,968,624.84
IFRS-Cane Run Unit 4 - ASB	\$848,839.12	\$0.00	\$0.00	\$9,628.06	\$418,501.98	\$0.00	\$0.00	\$1,276,969.16
IFRS-Cane Run Unit 5 - ASB	\$697,298.91	\$0.00	\$0.00	\$7,909.20	\$336,044.49	\$0.00	\$0.00	\$1,041,252.60
IFRS-Cane Run Unit 6 - ASB	\$762,150.55	\$0.00	\$0.00	\$8,644.78	\$446,732.27	\$0.00	\$0.00	\$1,217,527.60
IFRS-CR-Ash Pond	\$3,707,639.49	\$0.00	\$0.00	\$29,796.20	\$158,976.04	\$0.00	\$0.00	\$3,896,411.73
IFRS-CR-Coal Pile	\$264,609.87	\$0.00	\$0.00	\$2,126.52	\$11,346.08	\$0.00	\$0.00	\$278,082.47
IFRS-CR-Land Fill	\$1,244,493.73	\$0.00	\$0.00	\$10,001.29	\$53,360.74	\$0.00	\$0.00	\$1,307,855.76
IFRS-CR-Mercury Sources	\$5,168.50	\$0.00	\$0.00	\$41.54	\$221.39	\$0.00	\$0.00	\$5,431.43
IFRS-CR-Nuclear Sources	\$45,479.83	\$0.00	\$0.00	\$365.50	\$1,949.97	\$0.00	\$0.00	\$47,795.30
IFRS-CR-Sewage Treatment Plant	\$5,168.50	\$0.00	\$0.00	\$41.54	\$221.39	\$0.00	\$0.00	\$5,431.43
IFRS-MC-Ash Pond	\$3,994,712.28	\$0.00	\$0.00	\$38,492.20	\$361,617.08	\$0.00	\$0.00	\$4,394,821.56
IFRS-MC-Chemical Tanks	\$6,202.04	\$0.00	\$0.00	\$49.84	\$265.52	\$0.00	\$0.00	\$6,517.40
IFRS-MC-Hazardous Material Storag	\$23,476.19	\$0.00	\$0.00	\$238.92	\$2,814.74	\$0.00	\$0.00	\$26,529.85
IFRS-MC-Lab Chemical Disposal	\$2,347.85	\$0.00	\$0.00	\$23.89	\$281.25	\$0.00	\$0.00	\$2,652.99
IFRS-MC-Landfill	\$6,397,264.30	\$0.00	\$0.00	\$65,103.87	\$767,075.70	\$0.00	\$0.00	\$7,229,443.87
IFRS-MC-Radiation Sources	\$18,780.95	\$0.00	\$0.00	\$191.14	\$2,251.79	\$0.00	\$0.00	\$21,223.88
IFRS-MC-Storage Pile	\$302,371.12	\$0.00	\$0.00	\$2,606.33	\$16,241.56	\$0.00	\$0.00	\$321,219.01
IFRS-MC-Storage Tanks	\$15,077.68	\$0.00	\$0.00	\$145.28	\$1,364.96	\$0.00	\$0.00	\$16,587.92
IFRS-Mill Creek Unit 1 - ASB	\$1,068,943.43	\$0.00	\$0.00	\$12,124.61	\$376,275.60	\$0.00	\$0.00	\$1,457,343.64
IFRS-Mill Creek Unit 2 - ASB	\$953,157.15	\$0.00	\$0.00	\$10,811.30	\$306,851.65	\$0.00	\$0.00	\$1,270,820.10
IFRS-Mill Creek Unit 3 - ASB	\$422,554.66	\$0.00	\$0.00	\$4,792.88	\$536,016.10	\$0.00	\$0.00	\$963,363.64
IFRS-Mill Creek Unit 4 - ASB	\$799,422.16	\$0.00	\$0.00	\$9,067.54	\$257,359.35	\$0.00	\$0.00	\$1,065,849.05
IFRS-Ohio Falls - ASB	\$354,738.89	\$0.00	\$0.00	\$3,917.35	\$57,912.74	\$0.00	\$0.00	\$416,568.98
IFRS-Paddy's (Unit 11) - ASB	\$3,412,917.70	\$0.00	\$0.00	\$38,711.41	\$1,098,726.69	\$0.00	\$0.00	\$4,550,355.80
IFRS-TR-Ash Pond	\$4,964,548.43	\$0.00	\$0.00	\$53,210.35	\$733,355.56	\$0.00	\$0.00	\$5,751,114.34
IFRS-TR-Coal Storage	\$171,809.95	\$0.00	\$0.00	\$1,841.47	\$25,379.39	\$0.00	\$0.00	\$199,030.81
IFRS-TR-Hazardous Material Dispos	\$1,379.84	\$0.00	\$0.00	\$14.79	\$204.18	\$0.00	\$0.00	\$1,598.81
IFRS-Trn- CR Spare GSU	\$3,100.64	\$0.00	\$0.00	\$24.92	\$133.14	\$0.00	\$0.00	\$3,258.70

ARO Liability Balances and Activity

Charnas

Period Beginning: 10/1/2009

Period Ending: 12/1/2009

E.ON US

Company GL Account	Beginning Liability	Liabilities Incurred	Liabilities Settled	Accretion	Revisions	Gain/Loss	Accretion and Liab. Adjust	Ending Liability
LOUISVILLE GAS & ELECTRIC COMP								
230012-ASSET RETIREMENT OBLIGAT								
IFRS-Trn-CR4 GSU	\$3,100.64	\$0.00	\$0.00	\$24.92	\$133.14	\$0.00	\$0.00	\$3,258.70
IFRS-Trn-CR5 GSU	\$3,100.64	\$0.00	\$0.00	\$24.92	\$133.14	\$0.00	\$0.00	\$3,258.70
IFRS-Trn-CR6 GSU	\$3,100.64	\$0.00	\$0.00	\$24.92	\$133.14	\$0.00	\$0.00	\$3,258.70
IFRS-Trn-MC 3 GSU	\$2,660.66	\$0.00	\$0.00	\$25.64	\$240.98	\$0.00	\$0.00	\$2,927.28
IFRS-Trn-MC Spare GSU	\$2,347.85	\$0.00	\$0.00	\$23.89	\$281.25	\$0.00	\$0.00	\$2,652.99
IFRS-Trn-MC1 GSU	\$3,003.41	\$0.00	\$0.00	\$25.88	\$161.92	\$0.00	\$0.00	\$3,191.21
IFRS-Trn-MC2 GSU	\$2,895.87	\$0.00	\$0.00	\$26.65	\$190.88	\$0.00	\$0.00	\$3,113.40
IFRS-Trn-MC4 GSU	\$2,347.85	\$0.00	\$0.00	\$23.89	\$281.25	\$0.00	\$0.00	\$2,652.99
IFRS-TR-Nuclear Sources	\$11,729.94	\$0.00	\$0.00	\$125.73	\$1,732.71	\$0.00	\$0.00	\$13,588.38
IFRS-TR-Sewage Plant	\$2,760.05	\$0.00	\$0.00	\$29.59	\$407.60	\$0.00	\$0.00	\$3,197.24
IFRS-Waterside - ASB	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
IFRS-Zorn - ASB	\$32,284.39	\$0.00	\$0.00	\$366.18	\$10,393.39	\$0.00	\$0.00	\$43,043.96
GL Account Total:	\$38,782,057.40	\$0.00	\$0.00	\$401,407.34	\$7,327,373.24	\$0.00	\$0.00	\$46,510,837.98
230013-ASSET RETIREMENT OBLIGAT								
IFRS-LGE Transmission Subs (11) -	\$27,790.21	\$0.00	\$0.00	\$315.22	\$9,542.09	\$0.00	\$0.00	\$37,647.52
GL Account Total:	\$27,790.21	\$0.00	\$0.00	\$315.22	\$9,542.09	\$0.00	\$0.00	\$37,647.52
230015-ASSET RETIREMENT OBLIGAT								
IFRS-Distribution Substations (66)	\$305,719.63	\$0.00	\$0.00	\$3,467.66	\$100,592.87	\$0.00	\$0.00	\$409,780.16
IFRS-Manholes - ASB	\$484,633.63	\$0.00	\$0.00	\$5,497.01	\$288,114.86	\$0.00	\$0.00	\$778,245.50
GL Account Total:	\$790,353.26	\$0.00	\$0.00	\$8,964.67	\$388,707.73	\$0.00	\$0.00	\$1,188,025.66
230016-ASSET RETIREMENT OBLIGAT								
IFRS-Center Gas Storage Field - UG	\$3,165,554.56	\$0.00	(\$342,193.93)	\$27,990.05	\$611,399.52	\$0.00	\$0.00	\$3,462,750.20
IFRS-City Gate Doe Run 237900 - Ga	\$5,279.67	\$0.00	\$0.00	\$59.89	\$1,588.27	\$0.00	\$0.00	\$6,927.83
IFRS-City Gate Preston 237900 - Ga	\$5,279.67	\$0.00	\$0.00	\$59.89	\$1,588.27	\$0.00	\$0.00	\$6,927.83
IFRS-Doe Run 235300 - UGS	\$74,491.14	\$0.00	\$0.00	\$844.92	\$19,342.54	\$0.00	\$0.00	\$94,678.60
IFRS-Doe Run Gas Storage Field - U	\$2,401,971.66	\$0.00	\$0.00	\$22,885.03	\$202,621.99	\$0.00	\$0.00	\$2,627,478.68
IFRS-Gas Main & Serv Abandons - C	\$1,822,946.80	\$0.00	\$0.00	\$20,676.99	\$341,779.09	\$0.00	\$0.00	\$2,185,402.88
IFRS-Magnolia 235120 - UGS	\$23,850.02	\$0.00	\$0.00	\$270.52	\$7,341.90	\$0.00	\$0.00	\$31,462.44

ARO Liability Balances and Activity

Charnas

Period Beginning: 10/1/2009

Period Ending: 12/1/2009

E.ON US

Company GL Account	Beginning Liability	Liabilities Incurred	Liabilities Settled	Accretion	Revisions	Gain/Loss	Accretion and Liab. Adjust	Ending Liability
LOUISVILLE GAS & ELECTRIC COMP								
230016-ASSET RETIREMENT OBLIGAT								
IFRS-Magnolia 235300 - UGS	\$76,771.56	\$0.00	\$0.00	\$870.79	\$19,934.48	\$0.00	\$0.00	\$97,576.83
IFRS-Magnolia 235600 - UGS	\$8,379.79	\$0.00	\$0.00	\$95.04	\$2,579.55	\$0.00	\$0.00	\$11,054.38
IFRS-Magnolia Gas Storage Field - l	\$2,822,109.28	\$0.00	(\$80,123.25)	\$26,379.82	\$318,694.70	\$0.00	\$0.00	\$3,087,060.55
IFRS-Muldraugh 235120 - UGS	\$33,841.29	\$0.00	\$0.00	\$383.85	\$10,417.51	\$0.00	\$0.00	\$44,642.65
IFRS-Muldraugh 235300 - UGS	\$58,148.69	\$0.00	\$0.00	\$659.56	\$15,098.93	\$0.00	\$0.00	\$73,907.18
IFRS-Muldraugh 235600 - UGS	\$38,998.00	\$0.00	\$0.00	\$442.34	\$12,005.03	\$0.00	\$0.00	\$51,445.37
IFRS-Muldraugh 237510 - Gas Dist	\$4,703.02	\$0.00	\$0.00	\$53.34	\$1,064.48	\$0.00	\$0.00	\$5,820.84
IFRS-Muldraugh Gas Storage Field	\$819,594.87	\$0.00	\$0.00	\$7,808.78	\$69,138.52	\$0.00	\$0.00	\$896,542.17
IFRS-Riggs Junction 235120 - UGS	\$21,267.32	\$0.00	\$0.00	\$241.23	\$6,546.79	\$0.00	\$0.00	\$28,055.34
GL Account Total:	\$11,383,187.34	\$0.00	(\$422,317.18)	\$109,722.04	\$1,641,141.57	\$0.00	\$0.00	\$12,711,733.77
230017-ASSET RETIREMENT OBLIGAT								
IFRS-Seventh and Ormsby - ComGe	\$79,692.55	\$0.00	\$0.00	\$903.93	\$38,201.06	\$0.00	\$0.00	\$118,797.54
GL Account Total:	\$79,692.55	\$0.00	\$0.00	\$903.93	\$38,201.06	\$0.00	\$0.00	\$118,797.54
Company Total:	\$51,063,080.76	\$0.00	(\$422,317.18)	\$521,313.20	\$9,404,965.69	\$0.00	\$0.00	\$60,567,042.47
Grand Total:	\$51,063,080.76	\$0.00	(\$422,317.18)	\$521,313.20	\$9,404,965.69	\$0.00	\$0.00	\$60,567,042.47

Crescente, Angela

From: Crescente, Angela
Sent: Friday, October 01, 2010 8:31 AM
To: Fendig, John
Cc: Wiseman, Sara
Subject: ARO Quarterly Certification needed for 2010Q3

John,

I am sending this as a gentle reminder for you to send me the quarterly certification when it is complete.

Thanks!
Angela

Crescente, Angela

From: Valerie Giles <Valerie.Giles@pgn.com>
Sent: Friday, July 30, 2010 10:20 AM
To: Julie Fender (ALLETE); Githae, David; Lewis, Daniel; Thomas.Mitchell@aps.com; Bleakley, Brad; betty.mincer@pepcoholdings.com; Koyanagi, Michelle; Samia, Emilia F.; Poore, Lawrence; Crescente, Angela; roncamp@nu.com; Lee, Cynthia; amtrask@tecoenergy.com; Luminda.Marshall@oncor.com; Lee, Cynthia; kjwatkins@cmsenergy.com; Rebecca.Richards@we-energies.com; McElwee, Curtis; Fuentes, Elizabeth; Miller, Michael; kmagner@firstenergycorp.com; Cappiello, Peter E.; Mueller, Catherine; Council, Carl J Jr
Cc: 'iharmon@eei.org'
Subject: Asset Retirement Obligations Survey Results
Attachments: EEI Survey ARO's July 2010.xls

Attached are the survey results for the Asset Retirement Obligation questions. Thank you all for responding,
Valerie Giles

Valerie Giles | Mgr. Generation & Asset Acctg.

Portland General Electric | 121 SW Salmon St, 1WTC0502

Portland, Oregon 97204 | ☎: 503.464-7307 | 📠: 503.464-2507 | ✉: valerie.giles@pgn.com

Asset Retirement Obligation EET Survey - July 2010

Valerie Giles - Portland General Electric
 Portland General Electric has Asset Retirement Obligations, including environmental obligations.
 We also use PowerPlant for processing our AROs. Below are several questions related to AROs regarding methodology, recording and disclosing AROs.

Company	Name	How does your company represent obligations under FAS 477?	If you record the obligation for treated poles, what is your method for updating your obligation?	Individual cash flow streams for each time period, and count of wood poles	Do you record the obligation for treated poles using average services life, average discount rate, and count of wood poles?	Do you use the "snapshot" approach or the layers approach?	Does your company use the "snapshot" approach or the layers approach?	What version of PowerPlant Asset Management does your company use?	Does your company use PowerPlant for recording AROs?	Does your company use the ARO module for ongoing balances and revisions for obligations under FAS 477?
PEL Service Company	Betsy Manor	recorded and disclosed	At the time of a significant change		no obligation for poles	no ARO with revisions yet. PowerPlant user no will use layers approach when needed	no ARO with revisions yet. PowerPlant user no will use layers approach when needed	soon to upgrade to newest version	Yes	no ARO with revisions yet. PowerPlant activity is within PowerPlant
MN Power	Julie Fender	recorded and disclosed	annually		no obligation for poles	layers	layers	9.0.6	Yes	yes
Arizona Public Service Company	Thomas Mitchell	recorded and disclosed	We review annually but will update when necessary if we have a significant change such as an updated decommissioning study.		no ARO recorded for treated poles	layers	layers	16.2.1.3	Yes	yes
Alliant Energy	Den Lewis	recorded and disclosed	Only when a significant change occurs		We don't record AROs for poles.	layers	layers	V10 from conversion date 08/23/10	Yes	yes
PSEG Services Corp	Emilia Samia	recorded and disclosed	Quarterly, additions and retirement primarily for poles and masts	individual cash flow streams for each vintage year - separate rate for each future cash flow	layers	layers	layers		no	no
Constellation Energy Nuclear Group, LLC	David Gibbo	recorded and disclosed	Only when a significant change occurs		no T&D assets	layers	layers	10.2	Yes	yes
Oklahoma Gas & Electric	Brod Blasbally	recorded and disclosed	Only when a significant change occurs		no ARO recorded for treated poles	layers	layers		no	no
NYS&E Electric & Gas	Larry Powe	recorded and disclosed	Quarterly		no ARO recorded for treated poles	snapshot	snapshot		no	no
Hawaiian Electric Co	Michelle Koyanagi	recorded and disclosed	Annually		no ARO recorded for treated poles	layers	layers	16.2.1.2	Yes	yes
E.ON U.S.	Angela Cisewski	recorded and disclosed	Annually		We do not record an obligation for treated poles per our Legal and Environmental Departments	layers	layers		no	no
Northeast Utilities	Ron Camp	recorded and disclosed	Reviewed quarterly for significant changes and updated annually		no ARO recorded for treated poles	layers	layers		no	no
Progress Energy Florida	Cynthia Lee	recorded and disclosed	Only when a significant change occurs		We do not record an ARO for treated poles -- rather we have an environmental reserve using the FAS 5 method to estimate the environmental liability	layers	layers		no	no

We use both approaches. Our asbestos and landfill AROs are accounted for using the layer approach. But, for Nuclear Decommissioning we actually completely remove the prior ARO and add the new remeasured ARO as a totally new ARO. When you re-measure, you are adding a layer (can be upward or downward). FAS 147 provides guidance about which discount rate to use under the different scenarios for new layers. However, due to the unique nature of nuclear decommissioning this is not practical to have multiple layers. FAS 147 requires that changes in cash flows used to calculate the ARO are layered on top of the cash flows used for any prior calculations. A discount rate is associated with each series of cash flows. Our auditors and FASB have agreed that weighting the discount rates using the total cash flows for each calculation accomplishes the intent of the requirement.

Company	Contact	Recorded and disclosed	Frequency	ARO recorded for treated poles	ARO recorded for layers	Version	Yes	No
ONCOR	Luminda Marshall	The amount so far is immaterial	Annually	no ARO recorded for treated poles	layers	10.1	yes	no
ONS Energy	Kevin J. Wadine	recorded and disclosed	Only when a significant change occurs	no ARO recorded for treated poles	layers	9.0	yes	
We Energies	Rebecca Richards	recorded and disclosed	Only when a significant change occurs, checked quarterly	no ARO recorded for treated poles	layers	10.2	yes	
NV Energy	Carla McElwee	recorded and disclosed	Annually, when a significant change occurs	no ARO recorded for treated poles	layers	10	yes	
Florida Power & Light	Elizabeth Fuentes	FPL records obligations under FIN 47 for emission abatement and soil remediation activities identified in our fossil generating units, that are estimated to occur in one of life.	FPL is required to file updated site specific fossil plant assessment studies with the Florida Public Service Commission at least every four years. At a minimum, FPL updates its ARO estimates concurrent and consistent with each site study. In addition, fossil plant studies are required to provide projected emissions on an annual basis to reflect evolution in the fleet. The most recent of such flow studies that have been identified subsequent to the last approved dismantlement studies.	no ARO recorded for treated poles	layers	9.0.6.99	yes	
Dynegy	Michael D. Miller	recorded and disclosed	Only when a significant change occurs	no ARO recorded for treated poles	layers			no
First Energy		recorded and disclosed	Only when a significant change occurs	no ARO recorded for treated poles	primarily layers	9.0 seen 10.2	yes	
Consolidated Edison Company of New York	Peter Crippello	recorded and disclosed	Annually unless a significant change occurs.	Did not record for poles layers		We're just implementing PowerPlant now, version 10.1.	50	

...5-year average of historical pole removal and disposal (quantity and dollars). This annual average cost of disposal would be calculated each year using Randy Whitman to generate a series of future cash flows, which then could be net present valued... We project a stream of cash flows for 25 years, which is the average service life of a wood pole. Some things to factor into the analysis are future growth in systems or conversion from wood to steel/concrete. We use Excel and plug the results into PowerPlant for automatics monthly accretion and depreciation accounting.

FIN 47 refers to the layers method and our external auditors enforce this mechanism. That we use the incremental layers approach embedded in PowerPlant functionality

yes we use the ARO module - handles all AROs extremely well, with the exception for treated wood poles (analysis done in Excel and balances plugged into PowerPlant for monthly accretion / depreciation).

Dynegy does not use Power Plant for recording AROs. The ARO liabilities are recorded directly to the GL via Peoplesoft Financial System. Excel spreadsheets are used for ARO module & accretion scheduler

Crescente, Angela

From: Wiseman, Sara
Sent: Thursday, July 29, 2010 12:12 PM
To: Crescente, Angela; Rose, Bruce
Subject: FW: ARO Asbestos Estimates - FW: LG&E 2010 Est Cost Sheet for 100 MW Unit
Attachments: LG&E 2010 Est. Cost Sheet.pdf; FIN-47 Abatement Methodolgy - 2010.docx; Fin 47 Template - 2010 (3).xls

Should this be sent out to the rest of the group? Did you decide that at the meeting?

From: Legler, Steve
Sent: Thursday, July 29, 2010 9:50 AM
To: Wiseman, Sara
Cc: Byrd, Larry
Subject: ARO Asbestos Estimates - FW: LG&E 2010 Est Cost Sheet for 100 MW Unit

Sara,

National Environmental Contracting has reviewed the abatement budget estimates provided in 2005 for FIN-47 ARO purposes. Attached is their updated response for 2010.

I have reviewed and updated the Cane Run, Paddy's Run, and Canal facility removal estimates. I have recent removal abatement costs for PR and Canal that are significantly lower than the 2005 estimates. I have only slightly changed Cane Run Unit 6 pricing due to recent large scale asbestos removal work.

Let me know if you need anything else.

Steve

From: Neil Stamp [<mailto:Neils@necontracting.com>]
Sent: Wednesday, July 28, 2010 3:28 PM
To: Legler, Steve
Cc: Rick Fleischer
Subject: LG&E 2010 Est Cost Sheet for 100 MW Unit

Steve....See the attached. I updated the date for your records but Rick and I both agree that these \$\$ are still good for a few years as a budget! No change!

Neil J. Stamp, VP of Construction
National Environmental Contracting, Inc.
2660 Technology Drive
Louisville, KY 40299-6424
(502) 261-0800
(502) 261-0828 Fax
(800) 650-8893 Toll Free
(502) 553-3850 Cell
Neils@NEContracting.com

Crescente, Angela

From: Crescente, Angela
Sent: Wednesday, July 14, 2010 4:10 PM
To: Scott, Valerie
Subject: RE: ARO Liability Report _revised Apr 2010.xls

Valerie,

Please see the attached:



ARO Liability Report
2nd Quart...

Thanks,
Angela

From: Scott, Valerie
Sent: Wednesday, July 14, 2010 3:20 PM
To: Crescente, Angela
Subject: RE: ARO Liability Report _revised Apr 2010.xls

Angela,

Just the balance at 6/30/2010 is all I will need.

Thanks!

Valerie

From: Crescente, Angela
Sent: Wednesday, July 14, 2010 2:49 PM
To: Scott, Valerie
Subject: FW: ARO Liability Report _revised Apr 2010.xls

Valerie,

I am working on this report for you, and I just wanted to be sure of what you would like to see now that we are in the second quarter. Do you only want quarterly activity from 4/01/2010 to 6/30/2010, or YTD activity from 1/01/2010 to 6/30/2010?

Thanks,
Angela

From: Crescente, Angela

Sent: Tuesday, April 13, 2010 9:40 AM
To: Scott, Valerie
Cc: Wiseman, Sara
Subject: RE: ARO Liability Report _revised Apr 2010.xls

Valerie,

Please see the attached per your request:

<< File: ARO Liability Report 1st Quarter.xls >>

Thanks,
Angela

Kentucky Utilities
Asset Retirement Obligations by Plant Account

ARO	Plant Account and Description	Legal Obligation
Ash Ponds, Landfills	131100 - Structures and Improvements	Coal combustion by-product storage facilities must be properly closed and monitored.
Coal Storage	131100 - Structures and Improvements	Must remove all material storage piles to eliminate the potential for "contaminated" stormwater runoff from the site.
Gypsum Stack	131200 - Boiler Plant Equipment	Must remove all material storage piles to eliminate the potential for "contaminated" stormwater runoff from the site.
Generation Wells	131100 - Structures and Improvements	Wells must be properly covered and closed.
Nuclear Sources	131200 - Boiler Plant Equipment	The handling and disposal of radioactive waste.
Chemical Storage	131200 - Boiler Plant Equipment	Hazardous wastes must be removed from site and disposed of properly.
Oil Storage	131200 - Boiler Plant Equipment	Must drain/remove all hazardous chemicals/petroleum products from aboveground storage tanks/reservoirs and recycle/reuse or dispose of properly. Must be removed from electrical equipment at the end of its useful life and dispose of properly.
Asbestos - Generation	131200 - Boiler Plant Equipment	Removal and disposal of asbestos in the proper manner.
Asbestos - General Plant	139010 - Structures and Improvements	Removal and disposal of asbestos in the proper manner.
Asbestos - Distribution	136100 - Structures and Improvements	Removal and disposal of asbestos in the proper manner.
Asbestos - Transmission	135210 - Structures & Improvements-Non System Control	Removal and disposal of asbestos in the proper manner.
PCB - Line Transformers	136800 - Line Transformers	Removal and disposal of PCB in the proper manner.
PCB - Distribution	136200 - Station Equipment	Removal and disposal of PCB in the proper manner.
PCB - Transmission	135310 - Station Equipment - Non System Control	Removal and disposal of PCB in the proper manner.

ARO Liability

LGE GAAP

Description of ARO	Liability at 6/30/2010
Canal (Retired) - ASB	\$ 2,421,378.52
Cane Run Unit 1 (Retired) - ASB	\$ 1,100,083.08
Cane Run Unit 2 (Retired) - ASB	\$ 1,036,310.05
Cane Run Unit 3 (Retired) - ASB	\$ 1,167,841.90
Cane Run Unit 4 - ASB	\$ 367,602.57
Cane Run Unit 5 - ASB	\$ 305,117.88
Cane Run Unit 6 - ASB	\$ 301,264.69
Center Gas Storage Field - UGS	\$ 2,227,890.58
City Gate Doe Run 237900 - Gas Dist	\$ 2,769.78
City Gate Preston 237900 - Gas Dist	\$ 2,769.78
CR-Ash Pond	\$ 3,031,314.57
CR-Coal Pile	\$ 216,342.28
CR-Land Fill	\$ 1,017,479.04
CR-Mercury Sources	\$ 4,212.91
CR-Nuclear Sources	\$ 37,186.37
CR-Sewage Treatment Plant	\$ 4,214.85
Distribution Substations (66) - ASB	\$ 151,429.42
Doe Run 235300 - UGS	\$ 42,594.70
Doe Run Gas Storage Field - UGS	\$ 1,959,859.27
Gas Main & Serv Abandons - Gas Dist	\$ 1,220,703.77
LGE Transmission Subs (11) - ASB	\$ 13,375.16
Magnolia 235120 - UGS	\$ 12,333.59
Magnolia 235300 - UGS	\$ 43,898.44
Magnolia 235600 - UGS	\$ 4,333.44
Magnolia Gas Storage Field - UGS	\$ 2,219,542.62
Manholes - ASB	\$ 147,325.04
MC-Ash Pond	\$ 2,936,734.65
MC-Chemical Tanks	\$ 5,081.45
MC-Hazardous Material Storage	\$ 15,752.04
MC-Lab Chemical Disposal	\$ 1,573.97
MC-Landfill	\$ 4,294,337.25
MC-Radiation Sources	\$ 12,617.40
MC-Storage Pile	\$ 244,418.76
MC-Storage Tanks	\$ 11,083.77
Mill Creek Unit 1 - ASB	\$ 524,086.79
Mill Creek Unit 2 - ASB	\$ 478,949.96
Mill Creek Unit 3 - ASB	\$ 50,035.36
Mill Creek Unit 4 - ASB	\$ 401,700.17
Muldraugh 235120 - UGS	\$ 17,500.20
Muldraugh 235300 - UGS	\$ 33,249.90
Muldraugh 235600 - UGS	\$ 20,166.80
Muldraugh 237510 - Gas Dist	\$ 2,889.35
Muldraugh Gas Storage Field - UGS	\$ 668,738.68
Ohio Falls - ASB	\$ 247,120.07
Paddy's (Unit 11) - ASB	\$ 1,714,950.02
Riggs Junction 235120 - UGS	\$ 10,997.83

Description of ARO	Liability at 6/30/2010
Seventh and Ormsby - ComGeneralPlnt	\$ 29,619.63
TR-Ash Pond	\$ 3,108,887.18
TR-Coal Storage	\$ 107,584.60
TR-Hazardous Material Disposal	\$ 866.73
Trn- CR Spare GSU	\$ 2,537.44
Trn-CR4 GSU	\$ 2,535.19
Trn-CR5 GSU	\$ 2,535.19
Trn-CR6 GSU	\$ 2,538.71
Trn-MC 3 GSU	\$ 1,955.20
Trn-MC Spare GSU	\$ 1,576.59
Trn-MC1 GSU	\$ 2,428.69
Trn-MC2 GSU	\$ 2,334.34
Trn-MC4 GSU	\$ 1,576.59
TR-Nuclear Sources	\$ 7,349.40
TR-Sewage Plant	\$ 1,733.63
Zorn - ASB	\$ 16,222.48
	\$ 34,043,440.31

KU GAAP	Description of ARO	Liability at 6/30/2010
	Big Stone Gap Substation - ASB-Dist	\$ 2,635.40
	BR-Ash Pond	\$ 7,693,560.38
	BR-Br 1 Coal Storage	\$ 46,509.25
	BR-BR 3 Fuel Oil Tanks	\$ 109,286.02
	BR-BR3 Sewage Treatment Plant	\$ 7,761.09
	BR-Coal Pile Retention Pond	\$ 143,381.41
	BR-CT Fuel Oil Piping - OP	\$ 19,131.90
	BR-CT9 Fuel Oil Tanks - OP	\$ 175,471.86
	BR-Lab	\$ 13,947.56
	Brown Unit 1 - ASB	\$ 159,069.21
	Brown Unit 2 - ASB	\$ 375,978.52
	Brown Unit 3 - ASB	\$ 848,219.22
	BR-Radiation Sources	\$ 12,400.75
	BR-Station Fuel Oil Piping	\$ 13,173.90
	Dix Dam - ASB - Hydro	\$ 39,412.39
	GH-Ash Pond GH4	\$ 10,623,138.44
	GH-Chemical Tanks GH4	\$ 6,002.73
	GH-Coal Storage	\$ 503,284.08
	Ghent Unit 1 - ASB	\$ 743,469.55
	Ghent Unit 2 - ASB	\$ 985,322.29
	Ghent Unit 3 - ASB	\$ 174,772.93
	Ghent Unit 4 - ASB	\$ 174,772.93
	GH-Gypsum Stack-GH 1 Scrubber	\$ 674,994.98
	GH-Radiation Sources	\$ 84,894.08
	GH-Sewage Treatment Plant GH1	\$ 7,413.93
	GH-Station Fuel Oil Piping GH2	\$ 2,500.98
	GH-trn-GH Spare GSU Transformer	\$ 1,121.09
	GH-trn-GH1 GSU Transformer	\$ 1,778.97
	GH-trn-GH2 GSU Transformer	\$ 1,502.08
	GH-trn-GH3 GSU Transformer	\$ 1,261.08

Description of ARO	Liability at 6/30/2010
GH-trn-GH4 GSU Transformer	\$ 1,123.23
GH-Underground Tank Coal Yard GH1	\$ 9,642.48
GR-Ash Pond	\$ 8,612,389.20
GR-Coal Storage	\$ 79,420.73
Green River Unit 1 - ASB	\$ 211,050.74
Green River Unit 2 - ASB	\$ 193,938.66
Green River Unit 3 - ASB	\$ 115,384.42
Green River Unit 4 - ASB	\$ 216,664.76
GR-GR4 Oil Storage tanks	\$ 8,459.04
GR-Hazardous Material Tanks	\$ 5,078.04
GR-Limestone Silo	\$ 5,305.05
GR-Mercury Sources	\$ 1,697.37
GR-Nuclear Source	\$ 835.15
GR-Sewage Treatment Plant	\$ 4,215.55
GR-trn-G1-2 GSU Transformer	\$ 5,501.82
GR-trn-GR3 GSU Transformer	\$ 5,530.23
GR-trn-GR4 GSU Transformer	\$ 5,291.75
GR-trn-GSU Spare Transformer	\$ 5,284.94
GR-Underground Tanks 1&2	\$ 11,475.82
KU - Various Substations - ASB-Dist	\$ 90,510.61
KU Distrib Subs (478) - ASB-Dist	\$ 54,433.68
KU Transmission Subs (69) - ASB	\$ 43,704.09
Pineville - ASB	\$ 175,023.78
TY-Ash Pond	\$ 662,685.50
TY-Coal Storage	\$ 26,468.38
TY-Fuel Oil Tanks	\$ 44,115.31
TY-Fuel Oil Tanks Unit 1	\$ 45,008.61
TY-Mercury Sources	\$ 2,653.07
Tyronne Unit 1 (Retired) - ASB	\$ 429,304.04
Tyronne Unit 2 (Retired) - ASB	\$ 429,304.04
Tyronne Unit 3 - ASB	\$ 123,142.22
TY-Service Water Pump Structure	\$ 159,721.28
TY-Sewage Treatment Plant	\$ 4,411.59
TY-Station Fuel Oil Piping	\$ 12,355.02
Total KU	\$ 35,447,299.20

Crescente, Angela

From: Crescente, Angela
Sent: Friday, July 02, 2010 1:06 PM
To: 'valerie.giles@pgn.com'
Cc: Wiseman, Sara
Subject: RE: Asset Retirement Obligations

Valerie,

Please see our responses below.

1. A.
2. B.
3. We do not record an obligation for treated poles per our Legal and Environmental Departments.
4. We use the layers approach.
5. 1. Yes, version 10.2.1.2.
2. Yes.

Please send us the results when they have been compiled.

Thanks,
Angela

From: Harmon, Isetta [<mailto:IHarmon@eei.org>]
Sent: Thursday, July 01, 2010 3:29 PM
To: Harmon, Isetta; valerie.giles@pgn.com
Subject: Asset Retirement Obligations

To: Property Accounting & Valuation Committee,

Portland General Electric has Asset Retirement Obligations, including environmental obligations. We also use PowerPlant for processing our ARO's. Below are several questions related to ARO's regarding methodology, recording and disclosing ARO's.

1. How does your company represent obligations under FIN 47?
 - a. The obligation is recorded in the financial statements and disclosed
 - b. The obligation is only disclosed
 - c. other (explain)

2. If you record the obligation, how often do you update the obligation?
 - a. Quarterly
 - b. Annually
 - c. Only when a significant change occurs

3. If you record the obligation for treated poles, what is your method for updating your obligation?
 - a. individual cash flow streams for each vintage year
 - If yes, do you use a single average discount rate or a separate rate for each future cash flow?
 - b. an averaging method using average service life, average disposal cost, and count of wood poles
 - c. other, please describe

4. Does your company use the "snapshot" approach or the layers approach?

5. Does your company use PowerPlant for recording ARO's?
 - a. Yes.
 1. What version of PowerPlant Asset Management does your company use?
 2. Does your company use the ARO module for ongoing balances and revisions for obligations under FIN 47?
 - b. No

Thank you for responding,

Valerie Giles, Manager Generation & Asset Accounting
Portland General Electric
503-464-7307
Valerie.Giles@pgn.com

Isetta E. Harmon, CPA
Manager, Accounting
Edison Electric Institute
(202) 508-5423 Fax (202) 508-5542
email: iharmon@eei.org

**Please register -
EEI-AGA Accounting/Auditing Training Courses**
<http://www.eei.org/meetings>

Crescente, Angela

From: Wiseman, Sara
Sent: Friday, July 02, 2010 1:01 PM
To: Crescente, Angela
Subject: RE: Asset Retirement Obligations

Looks good.

From: Crescente, Angela
Sent: Friday, July 02, 2010 12:28 PM
To: Wiseman, Sara
Subject: RE: Asset Retirement Obligations

Sara:

Please review my responses before I send this out.

Valerie,

Please see our responses below.

1. A.
2. B.
3. We do not record an obligation for treated poles per our Legal and Environmental Departments.
4. We use the layers approach.
5.
 1. Yes, version 10.2.1.2.
 2. Yes.

Please send us the results when they have been compiled.

From: Harmon, Isetta [<mailto:IHarmon@eei.org>]
Sent: Thursday, July 01, 2010 3:29 PM
To: Harmon, Isetta; valerie.giles@pgn.com
Subject: Asset Retirement Obligations

To: Property Accounting & Valuation Committee,

Portland General Electric has Asset Retirement Obligations, including environmental obligations. We also use PowerPlant for processing our ARO's. Below are several questions related to ARO's regarding methodology, recording and disclosing ARO's.

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 - a. The obligation is recorded in the financial statements and disclosed
 - b. The obligation is only disclosed

- c. other (explain)
2. If you record the obligation, how often do you update the obligation?
 - a. Quarterly
 - b. Annually
 - c. Only when a significant change occurs
3. If you record the obligation for treated poles, what is your method for updating your obligation?
 - a. individual cash flow streams for each vintage year
 - If yes, do you use a single average discount rate or a separate rate for each future cash flow?
 - b. an averaging method using average service life, average disposal cost, and count of wood poles
 - c. other, please describe
4. Does your company use the "snapshot" approach or the layers approach?
5. Does your company use PowerPlant for recording ARO's?
 - a. Yes.
 1. What version of PowerPlant Asset Management does your company use?
 2. Does your company use the ARO module for ongoing balances and revisions for obligations under FIN 47?
 - b. No

Thank you for responding,

Valerie Giles, Manager Generation & Asset Accounting
Portland General Electric
503-464-7307
Valerie.Giles@pgn.com

Isetta E. Harmon, CPA
Manager, Accounting
Edison Electric Institute
(202) 508-5423 Fax (202) 508-5542
email: iharmon@eei.org

**Please register -
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<http://www.eei.org/meetings>

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

**Response to Attorney General's Initial Requests for Information
Dated July 31, 2012**

Question No. 203

Responding Witness: Shannon L. Charnas

Q-203. Regarding FASB Statement No. 143, FIN 47, and FERC Order No. 631 in Docket No. RM02-7-000, on a plant account-by-plant account basis, please identify any and all "legal obligations" associated with the retirement of the assets contained in the account that result from the acquisition, construction, development and (or) the normal operation of the assets in the account. For the purposes of this question, please use the definition of a "legal obligation" provided in FASB Statement No. 143: "an obligation that a party is required to settle as a result of an existing or enacted law, statute, ordinance, or written or oral contract under the doctrine of promissory estoppel."

A-203. See attached.

Crescente, Angela

From: Wiseman, Sara
Sent: Friday, July 02, 2010 10:41 AM
To: Crescente, Angela
Subject: FW: Asset Retirement Obligations

You may respond if you want. You are supposed to be sent the final compilation of all answers.

From: Harmon, Isetta [<mailto:IHarmon@eel.org>]
Sent: Thursday, July 01, 2010 3:29 PM
To: Harmon, Isetta; valerie.giles@pgn.com
Subject: Asset Retirement Obligations

To: Property Accounting & Valuation Committee,

Portland General Electric has Asset Retirement Obligations, including environmental obligations. We also use PowerPlant for processing our ARO's. Below are several questions related to ARO's regarding methodology, recording and disclosing ARO's.

1. How does your company represent obligations under FIN 47?
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 - c. other (explain)

2. If you record the obligation, how often do you update the obligation?
 - a. Quarterly
 - b. Annually
 - c. Only when a significant change occurs

3. If you record the obligation for treated poles, what is your method for updating your obligation?
 - a. individual cash flow streams for each vintage year
 - If yes, do you use a single average discount rate or a separate rate for each future cash flow?
 - b. an averaging method using average service life, average disposal cost, and count of wood poles
 - c. other, please describe

4. Does your company use the "snapshot" approach or the layers approach?

5. Does your company use PowerPlant for recording ARO's?

**Louisville Gas and Electric
Asset Retirement Obligations by Plant Account**

ARO	Plant Account and Description	Legal Obligation
Ash Ponds, Landfills	131100 - Structures and Improvements	Coal combustion by-product storage facilities must be properly closed and monitored.
Coal Storage	131100 - Structures and Improvements	Must remove all material storage piles to eliminate the potential for "contaminated" stormwater runoff from the site.
Floodwall Penetration	131100 - Structures and Improvements	Must fill concrete tunnels in order to maintain integrity of the floodwall.
Generation Wells	131100 - Structures and Improvements	Wells must be properly covered and closed.
Nuclear Sources	131200 - Boiler Plant Equipment	The handling and disposal of radioactive waste.
Chemical Storage	131200 - Boiler Plant Equipment	Hazardous wastes must be removed from site and disposed of properly.
Oil Storage	131200 - Boiler Plant Equipment	Must drain/remove all hazardous chemicals/petroleum products from aboveground storage tanks/reservoirs and recycle/reuse or dispose of properly. Must be removed from electrical equipment at the end of its useful life and dispose of properly.
Asbestos - Generation	131200 - Boiler Plant Equipment	Removal and disposal of asbestos in the proper manner.
Asbestos - Distribution	136100 - Structures and Improvements	Removal and disposal of asbestos in the proper manner.
Asbestos - Distribution	136600 - Underground Conduit	Removal and disposal of asbestos in the proper manner.
Asbestos - Transmission	135210 - Structures & Improvements-Non System Control	Removal and disposal of asbestos in the proper manner.
Asbestos - General Plant	339010 - Structures and Improvements-General Offices	Removal and disposal of asbestos in the proper manner.
Asbestos - Gas	235120 - Compressor Station Structures	Removal and disposal of asbestos in the proper manner.
Asbestos - Gas	235300 - Lines	Removal and disposal of asbestos in the proper manner.
Asbestos - Gas	235600 - Purification Equipment	Removal and disposal of asbestos in the proper manner.
Asbestos - Gas	237520 - Other Distribution Structures	Removal and disposal of asbestos in the proper manner.
PCB - Distribution	136200 - Station Equipment	Removal and disposal of PCB in the proper manner.
PCB - Transmission	135310 - Station Equipment - Non System Control	Removal and disposal of PCB in the proper manner.
Gas Wells	235250 - Well Equipment	Wells must be properly plugged and covered.
Gas Distribution Mains	237600 - Mains	Gas must be purged from the mains, and the pipe must be cut and capped.

**Louisville Gas and Electric
Asset Retirement Obligations by Plant Account**

ARO	Plant Account and Description	Legal Obligation
Gas Transmission Mains	236700 - Mains	Gas must be purged from the mains, and the pipe must be cut and capped.

Crescente, Angela

From: Crescente, Angela
Sent: Thursday, July 01, 2010 8:30 AM
To: Fendig, John
Cc: Wiseman, Sara
Subject: ARO Quarterly Certification needed for 2010Q2

John,

I am sending this as a gentle reminder for you to send me the quarterly certification when it is complete.

Thanks!
Angela

Crescente, Angela

From: Crescente, Angela
Sent: Tuesday, June 08, 2010 2:36 PM
To: Williams, Scott
Cc: Wiseman, Sara
Subject: RE: KU ARO

Scott,

Here is the KU spreadsheet. I agree with your numbers, but I did go ahead and carry out the account numbers further.



ARO Net for Scott
KU.xlsx

Thanks,
Angela

From: Williams, Scott
Sent: Thursday, June 03, 2010 11:36 AM
To: Crescente, Angela
Subject: KU ARO

<< File: Book2.xlsx >>

Angela,

I prepared a similar schedule for KU AROs like I did for LG&E. Could you look at this and see if you agree. The account numbers probably need to be carried out further.

Thanks
Scott

KU AROs

Account Number	12/31/2008			12/31/2009		
	Asset	Reserve	Net	Asset	Reserve	Net
131707	9,249,179	(4,615,136)	4,634,043	9,248,362	(4,909,720)	4,338,642
133707	4,970	(1,812)	3,158	4,970	(1,864)	3,106
134707	70,990	(32,069)	38,921	70,990	(34,511)	36,479
135915	7,427	(2,574)	4,853	7,427	(2,647)	4,780
135917	3,600	(2,006)	1,594	0	0	0
137405	18,610	(6,386)	12,224	18,610	(6,569)	12,041
	<u>9,354,776</u>	<u>(4,659,983)</u>	<u>4,694,793</u>	<u>9,350,359</u>	<u>(4,955,311)</u>	<u>4,395,048</u>
Change				(4,417)	(295,328)	(299,745)

This information was provided by the KU Plant Reports.

Crescente, Angela

From: Williams, Scott
Sent: Thursday, May 27, 2010 9:21 AM
To: Crescente, Angela
Subject: RE: Book2.xlsx

Thanks for the info Angela
Scott

From: Crescente, Angela
Sent: Wednesday, May 26, 2010 6:24 PM
To: Williams, Scott
Cc: Wiseman, Sara
Subject: FW: Book2.xlsx

Sorry....I forgot to add the spreadsheet....

<< File: ARO Net for Scott.xlsx >>

From: Crescente, Angela
Sent: Wednesday, May 26, 2010 6:23 PM
To: Williams, Scott
Cc: Wiseman, Sara
Subject: RE: Book2.xlsx

Scott,

Your numbers were fine except for Dec 2009-131707 Reserve. I fixed it, and I also split the accounts like they are on the plant report (by the last 2 digits) in order to help me remember for next year how I checked this for you so I don't have to bother you with questions again. So, you can add them back together if you want.

Thanks,
Angela

From: Williams, Scott
Sent: Thursday, May 20, 2010 2:14 PM
To: Crescente, Angela
Subject: Book2.xlsx

<< File: Book2.xlsx >>

Angela,

Attached is a schedule I did for LG&E AROs at 12/31 2008 and 2009. Could you look at this and let me know if what I have is correct. Is there any accounts I need to add for AROs? I need the items that go into the 101 and 108 accounts.

Thanks

Scott

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ARO Net for
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Sent: Thursday, May 20, 2010 2:14 PM
To: Crescente, Angela
Subject: Book2.xlsx

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Attached is a schedule I did for LG&E AROs at 12/31 2008 and 2009. Could you look at this and let me know if what I have is correct. Is there any accounts I need to add for AROs? I need the items that go into the 101 and 108 accounts.

Thanks

Scott

LG&E AROs

Account Number	12/31/2008			12/31/2009		
	Asset	Reserve	Net	Asset	Reserve	Net
131707	5,697,179	(2,382,767)	3,314,412	5,688,169	(2,543,437)	3,144,732
133707	31,163	(17,314)	13,849	31,163	(17,810)	13,353
134705	2,046	(814)	1,232	2,046	(837)	1,209
134707	295,170	(117,406)	177,764	216,263	(88,481)	127,782
135915	1,687	(649)	1,038	1,687	(667)	1,020
135917	4,000	(2,381)	1,619	0	0	0
137405	37,674	(12,797)	24,877	37,674	(13,163)	24,511
235805	4,595	(1,917)	2,678	4,595	(1,969)	2,626
235807	536,538	(407,368)	129,170	516,398	(400,304)	116,094
238805	364	(172)	192	364	(177)	187
238807	30,405	(19,888)	10,517	30,405	(20,203)	10,202
339915	3,735	(1,200)	2,535	3,735	(1,234)	2,501
	<u>6,644,556</u>	<u>(2,964,673)</u>	<u>3,679,883</u>	<u>6,532,499</u>	<u>(3,088,282)</u>	<u>3,444,217</u>
Change				(112,057)	(123,609)	(235,666)

This information was provided by the LGE Plant Reports.

Crescente, Angela

From: Wiseman, Sara
Sent: Monday, October 04, 2010 2:21 PM
To: 'Coldren, Ann R'
Cc: Charnas, Shannon; Nitsche, John P; Crescente, Angela
Subject: RE: ARO question

Ann: Will we be using a conference bridge? I could have Debbie Hilbert set ours up, if need be. Just let me know. Thanks.

From: Coldren, Ann R [<mailto:arcoldren@pplweb.com>]
Sent: Monday, October 04, 2010 8:26 AM
To: Wiseman, Sara
Cc: Charnas, Shannon; Nitsche, John P; Crescente, Angela
Subject: RE: ARO question

4-5 today is good

From: Wiseman, Sara [<mailto:Sara.Wiseman@eon-us.com>]
Sent: Saturday, October 02, 2010 2:52 PM
To: Coldren, Ann R
Cc: Charnas, Shannon; Nitsche, John P; Crescente, Angela
Subject: RE: ARO question

Hi Ann:

Sorry for the delay in responding, I've been out of the office on vacation. I could meet with you 9-10:30; 1-2 and 4-5. Hope those times work.

From: Coldren, Ann R [<mailto:arcoldren@pplweb.com>]
Sent: Thursday, September 30, 2010 10:50 AM
To: Wiseman, Sara
Cc: Charnas, Shannon; Nitsche, John P
Subject: ARO question

Hi Sara,

Would you have 15-30 minutes on Monday to talk with John Nitsche and myself regarding ARO's? Just let me know when you have a couple of minutes and we will work around your schedule.

Thanks,
Ann

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Crescente, Angela

From: Coldren, Ann R <arcoldren@pplweb.com>
Sent: Monday, October 04, 2010 2:47 PM
To: Wiseman, Sara
Cc: Charnas, Shannon; Nitsche, John P; Crescente, Angela
Subject: RE: ARO question

Just call -

(PA) 610-774-6000

(Outside PA) 877-280-4775

Pass code: 2205549#

I'll set up the bridge here. Thanks!!

From: Wiseman, Sara [<mailto:Sara.Wiseman@eon-us.com>]
Sent: Monday, October 04, 2010 2:21 PM
To: Coldren, Ann R
Cc: Charnas, Shannon; Nitsche, John P; Crescente, Angela
Subject: RE: ARO question

Ann: Will we be using a conference bridge? I could have Debbie Hilbert set ours up, if need be. Just let me know. Thanks.

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Subject: ARO question

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Crescente, Angela

From: support <support@pwrplan.com>
Sent: Monday, October 04, 2010 4:08 PM
To: Crescente, Angela
Subject: RE: Changing End of Depr Life

I've had to forward this to an ARO specialist.
I expect to hear back from someone by tomorrow morning.

Sunjin
PowerPlant Support
770-937-3000

From: Crescente, Angela [<mailto:Angela.Crescente@eon-us.com>]
Sent: Monday, 04 October, 2010 02:08 PM
To: support
Subject: Changing End of Depr Life

Sunjin,

Per our conversation. Let me know if it would be easier to do the GoToAssist so you can see exactly what I'm looking at.

<<Doc1.docx>>

Thanks,

Angela

502-627-2524

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Crescente, Angela

From: Jim Dahlby <jdahlby@pwrplan.com>
Sent: Tuesday, October 05, 2010 9:57 AM
To: Crescente, Angela
Cc: 'support'; jhirschel@pwrplan.com; jholt@pwrplan.com
Subject: RE: Changing End of Depr Life

Did the Remaining Life on the ARC Asset in the CPR change? I don't believe the End of Life is updated on the main ARO screen.

Sounds like room for an improvement.

Jim Dahlby
PowerPlan Consultants
jdahlby@pwrplan.com
(678) 269-7950

From: support [<mailto:support@pwrplan.com>]
Sent: Tuesday, 05 October, 2010 09:07 AM
To: 'Jim Dahlby'; jhirschel@pwrplan.com; jholt@pwrplan.com
Subject: FW: Changing End of Depr Life

Joe/Jim/Josh,

Can you help with this?
Why would the end of life on the aro detail be different than the end of life on the layer detail?

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PowerPlant Support
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From: Jim Dahlby <jdahlby@pwrplan.com>
Sent: Tuesday, October 05, 2010 11:13 AM
To: Crescente, Angela; jhirschel@pwrplan.com
Cc: 'support'; jholt@pwrplan.com
Subject: RE: Changing End of Depr Life

The Remaining Life on the ARC Asset for depreciation can be changed and adjusted directly in the CPR without adding a new ARO layer.

Go to Asset > CPR > Find Asset > Details > CPR Depr > Changing the remaining life (in months) and click Update.

Thanks,

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PowerPlan Consultants
jdahlby@pwrplan.com
(678) 269-7950

From: Crescente, Angela [<mailto:Angela.Crescente@eon-us.com>]
Sent: Tuesday, 05 October, 2010 10:55 AM
To: Jim Dahlby; jhirschel@pwrplan.com
Cc: support; jholt@pwrplan.com
Subject: RE: Changing End of Depr Life

So, if I want the end of depr life and the accretion calculation date to be the same, can I just create a new row with the new date, cash flows, etc and clear out the first row (net change)? I attached a screenshot to show you what I did.

I'm sorry, I have not done this before as we have always used just one year in the past. I'm sure some of the clients who have nuclear (or bigger assets) use more than one year all the time.

The only entry I would expect to see would be a credit to 230 and a debit to 101 for the \$707,447.56, right? The net changes do not create any entries I don't think, just changes to the calculation. Please let me know what you think. If this will work, I need to finish it today. I'm sorry for the short notice.

Thanks so much,

Angela

From: Jim Dahlby [<mailto:jdahlby@pwrplan.com>]
Sent: Tuesday, October 05, 2010 9:57 AM
To: Crescente, Angela
Cc: 'support'; jhirschel@pwrplan.com; jholt@pwrplan.com
Subject: RE: Changing End of Depr Life

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PowerPlant Support
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From: Crescente, Angela [mailto:Angela.Crescente@eon-us.com]
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Crescente, Angela

From: Jim Dahlby <jdahlby@pwrplan.com>
Sent: Tuesday, October 05, 2010 12:30 PM
To: Crescente, Angela; jhirschel@pwrplan.com
Cc: 'support'; jholt@pwrplan.com
Subject: RE: Changing End of Depr Life

Then this would require a new layer on the ARO.

Jim Dahlby
PowerPlan Consultants
jdahlby@pwrplan.com
(678) 269-7950

From: Crescente, Angela [<mailto:Angela.Crescente@eon-us.com>]
Sent: Tuesday, 05 October, 2010 11:19 AM
To: Jim Dahlby; jhirschel@pwrplan.com
Cc: support; jholt@pwrplan.com
Subject: RE: Changing End of Depr Life

I'm actually wanting to change the date in the calculation window too because we think we won't be calculating accretion as long as we thought when we originally set up the ARO.

From: Jim Dahlby [<mailto:jdahlby@pwrplan.com>]
Sent: Tuesday, October 05, 2010 11:13 AM
To: Crescente, Angela; jhirschel@pwrplan.com
Cc: 'support'; jholt@pwrplan.com
Subject: RE: Changing End of Depr Life

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Charnas

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Thanks so much,

Angela

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Sent: Tuesday, October 05, 2010 9:57 AM
To: Crescente, Angela
Cc: 'support'; jhirschel@pwrplan.com; jholt@pwrplan.com
Subject: RE: Changing End of Depr Life

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Sunjin
PowerPlant Support
770-937-3000

From: Crescente, Angela [<mailto:Angela.Crescente@eon-us.com>]
Sent: Monday, 04 October, 2010 02:08 PM
To: support
Subject: Changing End of Depr Life

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Thanks,

Angela

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Crescente, Angela

From: Ogilvie, Jim
Sent: Tuesday, October 05, 2010 10:35 PM
To: Crescente, Angela
Cc: Wiseman, Sara; Wacker, Diana
Subject: ARO Revaluation - Negative Asset

Angela,

When you create a new layer that results in adjusting the liability downward, the system debits 230 and credits 101. If the downward liability adjustment is large enough, there is the potential to send the total asset cost negative. PowerPlant permits this; you just end up with a credit asset that essentially books negative depreciation (CR 403, DR 108) each month. All of your reg entries would still work the same way, just with the debits and credits reversed.

If you do not like having negative assets, then book the ARO layer for the revaluation (allowing the asset to go negative) and immediately make an asset adjustment to change the value of the asset. When making this asset adjustment, the system will debit the asset (101) and prompt you for an offsetting GL account (e.g. 182). If you want to make this adjustment, then I suggest writing up the asset's value to some amount greater than the current depreciation reserve for the asset. This ensures it will have a positive NBV and the normal sign for the monthly depreciation.

The asset adjustment will create the JE's for GL, but not update your reg entry reports. This requires you to make a manual reg entry that doesn't post to GL that mirrors the asset adjustment (DR 101 & CR 182) in order to keep your reg entry reports in balance.

To recap, Option A: let the assets go negative:

1. Book the new ARO layers and post
2. Continue normal monthly closing (depreciation, accretion, etc)
3. Normal JE's and reg entries will be booked, just with opposite the usual sign

Option B: adjust the assets to be positive

1. Book the new ARO layers and post
2. Make asset adjustments, offsetting the account of your choice (e.g. 182), and post
3. Make manual reg entries (that do not post to GL) to mirror the asset adjustments
4. Continue normal monthly closing (depreciation, accretion, etc)
5. Normal JE's and reg entries will be booked, with the usual sign

See you tomorrow,

-Jim

Crescente, Angela

From: Stratman, Paul
Sent: Wednesday, October 06, 2010 7:54 AM
To: Wacker, Diana; Crescente, Angela
Subject: FW: Gas Main and Service Abandonments

Here's the information you asked for. Sorry for the delay, I forgot to send back to you guys after getting input from the other operational managers.

From: Stratman, Paul
Sent: Tuesday, September 21, 2010 1:24 PM
To: Clyde, Peter; Ryan, Joe; Rieth, Tom; Skaggs, John
Cc: Martin, Cindy
Subject: FW: Gas Main and Service Abandonments

All,

Please see below. I've updated the cost to abandon our gas system, similar to Pete's effort in 2005.

The 2010 cost is significantly higher than 2005, primarily for 2 reasons:

1. Main abandonments have been more segmented in Large Scale projects since 2005. Areas are deteriorating, so more smaller segment cutouts have been necessary. There has also been some rocky terrain, slowing down production, and requiring additional segmenting so minimize leak liability.
2. Services did not include labor in the past estimate. It is also estimated that approximately 25% of gas meter valves are not a lock off style valve. Given those considerations, service abandonment costs are up substantially.

Please review the attached estimate carefully and let me know if you see any problems with the methodology or data.

Total main abandonment costs: \$30.994 million
Total service abandonment costs: \$9.506 million

As you can see from the e-mail trail below, PA is interested in the information by this Thursday, so please take a moment to review sooner than later.

Thanks,
Paul



System
Abandonment.xls

From: Clyde, Peter
Sent: Monday, September 20, 2010 4:27 PM
To: Crescente, Angela

Cc: Wiseman, Sara; Riggs, Eric; Beatty, Stephen; Stratman, Paul
Subject: RE: Gas Main and Service Abandonments

I have changed jobs since 2005.

Paul – Can you please assist Angela with this information.

Pete

From: Crescente, Angela
Sent: Friday, September 17, 2010 1:06 PM
To: Clyde, Peter
Cc: Wiseman, Sara; Riggs, Eric; Beatty, Stephen
Subject: RE: Gas Main and Service Abandonments

Pete,

We are in the process of a revaluation of our AROs and are in need of an updated cost estimate for the Gas Mains and Service Abandonments. I apologize for the short notice, but we need this information by next Thursday, **September 23, 2010**. I have attached the email below that was sent a few years ago in the hopes that this can help you. Please feel free to contact me if you have any questions.

Thanks so much for your help and understanding,
Angela

From: Clyde, Peter
Sent: Tuesday, November 01, 2005 3:50 PM
To: Beatty, Stephen
Cc: Riggs, Eric; Wiseman, Sara; Kinder, Debra; Ryan, Joe; Skaggs, John; Martin, Cindy
Subject: RE: Gas Main and Service Abandonments

Steve,

The estimate should cover costs associated with asbestos coatings on mains and asbestos valve legs, but this is not just an asbestos issue. We are suppose to submit the cost of abandonments of our assets where the costs are required due to legal obligations. This could be environmental, contractual, or regulatory obligations. Since the DOT has requirements about how we abandon our gas mains and services at the end of their useful life, the abandonment costs fell into the legal obligation category. That is why I estimated the cost of abandoning all of our mains and services, not just coated mains. I had Asset Information give the main footage from ENOM. I assumed the storage fields are mapped. If not, let me know how many additional feet need to be factored in. Thanks.

Pete

From: Beatty, Stephen
Sent: Tuesday, November 01, 2005 8:33 AM
To: Clyde, Peter
Cc: Riggs, Eric; Wiseman, Sara; Kinder, Debra; Ryan, Joe; Skaggs, John; Martin, Cindy
Subject: RE: Gas Main and Service Abandonments

Peter:

Your methodology seems valid. I assume that this process involves the asbestos issue. If so, since you are including the costs for all mains and services, I will need to remove the costs that I included in my asbestos cost submittal. Your method is more exact than my guess.

Thank you for the information.

Steve

From: Clyde, Peter
Sent: Friday, October 28, 2005 2:23 PM
To: Ryan, Joe; Martin, Cindy; Beatty, Stephen; Skaggs, John
Cc: Riggs, Eric; Wiseman, Sara; Kinder, Debra
Subject: Gas Main and Service Abandonments

As some of you may be aware, a regulation has been passed that requires companies to show liabilities on their financial statements for any retirement costs they are obligated to incur in the future based on contractual, environmental or legal obligations. I was asked to provide an estimate to abandon our gas mains and services based on the scenario that we decided to shut down shop one day.

Below is the e-mail I plan to send to Eric Riggs, Sara Wiseman, and Debra Kinder. However, I wanted to get input from you guys. Each of you either has responsibility for some of these facilities or could potentially be in a situation where you are asked to update this estimate in future years. I want to make sure we have a methodology that is acceptable to each of us so we do not have to change it in the future. Changing it after starting with this methodology would likely raise a number of questions.

Please pay particular attention to the method associated with services. We may choose to spend more money to physically separate the company and customer service, but I thought the approach outlined below would meet the legal obligations. I would like your thoughts on this. I chose to use the scenario where mains were cut out in large segments rather than just shutting off the regulator stations because I did not feel we could meet the purging requirements otherwise.

If folks feel we need to tweak the methodology, I may schedule a phone conference to discuss the matter. Please try to get back to me by Tuesday. Call if you have questions. Thanks.

Pete

Below is the section of the code of federal register (192.727) that dictates requirements of abandoning natural gas facilities. This is the document that spells out our legal requirements associated with abandoning our facilities. These regulations are issued by the US Department of Transportation Pipeline and Hazardous Materials Safety Administration and are enforced locally by the Kentucky Public Service Commission. I have highlighted the key applicable sections that would drive the cost for us to abandon all of our gas mains and services.

The cost of disconnecting our pipelines from the supply source, purging the lines, and sealing the ends and abandoning associated vaults can be estimated based on data from historic large-scale main replacement projects. In 2004, we spent \$24,985 to retire 33.6 miles of gas main. This included the steps listed in the beginning of this paragraph. This is equal to \$743 per mile. Applying this cost to our 4,548 miles of gas mains results in a cost of \$3,381,898.

In addition, requirements must be met for each service line as described in 192.727(d). In accordance with the options presented in 192.727(d)(1) and (2), the valve on each meter set could be closed and a lock placed on it. This could be done when the meter reader takes his last reading. The incremental cost would be the cost of the locks for our approximately 320,000 gas meters. A mass purchase of locks would likely allow a unit cost of \$1 per lock to be obtained. Therefore the incremental cost of the service line shut offs would be \$320,000. This brings the total cost of abandoning our gas mains and services to \$3,701,898.

§192.727 Abandonment or deactivation of facilities.

(a) Each operator shall conduct abandonment or deactivation of pipelines in accordance with the requirements of this section.

(b) Each pipeline abandoned in place must be disconnected from all sources and supplies of gas; purged of gas; in the case of offshore pipelines, filled with water or inert materials; and sealed at the ends. However, the pipeline need not be purged when the volume of gas is so small that there is no potential hazard.

(c) Except for service lines, each inactive pipeline that is not being maintained under this part must be disconnected from all sources and supplies of gas; purged of gas; in the case of offshore pipelines, filled with water or inert materials; and sealed at the ends. However, the pipeline need not be purged when the volume of gas is so small that there is no potential hazard.

(d) Whenever service to a customer is discontinued, one of the following must be complied with:

(1) The valve that is closed to prevent the flow of gas to the customer must be provided with a locking device or other means designed to prevent the opening of the valve by persons other than those authorized by the operator.

(2) A mechanical device or fitting that will prevent the flow of gas must be installed in the service line or in the meter assembly.

(3) The customer's piping must be physically disconnected from the gas supply and the open pipe ends sealed.

(e) If air is used for purging, the operator shall insure that a combustible mixture is not present after purging.

(f) Each abandoned vault must be filled with a suitable compacted material.

(g) For each abandoned offshore pipeline facility or each abandoned onshore pipeline facility that crosses over, under or through a commercially navigable waterway, the last operator of that facility must file a report upon abandonment of that facility.

(1) The preferred method to submit data on pipeline facilities abandoned after October 10, 2000 is to the National Pipeline Mapping System (NPMS) in accordance with the NPMS "Standards for Pipeline and Liquefied Natural Gas Operator Submissions." To obtain a copy of the NPMS Standards, please refer to the NPMS homepage at www.npms.rspa.dot.gov or contact the NPMS National Repository at 703-317-3073. A digital data format is preferred, but hard copy submissions are acceptable if they comply with the NPMS Standards. In addition to the NPMS-required attributes, operators must submit the date of abandonment, diameter, method of abandonment, and certification that, to the best of the operator's knowledge, all of the reasonably available information requested was provided and, to the best of the operator's knowledge, the abandonment was completed in accordance with applicable laws. Refer to the NPMS Standards for details in preparing your data for submission. The NPMS Standards also include details of how to submit data. Alternatively, operators may submit reports by mail, fax or e-mail to the Information Officer, ~~Research and Special Programs Administration~~ Pipeline and Hazardous Materials Safety Administration, Department of Transportation, Room 7128, 400 Seventh Street, SW, Washington DC 20590; fax (202) 366-4566; e-mail, roger.little@rspa.dot.gov. The information in the report must contain all reasonably available information related to the facility, including information in the possession of a third party. The report must contain the location, size, date, method of abandonment, and a certification that the facility has been abandoned in accordance with all applicable laws.

(2) Data on pipeline facilities abandoned before October 10, 2000 must be filed by before April 10, 2001. Operators may submit reports by mail, fax or e-mail to the Information Officer, ~~Research and Special Programs Administration~~ Pipeline and Hazardous Materials Safety Administration, Department of Transportation, Room 7128, 400 Seventh Street, SW, Washington DC 20590; fax (202) 366-4566; e-mail, roger.little@rspa.dot.gov. The information in the report must contain all reasonably available information related to the facility, including information in the possession of a third party. The report must contain the location, size, date, method of abandonment, and a certification that the facility has been abandoned in accordance with all applicable laws.

[Part 192 - Org., Aug. 19, 1970, as amended by Amdt. 192-8, 37 FR 20694, Oct. 3, 1972, Amdt. 192-27, 41 FR 34598, Aug. 16, 1976; Amdt. 192-71, 59 FR 6575, Feb. 11, 1994; Amdt. 192-89, 65 FR 54440, Sept. 8, 2000; Amdt. 192-89A, 65 FR 57861, Sept. 26, 2000; Amdt. 192-100, 70 FR 11135, Mar. 8, 2005]

Mains

Large Scale Main Replacement	2007	2008	Total
Miles Installed	25.34	26.35	51.69
Retirement Expenditures	\$ 138,924	\$ 205,985	\$ 344,909
\$/mile	\$ 5,481	\$ 7,819	\$ 6,673

KY - LG&E - Transmission	375 miles
KY - KU - Transmission	11 miles
IN - LG&E - Transmission	10 miles
KY - LG&E - Distribution	4249 miles

Pipeline Inventory	4645 miles
Retirement Cost	\$ 30,994,343

Services

meters	320,787
Labor Rate (burdened)	\$ 70.83
Cost of Lock	\$ 5.00
Cost of tamperproof lockoff valve	\$ 10.00
manhours / lock installed	0.25
manhours / valve installed	0.25
% in need of valve	25%
Cost to retire all services	\$ 9,506,322

Crescente, Angela

From: Wiseman, Sara
Sent: Wednesday, October 06, 2010 4:08 PM
To: Clark, Lynda
Cc: Crescente, Angela
Subject: ARO reval--GAAP and IFRS

Lynda:

As you know, we did a reval of AROs for both GAAP and IFRS this month. It will affect the 101 and 230 accounts. Angela will give you the amounts in the next couple of days.

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

Crescente, Angela

From: Ogilvie, Jim
Sent: Wednesday, October 06, 2010 8:53 PM
To: Crescente, Angela
Cc: Wiseman, Sara
Subject: ARO out of balance issue

Angela,

I was able to determine why the "ARO net zero" report for KU had one ARO (GH-Oil Storage) out of whack. It appears that somehow two users both had the ARO estimate screen open at the same time for this ARO and both clicked the "Book to Pending" button. This resulted in two identical pending transactions being created for the same ARO. In this case, the re-estimate caused the liability went down, so the asset was credited twice for \$2,708.77 each time. This explains the "ARO net zero" report not balancing, but I'm not sure yet if it has anything to do with issue Sara's issue of certain GL accounts not netting to zero. We'll have to look into that one more tomorrow.

- Jim

Crescente, Angela

From: Wiseman, Sara
Sent: Friday, October 08, 2010 10:06 AM
To: Cosby, David; Miller, Jon; Allen, Lisa
Cc: Crescente, Angela; Wacker, Diana; Riggs, Eric
Subject: FW: ARO revaluation booking

Hi all:

We are in the process of putting the finishing touches on the ARO revaluation. It was a long and complex process and I want to thank each of you for your help. In the end, things got a little crazy with just trying to get the revaluation completed. As a result, you may not have been copied on all of the emails, despite my best intentions. Therefore, I will be getting with each of you (and your teams) in the next few months to provide the support for the AROs that were established for each of your functional areas.

Thanks!

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

Crescente, Angela

From: Raible, Eric
Sent: Friday, October 08, 2010 10:53 AM
To: Wiseman, Sara; Stuecker, Adrea; Wacker, Diana
Cc: Heitzmann, Ashley; Crescente, Angela; Kelly, Mimi
Subject: RE: ARO JE's

Thanks, Sara. Obviously as soon as you can would be great. We are trying to get Greg Erskine the information so that he can put this into the automated CF file, so that all of these revaluations won't have to be manual adjustments for the cash flow.

Adrea/Ashley – can you just have a conversation with Greg to let him know what we are trying to do and the timing from Sara -- to see if late today, early Monday would be okay to get the information related to the ARO revaluations to him to program into his CF file. I know he hasn't started on his CF process as of yet as he is holding up due to a couple of other issues that are going on related to the official closing of the books.

Thanks,
T. Eric Raible, CPA
Senior Budget Analyst
Energy Delivery Budgeting
EON -US, LLC
P: 627-3426
F: 627-3699

From: Wiseman, Sara
Sent: Friday, October 08, 2010 9:32 AM
To: Stuecker, Adrea; Wacker, Diana
Cc: Raible, Eric; Heitzmann, Ashley; Crescente, Angela
Subject: RE: ARO JE's

It will be later today or possibly Monday before we have them for you. They are buried in with the regular automated monthly entries. We will be doing a summary to provide.

From: Stuecker, Adrea
Sent: Friday, October 08, 2010 9:09 AM
To: Wiseman, Sara; Wacker, Diana
Cc: Raible, Eric; Heitzmann, Ashley
Subject: ARO JE's

Sara,
Just a quick note to check in on the status of the ARO revaluation journal entries. Are these entries complete? If so, our group would like to obtain copies of the entries so we can best communicate with Greg in Corporate Accounting how to handle this for cash flow purposes.
I'm happy to come over to discuss at your convenience. Thanks so much for your help.

Adrea W. Stuecker, CPA

Regulatory Accounting & Reporting
E.ON U.S. LLC
220 W. Main Street
P.O. Box 32030
Louisville, KY 40232-2030
502.627.2909
adrea.stuecker@eon-us.com

Crescente, Angela

From: Wiseman, Sara
Sent: Friday, October 08, 2010 1:15 PM
To: Crescente, Angela
Subject: FW: Doc1 (9).docx

Proposed ARO disclosure.

From: Wiseman, Sara
Sent: Friday, October 08, 2010 1:04 PM
To: McDaniels, Jason
Subject: Doc1 (9).docx



Doc1 (9).docx

ARO. A summary of KU's net ARO assets, regulatory assets, ARO liabilities, regulatory liabilities and cost of removal established under the asset retirement and environmental obligations guidance of the FASB ASC, follows:

	<u>ARO Net Assets</u>	<u>ARO Liabilities</u>	<u>Regulatory Assets</u>	<u>Regulatory Liabilities</u>	<u>Accumulated Cost of Removal</u>	<u>Cost of Removi Depreciation</u>
As of December 31, 2009	4	(34)	30	(4)	2	2
ARO accretion	-	(-)	-	-	-	-
ARO depreciation						
ARO revaluation	(-)	-	-	-	-	-
Cost of removal depreciation	-	-	-	-	-	1
As of September 30, 2010	<u>\$ -</u>	<u>\$ (-)</u>	<u>\$ -</u>	<u>\$ (-)</u>	<u>\$ -</u>	<u>\$ -</u>

Pursuant to regulatory treatment prescribed under the regulated operations guidance of the FASB ASC, an offsetting regulatory credit was recorded in depreciation and amortization in the income statement of \$X million in for the nine months ended September 30, 2010 for the ARO accretion and depreciation expense. KU AROs are primarily related to the final retirement of assets associated with generating units. For assets associated with AROs, the removal cost accrued through depreciation under regulatory accounting is established as a regulatory liability pursuant to regulatory treatment prescribed under the regulated operations guidance of the FASB ASC. For the nine months ended September 30, 2010, KU recorded less than \$X million of depreciation expense related to the cost of removal of ARO related assets. An offsetting regulatory liability was established pursuant to regulatory treatment prescribed under the regulated operations guidance of the FASB ASC.

KU transmission and distribution lines largely operate under perpetual property easement agreements which do not generally require restoration upon removal of the property. Therefore, under the asset retirement and environmental obligations guidance of the FASB ASC, no material asset retirement obligations are recorded for transmission and distribution assets.

ARO. A summary of LG&E's net ARO assets, regulatory assets, ARO liabilities, regulatory liabilities and cost of removal established under the asset retirement and environmental obligations guidance of the FASB ASC, follows:

(in millions)	<u>ARO Net Assets</u>	<u>ARO Liabilities</u>	<u>Regulatory Assets</u>	<u>Regulatory Liabilities</u>	<u>Accumulated Cost of Removal</u>
As of December 31, 2009	5	(31)	30	(3)	3
ARO accretion	-	(-)	-	-	-
ARO depreciation	-	-	-	-	-
ARO revaluation	-	-	-	-	-
ARO settlements	-	-	(-)	-	-
Removal cost incurred	-	-	-	-	-
As of September 31, 2010	<u>\$ -</u>	<u>\$ (-)</u>	<u>\$ -</u>	<u>\$ (-)</u>	<u>\$ -</u>

Pursuant to regulatory treatment prescribed under the regulated operations guidance of the FASB ASC, an offsetting regulatory credit was recorded in depreciation and amortization in the income statement of \$X million for the nine months ended September 30, 2010 for the ARO accretion and depreciation expense. LG&E AROs are primarily related to the final retirement of assets associated with generating units and natural gas wells. For assets associated with AROs, the removal cost accrued through depreciation under regulatory accounting is established as a regulatory liability pursuant to regulatory treatment prescribed under the regulated operations guidance of the FASB ASC. For the nine months ended September 30, 2010, removal costs incurred were less than \$X million. For the nine months ended September 30, 2010, LG&E recorded less than \$X million of depreciation expense related to the cost of removal of ARO related assets. An offsetting regulatory liability was established pursuant to regulatory treatment prescribed under the regulated operations guidance of the FASB ASC.

LG&E transmission and distribution lines largely operate under perpetual property easement agreements which do not generally require restoration upon removal of the property. Therefore, under the asset retirement and environmental obligations guidance of the FASB ASC, no material asset retirement obligations are recorded for transmission and distribution assets.

ARO. The changes in the carrying amounts of LG&E's AROs were as follows:

(in millions)	ARO Liabilities
As of December 31, 2009	(31)
ARO accretion	(-)
ARO depreciation	-
ARO revaluation	-
ARO settlements	-
Removal cost incurred	-
As of December 31, 2009	<u>\$ (-)</u>

Pursuant to regulatory treatment prescribed under the regulated operations guidance of the FASB ASC, an offsetting regulatory credit was recorded in depreciation and amortization in the income statement of \$X million for the nine months ended September 30, 2010 for the ARO accretion and depreciation expense.

LG&E AROs are primarily related to the final retirement of assets associated with generating units and natural gas wells.

LG&E transmission and distribution lines largely operate under perpetual property easement agreements which do not generally require restoration upon removal of the property. Therefore, under the asset retirement and environmental obligations guidance of the FASB ASC, no material asset retirement obligations are recorded for transmission and distribution assets.

ARO. The changes in the carrying amounts of KU's AROs were as follows:

	<u>ARO Liabilities</u>
As of December 31, 2008	(34)
ARO accretion	(-)
ARO depreciation	-
ARO revaluation	-
Cost of removal depreciation	-
As of December 31, 2009	<u>\$ (-)</u>

Pursuant to regulatory treatment prescribed under the regulated operations guidance of the FASB ASC, an offsetting regulatory credit was recorded in depreciation and amortization in the income statement of \$X million for the nine months ended September 30, 2010 for the ARO accretion and depreciation expense.

KU AROs are primarily related to the final retirement of assets associated with generating units.

KU transmission and distribution lines largely operate under perpetual property easement agreements which do not generally require restoration upon removal of the property. Therefore, under the asset retirement and environmental obligations guidance of the FASB ASC, no material asset retirement obligations are recorded for transmission and distribution assets.

Crescente, Angela

From: Stuecker, Adrea
Sent: Monday, October 11, 2010 2:41 PM
To: Wiseman, Sara
Cc: Raible, Eric; Heitzmann, Ashley; Crescente, Angela
Subject: RE: ARO JE's

Sara,
I'm emailing to check in on the timing of when we can receive the ARO revaluation journal entry summary. I understand you may still be working on this; just wanting to get an idea of when we can expect it as I know Eric is anxious for us to be able to speak with Greg about how it affects cash flow.

Thanks so much,
Adrea

From: Wiseman, Sara
Sent: Friday, October 08, 2010 9:32 AM
To: Stuecker, Adrea; Wacker, Diana
Cc: Raible, Eric; Heitzmann, Ashley; Crescente, Angela
Subject: RE: ARO JE's

It will be later today or possibly Monday before we have them for you. They are buried in with the regular automated monthly entries. We will be doing a summary to provide.

From: Stuecker, Adrea
Sent: Friday, October 08, 2010 9:09 AM
To: Wiseman, Sara; Wacker, Diana
Cc: Raible, Eric; Heitzmann, Ashley
Subject: ARO JE's

Sara,
Just a quick note to check in on the status of the ARO revaluation journal entries. Are these entries complete? If so, our group would like to obtain copies of the entries so we can best communicate with Greg in Corporate Accounting how to handle this for cash flow purposes.

I'm happy to come over to discuss at your convenience. Thanks so much for your help.

Adrea W. Stuecker, CPA
Regulatory Accounting & Reporting
E.ON U.S. LLC
220 W. Main Street
P.O. Box 32030
Louisville, KY 40232-2030
502.627.2909
adrea.stuecker@eon-us.com

Crescente, Angela

From: Wiseman, Sara
Sent: Monday, October 11, 2010 4:34 PM
To: Stuecker, Adrea
Cc: Raible, Eric; Heitzmann, Ashley; Crescente, Angela
Subject: RE: ARO JE's

Possibly Tuesday afternoon.

From: Stuecker, Adrea
Sent: Monday, October 11, 2010 2:41 PM
To: Wiseman, Sara
Cc: Raible, Eric; Heitzmann, Ashley; Crescente, Angela
Subject: RE: ARO JE's

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Thanks so much,
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Adrea W. Stuecker, CPA
Regulatory Accounting & Reporting
E.ON U.S. LLC
220 W. Main Street

P.O. Box 32030
Louisville, KY 40232-2030
502.627.2909
adrea.stuecker@eon-us.com

Crescente, Angela

From: Wiseman, Sara
Sent: Monday, October 11, 2010 9:06 PM
To: Crescente, Angela
Subject: LGE GAAP ARO 1000 Report (2).xlsx



LGE GAAP ARO
1000 Report (2),...

I fixed your file up. Hope you didn't do it already.

Louisville Gas and Electric Company
ARO Liabilities
As of September 30, 2010

Description	Beginning Liability	Liability Incurred	Accretion	Revisions	Liabilities Settled	Ending Liability
Canal (Retired) - ASB	\$ 2,444,381.23	\$ -	\$ 11,583.17	\$ (1,161,138.32)	\$ -	\$ 1,294,826.08
Cane Run Unit 1 (Retired) - ASB	1,110,533.69	-	5,262.48	(127,741.82)	-	988,054.35
Cane Run Unit 2 (Retired) - ASB	1,046,154.82	-	4,957.40	(120,336.39)	-	930,775.83
Cane Run Unit 3 (Retired) - ASB	1,178,936.21	-	5,586.61	(135,610.14)	-	1,048,912.68
Cane Run Unit 4 - ASB	371,094.74	-	1,758.50	742,287.71	-	1,115,140.95
Cane Run Unit 5 - ASB	308,016.45	-	1,459.59	540,398.87	-	849,874.91
Cane Run Unit 6 - ASB	304,126.66	-	1,441.16	649,439.58	-	955,007.40
CR-Ash Pond	3,063,825.30	-	16,385.88	1,788,688.85	-	4,868,900.03
CR-Coal Storage	218,662.55	-	1,169.45	5,416.47	-	225,248.47
CR-Environmental Ponds	-	286,742.62	470,797.56	-	-	757,540.18
CR-Land Fill	1,028,391.46	-	5,500.02	236,975.37	-	1,270,866.85
CR-Mercury Sources	4,258.09	-	22.77	-	(4,280.86)	-
CR-Nuclear Sources	37,585.19	-	201.01	(1,888.19)	-	35,898.01
CR-Sewage Treatment Plant	4,260.05	-	22.78	7,872.72	-	12,155.55
MC-Ash Pond	2,968,231.01	-	15,874.63	2,586,571.24	-	5,570,676.88
MC-Chemical Storage	5,135.95	-	27.47	4,980.08	-	10,143.50
MC-Coal Storage	247,040.15	-	1,321.21	(75,678.72)	-	172,682.64
MC-Environmental Ponds	-	206,907.38	442,336.80	-	-	649,244.18
MC-Hazardous Material Storage	15,920.98	-	85.15	-	(16,006.13)	-
MC-Lab Chemical Disposal	1,590.85	-	8.51	-	(1,599.36)	-
MC-Landfill	4,340,393.84	-	23,213.20	(3,787,843.29)	-	575,763.75
MC-Nuclear Sources	12,752.72	-	68.20	(687.48)	-	12,133.44
MC-Oil Storage	11,202.65	-	59.91	(10,855.22)	-	407.34
Mill Creek Unit 1 - ASB	529,065.53	-	2,507.08	583,424.46	-	1,114,997.07
Mill Creek Unit 2 - ASB	483,499.91	-	2,291.16	486,499.00	-	972,290.07
Mill Creek Unit 3 - ASB	50,510.69	-	239.35	365,310.45	-	416,060.49
Mill Creek Unit 4 - ASB	405,516.25	-	1,921.62	293,288.48	-	700,726.35
Ohio Falls - ASB	249,467.67	-	1,182.15	(83,553.53)	-	167,096.29
Paddy's (Unit 11) - ASB	1,731,241.77	-	8,203.82	2,042,268.31	-	3,781,713.90
TC-Ash Pond	3,142,229.87	-	16,805.21	4,535,718.99	-	7,694,754.07
TC-Chemical Storage	876.03	-	4.69	14,508.83	-	15,389.55

Louisville Gas and Electric Company
ARO Liabilities
As of September 30, 2010

Description	Beginning Liability	Liability Incurred	Accretion	Revisions	Liabilities Settled	Ending Liability
TC-Coal Storage	108,738.44	-	581.55	207,829.52	-	317,149.51
TC-Environmental Ponds	-	237,221.68	249,711.45	-	-	486,933.13
TC-Nuclear Sources	7,428.23	-	39.73	9,885.98	-	17,353.94
TC-Sewage Treatment Plant	1,752.22	-	9.37	14,638.17	-	16,399.76
Trn- CR Spare GSU	2,564.65	-	13.72	-	-	2,578.37
Trn-CR4 GSU	2,562.38	-	13.70	-	-	2,576.08
Trn-CR5 GSU	2,562.38	-	13.70	-	-	2,576.08
Trn-CR6 GSU	2,565.94	-	13.72	-	-	2,579.66
Trn-MC 3 GSU	1,976.17	-	10.57	-	-	1,986.74
Trn-MC Spare GSU	1,593.50	-	8.52	-	-	1,602.02
Trn-MC1 GSU	2,454.74	-	13.13	-	-	2,467.87
Trn-MC2 GSU	2,359.37	-	12.62	-	-	2,371.99
Trn-MC4 GSU	1,593.50	-	8.52	-	-	1,602.02
Waterside - ASB	-	-	-	-	-	-
Zorn - ASB	16,376.59	-	77.60	27,038.08	-	43,492.27
LGE Transmission Subs (11) - ASB	13,502.22	-	63.98	13,714.81	-	27,281.01
LGE Distribution Subs (66) - ASB	152,867.98	-	724.39	50,607.24	-	204,199.61
Manholes - ASB	148,724.61	-	704.76	810,276.94	-	959,706.31
Center Gas Storage Field - UGS	2,248,456.24	-	10,353.91	(57,229.21)	-	2,201,580.94
City Gate DR 237900-ASB-Dist	2,796.10	-	13.25	921.90	-	3,731.25
City Gate Prest 237900-ASB-Dist	2,796.10	-	13.25	-	-	2,809.35
Doe Run 235300-ASB-UGS	42,999.34	-	203.76	10,467.12	-	53,670.22
Doe Run Gas Storage Field - UGS	1,977,950.73	-	9,108.26	(541,546.98)	-	1,445,512.01
Gas Main & Serv Abandons-Dist	1,232,300.26	-	5,839.49	19,351,418.20	-	20,589,557.95
Magnolia 235120-ASB-UGS	12,450.76	-	59.00	3,455.93	-	15,965.69
Magnolia 235300-ASB-UGS	44,315.47	-	210.00	11,990.61	-	56,516.08
Magnolia 235600-ASB-UGS	4,374.60	-	20.73	2,611.95	-	7,007.28
Magnolia Gas Storage Field - UGS	2,240,031.21	-	10,315.11	(824,627.06)	-	1,425,719.26
Muldraugh 235120-ASB-UGS	17,666.45	-	83.72	4,881.41	-	22,631.58
Muldraugh 235300-ASB-UGS	33,565.77	-	159.06	8,603.08	-	42,327.91
Muldraugh 235600-ASB-UGS	20,358.38	-	96.47	9,952.50	-	30,407.35

Louisville Gas and Electric Company
 ARO Liabilities
 As of September 30, 2010

Description	Beginning Liability	Liability Incurred	Accretion	Revisions	Liabilities Settled	Ending Liability
Muldraugh 237520-ASB-Gas Dist	2,916.80	-	13.82	581.53	-	3,512.15
Muldraugh Gas Storage Field - UGS	674,911.80	-	3,107.90	(66,387.90)	-	611,631.80
Riggs Junction 235120-ASB-UGS	11,102.31	-	52.61	6,721.11	-	17,876.03
Seventh&Ormsby - ComGenPln-ASB	29,901.01	-	141.69	113,616.18	-	143,658.88
	\$ 34,383,418.56	\$ 730,871.68	\$ 1,334,111.60	\$ 28,547,737.42	\$ (21,886.35)	\$ 64,974,252.91

Crescente, Angela

From: Wiseman, Sara
Sent: Monday, October 11, 2010 9:06 PM
To: Crescente, Angela
Subject: KU GAAP ARO 1000 Report (2).xlsx
Attachments: KU GAAP ARO 1000 Report (2).xlsx

Kentucky Utilities Company
ARO Liabilities
As of September 30, 2010

Description	Beginning Liability	Liability Incurred	Accretion	Revisions	Liabilities Settled	Ending Liability
BR-Ash Pond	\$ 7,776,073.50	\$ -	\$ 41,587.83	\$ 2,153,809.25	\$ -	\$ 9,971,470.58
BR-Auxiliary Pond	-	2,839,814.39	196,109.09	-	-	3,035,923.48
BR-Coal Pile Retention Pond	144,919.17	-	775.05	-	(145,694.22)	-
BR-Coal Storage	47,008.06	-	251.41	12,958.54	-	60,218.01
BR-CT Fuel Oil Piping - OP	19,337.09	-	103.42	-	(19,440.51)	-
BR-Lab	14,097.14	-	75.39	-	-	14,172.53
BR-Nuclear Sources	12,533.75	-	67.03	1,971.02	-	14,571.80
BR-Oil Storage	110,458.11	-	590.75	(106,106.02)	-	4,942.84
BR-Oil Storage CT - OP	177,353.78	-	948.52	(166,162.68)	-	12,139.62
Brown Unit 1 - ASB	160,580.34	-	760.94	366,072.87	-	527,414.15
Brown Unit 2 - ASB	379,550.26	-	1,798.57	777,827.04	-	1,159,175.87
Brown Unit 3 - ASB	856,277.17	-	4,057.63	1,784,271.24	-	2,644,606.04
BR-Sewage Treatment Plant	7,844.33	-	41.95	-	(7,886.28)	-
BR-Station Fuel Oil Piping	13,315.19	-	71.21	-	(13,386.40)	-
Dix Dam - ASB - Hydro	39,786.80	-	188.54	53,005.65	-	92,980.99
GH-Ash Pond	10,737,071.17	-	57,423.77	4,132,355.63	-	14,926,850.57
GH-Chemical Storage	6,067.11	-	32.45	6,910.43	-	13,009.99
GH-Coal Storage	508,681.78	-	2,720.52	(98,993.70)	-	412,408.60
Ghent Unit 1 - ASB	750,532.39	-	3,556.54	2,074,184.94	-	2,828,273.87
Ghent Unit 2 - ASB	994,682.69	-	4,713.49	2,689,871.41	-	3,689,267.59
Ghent Unit 3 - ASB	176,433.24	-	836.06	393,088.25	-	570,357.55
Ghent Unit 4 - ASB	176,433.24	-	836.06	393,088.25	-	570,357.55
GH-Environmental Ponds	-	146,428.53	419,988.52	-	-	566,417.05
GH-Gypsum Stack-GH 1 Scrubber	682,234.27	-	3,648.71	4,104,738.27	-	4,790,621.25
GH-Nuclear Sources	85,804.57	-	458.90	43,697.91	-	129,961.38
GH-Oil Storage	9,745.90	-	52.12	(2,708.77)	-	7,089.25
GH-Sewage Treatment Plant	7,493.44	-	40.08	11,361.30	-	18,894.82
GH-Station Fuel Oil Piping GH2	2,527.81	-	13.52	-	(2,541.33)	-
GH-trn-GH Spare GSU Transformer	1,133.12	-	6.06	-	-	1,139.18
GH-trn-GH1 GSU Transformer	1,798.05	-	9.62	-	-	1,807.67
GH-trn-GH2 GSU Transformer	1,518.19	-	8.12	-	-	1,526.31
GH-trn-GH3 GSU Transformer	1,274.60	-	6.82	-	-	1,281.42
GH-trn-GH4 GSU Transformer	1,135.28	-	6.07	-	-	1,141.35
GR-Ash Pond	8,704,756.72	-	46,554.59	(4,150,216.12)	-	4,601,095.19

Kentucky Utilities Company
ARO Liabilities
As of September 30, 2010

Description	Beginning Liability	Liability Incurred	Accretion	Revisions	Liabilities Settled	Ending Liability
GR-Chemical Storage	5,132.50	-	27.45	(4,671.05)	-	488.90
GR-Coal Storage	80,272.52	-	429.31	111,857.27	-	192,559.10
Green River Unit 1 - ASB	213,055.68	-	1,009.61	448,217.47	-	662,282.76
Green River Unit 2 - ASB	195,781.05	-	927.75	411,875.41	-	608,584.21
Green River Unit 3 - ASB	116,480.55	-	551.97	547,040.22	-	664,072.74
Green River Unit 4 - ASB	218,723.04	-	1,036.46	558,870.28	-	778,629.78
GR-GR4 Oil Storage tanks	8,549.76	-	45.73	-	(8,595.49)	-
GR-Limestone Silo	5,361.94	-	28.68	(4,258.30)	-	1,132.32
GR-Mercury Sources	1,715.58	-	9.18	-	(1,724.76)	-
GR-Nuclear Sources	844.11	-	4.51	-	(848.62)	-
GR-Oil Storage	11,598.89	-	62.03	(10,966.79)	-	694.13
GR-Sewage Treatment Plant	4,260.77	-	22.79	3,381.26	-	7,664.82
GR-trn-G1-2 GSU Transformer	5,560.82	-	29.74	-	-	5,590.56
GR-trn-GR3 GSU Transformer	5,589.54	-	29.89	-	-	5,619.43
GR-trn-GR4 GSU Transformer	5,348.50	-	28.60	-	-	5,377.10
GR-trn-GSU Spare Transformer	5,341.62	-	28.57	-	-	5,370.19
Pineville - ASB	176,686.47	-	837.26	543,446.55	-	720,970.28
Pineville-Ash Pond	-	561,818.67	615,944.94	-	-	1,177,763.61
TY-Ash Pond	669,792.77	-	3,582.17	191,923.13	-	865,298.07
TY-Chemical Storage	45,491.32	-	243.30	(45,417.34)	-	317.28
TY-Coal Storage	26,752.25	-	143.08	37,291.31	-	64,186.64
TY-Mercury Sources	2,681.52	-	14.34	-	(2,695.86)	-
TY-Oil Storage	44,588.45	-	238.47	(37,325.32)	-	7,501.60
Tyrone Unit 1 (Retired) - ASB	433,382.36	-	2,053.67	158,194.85	-	593,630.88
Tyrone Unit 2 (Retired) - ASB	433,382.36	-	2,053.67	145,861.17	-	581,297.20
Tyrone Unit 3 - ASB	124,312.05	-	589.08	661,771.06	-	786,672.19
TY-Service Water Pump Structure	161,434.29	-	863.38	8,205.00	-	170,502.67
TY-Sewage Treatment Plant	4,458.90	-	23.85	52,730.99	-	57,213.74
TY-Station Fuel Oil Piping	12,487.53	-	66.79	-	(12,554.32)	-
KU Transmission Subs (69) - ASB	44,119.27	-	209.07	129,251.15	-	173,579.49
Big Stone Gap Substation - ASB-Dist	2,660.44	-	12.61	5,941.21	-	8,614.26
KU - General Facilities - ASB	91,370.44	-	432.98	208,268.17	-	300,071.59
KU Distribution Subs (478) - ASB	54,950.79	-	260.39	180,052.30	-	235,263.48
	\$ 35,820,626.34	\$ 3,548,061.59	\$ 1,420,180.67	\$ 18,776,564.71	\$ (215,367.79)	\$ 59,350,065.52

Crescente, Angela

From: Wiseman, Sara
Sent: Monday, October 11, 2010 9:14 PM
To: Wacker, Diana; Kinder, Debra; Crescente, Angela
Subject: FW: ARO revaluation amounts

Importance: High

Well, I'm not sure what can be done--maybe Debbie or Diana can help out some way.

-----Original Message-----

From: Charnas, Shannon
Sent: Monday, October 11, 2010 9:12 PM
To: Wiseman, Sara
Subject: ARO revaluation amounts
Importance: High

Sara-

I know there have been some communications on the timing of getting the details on the ARO revaluation by product code. It sounds like you are estimating that to be available by COB Tuesday. That is beginning to cause a timing issue with the reporting timeline, which is already precarious at best. I'm wondering if there is anything that can be done to get that information sooner. Please give me a call first thing on tues so we can discuss. I will be in the office early, but need to leave at 8:30 to go to a hearing at the KPSC, so I'd like to catch up with you before then.

Shannon

Crescente, Angela

From: Wiseman, Sara
Sent: Monday, October 11, 2010 9:36 PM
To: Charnas, Shannon
Subject: RE: ARO revaluation amounts

Shannon:

Well, it's pretty complicated and we've made several entries that have to be considered. The main entry is buried in the monthly close entry. I've explained to a couple of folks that it is just not as easy as making a copy of a manual journal entry. I've sent Debbie and Diana an email already to see if they can help Angela. There is really no one else that I know of that can help on this one as it requires in-depth closing knowledge of PowerPlant. I'm not sure what else I can tell you on the phone in the morning, so unless you specifically want me to call you, I'll give you a status update sometime tomorrow mid-morning on where we are headed with getting it done.

Just an FYI that no one has communicated to me that this was beginning to cause a timing issue on the reports. I would have preferred if they had spoken to me directly and communicated a deadline and then maybe I could have juggled some things around today--although obviously today was already a very busy day meeting other deadlines.

-----Original Message-----

From: Charnas, Shannon
Sent: Monday, October 11, 2010 9:12 PM
To: Wiseman, Sara
Subject: ARO revaluation amounts
Importance: High

Sara-
I know there have been some communications on the timing of getting the details on the ARO revaluation by product code. It sounds like you are estimating that to be available by COB Tuesday. That is beginning to cause a timing issue with the reporting timeline, which is already precarious at best. I'm wondering if there is anything that can be done to get that information sooner. Please give me a call first thing on tues so we can discuss. I will be in the office early, but need to leave at 8:30 to go to a hearing at the KPSC, so I'd like to catch up with you before then.
Shannon

Crescente, Angela

From: Wiseman, Sara
Sent: Tuesday, October 12, 2010 5:38 AM
To: Charnas, Shannon
Cc: Crescente, Angela
Subject: ARO disclosures.docx



ARO
disclosures.docx

Shannon:

I've been working with Jason on the proposed ARO disclosures. He let me know that we should keep the first 4 columns of the table and modify the language for deleting the last one or two columns.

I am proposing that we should also delete the 4th column (reg liabilities) as well. It is not needed to show that the ARO accounts zero out. Also, if we do not delete it, there will be no language to modify in the paragraphs below the table as it would all still be applicable. The Word doc attached is marked up in accordance with my suggestions. (Please note the numbers have not been filled in yet—we'll be working on that later this week).

This is just a suggestion. I'm glad to do whatever you decide.

ARO. A summary of LG&E's net ARO assets, regulatory assets, and ARO liabilities, regulatory liabilities and cost of removal established under the asset retirement and environmental obligations guidance of the FASB ASC, follows:

(in millions)	ARO Net Assets	ARO Liabilities	Regulatory Assets	Regulatory Liabilities	Accumulated Cost of Removal
As of December 31, 2009	5	(31)	30	(3)	3
ARO accretion	-	(-)	-	-	-
ARO depreciation	-	-	-	-	-
ARO revaluation	-	-	-	-	-
ARO settlements	-	-	(-)	-	-
Removal cost incurred	-	-	-	-	-
As of September 31, 2010	\$ -	\$ (-)	\$ -	\$ (-)	\$ -

Pursuant to regulatory treatment prescribed under the regulated operations guidance of the FASB ASC, an offsetting regulatory credit was recorded in depreciation and amortization in the income statement of \$X million for the nine months ended September 30, 2010 for the ARO accretion and depreciation expense. LG&E AROs are primarily related to the final retirement of assets associated with generating units and natural gas wells. For assets associated with AROs, the removal cost accrued through depreciation under regulatory accounting is established as a regulatory liability pursuant to regulatory treatment prescribed under the regulated operations guidance of the FASB ASC. For the nine months ended September 30, 2010, removal costs incurred were less than \$X million. For the nine months ended September 30, 2010, LG&E recorded less than \$X million of depreciation expense related to the cost of removal of ARO related assets. An offsetting regulatory liability was established pursuant to regulatory treatment prescribed under the regulated operations guidance of the FASB ASC.

LG&E transmission and distribution lines largely operate under perpetual property easement agreements which do not generally require restoration upon removal of the property. Therefore, under the asset retirement and environmental obligations guidance of the FASB ASC, no material asset retirement obligations are recorded for transmission and distribution assets.

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Crescente, Angela

From: Charnas, Shannon
Sent: Tuesday, October 12, 2010 7:19 AM
To: Wiseman, Sara
Cc: Crescente, Angela; McDaniels, Jason; Elmore, Barry; Fackler, Andrea
Subject: RE: ARO disclosures.docx

Sara –

I'm OK with the changes you made, I made a few very minor additional changes as well. I realize some language may change based on what numbers are included in the table, and some additional language may need to be added if amounts round to zero, but that can be addressed once we have numbers.



ARO
disclosures.docx

For Jason/Andrea/Barry:

I'm thinking that it might be helpful to take some of the language that was removed here, and use it in the explanation for Other Regulatory Liabilities in our Note 2 table footnotes. I suggest making the description for that line: "Includes ARO liabilities, which are established from the removal costs accrued through depreciation under regulatory accounting for assets associated with AROs." We also need to make sure we list any other items that are included in this other line.

Thanks,

Shannon Charnas

*Director, Utility Accounting & Reporting
E.ON U.S.
(502) 627-4978*

From: Wiseman, Sara
Sent: Tuesday, October 12, 2010 5:38 AM
To: Charnas, Shannon
Cc: Crescente, Angela
Subject: ARO disclosures.docx

<< File: ARO disclosures.docx >>

Shannon:

I've been working with Jason on the proposed ARO disclosures. He let me know that we should keep the first 4 columns of the table and modify the language for deleting the last one or two columns.

I am proposing that we should also delete the 4th column (reg liabilities) as well. It is not needed to show that the ARO accounts zero out. Also, if we do not delete it, there will be no language to modify in the paragraphs below the table as it would all still be applicable. The Word doc attached is marked up in accordance with my suggestions. (Please note the numbers have not been filled in yet—we'll be working on that later this week).

This is just a suggestion. I'm glad to do whatever you decide.

ARO. A summary of LG&E's net ARO assets, regulatory assets, and ARO liabilities, regulatory liabilities and cost of removal established under the asset retirement and environmental obligations guidance of the FASB ASC, follows:

(in millions)	ARO Net Assets	ARO Liabilities	Regulatory Assets	Regulatory Liabilities	Accumulated Cost of Removal
As of December 31, 2009	5	(31)	30	(3)	3
ARO accretion	-	(-)	-	-	-
ARO depreciation	-	-	-	-	-
ARO revaluation	-	-	-	-	-
ARO settlements	-	-	(-)	-	-
Removal cost incurred	-	-	-	-	-
As of September 31, 2010	\$ -	\$ (-)	\$ -	\$ (-)	\$ -

Pursuant to regulatory treatment prescribed under the regulated operations guidance of the FASB ASC, an offsetting regulatory credit was recorded in depreciation and amortization in the income statement of \$X million for the nine months ended September 30, 2010 for the ARO accretion and depreciation expense. LG&E AROs are primarily related to the final retirement of assets associated with generating units and natural gas wells. For assets associated with AROs, the removal cost accrued through depreciation under regulatory accounting is established as a regulatory liability pursuant to regulatory treatment prescribed under the regulated operations guidance of the FASB ASC. For the nine months ended September 30, 2010, removal costs incurred were less than \$X million. For the nine months ended September 30, 2010, LG&E recorded less than \$X million of depreciation expense related to the cost of removal of ARO related assets. An offsetting regulatory liability was established pursuant to regulatory treatment prescribed under the regulated operations guidance of the FASB ASC.

LG&E transmission and distribution lines largely operate under perpetual property easement agreements which do not generally require restoration upon removal of the property. Therefore, under the asset retirement and environmental obligations guidance of the FASB ASC, no material asset retirement obligations are recorded for transmission and distribution assets.

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Crescente, Angela

From: Wiseman, Sara
Sent: Tuesday, October 12, 2010 10:54 AM
To: Charnas, Shannon
Subject: RE: ARO revaluation amounts

Shannon:

Angela feels she will be done by 2 PM.

-----Original Message-----

From: Charnas, Shannon
Sent: Tuesday, October 12, 2010 5:16 AM
To: Wiseman, Sara
Subject: Re: ARO revaluation amounts

Sara,

Thanks for seeing if Debbie and Diana can help. I was wondering if it might be worth asking Anna? Or Jim from PP? I understand your frustration and I'm sorry more wasn't communicated, I agree that it would have been helpful. I will say that is something that can be improved going forward. If you would give me an update by mid morning that would be great. If there is anything I can do to help, please let me know.

Shannon

----- Original Message -----

From: Wiseman, Sara
To: Charnas, Shannon
Sent: Mon Oct 11 21:35:55 2010
Subject: RE: ARO revaluation amounts

Shannon:

Well, it's pretty complicated and we've made several entries that have to be considered. The main entry is buried in the monthly close entry. I've explained to a couple of folks that it is just not as easy as making a copy of a manual journal entry. I've sent Debbie and Diana an email already to see if they can help Angela. There is really no one else that I know of that can help on this one as it requires in-depth closing knowledge of PowerPlant. I'm not sure what else I can tell you on the phone in the morning, so unless you specifically want me to call you, I'll give you a status update sometime tomorrow mid-morning on where we are headed with getting it done.

Just an FYI that no one has communicated to me that this was beginning to cause a timing issue on the reports. I would have preferred if they had spoken to me directly and communicated a deadline and then maybe I could have juggled some things around today--although obviously today was already a very busy day meeting other deadlines.

-----Original Message-----

From: Charnas, Shannon
Sent: Monday, October 11, 2010 9:12 PM
To: Wiseman, Sara
Subject: ARO revaluation amounts
Importance: High

Sara-

I know there have been some communications on the timing of getting the details on the ARO revaluation by product code. It sounds like you are estimating that to be available by COB Tuesday. That is beginning to cause a timing issue with the reporting timeline, which is already precarious at best. I'm wondering if there is anything that can be done to get that information sooner. Please give me a call first thing on tues so we can discuss. I will be in the office early, but need to leave at 8:30 to go to a hearing at the KPSC, so I'd like to catch up with you before then.

Shannon

Crescente, Angela

From: Crescente, Angela
Sent: Tuesday, October 12, 2010 1:56 PM
To: Wiseman, Sara
Subject: ARO Revaluation JE.xls



ARO Revaluation
JE.xls

Product Code	Account	Debit	Credit
301	101	22,324,626.30	
I/S	411	1,232,042.55	
I/S	403	878,091.28	
I/S	407	3,629.44	
303	182	2,106,504.39	
354	230	215,367.79	
305	108	12,840.00	
314	230		22,324,626.30
306	230		1,232,042.55
I/S	407		2,106,504.39
304	108		878,091.28
303	182		218,997.23
302	101		12,840.00
		<u>26,773,101.75</u>	<u>26,773,101.75</u>

Crescente, Angela

From: Wiseman, Sara
Sent: Tuesday, October 12, 2010 2:48 PM
To: Stuecker, Adrea
Cc: Crescente, Angela; Charnas, Shannon
Subject: FW: ARO Revaluation JE.xls

Adrea;

Here are the ARO entries.

From: Crescente, Angela
Sent: Tuesday, October 12, 2010 1:56 PM
To: Wiseman, Sara
Subject: ARO Revaluation JE.xls



ARO Revaluation
JE.xls

Attachment to Response to LGE AG-1 Question No. 244
Page 466 of 1591
KU ARO Journal Entries
September 2010

Product Code	Account	Debit	Credit
301	101	22,324,626.30	
I/S	411	1,232,042.55	
I/S	403	878,091.28	
I/S	407	3,629.44	
303	182	2,106,504.39	
354	230	215,367.79	
305	108	12,840.00	
314	230		22,324,626.30
306	230		1,232,042.55
I/S	407		2,106,504.39
304	108		878,091.28
303	182		218,997.23
302	101		12,840.00
		26,773,101.75	26,773,101.75

Crescente, Angela

From: Wiseman, Sara
Sent: Tuesday, October 12, 2010 4:58 PM
To: Charnas, Shannon; Scott, Valerie
Cc: Crescente, Angela
Subject: Deloitte Questions

Shannon/Valerie:

Here are the spreadsheets we believe will answer Deloitte's questions.



3Q2010 Inflation and Discount ...
KU GAAP ARO 1000 Report (2).xl...
LGE GAAP ARO 1000 Report (2),...

Regarding the discount and inflation rates:

The discount rates and inflation rates were provided by our Treasury Department. Please see the attached spreadsheet detailing how these rates were derived.

In the bottom section of the spreadsheet, the find highlighted rows that show the rates that were provided in terms. In order to facilitate the AROs that were expected to be settled during the years in between, we used an incremental approach.

3rd Qtr 2010 Rate Information

Inflation Rate Calculation

30-Yr Treasury as of 9/30/2010	3.69%
30-Yr TIPS as of 9/30/2010	<u>1.63%</u>
Expected Inflation Rate	<u>2.06%</u>

Treasury Yield Curve Rates

<u>(as of 9/30/2010)</u>	
1yr	0.27%
2yr	0.42%
3yr	0.64%
5yr	1.27%
7yr	1.91%
10yr	2.53%
20yr	3.38%
30yr	3.69%

Term	Year	Treasury Yield Curve
1	2010	0.270
2	2011	0.420
3	2012	0.640
4	2013	0.960
5	2014	1.270
6	2015	1.520
7	2016	1.770
8	2017	2.030
9	2018	2.280
10	2019	2.530
11	2020	2.620
12	2021	2.700
13	2022	2.790
14	2023	2.870
15	2024	2.960
16	2025	3.040
17	2026	3.130
18	2027	3.210
19	2028	3.300

Charnas

20	2029	3.380
21	2030	3.411
22	2031	3.442
23	2032	3.470
24	2033	3.500
25	2034	3.540
26	2035	3.570
27	2036	3.600
28	2037	3.630
29	2038	3.660
30	2039	3.690
31+	2040	3.690

Kentucky Utilities Company
ARO Liabilities
As of September 30, 2010

Description	Beginning Liability	Liability Incurred	Accretion	Revisions	Liabilities Settled	Ending Liability
BR-Ash Pond	\$ 7,776,073.50	\$ -	\$ 41,587.83	\$ 2,153,809.25	\$ -	\$ 9,971,470.58
BR-Auxiliary Pond	-	2,839,814.39	196,109.09	-	-	3,035,923.48
BR-Coal Pile Retention Pond	144,919.17	-	775.05	-	(145,694.22)	-
BR-Coal Storage	47,008.06	-	251.41	12,958.54	-	60,218.01
BR-CT Fuel Oil Piping - OP	19,337.09	-	103.42	-	(19,440.51)	-
BR-Lab	14,097.14	-	75.39	-	-	14,172.53
BR-Nuclear Sources	12,533.75	-	67.03	1,971.02	-	14,571.80
BR-Oil Storage	110,458.11	-	590.75	(106,106.02)	-	4,942.84
BR-Oil Storage CT - OP	177,353.78	-	948.52	(166,162.68)	-	12,139.62
Brown Unit 1 - ASB	160,580.34	-	760.94	366,072.87	-	527,414.15
Brown Unit 2 - ASB	379,550.26	-	1,798.57	777,827.04	-	1,159,175.87
Brown Unit 3 - ASB	856,277.17	-	4,057.63	1,784,271.24	-	2,644,606.04
BR-Sewage Treatment Plant	7,844.33	-	41.95	-	(7,886.28)	-
BR-Station Fuel Oil Piping	13,315.19	-	71.21	-	(13,386.40)	-
Dix Dam - ASB - Hydro	39,786.80	-	188.54	53,005.65	-	92,980.99
GH-Ash Pond	10,737,071.17	-	57,423.77	4,132,355.63	-	14,926,850.57
GH-Chemical Storage	6,067.11	-	32.45	6,910.43	-	13,009.99
GH-Coal Storage	508,681.78	-	2,720.52	(98,993.70)	-	412,408.60
Ghent Unit 1 - ASB	750,532.39	-	3,556.54	2,074,184.94	-	2,828,273.87
Ghent Unit 2 - ASB	994,682.69	-	4,713.49	2,689,871.41	-	3,689,267.59
Ghent Unit 3 - ASB	176,433.24	-	836.06	393,088.25	-	570,357.55
Ghent Unit 4 - ASB	176,433.24	-	836.06	393,088.25	-	570,357.55
GH-Environmental Ponds	-	146,428.53	419,988.52	-	-	566,417.05
GH-Gypsum Stack-GH 1 Scrubber	682,234.27	-	3,648.71	4,104,738.27	-	4,790,621.25
GH-Nuclear Sources	85,804.57	-	458.90	43,697.91	-	129,961.38
GH-Oil Storage	9,745.90	-	52.12	(2,708.77)	-	7,089.25
GH-Sewage Treatment Plant	7,493.44	-	40.08	11,361.30	-	18,894.82
GH-Station Fuel Oil Piping GH2	2,527.81	-	13.52	-	(2,541.33)	-
GH-trn-GH Spare GSU Transformer	1,133.12	-	6.06	-	-	1,139.18
GH-trn-GH1 GSU Transformer	1,798.05	-	9.62	-	-	1,807.67
GH-trn-GH2 GSU Transformer	1,518.19	-	8.12	-	-	1,526.31
GH-trn-GH3 GSU Transformer	1,274.60	-	6.82	-	-	1,281.42
GH-trn-GH4 GSU Transformer	1,135.28	-	6.07	-	-	1,141.35
GR-Ash Pond	8,704,756.72	-	46,554.59	(4,150,216.12)	-	4,601,095.19

Kentucky Utilities Company
ARO Liabilities
As of September 30, 2010

Description	Beginning Liability	Liability Incurred	Accretion	Revisions	Liabilities Settled	Ending Liability
GR-Chemical Storage	5,132.50	-	27.45	(4,671.05)	-	488.90
GR-Coal Storage	80,272.52	-	429.31	111,857.27	-	192,559.10
Green River Unit 1 - ASB	213,055.68	-	1,009.61	448,217.47	-	662,282.76
Green River Unit 2 - ASB	195,781.05	-	927.75	411,875.41	-	608,584.21
Green River Unit 3 - ASB	116,480.55	-	551.97	547,040.22	-	664,072.74
Green River Unit 4 - ASB	218,723.04	-	1,036.46	558,870.28	-	778,629.78
GR-GR4 Oil Storage tanks	8,549.76	-	45.73	-	(8,595.49)	-
GR-Limestone Silo	5,361.94	-	28.68	(4,258.30)	-	1,132.32
GR-Mercury Sources	1,715.58	-	9.18	-	(1,724.76)	-
GR-Nuclear Sources	844.11	-	4.51	-	(848.62)	-
GR-Oil Storage	11,598.89	-	62.03	(10,966.79)	-	694.13
GR-Sewage Treatment Plant	4,260.77	-	22.79	3,381.26	-	7,664.82
GR-trn-G1-2 GSU Transformer	5,560.82	-	29.74	-	-	5,590.56
GR-trn-GR3 GSU Transformer	5,589.54	-	29.89	-	-	5,619.43
GR-trn-GR4 GSU Transformer	5,348.50	-	28.60	-	-	5,377.10
GR-trn-GSU Spare Transformer	5,341.62	-	28.57	-	-	5,370.19
Pineville - ASB	176,686.47	-	837.26	543,446.55	-	720,970.28
Pineville-Ash Pond	-	561,818.67	615,944.94	-	-	1,177,763.61
TY-Ash Pond	669,792.77	-	3,582.17	191,923.13	-	865,298.07
TY-Chemical Storage	45,491.32	-	243.30	(45,417.34)	-	317.28
TY-Coal Storage	26,752.25	-	143.08	37,291.31	-	64,186.64
TY-Mercury Sources	2,681.52	-	14.34	-	(2,695.86)	-
TY-Oil Storage	44,588.45	-	238.47	(37,325.32)	-	7,501.60
Tyrone Unit 1 (Retired) - ASB	433,382.36	-	2,053.67	158,194.85	-	593,630.88
Tyrone Unit 2 (Retired) - ASB	433,382.36	-	2,053.67	145,861.17	-	581,297.20
Tyrone Unit 3 - ASB	124,312.05	-	589.08	661,771.06	-	786,672.19
TY-Service Water Pump Structure	161,434.29	-	863.38	8,205.00	-	170,502.67
TY-Sewage Treatment Plant	4,458.90	-	23.85	52,730.99	-	57,213.74
TY-Station Fuel Oil Piping	12,487.53	-	66.79	-	(12,554.32)	-
KU Transmission Subs (69) - ASB	44,119.27	-	209.07	129,251.15	-	173,579.49
Big Stone Gap Substation - ASB-Dist	2,660.44	-	12.61	5,941.21	-	8,614.26
KU - General Facilities - ASB	91,370.44	-	432.98	208,268.17	-	300,071.59
KU Distribution Subs (478) - ASB	54,950.79	-	260.39	180,052.30	-	235,263.48
	\$ 35,820,626.34	\$ 3,548,061.59	\$ 1,420,180.67	\$ 18,776,564.71	\$ (215,367.79)	\$ 59,350,065.52

Louisville Gas and Electric Company
ARO Liabilities
As of September 30, 2010

Description	Beginning Liability	Liability Incurred	Accretion	Revisions	Liabilities Settled	Ending Liability
Canal (Retired) - ASB	\$ 2,444,381.23	\$ -	\$ 11,583.17	\$ (1,161,138.32)	\$ -	\$ 1,294,826.08
Cane Run Unit 1 (Retired) - ASB	1,110,533.69	-	5,262.48	(127,741.82)	-	988,054.35
Cane Run Unit 2 (Retired) - ASB	1,046,154.82	-	4,957.40	(120,336.39)	-	930,775.83
Cane Run Unit 3 (Retired) - ASB	1,178,936.21	-	5,586.61	(135,610.14)	-	1,048,912.68
Cane Run Unit 4 - ASB	371,094.74	-	1,758.50	742,287.71	-	1,115,140.95
Cane Run Unit 5 - ASB	308,016.45	-	1,459.59	540,398.87	-	849,874.91
Cane Run Unit 6 - ASB	304,126.66	-	1,441.16	649,439.58	-	955,007.40
CR-Ash Pond	3,063,825.30	-	16,385.88	1,788,688.85	-	4,868,900.03
CR-Coal Storage	218,662.55	-	1,169.45	5,416.47	-	225,248.47
CR-Environmental Ponds	-	286,742.62	470,797.56	-	-	757,540.18
CR-Land Fill	1,028,391.46	-	5,500.02	236,975.37	-	1,270,866.85
CR-Mercury Sources	4,258.09	-	22.77	-	(4,280.86)	-
CR-Nuclear Sources	37,585.19	-	201.01	(1,888.19)	-	35,898.01
CR-Sewage Treatment Plant	4,260.05	-	22.78	7,872.72	-	12,155.55
MC-Ash Pond	2,968,231.01	-	15,874.63	2,586,571.24	-	5,570,676.88
MC-Chemical Storage	5,135.95	-	27.47	4,980.08	-	10,143.50
MC-Coal Storage	247,040.15	-	1,321.21	(75,678.72)	-	172,682.64
MC-Environmental Ponds	-	206,907.38	442,336.80	-	-	649,244.18
MC-Hazardous Material Storage	15,920.98	-	85.15	-	(16,006.13)	-
MC-Lab Chemical Disposal	1,590.85	-	8.51	-	(1,599.36)	-
MC-Landfill	4,340,393.84	-	23,213.20	(3,787,843.29)	-	575,763.75
MC-Nuclear Sources	12,752.72	-	68.20	(687.48)	-	12,133.44
MC-Oil Storage	11,202.65	-	59.91	(10,855.22)	-	407.34
Mill Creek Unit 1 - ASB	529,065.53	-	2,507.08	583,424.46	-	1,114,997.07
Mill Creek Unit 2 - ASB	483,499.91	-	2,291.16	486,499.00	-	972,290.07
Mill Creek Unit 3 - ASB	50,510.69	-	239.35	365,310.45	-	416,060.49
Mill Creek Unit 4 - ASB	405,516.25	-	1,921.62	293,288.48	-	700,726.35
Ohio Falls - ASB	249,467.67	-	1,182.15	(83,553.53)	-	167,096.29
Paddy's (Unit 11) - ASB	1,731,241.77	-	8,203.82	2,042,268.31	-	3,781,713.90
TC-Ash Pond	3,142,229.87	-	16,805.21	4,535,718.99	-	7,694,754.07
TC-Chemical Storage	876.03	-	4.69	14,508.83	-	15,389.55

Louisville Gas and Electric Company

ARO Liabilities

As of September 30, 2010

Description	Beginning Liability	Liability Incurred	Accretion	Revisions	Liabilities Settled	Ending Liability
TC-Coal Storage	108,738.44	-	581.55	207,829.52	-	317,149.51
TC-Environmental Ponds	-	237,221.68	249,711.45	-	-	486,933.13
TC-Nuclear Sources	7,428.23	-	39.73	9,885.98	-	17,353.94
TC-Sewage Treatment Plant	1,752.22	-	9.37	14,638.17	-	16,399.76
Trn- CR Spare GSU	2,564.65	-	13.72	-	-	2,578.37
Trn-CR4 GSU	2,562.38	-	13.70	-	-	2,576.08
Trn-CR5 GSU	2,562.38	-	13.70	-	-	2,576.08
Trn-CR6 GSU	2,565.94	-	13.72	-	-	2,579.66
Trn-MC 3 GSU	1,976.17	-	10.57	-	-	1,986.74
Trn-MC Spare GSU	1,593.50	-	8.52	-	-	1,602.02
Trn-MC1 GSU	2,454.74	-	13.13	-	-	2,467.87
Trn-MC2 GSU	2,359.37	-	12.62	-	-	2,371.99
Trn-MC4 GSU	1,593.50	-	8.52	-	-	1,602.02
Waterside - ASB	-	-	-	-	-	-
Zorn - ASB	16,376.59	-	77.60	27,038.08	-	43,492.27
LGE Transmission Subs (11) - ASB	13,502.22	-	63.98	13,714.81	-	27,281.01
LGE Distribution Subs (66) - ASB	152,867.98	-	724.39	50,607.24	-	204,199.61
Manholes - ASB	148,724.61	-	704.76	810,276.94	-	959,706.31
Center Gas Storage Field - UGS	2,248,456.24	-	10,353.91	(57,229.21)	-	2,201,580.94
City Gate DR 237900-ASB-Dist	2,796.10	-	13.25	921.90	-	3,731.25
City Gate Prest 237900-ASB-Dist	2,796.10	-	13.25	-	-	2,809.35
Doe Run 235300-ASB-UGS	42,999.34	-	203.76	10,467.12	-	53,670.22
Doe Run Gas Storage Field - UGS	1,977,950.73	-	9,108.26	(541,546.98)	-	1,445,512.01
Gas Main & Serv Abandons-Dist	1,232,300.26	-	5,839.49	19,351,418.20	-	20,589,557.95
Magnolia 235120-ASB-UGS	12,450.76	-	59.00	3,455.93	-	15,965.69
Magnolia 235300-ASB-UGS	44,315.47	-	210.00	11,990.61	-	56,516.08
Magnolia 235600-ASB-UGS	4,374.60	-	20.73	2,611.95	-	7,007.28
Magnolia Gas Storage Field - UGS	2,240,031.21	-	10,315.11	(824,627.06)	-	1,425,719.26
Muldraugh 235120-ASB-UGS	17,666.45	-	83.72	4,881.41	-	22,631.58
Muldraugh 235300-ASB-UGS	33,565.77	-	159.06	8,603.08	-	42,327.91
Muldraugh 235600-ASB-UGS	20,358.38	-	96.47	9,952.50	-	30,407.35

Louisville Gas and Electric Company
 ARO Liabilities
 As of September 30, 2010

Description	Beginning Liability	Liability Incurred	Accretion	Revisions	Liabilities Settled	Ending Liability
Muldraugh 237520-ASB-Gas Dist	2,916.80	-	13.82	581.53	-	3,512.15
Muldraugh Gas Storage Field - UGS	674,911.80	-	3,107.90	(66,387.90)	-	611,631.80
Riggs Junction 235120-ASB-UGS	11,102.31	-	52.61	6,721.11	-	17,876.03
Seventh&Ormsby - ComGenPln-ASB	29,901.01	-	141.69	113,616.18	-	143,658.88
	\$ 34,383,418.56	\$ 730,871.68	\$ 1,334,111.60	\$ 28,547,737.42	\$ (21,886.35)	\$ 64,974,252.91

Crescente, Angela

From: Charnas, Shannon
Sent: Wednesday, October 13, 2010 6:40 AM
To: Wiseman, Sara; Crescente, Angela
Subject: AROs - asbestos

Sara & Angela –

Were the asbestos ARO numbers we were working with before or after the ARO revaluation? If before, I think we need to provide an updated file to PPL. Could you put together a list of just the asbestos AROs with highlighted those that are retired, or we expect to be retired in the near term and subtotal those amounts like the last file we sent?

Thanks,

Shannon Charnas
Director, Utility Accounting & Reporting
E.ON U.S.
(502) 627-4978

Crescente, Angela

From: Wiseman, Sara
Sent: Wednesday, October 13, 2010 5:07 PM
To: Scott, Valerie
Cc: Crescente, Angela
Subject: FARO Liability with retirement dates



KU GAAP ARO 1000 LGE GAAP ARO
Report with r... 1000 Report with...

Valerie: Here is the information we had readily available.

Kentucky Utilities

ARO Liabilities Report as of September 30, 2010

Description	Liability as of 9/30/2010	Retirement Date
BR-Ash Pond	\$ 9,971,470.58	12/1/2026
BR-Auxiliary Pond	3,035,923.48	12/1/2026
BR-Coal Storage	60,218.01	12/1/2026
BR-Lab	14,172.53	12/1/2026
BR-Nuclear Sources	14,571.80	12/1/2026
BR-Oil Storage	4,942.84	12/1/2026
BR-Oil Storage CT - OP	12,139.62	12/1/2036
Brown Unit 1 - ASB	527,414.15	12/1/2059
Brown Unit 2 - ASB	1,159,175.87	12/1/2059
Brown Unit 3 - ASB	2,644,606.04	12/1/2059
Dix Dam - ASB - Hydro	92,980.99	12/1/2069
GH-Ash Pond	14,926,850.57	12/1/2036
GH-Chemical Storage	13,009.99	12/1/2036
GH-Coal Storage	412,408.60	12/1/2036
Ghent Unit 1 - ASB	2,828,273.87	12/1/2059
Ghent Unit 2 - ASB	3,689,267.59	12/1/2060
Ghent Unit 3 - ASB	570,357.55	12/1/2069
Ghent Unit 4 - ASB	570,357.55	12/1/2069
GH-Environmental Ponds	566,417.05	12/1/2036
GH-Gypsum Stack-GH 1 Scrubber	4,790,621.25	12/1/2026
GH-Nuclear Sources	129,961.38	12/1/2036
GH-Oil Storage	7,089.25	12/1/2026
GH-Sewage Treatment Plant	18,894.82	12/1/2026
GH-trn-GH Spare GSU Transformer	1,139.18	12/1/2036
GH-trn-GH1 GSU Transformer	1,807.67	12/1/2026
GH-trn-GH2 GSU Transformer	1,526.31	12/1/2027
GH-trn-GH3 GSU Transformer	1,281.42	12/1/2036
GH-trn-GH4 GSU Transformer	1,141.35	12/1/2036
GR-Ash Pond	4,601,095.19	12/1/2018
GR-Chemical Storage	488.90	12/1/2018

Kentucky Utilities

ARO Liabilities Report as of September 30, 2010

Description	Liability as of 9/30/2010	Retirement Date
GR-Coal Storage	192,559.10	12/1/2018
Green River Unit 1 - ASB	662,282.76	12/1/2051
Green River Unit 2 - ASB	608,584.21	12/1/2051
Green River Unit 3 - ASB	664,072.74	12/1/2051
Green River Unit 4 - ASB	778,629.78	12/1/2051
GR-Limestone Silo	1,132.32	12/1/2018
GR-Oil Storage	694.13	12/1/2018
GR-Sewage Treatment Plant	7,664.82	12/1/2018
GR-trn-G1-2 GSU Transformer	5,590.56	12/1/2018
GR-trn-GR3 GSU Transformer	5,619.43	12/1/2018
GR-trn-GR4 GSU Transformer	5,377.10	12/1/2018
GR-trn-GSU Spare Transformer	5,370.19	12/1/2018
Pineville - ASB	720,970.28	12/1/2043
Pineville-Ash Pond	1,177,763.61	12/1/2018
TY-Ash Pond	865,298.07	12/1/2018
TY-Chemical Storage	317.28	12/1/2018
TY-Coal Storage	64,186.64	12/1/2018
TY-Oil Storage	7,501.60	12/1/2018
Tyrone Unit 1 (Retired) - ASB	593,630.88	12/1/2051
Tyrone Unit 2 (Retired) - ASB	581,297.20	12/1/2051
Tyrone Unit 3 - ASB	786,672.19	12/1/2051
TY-Service Water Pump Structure	170,502.67	12/1/2018
TY-Sewage Treatment Plant	57,213.74	12/1/2018
KU Transmission Subs (69) - ASB	173,579.49	12/1/2079
Big Stone Gap Substation - ASB-Dist	8,614.26	12/1/2077
KU - General Facilities - ASB	300,071.59	12/1/2073
KU Distribution Subs (478) - ASB	235,263.48	12/1/2077
	\$ 59,350,065.52	

Louisville Gas and Electric
ARO Liabilities Report as of September 30, 2010

Description	Liability as of September 30, 2010	Retirement Date
Canal (Retired) - ASB	\$ 1,294,826.08	12/1/2015
Cane Run Unit 1 (Retired) - ASB	988,054.35	12/1/2051
Cane Run Unit 2 (Retired) - ASB	930,775.83	12/1/2051
Cane Run Unit 3 (Retired) - ASB	1,048,912.68	12/1/2051
Cane Run Unit 4 - ASB	1,115,140.95	12/1/2051
Cane Run Unit 5 - ASB	849,874.91	12/1/2055
Cane Run Unit 6 - ASB	955,007.40	12/1/2056
CR-Ash Pond	4,868,900.03	12/1/2023
CR-Coal Storage	225,248.47	12/1/2023
CR-Environmental Ponds	757,540.18	12/1/2023
CR-Land Fill	1,270,866.85	12/1/2023
CR-Nuclear Sources	35,898.01	12/1/2023
CR-Sewage Treatment Plant	12,155.55	12/1/2023
MC-Ash Pond	5,570,676.88	12/1/2036
MC-Chemical Storage	10,143.50	12/1/2036
MC-Coal Storage	172,682.64	12/1/2036
MC-Environmental Ponds	649,244.18	12/1/2036
MC-Landfill	575,763.75	12/1/2036
MC-Nuclear Sources	12,133.44	12/1/2036
MC-Oil Storage	407.34	12/1/2036
Mill Creek Unit 1 - ASB	1,114,997.07	12/1/2059
Mill Creek Unit 2 - ASB	972,290.07	12/1/2059
Mill Creek Unit 3 - ASB	416,060.49	12/1/2069
Mill Creek Unit 4 - ASB	700,726.35	12/1/2069
Ohio Falls - ASB	167,096.29	12/1/2069
Paddy's (Unit 11) - ASB	3,781,713.90	12/1/2015
TC-Ash Pond	7,694,754.07	12/1/2036
TC-Chemical Storage	15,389.55	12/1/2036
TC-Coal Storage	317,149.51	12/1/2036
TC-Environmental Ponds	486,933.13	12/1/2036

Louisville Gas and Electric
ARO Liabilities Report as of September 30, 2010

Description	Liability as of	
	September 30, 2010	Retirement Date
TC-Nuclear Sources	17,353.94	12/1/2036
TC-Sewage Treatment Plant	16,399.76	12/1/2036
Trn- CR Spare GSU	2,578.37	12/1/2023
Trn-CR4 GSU	2,576.08	12/1/2018
Trn-CR5 GSU	2,576.08	12/1/2022
Trn-CR6 GSU	2,579.66	12/1/2023
Trn-MC 3 GSU	1,986.74	12/1/2036
Trn-MC Spare GSU	1,602.02	12/1/2036
Trn-MC1 GSU	2,467.87	12/1/2026
Trn-MC2 GSU	2,371.99	12/1/2026
Trn-MC4 GSU	1,602.02	12/1/2036
Zorn - ASB	43,492.27	12/1/2043
LGE Transmission Subs (11) - ASB	27,281.01	12/1/2079
LGE Distribution Subs (66) - ASB	204,199.61	12/1/2078
Manholes - ASB	959,706.31	12/1/2094
Center Gas Storage Field - UGS	2,201,580.94	12/1/2033
City Gate DR 237900-ASB-Dist	3,731.25	12/1/2066
City Gate Prest 237900-ASB-Dist	2,809.35	12/1/2066
Doe Run 235300-ASB-UGS	53,670.22	12/1/2066
Doe Run Gas Storage Field - UGS	1,445,512.01	12/1/2033
Gas Main & Serv Abandons-Dist	20,589,557.95	12/1/2050
Magnolia 235120-ASB-UGS	15,965.69	12/1/2075
Magnolia 235300-ASB-UGS	56,516.08	12/1/2066
Magnolia 235600-ASB-UGS	7,007.28	12/1/2069
Magnolia Gas Storage Field - UGS	1,425,719.26	12/1/2033
Muldraugh 235120-ASB-UGS	22,631.58	12/1/2075
Muldraugh 235300-ASB-UGS	42,327.91	12/1/2066
Muldraugh 235600-ASB-UGS	30,407.35	12/1/2069
Muldraugh 237520-ASB-Gas Dist	3,512.15	12/1/2050
Muldraugh Gas Storage Field - UGS	611,631.80	12/1/2033

Louisville Gas and Electric
ARO Liabilities Report as of September 30, 2010

<u>Description</u>	<u>Liability as of September 30, 2010</u>	<u>Retirement Date</u>
Riggs Junction 235120-ASB-UGS	17,876.03	12/1/2075
Seventh&Ormsby - ComGenPln-ASB	143,658.88	12/1/2059
	<u>\$ 64,974,252.91</u>	

Crescente, Angela

From: Wiseman, Sara
Sent: Wednesday, October 13, 2010 5:29 PM
To: Crescente, Angela
Subject: FW: FARO Liability with retirement dates

From: Scott, Valerie
Sent: Wednesday, October 13, 2010 5:29 PM
To: Wiseman, Sara
Subject: RE: FARO Liability with retirement dates

Can you get the amounts to be paid in the future rather than the current liability value?

Valerie

From: Wiseman, Sara
Sent: Wednesday, October 13, 2010 5:07 PM
To: Scott, Valerie
Cc: Crescente, Angela
Subject: FARO Liability with retirement dates

<< File: KU GAAP ARO 1000 Report with retirement dates.xlsx >> << File: LGE GAAP ARO 1000 Report with retirement dates.xlsx >>

Valerie: Here is the information we had readily available.

Crescente, Angela

From: Charnas, Shannon
Sent: Wednesday, October 13, 2010 7:05 PM
To: Crescente, Angela
Cc: Wiseman, Sara
Subject: ARO

Angela --

Could you look and see if PwC has any whitepaper or other guidance on ARO's -- more specifically around the timing of revaluations? PwC Comperio should have PwC guidance available.

Thanks,

Shannon Charnas

Director, Utility Accounting & Reporting

E.ON U.S.

(502) 627-4978

Crescente, Angela

From: Wiseman, Sara
Sent: Thursday, October 14, 2010 4:04 PM
To: Charnas, Shannon
Cc: Crescente, Angela
Subject: ARO ACCOUNTING PWC.pdf



ARO ACCOUNTING
PWC.pdf

Here is something we have provided in data responses in the past.

Crescente, Angela

From: Wiseman, Sara
Sent: Friday, October 15, 2010 2:37 PM
To: Charnas, Shannon
Cc: Crescente, Angela
Subject: FW: ARO Standards

Shannon,

According to a whitepaper that I have from PwC that is an addendum No. 2 to PwC's Guide to Fair Value Measurements, it states, "When a new ARO layer is established due to a change in the timing or amount of expected cash flow, the new layer is treated as a separate unit of account."

PowerPlant system functionality using the weighted average method is to create a new layer (revision) with the new undiscounted cash flow estimate. If the new layer results in a downward estimate, the original discount rate is used. If the new layer results in an upward estimate, the discount rate is determined 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.

PowerPlant system functionality using the standard method derives a net change between the new layer and all prior layers to determine if the estimate is upward or downward. If the estimate is downward, the prior layer's rate will be used. Upward estimates will use the inputted rate on the new layer to discount the future cash flows. However, a change in the settlement date will cause the entire liability to be accreted at the new rate without any regard to the prior layer. Additionally, the problem with the standard method is that different layers accrete at different rates which makes settlement processing very difficult.

According to the PwC whitepaper, "If the revision results in a reduction of the obligation, the original discount rate is used to discount the revised cash flow estimates...If the revision results in an upward adjustment to the undiscounted cash flows, a new discount rate, reflecting current market conditions, is applied to the incremental cash flows."

Regarding the timing, a revaluation of AROs was performed during the third quarter of 2010. In June 2010, the EPA issued new proposed environmental regulations impacting the use of ash ponds. It is the Company's view as expressed by many members of management that the proposed regulations would result in the closure of many of the Company's ash ponds. At this time, the company determined that the ARO estimates for these assets should be reviewed and updated.

Angela and Sara

Crescente, Angela

From: Wiseman, Sara
Sent: Monday, October 18, 2010 5:55 AM
To: Crescente, Angela
Subject: RE: ARO reval

Sure. And the table is all ready in WORD—just wanted you to know that in case that is what you are thinking.

From: Crescente, Angela
Sent: Sunday, October 17, 2010 9:57 PM
To: Wiseman, Sara
Subject: RE: ARO reval

Sara:

I have finished the rollforward for GAAP but not yet for IFRS. I need to create the table like you said below, but before I do, I need to run past you how to account for the numbers that are causing differences because of the IFRS basis buckets.

Thanks,
Angela

From: Wiseman, Sara
Sent: Sunday, October 17, 2010 2:38 PM
To: McDaniels, Jason
Cc: Crescente, Angela
Subject: ARO reval

Jason:

They decided to keep the ARO reval numbers in. We will have the table for you as quickly as we can get it completed.

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

Crescente, Angela

From: Crescente, Angela
Sent: Monday, October 18, 2010 3:55 PM
To: Scott, Valerie
Cc: Wiseman, Sara
Subject: RE: ARO Liability with retirement dates

Valerie,

Per your request:



lge forecast
runout-final.xlsx...



ku forecast
runout-final.xlsx

Thanks,
Angela

From: Scott, Valerie
Sent: Wednesday, October 13, 2010 5:29 PM
To: Wiseman, Sara
Subject: RE: FARO Liability with retirement dates

Can you get the amounts to be paid in the future rather than the current liability value?

Valerie

From: Wiseman, Sara
Sent: Wednesday, October 13, 2010 5:07 PM
To: Scott, Valerie
Cc: Crescente, Angela
Subject: FARO Liability with retirement dates

<< File: KU GAAP ARO 1000 Report with retirement dates.xlsx >> << File: LGE GAAP ARO 1000 Report with retirement dates.xlsx >>

Valerie: Here is the information we had readily available.

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: Wiseman, Sara
Sent: Monday, October 18, 2010 4:26 PM
To: Charnas, Shannon
Cc: Crescente, Angela
Subject: Timing of ARO revaluations.docx



Timing of ARO
revaluations.doc...

Shannon:

For your review.

A revaluation of AROs was performed during the third quarter of 2010. In June 2010, the EPA issued new proposed environmental regulations impacting the use of ash ponds. It is the Company's view as expressed by many members of management that the proposed regulations would result in the closure of many of the Company's ash ponds. At this time, the Company determined that the ARO estimates for these assets should be reviewed and updated. Regarding gas mains, the Company has been involved with a large scale main replacement program for some years now. The record keeping for the retirement portion of this project was significantly refined beginning in 2007 and management determined that enough consistent retirement history had been established to determine a good estimate in order to properly revalue the ARO.

Page 11 of the PwC white paper entitled *Accounting for Asset Retirement Obligations: An Education & Nonprofit Perspective* reads "If the asset is fully depreciated, subsequent changes to the ARO will be recorded directly in the current year statement of activities." The Company did make changes to AROs where the underlying asset is fully depreciated, however, pursuant to regulatory treatment prescribed under the regulated operations guidance of ASC 980, these changes were recorded as an adjustment to the related long-lived asset.

Crescente, Angela

From: Crescente, Angela
Sent: Monday, October 18, 2010 4:28 PM
To: Charnas, Shannon
Cc: Wiseman, Sara
Subject: FW: ARO Liability with retirement dates

Shannon,

I'm sorry, I meant to copy you on this.

Thanks,
Angela

From: Crescente, Angela
Sent: Monday, October 18, 2010 3:55 PM
To: Scott, Valerie
Cc: Wiseman, Sara
Subject: RE: ARO Liability with retirement dates

Valerie,

Per your request:



lge forecast
runout-final.xlsx...



ku forecast
runout-final.xlsx

Thanks,
Angela

From: Scott, Valerie
Sent: Wednesday, October 13, 2010 5:29 PM
To: Wiseman, Sara
Subject: RE: FARO Liability with retirement dates

Can you get the amounts to be paid in the future rather than the current liability value?

Valerie

From: Wiseman, Sara
Sent: Wednesday, October 13, 2010 5:07 PM
To: Scott, Valerie
Cc: Crescente, Angela
Subject: FARO Liability with retirement dates

<< File: KU GAAP ARO 1000 Report with retirement dates.xlsx >> << File: LGE GAAP ARO 1000 Report with retirement dates.xlsx >>

Valerie: Here is the information we had readily available.

Crescente, Angela

From: Joseph Holt <jholt@pwrplan.com>
Sent: Friday, September 10, 2010 11:17 AM
To: Crescente, Angela
Subject: RE: GAAP Revaluation

Not a problem, glad to help!

I have found that we have seen clients use either the short term or the long term discount rate when re-estimating. I believe that your approach, using the future rate, is akin to using the long term rate, which is typically more conservative.

Also, the Annual Discount rate field on the grid estimate screen is designed to be available for weighted average AROs. You may fill it in with discount rate by time period, or you may just enter the cumulative rate above and let it auto-populate all dates in the grid below.

Let me know if you have any more questions.

Thanks!
Joe

Joseph Holt
PowerPlan Consultants
(770) 618 - 2291
1600 Parkwood Circle
Atlanta, GA 30339

From: Crescente, Angela [<mailto:Angela.Crescente@eon-us.com>]
Sent: Friday, 10 September, 2010 11:06 AM
To: Joseph Holt
Subject: RE: GAAP Revaluation

Thanks again! Have a great weekend!

From: Joseph Holt [<mailto:jholt@pwrplan.com>]
Sent: Thursday, September 09, 2010 11:04 AM
To: Crescente, Angela
Cc: 'Jim Ogilvie'
Subject: RE: GAAP Revaluation

Angela,

Sure thing; you can give me a call Friday at 10.

Thanks!
Joe

Joseph Holt
PowerPlan Consultants

(770) 618 - 2291
1600 Parkwood Circle
Atlanta, GA 30339

From: Crescente, Angela [<mailto:Angela.Crescente@eon-us.com>]
Sent: Thursday, 09 September, 2010 10:33 AM
To: Joseph Holt
Subject: RE: GAAP Revaluation

Joe,

I have been going through the exercise of trying to revalue our GAAP AROs for the first time and had a few questions to make sure I was doing this correctly. Will you be back in Atlanta on Friday so I can give you a quick call to discuss? I think it would be faster over the phone instead of in emails since I think I'm on the right track. We are trying to complete this task for September close.

Thanks,
Angela

From: Joseph Holt [<mailto:jholt@pwrplan.com>]
Sent: Monday, August 30, 2010 12:50 PM
To: Crescente, Angela
Cc: 'Jim Ogilvie'; 'Jim Dahlby'
Subject: RE: GAAP Revaluation

Angela,

That's not a problem at all. Feel free to send me any questions you have.

In revaluing AROs under GAAP, I have seen a mix of the weighted average and standard rate(layered) approaches. The weighted average rate has the advantage of having only one active layer at any given time, which greatly simplifies future re-estimations and settlements.

Is this the first time you have re-estimated the GAAP AROs?

Thanks,
Joe

Joseph Holt
PowerPlan Consultants
(770) 618 - 2291
1600 Parkwood Circle
Atlanta, GA 30339

From: Crescente, Angela [<mailto:Angela.Crescente@eon-us.com>]
Sent: Monday, 30 August, 2010 12:30 PM
To: Joseph Holt
Subject: GAAP Revaluation

Hey Joe,

Charnas

We are in process of trying to revalue our GAAP AROs and I was wondering, which method do you see most companies using? The new layer approach or the weighted average approach? I am trying to go through my binder that I got when I went to training in Atlanta and first met you. Of course, I was just starting with AROs and was very confused. Quite frankly, AROs are still confusing but I'm trying to get a handle on how to do this for the first time. If it's OK with you, I may send you a few questions from time to time if I run into a snag.

Thanks,

Angela

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Crescente, Angela

From: Crescente, Angela
Sent: Monday, September 13, 2010 4:52 PM
To: 'support@pwrplan.com'
Cc: Kinder, Debra; Wacker, Diana; Wiseman, Sara; 'jdahlby@pwrplan.com'; 'jholt@pwrplan.com'; Ogilvie, Jim
Subject: ARO Transfer Issues

Tracking:	Recipient	Read
	'support@pwrplan.com'	
	Kinder, Debra	Read: 9/14/2010 8:20 AM
	Wacker, Diana	Read: 9/14/2010 7:35 AM
	Wiseman, Sara	Read: 9/13/2010 9:15 PM
	'jdahlby@pwrplan.com'	
	'jholt@pwrplan.com'	
	Ogilvie, Jim	

Well...we have another issue that is mingled in with the one I sent you earlier in that the same depr groups are . We thought we could fix it because we know what went wrong. However, the system will not let us do a reserve adjustment to correct the problem that happened when we transferred some ARO Assets. Basically, we transferred all of the assets out of a specific depr group into a different one in May 2009, but the signs somehow flipped. So, one depr group is overstated and the other one is understated and depreciation is going the wrong way. I have attached detailed screenshots of the situation.



ARO-Transfer
Problems-Suppor...

Please feel free to contact me if you have any questions.

Thanks,
Angela

LOUISVILLE GAS AND ELECTRIC COMPANY--IFRS
 Trial Balance Account Reconciliation
 May 31, 2009

Department Name: Property Accounting
 Account Name: 108 Accumulated Depreciation

	Source A Oracle Trial Balance	Source B PowerPlant Balance	Difference
108107 A/D ELECTRIC ARO ASSET RETIREMENT COST-EQUIPMENT	(2,379,367.94)	(2,374,083.37)	(5,284.57)
108125 A/D ELECTRIC ARO ASSET RETIREMENT COST-LAND/BUILDING	(14,495.53)	(14,495.53)	-
108207 A/D GAS ARO ASSET RETIREMENT COST-EQUIPMENT	(1,480,815.90)	(1,480,815.90)	-
108225 A/D GAS ARO ASSET RETIREMENT COST-LAND/BUILDING	(3,213.01)	(3,213.01)	-
108325 A/D COMMON ARO ASSET RETIREMENT COST-LAND/BUILDING	(1,276.44)	(1,276.44)	-
	<u>(3,879,168.82)</u>	<u>(3,873,884.25)</u>	<u>(5,284.57)</u>

month of the
 GSU Transformer
 Transfers.

PowerPlant Depreciation Ledger		Orientation	
Select Criteria: <input checked="" type="radio"/> Monthly Start Date: May 2009 <input type="radio"/> Quarterly End Date: May 2009 <input type="radio"/> Annually Set of Books: IFRS Offset		<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	
<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="View Factors"/>	
Pick Display: LGE-IFRS-131707-ARO Cost Steam (Eq)			
Period Comparison	Depreciation Basis	Reserve Activity	Reserve History
	May 2009		
Beginning Reserve Balance (Less COR)	\$2,242,233.76		
Depreciation Provision	\$43,227.67		
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	(\$2,643.39)		
Reserve Transfers Out	\$0.00		
Reserve Adjustments	\$0.00		
Net Gain Loss	\$0.00		
Ending Reserve Balance (Less COR)	\$2,282,818.04		
Beginning Reserve Impairment	\$0.00		
Reserve Impairment Activity	\$0.00		
Salvage Provision	\$0.00		
Salvage Input Adjustment	\$0.00		
Salvage Calculated Adjustment	\$0.00		

Shouldn't this have been positive?

Total PP Ledger \$2,379,367.94

\$2,282,818.04 + 15,494.05 + 75,771.28 + 5,284.57

Power Plant Depreciation Ledger _ | □ | X

Charnas

Select Criteria: Monthly Quarterly Annually

Start Date: May 2009 End Date: May 2009

Set of Books: IFRS Offset

Orientation: Time Group

Pick Display: Life Reserve COR Reserve Combined Reserve

LGE-IFRS-133707-ARO Cost Hydro Prod

Period Comparison	Depreciation Basis	Reserve Activity	Reserve History
	May 2009		
Beginning Reserve Balance (Less COR)	\$15,145.48		
Depreciation Provision	\$348.57		
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)	\$15,494.05		
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		Charnas	
Select Criteria: <input checked="" type="radio"/> Monthly Start Date: <input type="text" value="May 2009"/> <input type="button" value="Select"/> <input type="radio"/> Quarterly End Date: <input type="text" value="May 2009"/> <input type="button" value="Refresh"/> <input type="radio"/> Annually Set of Books: <input type="text" value="IFRS Offset"/>		Orientation <input checked="" type="radio"/> Time <input type="radio"/> Group <input type="radio"/> Life Reserve <input type="radio"/> COR Reserve <input type="radio"/> Combined Reserve Pick Display: <input type="text" value="LGE-IFRS-134707-ARO Cost Other Prod"/>	
		<input type="button" value="Cancel"/>	<input type="button" value="View Rates"/>
		<input type="button" value="View Factors"/>	
Period Comparison	Depreciation Basis	Reserve Activity	Reserve History
	May 2009		
Beginning Reserve Balance (Less COR)	\$74,065.10		
Depreciation Provision	\$1,706.18		
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)	\$75,771.28		
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 Charnas

Select Criteria: Monthly Quarterly Annually

Start Date: May 2009 End Date: May 2009

Orientation: Time Group Life Reserve COR Reserve Combined Reserve

Pick Display: LGE-IFRS-135917-ARO Cost Transm (Eq)

Period Comparison	Depreciation Basis	Reserve Activity	Reserve History
	May 2009		
Beginning Reserve Balance (Less COR)	\$2,643.39		
Depreciation Provision	(\$2.21)		
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	\$2,643.39		
Reserve Adjustments	\$0.00		
Net Gain Loss	\$0.00		
Ending Reserve Balance (Less COR)	\$5,284.57		
Beginning Reserve Impairment	\$0.00		
Reserve Impairment Activity	\$0.00		
Salvage Provision	\$0.00		
Salvage Input Adjustment	\$0.00		
Salvage Calculated Adjustment	\$0.00		

Shouldn't this have been negative?

This is the amount that the GL and the PP report are out of balance by. It looks like the PP report is correct.

We actually transferred all of the assets out of this depr group, but it actually increased the reserve. It is trying to calculate depreciation in the wrong direction when it shouldn't be calculating it at all.

The CPR under this depr group no longer has any assets that are active. Please see the next screenshot.

The screenshot shows a software application window with a menu bar (File, Edit, Subsystem, BalD, Admin, Preferences, Window, Help) and a toolbar. The main area is titled 'Depreciation Group' and contains a search interface. The search results are as follows:

Company	BL Account	Account	Prop Tax Dist	Location	Relate Unit	Dep Group	Work Order	Class Code	CPR Misc
						LGE-IFRS-135917-ARD Cost Transm [Eq]			
						LGE-IFRS-135915-ARD Cost Transm [L]			
						LGE-IFRS-135917-ARD Cost Transm [Eq]			
						LGE-IFRS-137405-ARD Cost Elec Dist			
						LGE-IFRS-235805-ARD Cost Gas UG Sto			

Below the search results, there is a 'Display Filter' section with columns: In Service, Eng In Service, Related Asset, Related Equip, and Property Group. A message box in the center reads: 'No Assets Meet the Selection Criteria'. At the bottom right, a summary shows 'Total for Selected Entries: 0.00'. The status bar at the bottom indicates 'Rows Retrieved 0' and '100%' zoom.

Company: LOUISVILLE GAS & ELECTRIC COMPAN'
Set of Books: IFRS Offset

GL Account	Account Balance
ARO	
108107	
IFRS-Ohio Falls - ASB	\$-15,494.05
IFRS-Paddy's (Unit 11) - ASB	\$-75,771.28
IFRS-TR-Ash Pond	\$-267,547.71
IFRS-TR-Coal Storage	\$-9,257.70
IFRS-TR-Hazardous Material Disposal	\$-0,043.23
IFRS-Trn- CR Spare GSU	\$0,613.26
IFRS-Trn-CR4 GSU	\$0,420.03
IFRS-Trn-CR5 GSU	\$0,310.37
IFRS-Trn-CR6 GSU	\$0,683.69
IFRS-Trn-MC 3 GSU	\$0,088.01
IFRS-Trn-MC Spare GSU	\$0,096.64
IFRS-Trn-MC1 GSU	\$0,160.82
IFRS-Trn-MC2 GSU	\$0,148.50
IFRS-Trn-MC4 GSU	\$0,076.47
IFRS-TR-Nuclear Sources	\$-0,624.43
IFRS-TR-Sewage Plant	\$-0,149.01
	Sum by GL Account: <u>\$-2,374,083.37</u>
108125	
IFRS-Distribution Substations (66)	\$-6,666.91
IFRS-LGE Transmission Subs (11) - A	\$-0,585.18
IFRS-Manholes - ASB	\$-6,526.72
IFRS-Zorn - ASB	\$-0,716.72
	Sum by GL Account: <u>\$-14,495.53</u>
108207	
IFRS-Center Gas Storage Field - UGS	\$-372,082.02
IFRS-City Gate Doe Run 237900 - Gas	\$-0,124.15

CPR Depreciation



Set of Books:	IFRS Offset	Update		
Asset Id:	10082354	Eng In Service Year:	04/1997	Cancel
Asset Description:	IFRS-Trn- CR Spare GSU			
Company:	LOUISVILLE GAS & ELECTRIC COMPANY			
Depr Group:	LGE-IFRS-135917-ARO Cost Transm (Eq)			
		Prev Mo		Next Mo

Accounting Month:	04/2009	Depreciation Base:	\$895.60	Mid Period Method:	Straight Line
Initial Life(mo):	248	Beginning Reserve:	\$615.01	Mid Period Conv.:	0.5
Remaining Life:	104	Current Depr Expense:	\$8.61	Depreciation Method:	<none>
Monthly Calc Rate:	0.9615%	Input Expense Adj:	\$0.00	Begin Year Reserve:	\$589.18
Est. Salvage Pct:	0.0000%	Calc Expense Adj:	\$0.00	YTD Depr Exp:	\$34.44
Beginning Value:	\$1,510.61	Reserve Adj:	\$0.00	YTD Expense Adj:	\$0.00
Net Add / Adj:	\$0.00	Reserve Trans In:	\$0.00	Prior YTD Depr Exp:	\$28.92
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	403112	
Current Value:	\$1,510.61	Salvage Proceeds:	\$0.00	True-Up Reserve	Depr Adjustment
*NOTE: Ending Reserve is not calculated until Depreciation Approval has been run.		Loss (Gain):	\$0.00	Adjustment History	Audits
		*Ending Reserve:	\$623.62		



CPR Depreciation		Set of Books: IFRS Offset		Update	
Asset Id: 10082354		Eng In Service Year: 04/1997		Cancel	
Asset Description: IFRS-Trn- CR Spare GSU				Prev Mo	
Company: LOUISVILLE GAS & ELECTRIC COMPANY				Next Mo	
Depr Group: LGE-IFRS-135917-ARO Cost Transm (Eq					

Accounting Month:	05/2009	Depreciation Base:	(\$180.12)	Mid Period Method:	Straight Line
Initial Life(mo):	248	Beginning Reserve:	\$623.62	Mid Period Conv.:	0.5
Remaining Life:	103	Current Depr Expense:	(\$1.75)	Depreciation Method:	<none>
Monthly Calc Rate:	0.9709%	Input Expense Adj:	\$0.00	Begin Year Reserve:	\$589.18
Est. Salvage Pct:	0.0000%	Calc Expense Adj:	\$0.00	YTD Depr Exp:	\$32.69
Beginning Value:	\$1,510.61	Reserve Adj:	\$0.00	YTD Expense Adj:	\$0.00
Net Add / Adj:	\$0.00	Reserve Trans In:	\$0.00	Prior YTD Depr Exp:	\$36.15
Retirements:	\$0.00	Reserve Trans Out:	\$623.62	Prior YTD Expense Adj:	\$0.00
Transfers In:	\$0.00	Other Credits / Adj:	\$0.00	Account Distribution Details:	
Transfers Out:	(\$1,510.61)	Cost of Removal:	\$0.00	403112	
Current Value:	\$0.00	Salvage Proceeds:	\$0.00	True-Up Reserve:	Depr Adjustment
* NOTE: Ending Reserve is not calculated until Depreciation Approval has been run.		Loss (Gain):	\$0.00	Adjustment History:	Audits
		*Ending Reserve:	\$1,245.49		

Crescente, Angela

From: support <support@pwrplan.com>
Sent: Wednesday, September 15, 2010 4:39 PM
To: Crescente, Angela
Cc: Kinder, Debra; Wacker, Diana; Wiseman, Sara; jdahlby@pwrplan.com; jholt@pwrplan.com; Ogilvie, Jim
Subject: RE: ARO Transfer Issues

Please send me a screenshot of your About Powerplant window.

Sunjin
PowerPlant Support
770-937-3000

From: Crescente, Angela [<mailto:Angela.Crescente@eon-us.com>]
Sent: Monday, 13 September, 2010 04:52 PM
To: support@pwrplan.com
Cc: Kinder, Debra; Wacker, Diana; Wiseman, Sara; jdahlby@pwrplan.com; jholt@pwrplan.com; Ogilvie, Jim
Subject: ARO Transfer Issues

Well...we have another issue that is mingled in with the one I sent you earlier in that the same depr groups are . We thought we could fix it because we know what went wrong. However, the system will not let us do a reserve adjustment to correct the problem that happened when we transferred some ARO Assets. Basically, we transferred all of the assets out of a specific depr group into a different one in May 2009, but the signs somehow flipped. So, one depr group is overstated and the other one is understated and depreciation is going the wrong way. I have attached detailed screenshots of the situation.

<<ARO-Transfer Problems-Support.pdf>>

Please feel free to contact me if you have any questions.

Thanks,

Angela

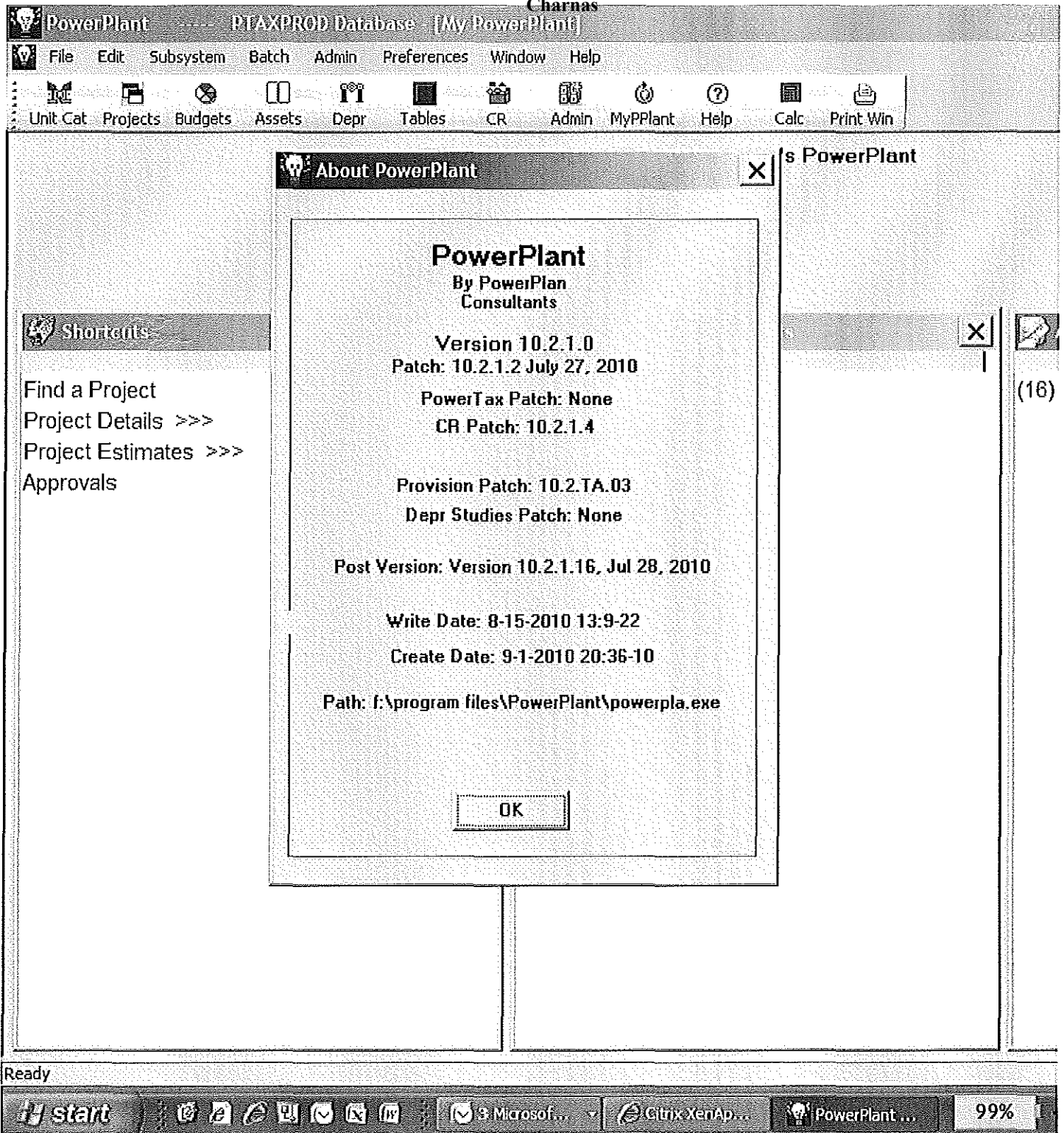
The information contained in this transmission is intended only for the person or entity to which it is directly addressed or copied. It may contain material of confidential and/or private nature. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon, this 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.

Crescente, Angela

From: Crescente, Angela
Sent: Thursday, September 16, 2010 9:04 AM
To: 'support'
Cc: Kinder, Debra; Wacker, Diana; Wiseman, Sara; jdahlby@pwrplan.com; jholt@pwrplan.com; Ogilvie, Jim
Subject: RE: ARO Transfer Issues

Sunjin,

I think you may have already sent the fix to prevent this from happening again (I will forward you the email). However, we are having trouble getting the ledger fixed from the time that it did happen (the history). I attached the screenshot you requested below.



Thanks,
Angela

From: support [mailto:support@pwrplan.com]
Sent: Wednesday, September 15, 2010 4:39 PM
To: Crescente, Angela
Cc: Kinder, Debra; Wacker, Diana; Wiseman, Sara; jdahlby@pwrplan.com; jholt@pwrplan.com; Ogilvie, Jim
Subject: RE: ARO Transfer Issues

Please send me a screenshot of your About Powerplant window.

Sunjin
PowerPlant Support
770-937-3000

From: Crescente, Angela [<mailto:Angela.Crescente@eon-us.com>]

Sent: Monday, 13 September, 2010 04:52 PM

To: support@pwrplan.com

Cc: Kinder, Debra; Wacker, Diana; Wiseman, Sara; jdahlby@pwrplan.com; jholt@pwrplan.com; Ogilvie, Jim

Subject: ARO Transfer Issues

Well...we have another issue that is mingled in with the one I sent you earlier in that the same depr groups are . We thought we could fix it because we know what went wrong. However, the system will not let us do a reserve adjustment to correct the problem that happened when we transferred some ARO Assets. Basically, we transferred all of the assets out of a specific depr group into a different one in May 2009, but the signs somehow flipped. So, one depr group is overstated and the other one is understated and depreciation is going the wrong way. I have attached detailed screenshots of the situation.

<<ARO-Transfer Problems-Support.pdf>>

Please feel free to contact me if you have any questions.

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.

Crescente, Angela

From: Crescente, Angela
Sent: Thursday, September 16, 2010 9:05 AM
To: 'support'
Cc: Kinder, Debra; Wacker, Diana; Wiseman, Sara; jholt@pwrplan.com; jdahlby@pwrplan.com; Ogilvie, Jim
Subject: Transfer issue

See the fix below:

From: support [mailto:support@pwrplan.com]
Sent: Tuesday, May 11, 2010 10:24 AM
To: Crescente, Angela
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara; Richardson, Ralph
Subject: RE: Document1

Ralph,

I downloaded the post code fix and put the zip file in Z:\application\bin\post_exes_10.1.11.zip.

Below is the sql that needs to be run in the database for version validation when this new post is pushed out for use.

```
Update pp_version set post_version = 'Version 10.1.11, Mar 02, 2010';  
Commit;
```

Sunjin
PowerPlant Support
770-937-3000

From: Crescente, Angela [mailto:Angela.Crescente@eon-us.com]
Sent: Monday, 10 May, 2010 09:18 AM
To: support
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: RE: Document1

Sunjin,

If you could go ahead and send it to us, that would be great. We can't put in any production code changes until the budget module goes live which is currently scheduled for May 24th. But since we will already have the code available from you, we can send it through as soon as we are given the "all clear". Thanks again for your help and patience.

Angela

From: support [mailto:support@pwrplan.com]
Sent: Friday, May 07, 2010 5:05 PM
To: Crescente, Angela
Cc: Wacker, Diana; Kinder, Debra
Subject: RE: Document1

The -48.22 is associated with depr group = LGE-IFRS-135917-ARO Cost Transm (Eq.
Specifically, this is the list of asset_id that are depreciating and total \$-48.22 of expense for March 2010.

Asset_ids:
10082346
10082347
10082348
10082349
10082350
10082351
10082352
10082353
10082354

These assets all have a \$0 plant balance but there is a non \$0 reserve balance. You'll have to make depr reserve adjustments to get the reserve balance to \$0.

I can see there is plant transfer activity posted in 5/2009, but if you look at the CPR Depr window for these asset_id numbers, you can see the reserve transfer out amount is the wrong sign, which caused your reserve balance to get bigger instead of going down to \$0. There is a problem with your version of the Post program that doesn't handle the reserve transfers for non Financial set of books. You'll need a Post program fix to prevent this problem in the future.

The version of Post10.exe you are running in production is Version 10.1.2.1, Nov 04, 2008. Can you take a code fix for your production version of Post or does the Post fix need to go into your v10.2 upgrade?

Sunjin
PowerPlant Support
770-937-3000

From: Crescente, Angela [mailto:Angela.Crescente@eon-us.com]
Sent: Friday, 07 May, 2010 04:23 PM
To: support
Cc: Wacker, Diana; Kinder, Debra
Subject: RE: Document1

The asset(s) that makes up the \$35.48 are doing what I think they should be doing since they are debits. I was inquiring about the assets that make up the \$(48.22) since they are credits for the month of March. One of which I believe is asset ID 10082354. Please look at page 4 of the screenshot I am attaching. I am on the IFRS Offset set of books when I see a YTD credit depr expense on this particular asset of \$(48.84). I found this by going to Assets-CPR-Selecting Depr Group LGE-IFRS-135917-Checking the inactive box-Find Assets-Selecting the first asset in the list-Detail-CPR Depr-Selecting the IFRS Offset set of books and I see the credit next to YTD Depr Expense. The attached screen shots take you through this process of how I found it.

From: support [mailto:support@pwrplan.com]
Sent: Friday, May 07, 2010 4:04 PM
To: Crescente, Angela
Cc: Wacker, Diana; Kinder, Debra
Subject: RE: Document1

The asset is inactive for set of books = Financial.
The asset is active for set of books = IFRS.

To select the asset in the CPR, you must choose 'inactive' because the selection window keys off of set of books = Financial dollars as the default.

This \$35.48 you inquired about belongs to the depr group on this asset_id = 10082370.
If you are saying this asset is fine and I have been looking at the wrong asset, which asset_id should I be looking at?

Sunjin
PowerPlant Support
770-937-3000

From: Crescente, Angela [mailto:Angela.Crescente@eon-us.com]
Sent: Friday, 07 May, 2010 03:45 PM
To: support
Cc: Wacker, Diana; Kinder, Debra
Subject: RE: Document1

This asset should be active in depr group LGE-IFRS-131707 because that is where we transferred it to. But, when I click on the asset in depr group LGE-IFRS-135917, I can only see it if I check the inactive box as it should be since we transferred it out. But, it looks to me like the depr group LGE-IFRS-135917 (the wrong one) is trying to calculate a credit expense.

Also, the asset ID you are looking at is the only asset that is supposed to be getting depreciation calculated on the 403112 account. So, it is correct. All of the assets besides the transmission subs were transferred to the generation 403111 account (depr group LGE-IFRS-131707). We transferred the assets that were GSUs. This transfer happened around March 2009.

I hope this helps. By the way, I know we have been asking a lot of you. We really appreciate everything.

From: support [mailto:support@pwrplan.com]
Sent: Friday, May 07, 2010 3:15 PM
To: Crescente, Angela
Subject: RE: Document1

By the way, the asset is not inactive for IFRS.

Sunjin
PowerPlant Support
770-937-3000

From: support [mailto:support@pwrplan.com]
Sent: Friday, 07 May, 2010 03:14 PM
To: 'Crescente, Angela'
Subject: RE: Document1

Please go to Asset Mang – CPR.
Select asset_id = 10082370.
Click on Details menu button.
Click Cpr Depr button.
There, you can see this asset has dollars in your IFRS set of books, and it has been included for depreciation expense for many, many months.

Do you need help making adjustments to this asset so that the plant and reserve balances go to \$0 for IFRS?

Sunjin
PowerPlant Support
770-937-3000

From: Crescente, Angela [mailto:Angela.Crescente@eon-us.com]
Sent: Friday, 07 May, 2010 03:00 PM
To: support
Subject: RE: Document1

Sunjin,

Charnas

I believe that the \$35.48 and the \$48.22 are out of two different depr groups. I would imagine the credit you are seeing on the depr ledger belongs to the 108 account. The problem I am having is I don't think that depreciation expense should be calculating a credit on an asset that is supposedly inactive.

Thanks for your help,
Angela

From: support [mailto:support@pwrplan.com]
Sent: Friday, May 07, 2010 11:28 AM
To: Crescente, Angela
Subject: RE: Document1

Yes, in your depr ledger, for the month of March 2010, there is an expense activity of \$35.48 for IFRS set of books, and that resulted in the creation of the expense journal entry of \$35.48. There is a credit for \$35.48 and a debit for \$35.48.

I don't understand what the issue is. Do you need help seeing this \$35.48 in your depr ledger inside the Powerplant application?

Sunjin
PowerPlant Support
770-937-3000

From: Crescente, Angela [mailto:Angela.Crescente@eon-us.com]
Sent: Friday, 07 May, 2010 09:54 AM
To: support
Subject: RE: Document1

I am actually seeing credits on our general ledger. If you run a CR query for expense account 403112 for March 2010, you can see that the account has a debit for \$35.48 and a credit of \$48.22. I have attached a file of the CR Query (the credit is on row 3). When doing some digging, it looks like the credit is coming from depr group LGE-IFRS-135917-ARO Cost Transm (Equip). This was the depr group that the GSUs were in before we did the transfer in March 2009. It almost looks like the journal entry is trying to reverse out accumulated depr even though there is no cost.

From: support [mailto:support@pwrplan.com]
Sent: Thursday, May 06, 2010 6:23 PM
To: Crescente, Angela
Subject: RE: Document1

You said: It appears that the IFRS entries on our transmission depr groups are creating a credit depr expense entry

Where in Powerplant do you see these entries that you are questioning?

The attachment shows me depreciation information for one asset. Are you asking about the journals that got made for this asset for April 2010? I see \$-12.21 for expense on this asset for IFRS set of books.

Sunjin
PowerPlant Support
770-937-3000

From: Crescente, Angela [mailto:Angela.Crescente@eon-us.com]
Sent: Thursday, 06 May, 2010 03:12 PM
To: support
Subject: RE: Document1

I'm sorry.....

Thanks!

From: support [mailto:support@pwrplan.com]
Sent: Thursday, May 06, 2010 3:05 PM
To: Crescente, Angela
Subject: RE: Document1

Can I get the original file?
There is no attachment in this email.

Sunjin
PowerPlant Support
770-937-3000

From: Crescente, Angela [mailto:Angela.Crescente@eon-us.com]
Sent: Thursday, 06 May, 2010 09:47 AM
To: support
Subject: FW: Document1

Sunjin or Elizabeth,

Please see below. If you want to discuss, please call 502-627-3679. Thanks!

From: Jim Ogilvie [mailto:jogilvie@pwrplan.com]
Sent: Thursday, May 06, 2010 9:44 AM
To: Crescente, Angela; Wacker, Diana
Cc: Wiseman, Sara; Kinder, Debra
Subject: RE: Document1

Please work with PowerPlant support to understand this issue.

From: Crescente, Angela [mailto:Angela.Crescente@eon-us.com]
Sent: Thursday, 06 May, 2010 09:23 AM
To: Jim Ogilvie; Wacker, Diana
Cc: Wiseman, Sara; Kinder, Debra
Subject: RE: Document1

We aren't sure....It appears that the IFRS entries on our transmission depr groups are creating a credit depr expense entry. I am wondering if it has something to do with when we transferred our GSUs from Transmission to Generation. I have attached a screen shot. These are supposed to be inactive.

From: Jim Ogilvie [mailto:jogilvie@pwrplan.com]
Sent: Thursday, May 06, 2010 8:50 AM
To: Wacker, Diana; Crescente, Angela
Cc: Wiseman, Sara; Kinder, Debra
Subject: RE: Document1

First off, what is "the issue"?

The two reg entry types are very similar, but both exist for a reason. The "Depreciation Expense" type is for depreciation group level entries. The "ARC Depreciation Expense" type is for entries made at the level of individual ARO child assets. This data is stored on two separate tables in PowerPlant, so there must be two different reg entry types.

- Jim

From: Wacker, Diana [mailto:Diana.Wacker@eon-us.com]
Sent: Thursday, 06 May, 2010 07:06 AM
To: Jim Ogilvie; Crescente, Angela
Cc: Wiseman, Sara; Kinder, Debra
Subject: RE: Document1

Jim/Angela – I am attaching the Reg Entry Type table – I believe the issue is happening because the reg entry type – ARC Depreciation Expense is not the same as Depreciation Expense.

*Diana Wacker
Sr. Accounting Analyst
Property Accounting
502-627-4054*

From: Jim Ogilvie [mailto:jogilvie@pwrplan.com]
Sent: Wednesday, May 05, 2010 5:36 PM
To: Crescente, Angela
Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra
Subject: RE: Document1

The "reg entry type" determines how that reg entry computes the amount of the JE each month. I am guessing based on the names of these reg entry types that they are probably only tied to the "life" depreciation expense and that your assumption about them essentially being the same may be correct.

If you send me the data in the "Regulatory Entry Type" table under table maintenance, I can confirm this for you.

These are really questions for PowerPlant support...

- Jim

From: Crescente, Angela [mailto:Angela.Crescente@eon-us.com]
Sent: Wednesday, 05 May, 2010 05:29 PM
To: Jim Ogilvie
Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra
Subject: RE: Document1

OK, that's good. What about the reg entry thing?

From: Jim Ogilvie [mailto:jogilvie@pwrplan.com]
Sent: Wednesday, May 05, 2010 5:27 PM
To: Crescente, Angela
Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra
Subject: RE: Document1

The "account distribution" field on that screen is essentially useless. You shouldn't need to change it for any purpose. It is not used for any processing. When you calculate depreciation each month, the record for that current month gets updated with whatever account is set as that depr group's depreciation expense account. So in some sense it is a historical audit trail of the expense account used each month for that asset.

- Jim

From: Crescente, Angela [mailto:Angela.Crescente@eon-us.com]
Sent: Wednesday, 05 May, 2010 03:39 PM
To: Jim Ogilvie
Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra
Subject: Document1

Jim,

I have attached a screen shot for you to see what I'm about to ask.

<<Doc1.docx>>

What exactly does the account listed on the bottom right section under account distribution do? We changed this account on the ledger side, but it did not change on this screen. I guess we need to change it in both places if it is incorrect?

Also, in the reg entries, there is a Depreciation Expense entry type and an ARC Depreciation Expense entry type. Do they both do the same thing? For example, are they both picking up life only? Or, was the ARC type only to help us know that it is only the children's expense?

Thanks,

Angela

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Crescente, Angela

From: support <support@pwrplan.com>
Sent: Thursday, September 16, 2010 9:08 AM
To: Crescente, Angela
Cc: Kinder, Debra; Wacker, Diana; Wiseman, Sara; jdahlby@pwrplan.com; jholt@pwrplan.com; Ogilvie, Jim
Subject: RE: ARO Transfer Issues

Oh, this is an old problem... good.
I was afraid the new v10.2 post program was bad again.

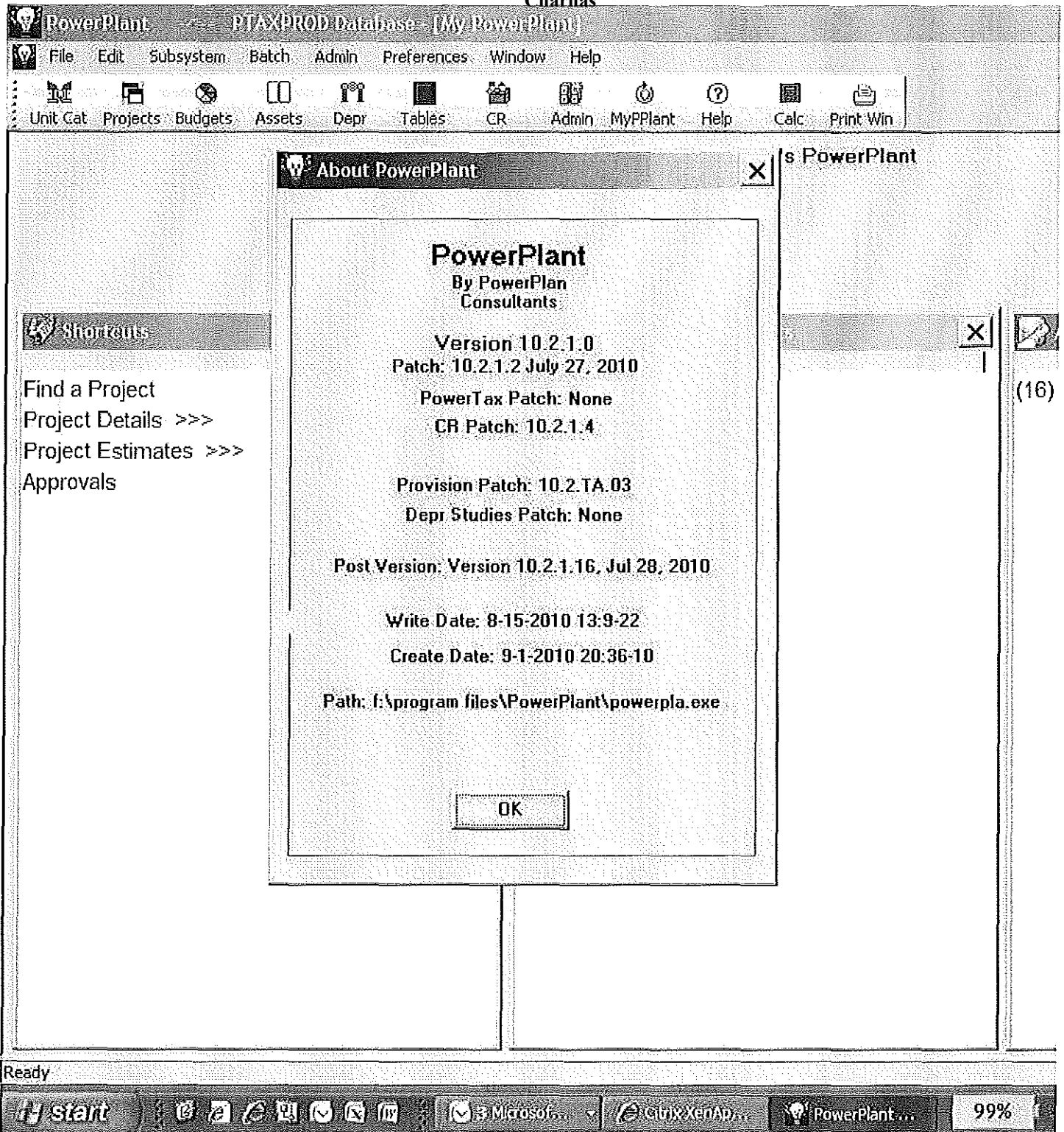
Are you trying to fix the reserve transfer problem from May 2009 month end?

Sunjin
PowerPlant Support
770-937-3000

From: Crescente, Angela [<mailto:Angela.Crescente@eon-us.com>]
Sent: Thursday, 16 September, 2010 09:04 AM
To: support
Cc: Kinder, Debra; Wacker, Diana; Wiseman, Sara; jdahlby@pwrplan.com; jholt@pwrplan.com; Ogilvie, Jim
Subject: RE: ARO Transfer Issues

Sunjin,

I think you may have already sent the fix to prevent this from happening again (I will forward you the email). However, we are having trouble getting the ledger fixed from the time that it did happen (the history). I attached the screenshot you requested below.



Thanks,
Angela

From: support [mailto:support@pwrplan.com]
Sent: Wednesday, September 15, 2010 4:39 PM
To: Crescente, Angela
Cc: Kinder, Debra; Wacker, Diana; Wiseman, Sara; jdahlby@pwrplan.com; jholt@pwrplan.com; Ogilvie, Jim
Subject: RE: ARO Transfer Issues

Please send me a screenshot of your About Powerplant window.

Sunjin
PowerPlant Support
770-937-3000

From: Crescente, Angela [<mailto:Angela.Crescente@eon-us.com>]

Sent: Monday, 13 September, 2010 04:52 PM

To: support@pwrplan.com

Cc: Kinder, Debra; Wacker, Diana; Wiseman, Sara; jdahlby@pwrplan.com; jholt@pwrplan.com; Ogilvie, Jim

Subject: ARO Transfer Issues

Well...we have another issue that is mingled in with the one I sent you earlier in that the same depr groups are . We thought we could fix it because we know what went wrong. However, the system will not let us do a reserve adjustment to correct the problem that happened when we transferred some ARO Assets. Basically, we transferred all of the assets out of a specific depr group into a different one in May 2009, but the signs somehow flipped. So, one depr group is overstated and the other one is understated and depreciation is going the wrong way. I have attached detailed screenshots of the situation.

<<ARO-Transfer Problems-Support.pdf>>

Please feel free to contact me if you have any questions.

Thanks,

Angela

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Crescente, Angela

From: Wiseman, Sara
Sent: Friday, September 17, 2010 12:46 PM
To: Crescente, Angela
Subject: FW: ARO Ashpond Landfill Gypsum

From: Heun, Jeff
Sent: Tuesday, September 14, 2010 12:02 PM
To: Wiseman, Sara
Subject: RE: ARO Ashpond Landfill Gypsum

Sara,

I looked over the Stantec(FMSM) closure cost estimate and updated it based on pricing attained from current ongoing projects as well as escalating the 2002 numbers to 2010 numbers. I came up with an estimate of \$120K per acre to close a pond using Tyrone as the basis, see attached spreadsheet. Also looking over the list of active Ash Pond a new one needs to be added for Brown as the Aux Pond was placed into service in 2008 and is approximately 40 acres in size. I would double check with David Millay to make sure all the CCP storage ponds are accounted for as I believe the Aux Pond was the only one missing.

JBH



Pond Closure
Costs.xlsx

From: Wiseman, Sara
Sent: Friday, June 25, 2010 8:26 AM
To: Heun, Jeff
Subject: FW: ARO Ashpond Landfill Gypsum

Hi Jeff: FYI This is information for our meeting on Monday morning. This is how we valued our AROs in 2003.

From: Wiseman, Sara
Sent: Wednesday, June 23, 2010 4:25 PM
To: Cosby, David; Welsh, Elaine; Dowd, Deborah
Cc: Crescente, Angela; Rose, Bruce
Subject: ARO Ashpond Landfill Gypsum

Hi all:

Here is the information we have for the ashpond, landfill and gypsum stacker.

From: Hilbert, Debbie
Sent: Wednesday, June 23, 2010 3:45 PM
To: Wiseman, Sara
Subject: Ashpond

<< File: Ashpond.pdf >>

Debbie Hilbert, CPS
Senior Secretary
E.ON U.S. LLC
502-627-4676

Activity	2002	2010			Units
	Cost	Escalated Cost	Actual Cost	Adjusted Costs	
Engineering	\$0	\$0	\$250,000	\$250,000	1
Construction					
<i>Mobilization</i>	\$21,000	\$33,471		\$33,471	1
<i>Site Grading</i>	\$225,000	\$358,616		\$358,616	1
<i>1' Clay Cover</i>	\$0	\$0	\$8	\$8	18000
<i>1' Vegetative Cover</i>	\$0	\$0	\$6	\$6	18000
<i>Drainage Ditches</i>	\$25	\$40		\$40	3500
<i>Seeding & Mulching</i>	\$0	\$0	\$2,000	\$2,000	11
<i>Demolition</i>	\$20,000	\$31,877		\$31,877	1
Post Closure Care					
<i>Ground Water Monitoring</i>	\$2,480	\$3,953		\$3,953	1
<i>Maintenace</i>	\$3,000	\$4,782		\$4,782	1

Sub-Total

Bond

Contingency 20%

Total for 11 acres

Total Per Acre

Total Cost
\$250,000
\$33,471
\$358,616
\$144,000
\$108,000
\$139,462
\$22,000
\$31,877
\$3,953
\$4,782
\$1,096,160
\$8,221
\$219,232
\$1,323,613
\$120,328.43

Activity	2002	2010		Units	Total Cost	
	Cost	Escalated Cost	Actual Cost			Adjusted Costs
Engineering	\$0	\$0	\$250,000	\$250,000	1	\$250,000
Construction						
<i>Mobilization</i>	\$21,000	\$33,471		\$33,471	1	\$33,471
<i>Site Grading</i>	\$225,000	\$358,616		\$358,616	1	\$358,616
<i>1' Clay Cover</i>	\$0	\$0	\$8	\$8	18000	\$144,000
<i>1' Vegetative Cover</i>	\$0	\$0	\$6	\$6	18000	\$108,000
<i>Drainage Ditches</i>	\$25	\$40		\$40	3500	\$139,462
<i>Seeding & Mulching</i>	\$0	\$0	\$2,000	\$2,000	11	\$22,000
<i>Demolition</i>	\$20,000	\$31,877		\$31,877	1	\$31,877
Post Closure Care						
<i>Ground Water Monitoring</i>	\$2,480	\$3,953		\$3,953	1	\$3,953
<i>Maintenace</i>	\$3,000	\$4,782		\$4,782	1	\$4,782

Sub-Total \$1,096,160

Bond \$8,221

Contingency 20% \$219,232

Total for 11 acres \$1,323,613

Total Per Acre \$120,328.43

Crescente, Angela

From: Heun, Jeff
Sent: Friday, September 17, 2010 3:18 PM
To: Crescente, Angela; Billiter, Delbert
Cc: Wiseman, Sara; Riggs, Eric
Subject: RE: Coal/Storage Pile, etc.

I am not sure the procedure to close a coal pile as I would assume all the coal would be removed and we would spread topsoil over the area and seed it. For 6" of topsoil the cost per acre is right around \$6k, add another \$2K per acre for seeding. Other than those two activities I am not sure if there is a procedure to close a coal pile.

From: Crescente, Angela
Sent: Friday, September 17, 2010 3:15 PM
To: Heun, Jeff; Billiter, Delbert
Cc: Wiseman, Sara; Riggs, Eric
Subject: RE: Coal/Storage Pile, etc.

We need the cost to close these coal piles at every plant that has one, not just TC2. If it would be easier, please develop a per acre cost and we can multiple that by the acreage that Delbert has provided below.

From: Heun, Jeff
Sent: Friday, September 17, 2010 3:07 PM
To: Billiter, Delbert; Crescente, Angela
Cc: Wiseman, Sara; Riggs, Eric
Subject: RE: Coal/Storage Pile, etc.

Is this the cost to expand the coal pile at TC? If you are in need of that information I would contact Eric Davis as he was the Project Manager over the coal pile modifications at TC.

From: Billiter, Delbert
Sent: Friday, September 17, 2010 3:00 PM
To: Crescente, Angela; Heun, Jeff
Cc: Wiseman, Sara; Riggs, Eric
Subject: Re: Coal/Storage Pile, etc.

I don't have anything on the cost. Maybe Jeff does.

From: Crescente, Angela
To: Billiter, Delbert; Heun, Jeff
Cc: Wiseman, Sara; Riggs, Eric
Sent: Fri Sep 17 14:38:59 2010
Subject: Coal/Storage Pile, etc.

Delbert,

Thanks so much for sending us the acreage for the coal pile areas. However, I will still need the information for the cost. Our records from 2003 show an invoice received from P.M.R. Construction, which I have attached for your review. Would you be able to provide me with the updated numbers or would it be Jeff? We will need this information by next Thursday, **September 23, 2010.**

Thanks so much for your help and understanding,
Angela

From: Billiter, Delbert
Sent: Tuesday, June 29, 2010 9:15 AM
To: Wiseman, Sara
Subject: RE:

Sara,

I have two small changes.

For Tyrone the coal pile area is now 2.93 ac. (they added a small pile) and for TC the coal pile area is now 26.9 ac. With TC2 the pile has been expanded. All other plants remain the same.

If you need any additional information please let me know.

Delbert

Delbert Billiter
E.ON US - Corporate Fuels
220 West Main St.
Louisville, KY 40202
502-627-4668 -Office
502-693-3030 -Cell
delbert.billiter@eon-us.com
502-627-3243 -Fax

From: Wiseman, Sara
Sent: Tuesday, June 29, 2010 8:36 AM
To: Billiter, Delbert
Subject: FW:

Delbert:

Here is a new file to replace the one I sent you yesterday. This one has an email with acreage that I think you can provide. Will you be able to work up some numbers by Wednesday, July 7?

From: Hilbert, Debbie
Sent: Tuesday, June 29, 2010 7:58 AM
To: Wiseman, Sara
Subject:

Sara,

There are 2 pages now.

<< File: Coal Pile Remediation.pdf >>

Debbie Hilbert, CPS

Senior Secretary

E.ON U.S. LLC

502-627-4676

Crescente, Angela

From: Billiter, Delbert
Sent: Friday, September 17, 2010 3:23 PM
To: Heun, Jeff; Crescente, Angela
Cc: Wiseman, Sara; Riggs, Eric
Subject: Re: Coal/Storage Pile, etc.

Angela,
I would ask mike Winkler (environmental) if he knows what the permit requires. I'm out of the office or I would walk over and ask him.

Delbert

From: Heun, Jeff
To: Crescente, Angela; Billiter, Delbert
Cc: Wiseman, Sara; Riggs, Eric
Sent: Fri Sep 17 15:18:29 2010
Subject: RE: Coal/Storage Pile, etc.

I am not sure the procedure to close a coal pile as I would assume all the coal would be removed and we would spread topsoil over the area and seed it. For 6" of topsoil the cost per acre is right around \$6k, add another \$2K per acre for seeding. Other than those two activities I am not sure if there is a procedure to close a coal pile.

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Cc: Wiseman, Sara; Riggs, Eric
Subject: RE: Coal/Storage Pile, etc.

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Subject: RE: Coal/Storage Pile, etc.

Is this the cost to expand the coal pile at TC? If you are in need of that information I would contact Eric Davis as he was the Project Manager over the coal pile modifications at TC.

From: Billiter, Delbert
Sent: Friday, September 17, 2010 3:00 PM
To: Crescente, Angela; Heun, Jeff
Cc: Wiseman, Sara; Riggs, Eric
Subject: Re: Coal/Storage Pile, etc.

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Cc: Wiseman, Sara; Riggs, Eric
Sent: Fri Sep 17 14:38:59 2010
Subject: Coal/Storage Pile, etc.

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Sent: Tuesday, June 29, 2010 9:15 AM
To: Wiseman, Sara
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If you need any additional information please let me know.

Delbert

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Louisville, KY 40202
502-627-4668 -Office
502-693-3030 -Cell
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Sent: Tuesday, June 29, 2010 8:36 AM
To: Billiter, Delbert
Subject: FW:

Delbert:

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From: Hilbert, Debbie
Sent: Tuesday, June 29, 2010 7:58 AM
To: Wiseman, Sara
Subject:

Sara,

There are 2 pages now.

<< File: Coal Pile Remediation.pdf >>

Debbie Hilbert, CPS

Senior Secretary

E.ON U.S. LLC

502-627-4676

Crescente, Angela

From: Wiseman, Sara
Sent: Friday, September 17, 2010 3:35 PM
To: Billiter, Delbert; Heun, Jeff; Crescente, Angela
Cc: Riggs, Eric
Subject: Re: Coal/Storage Pile, etc.

I think that Jeff's numbers are what we need based on conversations we had with Wink. Thanks, Jeff.
Sent from my BlackBerry!

From: Billiter, Delbert
To: Heun, Jeff; Crescente, Angela
Cc: Wiseman, Sara; Riggs, Eric
Sent: Fri Sep 17 15:23:21 2010
Subject: Re: Coal/Storage Pile, etc.

Angela,
I would ask mike Winkler (environmental) if he knows what the permit requires. I'm out of the office or I would walk over and ask him.

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From: Heun, Jeff
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Cc: Wiseman, Sara; Riggs, Eric
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Subject: Re: Coal/Storage Pile, etc.

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Sent: Tuesday, June 29, 2010 8:36 AM
To: Billiter, Delbert
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From: Hilbert, Debbie
Sent: Tuesday, June 29, 2010 7:58 AM
To: Wiseman, Sara
Subject:

Sara,

There are 2 pages now.

<< File: Coal Pile Remediation.pdf >>

Debbie Hilbert, CPS

Senior Secretary

E.ON U.S. LLC

502-627-4676

Crescente, Angela

From: Wiseman, Sara
Sent: Sunday, September 19, 2010 5:53 PM
To: 'Coldren, Ann R'
Cc: Charnas, Shannon; 'jpnitsche@pplweb.com'; Crescente, Angela
Subject: FW: ARO's
Attachments: August GAAP ARO LGE.PDF; August GAAP ARO KU.PDF

Hi Ann:

Per your request.

From: Coldren, Ann R [<mailto:arcoldren@pplweb.com>]
Sent: Wednesday, September 15, 2010 11:29 AM
To: Wiseman, Sara
Cc: Charnas, Shannon; Nitsche, John P
Subject: ARO's

Sara - could you please provide us with a list of your ARO's from PowerPlant - current balances? I believe ARO 1000 provides that for you. I apologize if you have already provided this to someone else at PPL. If you have question, please let me know.

Ann Coldren

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Company GL Account	Beginning Liability	Liabilities Incurred	Liabilities Settled	Accretion	Revisions	Gain/Loss	Accretion and Liab. Adjust	Ending Liability
LOUISVILLE GAS & ELECTRIC COMPANY								
230012-ASSET RETIREMENT OBLIGATI								
Trn-MC2 GSU	\$2,346.82	\$0.00	\$0.00	\$12.55	\$0.00	\$0.00	\$0.00	\$2,359.37
TR-Ash Pond	\$3,125,514.06	\$0.00	\$0.00	\$16,715.81	\$0.00	\$0.00	\$0.00	\$3,142,229.87
MC-Hazardous Material Storage	\$15,836.28	\$0.00	\$0.00	\$84.70	\$0.00	\$0.00	\$0.00	\$15,920.98
MC-Landfill	\$4,317,304.13	\$0.00	\$0.00	\$23,089.71	\$0.00	\$0.00	\$0.00	\$4,340,393.84
Trn- CR Spare GSU	\$2,551.01	\$0.00	\$0.00	\$13.64	\$0.00	\$0.00	\$0.00	\$2,564.65
MC-Lab Chemical Disposal	\$1,582.39	\$0.00	\$0.00	\$8.46	\$0.00	\$0.00	\$0.00	\$1,590.85
Paddy's (Unit 11) - ASB	\$1,723,076.64	\$0.00	\$0.00	\$8,165.13	\$0.00	\$0.00	\$0.00	\$1,731,241.77
Trn-MC Spare GSU	\$1,585.02	\$0.00	\$0.00	\$8.48	\$0.00	\$0.00	\$0.00	\$1,593.50
CR-Nuclear Sources	\$37,385.25	\$0.00	\$0.00	\$199.94	\$0.00	\$0.00	\$0.00	\$37,585.19
CR-Coal Pile	\$217,499.32	\$0.00	\$0.00	\$1,163.23	\$0.00	\$0.00	\$0.00	\$218,662.55
CR-Sewage Treatment Plant	\$4,237.39	\$0.00	\$0.00	\$22.66	\$0.00	\$0.00	\$0.00	\$4,260.05
TR-Hazardous Material Disposal	\$871.37	\$0.00	\$0.00	\$4.66	\$0.00	\$0.00	\$0.00	\$876.03
Cane Run Unit 6 - ASB	\$302,692.29	\$0.00	\$0.00	\$1,434.37	\$0.00	\$0.00	\$0.00	\$304,126.66
Mill Creek Unit 1 - ASB	\$526,570.28	\$0.00	\$0.00	\$2,495.25	\$0.00	\$0.00	\$0.00	\$529,065.53
MC-Storage Pile	\$245,725.96	\$0.00	\$0.00	\$1,314.19	\$0.00	\$0.00	\$0.00	\$247,040.15
TR-Coal Storage	\$108,159.98	\$0.00	\$0.00	\$578.46	\$0.00	\$0.00	\$0.00	\$108,738.44
Trn-MC4 GSU	\$1,585.02	\$0.00	\$0.00	\$8.48	\$0.00	\$0.00	\$0.00	\$1,593.50
MC-Radiation Sources	\$12,684.88	\$0.00	\$0.00	\$67.84	\$0.00	\$0.00	\$0.00	\$12,752.72
TR-Nuclear Sources	\$7,388.71	\$0.00	\$0.00	\$39.52	\$0.00	\$0.00	\$0.00	\$7,428.23
CR-Ash Pond	\$3,047,526.58	\$0.00	\$0.00	\$16,298.72	\$0.00	\$0.00	\$0.00	\$3,063,825.30
MC-Ash Pond	\$2,952,440.83	\$0.00	\$0.00	\$15,790.18	\$0.00	\$0.00	\$0.00	\$2,968,231.01
Trn-MC 3 GSU	\$1,965.66	\$0.00	\$0.00	\$10.51	\$0.00	\$0.00	\$0.00	\$1,976.17
CR-Mercury Sources	\$4,235.44	\$0.00	\$0.00	\$22.65	\$0.00	\$0.00	\$0.00	\$4,258.09
MC-Chemical Tanks	\$5,108.63	\$0.00	\$0.00	\$27.32	\$0.00	\$0.00	\$0.00	\$5,135.95
Canal (Retired) - ASB	\$2,432,852.69	\$0.00	\$0.00	\$11,528.54	\$0.00	\$0.00	\$0.00	\$2,444,381.23
Ohio Falls - ASB	\$248,291.10	\$0.00	\$0.00	\$1,176.57	\$0.00	\$0.00	\$0.00	\$249,467.67
Mill Creek Unit 3 - ASB	\$50,272.46	\$0.00	\$0.00	\$238.23	\$0.00	\$0.00	\$0.00	\$50,510.69
Zorn - ASB	\$16,299.35	\$0.00	\$0.00	\$77.24	\$0.00	\$0.00	\$0.00	\$16,376.59
Cane Run Unit 2 (Retired) - ASB	\$1,041,220.80	\$0.00	\$0.00	\$4,934.02	\$0.00	\$0.00	\$0.00	\$1,046,154.82
Waterside - ASB	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
MC-Storage Tanks	\$11,143.05	\$0.00	\$0.00	\$59.60	\$0.00	\$0.00	\$0.00	\$11,202.65

Company GL Account	Beginning Liability	Liabilities Incurred	Liabilities Settled	Accretion	Revisions	Gain/Loss	Accretion and Liab. Adjust	Ending Liability
LOUISVILLE GAS & ELECTRIC COMPANY								
230012-ASSET RETIREMENT OBLIGATI								
Cane Run Unit 4 - ASB	\$369,344.53	\$0.00	\$0.00	\$1,750.21	\$0.00	\$0.00	\$0.00	\$371,094.74
Trn-CR5 GSU	\$2,548.75	\$0.00	\$0.00	\$13.63	\$0.00	\$0.00	\$0.00	\$2,562.38
Trn-MC1 GSU	\$2,441.68	\$0.00	\$0.00	\$13.06	\$0.00	\$0.00	\$0.00	\$2,454.74
Trn-CR4 GSU	\$2,548.75	\$0.00	\$0.00	\$13.63	\$0.00	\$0.00	\$0.00	\$2,562.38
Cane Run Unit 5 - ASB	\$306,563.74	\$0.00	\$0.00	\$1,452.71	\$0.00	\$0.00	\$0.00	\$308,016.45
Mill Creek Unit 4 - ASB	\$403,603.70	\$0.00	\$0.00	\$1,912.55	\$0.00	\$0.00	\$0.00	\$405,516.25
Mill Creek Unit 2 - ASB	\$481,219.56	\$0.00	\$0.00	\$2,280.35	\$0.00	\$0.00	\$0.00	\$483,499.91
CR-Land Fill	\$1,022,920.70	\$0.00	\$0.00	\$5,470.76	\$0.00	\$0.00	\$0.00	\$1,028,391.46
Cane Run Unit 1 (Retired) - ASB	\$1,105,296.03	\$0.00	\$0.00	\$5,237.66	\$0.00	\$0.00	\$0.00	\$1,110,533.69
Cane Run Unit 3 (Retired) - ASB	\$1,173,375.94	\$0.00	\$0.00	\$5,560.27	\$0.00	\$0.00	\$0.00	\$1,178,936.21
TR-Sewage Plant	\$1,742.90	\$0.00	\$0.00	\$9.32	\$0.00	\$0.00	\$0.00	\$1,752.22
Trn-CR6 GSU	\$2,552.29	\$0.00	\$0.00	\$13.65	\$0.00	\$0.00	\$0.00	\$2,565.94
GL Account Total:	\$25,340,111.96	\$0.00	\$0.00	\$129,318.46	\$0.00	\$0.00	\$0.00	\$25,469,430.42
230013-ASSET RETIREMENT OBLIGATI								
LGE Transmission Subs (11) - ASB	\$13,438.54	\$0.00	\$0.00	\$63.68	\$0.00	\$0.00	\$0.00	\$13,502.22
GL Account Total:	\$13,438.54	\$0.00	\$0.00	\$63.68	\$0.00	\$0.00	\$0.00	\$13,502.22
230015-ASSET RETIREMENT OBLIGATI								
Manholes - ASB	\$148,023.17	\$0.00	\$0.00	\$701.44	\$0.00	\$0.00	\$0.00	\$148,724.61
Distribution Substations (66) - ASB	\$152,147.00	\$0.00	\$0.00	\$720.98	\$0.00	\$0.00	\$0.00	\$152,867.98
GL Account Total:	\$300,170.17	\$0.00	\$0.00	\$1,422.42	\$0.00	\$0.00	\$0.00	\$301,592.59
230016-ASSET RETIREMENT OBLIGATI								
Magnolia 235600 - UGS	\$4,353.97	\$0.00	\$0.00	\$20.63	\$0.00	\$0.00	\$0.00	\$4,374.60
City Gate Doe Run 237900 - Gas Dist	\$2,782.91	\$0.00	\$0.00	\$13.19	\$0.00	\$0.00	\$0.00	\$2,796.10
Riggs Junction 235120 - UGS	\$11,049.95	\$0.00	\$0.00	\$52.36	\$0.00	\$0.00	\$0.00	\$11,102.31
Center Gas Storage Field - UGS	\$2,238,149.79	\$0.00	\$0.00	\$10,306.45	\$0.00	\$0.00	\$0.00	\$2,248,456.24
Magnolia 235120 - UGS	\$12,392.04	\$0.00	\$0.00	\$58.72	\$0.00	\$0.00	\$0.00	\$12,450.76
Doe Run 235300 - UGS	\$42,796.54	\$0.00	\$0.00	\$202.80	\$0.00	\$0.00	\$0.00	\$42,999.34
Doe Run Gas Storage Field - UGS	\$1,968,884.22	\$0.00	\$0.00	\$9,066.51	\$0.00	\$0.00	\$0.00	\$1,977,950.73

Company GL Account	Beginning Liability	Liabilities Incurred	Liabilities Settled	Accretion	Revisions	Gain/Loss	Accretion and Liab. Adjust	Ending Liability
LOUISVILLE GAS & ELECTRIC COMPANY								
230016-ASSET RETIREMENT OBLIGATI								
Muldraugh Gas Storage Field - UGS	\$671,818.15	\$0.00	\$0.00	\$3,093.65	\$0.00	\$0.00	\$0.00	\$674,911.80
Muldraugh 235120 - UGS	\$17,583.13	\$0.00	\$0.00	\$83.32	\$0.00	\$0.00	\$0.00	\$17,666.45
Magnolia 235300 - UGS	\$44,106.46	\$0.00	\$0.00	\$209.01	\$0.00	\$0.00	\$0.00	\$44,315.47
City Gate Preston 237900 - Gas Dist	\$2,782.91	\$0.00	\$0.00	\$13.19	\$0.00	\$0.00	\$0.00	\$2,796.10
Muldraugh 235300 - UGS	\$33,407.46	\$0.00	\$0.00	\$158.31	\$0.00	\$0.00	\$0.00	\$33,565.77
Gas Main & Serv Abandons - Gas Dist	\$1,226,488.31	\$0.00	\$0.00	\$5,811.95	\$0.00	\$0.00	\$0.00	\$1,232,300.26
Muldraugh 235600 - UGS	\$20,262.36	\$0.00	\$0.00	\$96.02	\$0.00	\$0.00	\$0.00	\$20,358.38
Magnolia Gas Storage Field - UGS	\$2,229,763.38	\$0.00	\$0.00	\$10,267.83	\$0.00	\$0.00	\$0.00	\$2,240,031.21
Muldraugh 237510 - Gas Dist	\$2,903.04	\$0.00	\$0.00	\$13.76	\$0.00	\$0.00	\$0.00	\$2,916.80
GL Account Total:	\$8,529,524.62	\$0.00	\$0.00	\$39,467.70	\$0.00	\$0.00	\$0.00	\$8,568,992.32
230017-ASSET RETIREMENT OBLIGATI								
Seventh and Ormsby - ComGeneralF	\$29,759.99	\$0.00	\$0.00	\$141.02	\$0.00	\$0.00	\$0.00	\$29,901.01
GL Account Total:	\$29,759.99	\$0.00	\$0.00	\$141.02	\$0.00	\$0.00	\$0.00	\$29,901.01
Company Total:	\$34,213,005.28	\$0.00	\$0.00	\$170,413.28	\$0.00	\$0.00	\$0.00	\$34,383,418.56
Grand Total:	\$34,213,005.28	\$0.00	\$0.00	\$170,413.28	\$0.00	\$0.00	\$0.00	\$34,383,418.56

Company GL Account	Beginning Liability	Liabilities Incurred	Liabilities Settled	Accretion	Revisions	Gain/Loss	Accretion and Liab. Adjust	Ending Liability
KENTUCKY UTILITIES COMPANY								
230012-ASSET RETIREMENT OBLIGATI								
TY-Coal Storage	\$26,609.94	\$0.00	\$0.00	\$142.31	\$0.00	\$0.00	\$0.00	\$26,752.25
BR-Station Fuel Oil Piping	\$13,244.36	\$0.00	\$0.00	\$70.83	\$0.00	\$0.00	\$0.00	\$13,315.19
TY-Fuel Oil Tanks	\$44,351.25	\$0.00	\$0.00	\$237.20	\$0.00	\$0.00	\$0.00	\$44,588.45
TY-Fuel Oil Tanks Unit 1	\$45,249.32	\$0.00	\$0.00	\$242.00	\$0.00	\$0.00	\$0.00	\$45,491.32
GH-trn-GH Spare GSU Transformer	\$1,127.09	\$0.00	\$0.00	\$6.03	\$0.00	\$0.00	\$0.00	\$1,133.12
TY-Service Water Pump Structure	\$160,575.50	\$0.00	\$0.00	\$858.79	\$0.00	\$0.00	\$0.00	\$161,434.29
GR-Ash Pond	\$8,658,449.79	\$0.00	\$0.00	\$46,306.93	\$0.00	\$0.00	\$0.00	\$8,704,756.72
GH-Radiation Sources	\$85,348.11	\$0.00	\$0.00	\$456.46	\$0.00	\$0.00	\$0.00	\$85,804.57
GH-Sewage Treatment Plant GH1	\$7,453.58	\$0.00	\$0.00	\$39.86	\$0.00	\$0.00	\$0.00	\$7,493.44
GH-trn-GH4 GSU Transformer	\$1,129.24	\$0.00	\$0.00	\$6.04	\$0.00	\$0.00	\$0.00	\$1,135.28
Ghent Unit 4 - ASB	\$175,601.12	\$0.00	\$0.00	\$832.12	\$0.00	\$0.00	\$0.00	\$176,433.24
GH-trn-GH3 GSU Transformer	\$1,267.82	\$0.00	\$0.00	\$6.78	\$0.00	\$0.00	\$0.00	\$1,274.60
BR-Ash Pond	\$7,734,706.91	\$0.00	\$0.00	\$41,366.59	\$0.00	\$0.00	\$0.00	\$7,776,073.50
BR-Lab	\$14,022.15	\$0.00	\$0.00	\$74.99	\$0.00	\$0.00	\$0.00	\$14,097.14
BR-Br 1 Coal Storage	\$46,757.99	\$0.00	\$0.00	\$250.07	\$0.00	\$0.00	\$0.00	\$47,008.06
GR-Coal Storage	\$79,845.49	\$0.00	\$0.00	\$427.03	\$0.00	\$0.00	\$0.00	\$80,272.52
BR-Coal Pile Retention Pond	\$144,148.24	\$0.00	\$0.00	\$770.93	\$0.00	\$0.00	\$0.00	\$144,919.17
Pineville - ASB	\$175,853.16	\$0.00	\$0.00	\$833.31	\$0.00	\$0.00	\$0.00	\$176,686.47
GH-Station Fuel Oil Piping GH2	\$2,514.36	\$0.00	\$0.00	\$13.45	\$0.00	\$0.00	\$0.00	\$2,527.81
Tyronne Unit 1 (Retired) - ASB	\$431,338.38	\$0.00	\$0.00	\$2,043.98	\$0.00	\$0.00	\$0.00	\$433,382.36
TY-Mercury Sources	\$2,667.26	\$0.00	\$0.00	\$14.26	\$0.00	\$0.00	\$0.00	\$2,681.52
GR-Hazardous Material Tanks	\$5,105.20	\$0.00	\$0.00	\$27.30	\$0.00	\$0.00	\$0.00	\$5,132.50
GR-GR4 Oil Storage tanks	\$8,504.28	\$0.00	\$0.00	\$45.48	\$0.00	\$0.00	\$0.00	\$8,549.76
GH-Underground Tank Coal Yard GH	\$9,694.05	\$0.00	\$0.00	\$51.85	\$0.00	\$0.00	\$0.00	\$9,745.90
BR-CT Fuel Oil Piping - OP	\$19,234.22	\$0.00	\$0.00	\$102.87	\$0.00	\$0.00	\$0.00	\$19,337.09
GR-trn-GR4 GSU Transformer	\$5,320.05	\$0.00	\$0.00	\$28.45	\$0.00	\$0.00	\$0.00	\$5,348.50
GR-Sewage Treatment Plant	\$4,238.10	\$0.00	\$0.00	\$22.67	\$0.00	\$0.00	\$0.00	\$4,260.77
TY-Sewage Treatment Plant	\$4,435.18	\$0.00	\$0.00	\$23.72	\$0.00	\$0.00	\$0.00	\$4,458.90
Green River Unit 1 - ASB	\$212,050.84	\$0.00	\$0.00	\$1,004.84	\$0.00	\$0.00	\$0.00	\$213,055.68
Ghent Unit 2 - ASB	\$989,991.43	\$0.00	\$0.00	\$4,691.26	\$0.00	\$0.00	\$0.00	\$994,682.69
GH-Ash Pond GH4	\$10,679,952.88	\$0.00	\$0.00	\$57,118.29	\$0.00	\$0.00	\$0.00	\$10,737,071.17

Company GL Account	Beginning Liability	Liabilities Incurred	Liabilities Settled	Accretion	Revisions	Gain/Loss	Accretion and Liab. Adjust	Ending Liability
KENTUCKY UTILITIES COMPANY								
230012-ASSET RETIREMENT OBLIGATI								
GH-Chemical Tanks GH4	\$6,034.83	\$0.00	\$0.00	\$32.28	\$0.00	\$0.00	\$0.00	\$6,067.11
GR-Underground Tanks 1&2	\$11,537.19	\$0.00	\$0.00	\$61.70	\$0.00	\$0.00	\$0.00	\$11,598.89
TY-Station Fuel Oil Piping	\$12,421.10	\$0.00	\$0.00	\$66.43	\$0.00	\$0.00	\$0.00	\$12,487.53
BR-BR 3 Fuel Oil Tanks	\$109,870.50	\$0.00	\$0.00	\$587.61	\$0.00	\$0.00	\$0.00	\$110,458.11
Green River Unit 3 - ASB	\$115,931.19	\$0.00	\$0.00	\$549.36	\$0.00	\$0.00	\$0.00	\$116,480.55
GH-trn-GH2 GSU Transformer	\$1,510.11	\$0.00	\$0.00	\$8.08	\$0.00	\$0.00	\$0.00	\$1,518.19
Dix Dam - ASB - Hydro	\$39,599.15	\$0.00	\$0.00	\$187.65	\$0.00	\$0.00	\$0.00	\$39,786.80
GH-trn-GH1 GSU Transformer	\$1,788.48	\$0.00	\$0.00	\$9.57	\$0.00	\$0.00	\$0.00	\$1,798.05
GR-Limestone Silo	\$5,333.42	\$0.00	\$0.00	\$28.52	\$0.00	\$0.00	\$0.00	\$5,361.94
GR-trn-GR3 GSU Transformer	\$5,559.81	\$0.00	\$0.00	\$29.73	\$0.00	\$0.00	\$0.00	\$5,589.54
Brown Unit 1 - ASB	\$159,822.99	\$0.00	\$0.00	\$757.35	\$0.00	\$0.00	\$0.00	\$160,580.34
Ghent Unit 3 - ASB	\$175,601.12	\$0.00	\$0.00	\$832.12	\$0.00	\$0.00	\$0.00	\$176,433.24
Green River Unit 2 - ASB	\$194,857.68	\$0.00	\$0.00	\$923.37	\$0.00	\$0.00	\$0.00	\$195,781.05
GR-trn-GSU Spare Transformer	\$5,313.20	\$0.00	\$0.00	\$28.42	\$0.00	\$0.00	\$0.00	\$5,341.62
Tyrone Unit 3 - ASB	\$123,725.75	\$0.00	\$0.00	\$586.30	\$0.00	\$0.00	\$0.00	\$124,312.05
BR-CT9 Fuel Oil Tanks - OP	\$176,410.31	\$0.00	\$0.00	\$943.47	\$0.00	\$0.00	\$0.00	\$177,353.78
Green River Unit 4 - ASB	\$217,691.47	\$0.00	\$0.00	\$1,031.57	\$0.00	\$0.00	\$0.00	\$218,723.04
Brown Unit 2 - ASB	\$377,760.17	\$0.00	\$0.00	\$1,790.09	\$0.00	\$0.00	\$0.00	\$379,550.26
GH-Coal Storage	\$505,975.73	\$0.00	\$0.00	\$2,706.05	\$0.00	\$0.00	\$0.00	\$508,681.78
TY-Ash Pond	\$666,229.66	\$0.00	\$0.00	\$3,563.11	\$0.00	\$0.00	\$0.00	\$669,792.77
Ghent Unit 1 - ASB	\$746,992.62	\$0.00	\$0.00	\$3,539.77	\$0.00	\$0.00	\$0.00	\$750,532.39
Tyrone Unit 2 (Retired) - ASB	\$431,338.38	\$0.00	\$0.00	\$2,043.98	\$0.00	\$0.00	\$0.00	\$433,382.36
GH-Gypsum Stack-GH 1 Scrubber	\$678,604.97	\$0.00	\$0.00	\$3,629.30	\$0.00	\$0.00	\$0.00	\$682,234.27
Brown Unit 3 - ASB	\$852,238.67	\$0.00	\$0.00	\$4,038.50	\$0.00	\$0.00	\$0.00	\$856,277.17
GR-Mercury Sources	\$1,706.45	\$0.00	\$0.00	\$9.13	\$0.00	\$0.00	\$0.00	\$1,715.58
GR-trn-G1-2 GSU Transformer	\$5,531.24	\$0.00	\$0.00	\$29.58	\$0.00	\$0.00	\$0.00	\$5,560.82
BR-BR3 Sewage Treatment Plant	\$7,802.60	\$0.00	\$0.00	\$41.73	\$0.00	\$0.00	\$0.00	\$7,844.33
BR-Radiation Sources	\$12,467.07	\$0.00	\$0.00	\$66.68	\$0.00	\$0.00	\$0.00	\$12,533.75
GR-Nuclear Source	\$839.62	\$0.00	\$0.00	\$4.49	\$0.00	\$0.00	\$0.00	\$844.11
GL Account Total:	\$35,441,282.77	\$0.00	\$0.00	\$186,242.63	\$0.00	\$0.00	\$0.00	\$35,627,525.40

Company GL Account	Beginning Liability	Liabilities Incurred	Liabilities Settled	Accretion	Revisions	Gain/Loss	Accretion and Liab. Adjust	Ending Liability
KENTUCKY UTILITIES COMPANY								
230013-ASSET RETIREMENT OBLIGATI								
KU Transmission Subs (69) - ASB	\$43,911.19	\$0.00	\$0.00	\$208.08	\$0.00	\$0.00	\$0.00	\$44,119.27
GL Account Total:	\$43,911.19	\$0.00	\$0.00	\$208.08	\$0.00	\$0.00	\$0.00	\$44,119.27
230015-ASSET RETIREMENT OBLIGATI								
Big Stone Gap Substation - ASB-Dist	\$2,647.89	\$0.00	\$0.00	\$12.55	\$0.00	\$0.00	\$0.00	\$2,660.44
KU Distrib Subs (478) - ASB-Dist	\$54,691.62	\$0.00	\$0.00	\$259.17	\$0.00	\$0.00	\$0.00	\$54,950.79
KU - Various Substations - ASB-Dist	\$90,939.51	\$0.00	\$0.00	\$430.93	\$0.00	\$0.00	\$0.00	\$91,370.44
GL Account Total:	\$148,279.02	\$0.00	\$0.00	\$702.65	\$0.00	\$0.00	\$0.00	\$148,981.67
Company Total:	\$35,633,472.98	\$0.00	\$0.00	\$187,153.36	\$0.00	\$0.00	\$0.00	\$35,820,626.34
Grand Total:	\$35,633,472.98	\$0.00	\$0.00	\$187,153.36	\$0.00		\$0.00	\$35,820,626.34

Crescente, Angela

From: Charnas, Shannon
Sent: Monday, September 20, 2010 7:28 AM
To: Crescente, Angela
Cc: Wiseman, Sara
Subject: ARO question

Angela –

A couple of questions – I'm reviewing policy comparisons between us and PPL with is driving some questions.

If we wanted to break out current from long term AROs, could we do that? For example, on asbestos, could we look at the MTP and determine how much asbestos would be removed in the next year (or up to 5 years) and use that to reclassify an amount of ARO from long-term to current? Would there be any other AROs that could be split between current and long term? I would think that with some company decisions we would know to make such a switch immediately, such as the sale of the Waterside property. I'm not sure if we did this or not, but in theory we should have reclassified any related AROs from long term to current. I would think if/when decisions would be made to sell property that we could make those reclassifications, is that correct?

Thanks,

Shannon Charnas
Director, Utility Accounting & Reporting
E.ON U.S.
(502) 627-4978

Crescente, Angela

From: Crescente, Angela
Sent: Monday, September 20, 2010 1:07 PM
To: Wiseman, Sara
Subject: RE: ARO question

Sara: I am going to need a little help on answering this question. I thought we already had this discussion when we were meeting with the E&Y auditors going over the policy. I was also thinking that it was decided not to change anything (I may not be remembering this correctly). I also can't help but think that current versus non-current only means using a different discount rate. Since Cane Run is the only plant who budgets any projects to asbestos remediation, how would we be able to determine the amounts for the rest? I can create different timing scenarios on the same layer if you want me to test that. What do you think we should do for this revaluation?

Thanks,
Angela

From: Charnas, Shannon
Sent: Monday, September 20, 2010 7:28 AM
To: Crescente, Angela
Cc: Wiseman, Sara
Subject: ARO question

Angela –

A couple of questions – I'm reviewing policy comparisons between us and PPL with is driving some questions.

If we wanted to break out current from long term AROs, could we do that? For example, on asbestos, could we look at the MTP and determine how much asbestos would be removed in the next year (or up to 5 years) and use that to reclassify an amount of ARO from long-term to current? Would there be any other AROs that could be split between current and long term? I would think that with some company decisions we would know to make such a switch immediately, such as the sale of the Waterside property. I'm not sure if we did this or not, but in theory we should have reclassified any related AROs from long term to current. I would think if/when decisions would be made to sell property that we could make those reclassifications, is that correct?

Thanks,

Shannon Charnas
Director, Utility Accounting & Reporting
E.ON U.S.
(502) 627-4978

Crescente, Angela

From: Charnas, Shannon
Sent: Tuesday, September 21, 2010 12:22 PM
To: Wiseman, Sara; Crescente, Angela
Subject: Asbestos

Can you provide me with the detail of the asbestos AROs? Or maybe there is something that lists all the AROs with a subtotal for asbestos?

Thanks,

Shannon Charnas
Director, Utility Accounting & Reporting
E.ON U.S.
(502) 627-4978

Crescente, Angela

From: Wiseman, Sara
Sent: Tuesday, September 21, 2010 1:45 PM
To: Crescente, Angela
Subject: RE: Asbestos

Yes

From: Crescente, Angela
Sent: Tuesday, September 21, 2010 1:44 PM
To: Wiseman, Sara
Subject: RE: Asbestos

GAAP only?

From: Charnas, Shannon
Sent: Tuesday, September 21, 2010 12:22 PM
To: Wiseman, Sara; Crescente, Angela
Subject: Asbestos

Can you provide me with the detail of the asbestos AROs? Or maybe there is something that lists all the AROs with a subtotal for asbestos?

Thanks,

Shannon Charnas
Director, Utility Accounting & Reporting
E.ON U.S.
(502) 627-4978

Crescente, Angela

From: Crescente, Angela
Sent: Tuesday, September 21, 2010 2:54 PM
To: Charnas, Shannon
Cc: Wiseman, Sara
Subject: Asbestos
Attachments: KU AUG GAAP ASBESTOS 230.xlsx; LGE AUG GAAP ASBESTOS 230.xlsx

Shannon:

Please see the attached files per your request.

Thanks,
Angela

From: Charnas, Shannon
Sent: Tuesday, September 21, 2010 12:22 PM
To: Wiseman, Sara; Crescente, Angela
Subject: Asbestos

Can you provide me with the detail of the asbestos AROs? Or maybe there is something that lists all the AROs with a subtotal for asbestos?

Thanks,

Shannon Charnas
Director, Utility Accounting & Reporting
E.ON U.S.
(502) 627-4978

Description	Liability
Big Stone Gap Substation - ASB-Dist	2,660.44
Brown Unit 1 - ASB	160,580.34
Brown Unit 2 - ASB	379,550.26
Brown Unit 3 - ASB	856,277.17
Dix Dam - ASB - Hydro	39,786.80
Ghent Unit 1 - ASB	750,532.39
Ghent Unit 2 - ASB	994,682.69
Ghent Unit 3 - ASB	176,433.24
Ghent Unit 4 - ASB	176,433.24
Green River Unit 1 - ASB	213,055.68
Green River Unit 2 - ASB	195,781.05
Green River Unit 3 - ASB	116,480.55
Green River Unit 4 - ASB	218,723.04
KU - Various Substations - ASB-Dist	91,370.44
KU Distrib Subs (478) - ASB-Dist	54,950.79
KU Transmission Subs (69) - ASB	44,119.27
Pineville - ASB	176,686.47
Tyronne Unit 1 (Retired) - ASB	433,382.36
Tyronne Unit 2 (Retired) - ASB	433,382.36
Tyronne Unit 3 - ASB	124,312.05
TOTAL	<u>5,639,180.63</u>

Description	Liability
Canal (Retired) - ASB	2,444,381.23
Cane Run Unit 1 (Retired) - ASB	1,110,533.69
Cane Run Unit 2 (Retired) - ASB	1,046,154.82
Cane Run Unit 3 (Retired) - ASB	1,178,936.21
Cane Run Unit 4 - ASB	371,094.74
Cane Run Unit 5 - ASB	308,016.45
Cane Run Unit 6 - ASB	304,126.66
City Gate Doe Run 237900 - Gas Dist	2,796.10
City Gate Preston 237900 - Gas Dist	2,796.10
Distribution Substations (66) - ASB	152,867.98
Doe Run 235300 - UGS	42,999.34
LGE Transmission Subs (11) - ASB	13,502.22
Magnolia 235120 - UGS	12,450.76
Magnolia 235300 - UGS	44,315.47
Magnolia 235600 - UGS	4,374.60
Manholes - ASB	148,724.61
Mill Creek Unit 1 - ASB	529,065.53
Mill Creek Unit 2 - ASB	483,499.91
Mill Creek Unit 3 - ASB	50,510.69
Mill Creek Unit 4 - ASB	405,516.25
Muldraugh 235120 - UGS	17,666.45
Muldraugh 235300 - UGS	33,565.77
Muldraugh 235600 - UGS	20,358.38
Muldraugh 237510 - Gas Dist	2,916.80
Ohio Falls - ASB	249,467.67
Paddy's (Unit 11) - ASB	1,731,241.77
Riggs Junction 235120 - UGS	11,102.31
Seventh and Ormsby - ComGeneralPlnt	29,901.01
Zorn - ASB	16,376.59
TOTAL	<u>10,769,260.11</u>

Crescente, Angela

From: Charnas, Shannon
Sent: Wednesday, September 22, 2010 11:51 AM
To: Wiseman, Sara; Riggs, Eric
Cc: Crescente, Angela
Subject: Additional fixed asset questions

Here are a few more items that I have questions on related to the fixed asset policy (ours vs. PPLs). If possible, I would like to discuss on Friday morning in our meeting, or at least go through the items we can. If it makes sense to add Angela, no problem.

- What is the discount rate that PPL uses for their AROs?
- PPL has an annual questionnaire related to AROs, have you seen that? It is an attachment to the ARO policy (#407), which is on ePlaybook. Could you take a look at it to see what it entails and if it would be helpful for us to have something similar?
- Previous question about identifying asbestos and other ARO costs in the MTP.
- Previous question on comparison of retirement units
- PPL uses market risk premium while EUS uses probability weighted cash flows. Do we have documentation, or do you recall, why we selected that method? Can you detail the differences?
- AFUDC – do we have the same methodology for applying? (\$ threshold, gen/tran assets, 90 day construct...).
- AFUDC – PPL records debt component to interest expense and equity component to other income – net - do we record the same way?
- What are your thoughts on a potential change of the threshold of capitalization? Pros/cons, impacts...

Thanks,

Shannon Charnas
Director, Utility Accounting & Reporting
E.ON U.S.
(502) 627-4978

Crescente, Angela

From: Wacker, Diana
Sent: Thursday, September 23, 2010 8:25 AM
To: Crescente, Angela
Subject: GLAFF Change Request Form - ARO ST ACCOUNTS.xlsm
Attachments: GLAFF Change Request Form - ARO ST ACCOUNTS.xlsm

Segment Change Request Form: ACCOUNT

Type of change requested	Open new account
Reason for requested change	To split ARO liability between short term and long term
Account number	230022
Account description	ASSET RETIREMENT OBLIGATIONS - STEAM - ST
Account type	Liability
Unit of measure	Dollars
Project report group (SAP financials)	B435-PROV-ARO LIAB (PCB435)
Intercompany details:	
Will the account contain intercompany amounts?	No
If yes, will all interco amounts in the account have the same partner?	NOT REQUIRED
Account flexfield attributes:	
Burden schedule assignment	Capital
Project required	No
Project type	Indirect
Make available in VOLTS	No
Kentucky sales taxable	Yes
Virginia sales taxable	Yes
SAP assignments:	
SAP item	2290810000 - PROVISIONS FOR ASSET RETIREMENT OBLIGATIONS
SAP maturity	10 - CURRENT < 1 YEAR
SAP nonoperating	NOT REQUIRED
SAP partner-investee co	NOT REQUIRED
SAP partner-investee mgmt unit	NOT REQUIRED
SAP partner flag	No
Financial statement assignments:	
Oracle consolidation worksheets - balance sheet	Asset retirement obligations
Oracle consolidation worksheets - income statement	NOT REQUIRED
Externally-issued utility balance sheet	Asset retirement obligation
Externally-issued utility income statement	NOT REQUIRED
FERC-basis utility balance sheet	Asset Retirement Obligations
FERC-basis utility income statement	NOT REQUIRED

Segment Change Request Form: ACCOUNT

Type of change requested	Open new account
Reason for requested change	To split ARO liability between short term and long term
Account number	230023
Account description	ASSET RETIREMENT OBLIGATIONS - TRANSMISSION - ST
Account type	Liability
Unit of measure	Dollars
Project report group (SAP financials)	B435-PROV-ARO LIAB (PCB435)
Intercompany details:	
Will the account contain intercompany amounts?	No
If yes, will all interco amounts in the account have the same partner?	NOT REQUIRED
Account flexfield attributes:	
Burden schedule assignment	Capital
Project required	No
Project type	Indirect
Make available in VOLTS	No
Kentucky sales taxable	Yes
Virginia sales taxable	Yes
SAP assignments:	
SAP item	2290810000 - PROVISIONS FOR ASSET RETIREMENT OBLIGATIONS
SAP maturity	10 - CURRENT < 1 YEAR
SAP nonoperating	NOT REQUIRED
SAP partner-investee co	NOT REQUIRED
SAP partner-investee mgmt unit	NOT REQUIRED
SAP partner flag	No
Financial statement assignments:	
Oracle consolidation worksheets - balance sheet	Asset retirement obligations
Oracle consolidation worksheets - income statement	NOT REQUIRED
Externally-issued utility balance sheet	Asset retirement obligation
Externally-issued utility income statement	NOT REQUIRED
FERC-basis utility balance sheet	Asset Retirement Obligations
FERC-basis utility income statement	NOT REQUIRED

Segment Change Request Form: ACCOUNT

Type of change requested	Open new account
Reason for requested change	To split ARO liability between short term and long term
Account number	230025
Account description	ASSET RETIREMENT OBLIGATIONS - DISTRIBUTION - ST
Account type	Liability
Unit of measure	Dollars
Project report group (SAP financials)	B435-PROV-ARO LIAB (PCB435)
Intercompany details:	
Will the account contain intercompany amounts?	No
If yes, will all interco amounts in the account have the same partner?	NOT REQUIRED
Account flexfield attributes:	
Burden schedule assignment	Capital
Project required	No
Project type	Indirect
Make available in VOLTS	No
Kentucky sales taxable	Yes
Virginia sales taxable	Yes
SAP assignments:	
SAP item	2290810000 - PROVISIONS FOR ASSET RETIREMENT OBLIGATIONS
SAP maturity	10 - CURRENT < 1 YEAR
SAP nonoperating	NOT REQUIRED
SAP partner-investee co	NOT REQUIRED
SAP partner-investee mgmt unit	NOT REQUIRED
SAP partner flag	No
Financial statement assignments:	
Oracle consolidation worksheets - balance sheet	Asset retirement obligations
Oracle consolidation worksheets - income statement	NOT REQUIRED
Externally-issued utility balance sheet	Asset retirement obligation
Externally-issued utility income statement	NOT REQUIRED
FERC-basis utility balance sheet	Asset Retirement Obligations
FERC-basis utility income statement	NOT REQUIRED

Segment Change Request Form: ACCOUNT

Type of change requested	Open new account
Reason for requested change	To split ARO liability between short term and long term
Account number	230026
Account description	ASSET RETIREMENT OBLIGATIONS - GAS - ST
Account type	Liability
Unit of measure	Dollars
Project report group (SAP financials)	B435-PROV-ARO LIAB (PCB435)
Intercompany details:	
Will the account contain intercompany amounts?	No
If yes, will all interco amounts in the account have the same partner?	NOT REQUIRED
Account flexfield attributes:	
Burden schedule assignment	Capital
Project required	No
Project type	Indirect
Make available in VOLTS	No
Kentucky sales taxable	Yes
Virginia sales taxable	Yes
SAP assignments:	
SAP item	2290810000 - PROVISIONS FOR ASSET RETIREMENT OBLIGATIONS
SAP maturity	10 - CURRENT < 1 YEAR
SAP nonoperating	NOT REQUIRED
SAP partner-investee co	NOT REQUIRED
SAP partner-investee mgmt unit	NOT REQUIRED
SAP partner flag	No
Financial statement assignments:	
Oracle consolidation worksheets - balance sheet	Asset retirement obligations
Oracle consolidation worksheets - income statement	NOT REQUIRED
Externally-issued utility balance sheet	Asset retirement obligation
Externally-issued utility income statement	NOT REQUIRED
FERC-basis utility balance sheet	Asset Retirement Obligations
FERC-basis utility income statement	NOT REQUIRED

Segment Change Request Form: ACCOUNT

Type of change requested	Open new account
Reason for requested change	To split ARO liability between short term and long term
Account number	230027
Account description	ASSET RETIREMENT OBLIGATIONS - COMMON - ST
Account type	Liability
Unit of measure	Dollars
Project report group (SAP financials)	B435-PROV-ARO LIAB (PCB435)
Intercompany details:	
Will the account contain intercompany amounts?	No
If yes, will all interco amounts in the account have the same partner?	NOT REQUIRED
Account flexfield attributes:	
Burden schedule assignment	Capital
Project required	No
Project type	Indirect
Make available in VOLTS	No
Kentucky sales taxable	Yes
Virginia sales taxable	Yes
SAP assignments:	
SAP item	2290810000 - PROVISIONS FOR ASSET RETIREMENT OBLIGATIONS
SAP maturity	10 - CURRENT < 1 YEAR
SAP nonoperating	NOT REQUIRED
SAP partner-investee co	NOT REQUIRED
SAP partner-investee mgmt unit	NOT REQUIRED
SAP partner flag	No
Financial statement assignments:	
Oracle consolidation worksheets - balance sheet	Asset retirement obligations
Oracle consolidation worksheets - income statement	NOT REQUIRED
Externally-issued utility balance sheet	Asset retirement obligation
Externally-issued utility income statement	NOT REQUIRED
FERC-basis utility balance sheet	Asset Retirement Obligations
FERC-basis utility income statement	NOT REQUIRED

Crescente, Angela

From: Wiseman, Sara
Sent: Thursday, September 23, 2010 10:55 AM
To: Meadway, Rob
Cc: Rose, Bruce; Crescente, Angela; Riggs, Eric
Subject: RE: Zorn SPCC Compliance

Hi Rob:

I have a few questions for you on this email below. I know you sent it last year—but we are preparing to use your numbers in some calculations this month.

1. Do you have any more current \$\$? If not, these are fine—I just wanted to check and see if we should update our estimate.
2. Would these amounts be used for both oil and chemical tanks?

Thanks for your help! A response by Monday, September 27, would be very much appreciated.

From: Meadway, Rob
Sent: Tuesday, September 15, 2009 2:36 PM
To: Rose, Bruce
Cc: Wiseman, Sara
Subject: RE: Zorn SPCC Compliance

Bruce,

As per our phone conversation today I'm sending this email to provide you with an estimated retirement cost for the new fuel oil tank at Zorn. The tank is approximately 550 gallon capacity and we would be legally required to dispose of the contents and clean it out for retirement. Assuming 550 gallons of material at a disposal rate of \$0.60/gallon it would be no more than \$330 to dispose of waste fuel oil. The tank would also have to be cleaned and capped in place which would take approximately 4 hours at a rate of \$45/hour for a total of \$180. Miscellaneous tool and equipment rental plus consumables may also be involved. We would most likely contract Early Environmental or Evergreen Environmental to perform the retirement.

\$330 Liquid waste disposal (550 gallons @ \$0.60/gallon)
\$180 Labor (4 hours @ \$45/hour)
\$300 Miscellaneous material and equipment rental

\$810 Total

Best Regards,

Rob Meadway
Mechanical Engineer, CWI
LG&E Cane Run Generating Station
Office: (502) 449-8863
Mobile: (502) 403-5113
Fax: (502) 217-2841
Rob.Meadway@EON-US.com

From: Rose, Bruce
Sent: Monday, September 14, 2009 7:37 AM
To: Meadway, Rob
Cc: Wiseman, Sara
Subject: Zorn SPCC Compliance

Rob,

We are in the process of clearing some older projects that were ARO related, and you were listed on project #122173 - Zorn SPCC Compliance / Diesel Fuel Tank. You may, or may not be able to help provide the info requested below, but if not, please direct me to the person who can. I have all the necessary info for the retirement of the old tank, and info on what the new asset is. However, what is lacking is an estimate of the NEW ARO liability to set up for the newly installed tank.

As I am somewhat new to the ARO realm, I would like to spend 5 or 10 minutes of your time in a brief conversation with my manager Sara Wiseman this afternoon, concerning this subject. Should someone else be more suited to address this topic, please let me know, and I will contact them. Otherwise, please let me know what time in particular would be the best time to contact you. Thanks

Crescente, Angela

From: Wiseman, Sara
Sent: Thursday, September 23, 2010 12:01 PM
To: Meadway, Rob
Cc: Rose, Bruce; Crescente, Angela; Riggs, Eric
Subject: Re: Zorn SPCC Compliance

Rob:

Another question. Your estimate was for disposal of all oil in the tank. Normally there is only a small amount to be disposed of left in the tank. What would be a good rule of thumb of what is left? 10 %?
Sent from my BlackBerry!

From: Wiseman, Sara
To: Meadway, Rob
Cc: Rose, Bruce; Crescente, Angela; Riggs, Eric
Sent: Thu Sep 23 10:55:19 2010
Subject: RE: Zorn SPCC Compliance

Hi Rob:

I have a few questions for you on this email below. I know you sent it last year—but we are preparing to use your numbers in some calculations this month.

1. Do you have any more current \$\$? If not, these are fine—I just wanted to check and see if we should update our estimate.
2. Would these amounts be used for both oil and chemical tanks?

Thanks for your help! A response by Monday, September 27, would be very much appreciated.

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To: Rose, Bruce
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Subject: RE: Zorn SPCC Compliance

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\$810 Total

Best Regards,

Rob Meadway

Mechanical Engineer, CWI

LG&E Cane Run Generating Station

Office: (502) 449-8863

Mobile: (502) 403-5113

Fax: (502) 217-2841

Rob.Meadway@EON-US.com

From: Rose, Bruce

Sent: Monday, September 14, 2009 7:37 AM

To: Meadway, Rob

Cc: Wiseman, Sara

Subject: Zorn SPCC Compliance

Rob,

We are in the process of clearing some older projects that were ARO related, and you were listed on project #122173 - Zorn SPCC Compliance / Diesel Fuel Tank. You may, or may not be able to help provide the info requested below, but if not, please direct me to the person who can. I have all the necessary info for the retirement of the old tank, and info on what the new asset is. However, what is lacking is an estimate of the NEW ARO liability to set up for the newly installed tank.

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Crescente, Angela

From: Millay, David
Sent: Monday, October 04, 2010 10:48 AM
To: Crescente, Angela
Subject: RE: ARO Ashpond Landfill Gypsum

I do not. That information would likely come from somebody at Project Engineering as those ponds were probably part of the Main Pond and/or scrubbers at EW Brown.

From: Crescente, Angela
Sent: Monday, October 04, 2010 10:35 AM
To: Millay, David
Subject: RE: ARO Ashpond Landfill Gypsum

Thanks! Do you happen to know what project number(s) that Brown Limestone Pile Runoff Pond and West Collection Basin were charged to since it looks like it was sometime this year?

From: Millay, David
Sent: Monday, October 04, 2010 9:08 AM
To: Crescente, Angela
Subject: RE: ARO Ashpond Landfill Gypsum

Angela-I added the in service dates.

Also, I noted a couple of things in the list I gave you.

1. Mill Creek does not have a pond called the "Basin Pond", it is called the "Clearwell Pond".
2. Mill Creek has an additional pond called the Coal Pile and Limestone Pile Runoff Pond

From: Millay, David
Sent: Thursday, September 30, 2010 3:40 PM
To: Crescente, Angela
Subject: RE: ARO Ashpond Landfill Gypsum

Edited a couple of numbers-see red

From: Millay, David
Sent: Thursday, September 30, 2010 3:33 PM
To: Crescente, Angela
Subject: RE: ARO Ashpond Landfill Gypsum

		<u>Supporting Information</u>	
<u>Engineering Estimate of Area (acres)</u>		<u>Area to Use (acres)</u>	<u>2010</u>
Cane Run	Active ATB	27	53
	Emergency Pond	16	2

Charnas

	Basin Pond		-	
			2	(1976)
	Dead Storage Pond		-	
			4	(1976)
	Coal Pile Runoff Pond		-	
		1		(1974)
	Clearwell Pond		-	
		1		(1976)
	Mill Creek		50	80
Pond	Active ATB			
	Emergency	4		4
	Clearwell Pond		-	
		2		(1978)
	Dead Storage Pond		-	
		2		(1978)
	Construction Runoff Pond		-	
		2		(1978)
	Landfill Runoff Pond		-	
		2		(1998)
	Coal Pile and Limestone Pile Runoff Pond		-	
		1		(1978)
	Trimble County		95	82
	Active ATB			
	Emergency Pond		20	37
	Coal Pile/Limestone Runoff Pond		-	
		4		(1990)
	Sediment Pond		-	
		6		(1990)
	EW Brown		116	126
	Active ATB			
	Auxiliary Pond		-	
		30		(2008)
	Coal Pile Runoff Pond		-	
		2		(1977)
	Limestone Pile Runoff Pond		-	
		1		(2010)
	West Collection Basin		-	
		1		(2010)
	Ghent		150	148
ATB	Active ATB			
	Former	126		105
	Gypsum Stack Out		10	50
	East Coal Pile Pond		-	
		1		(1978)
	West Coal Pile Pond		-	
		1		(1972)
Secondary ATB		-		
		4		(1972)

		Gypsum Surge Reclaim Pond			
			7	(1994)	-
	Green River	Active ATB			38
		Former ATB			68
		Scrubber Sludge Lagoon			11
		Coal Pile Runoff Pond			-
			6	(1949)	
	Tyrone	Active			
ATB			8		9
		Coal Pile Runoff Pond			-
					1
	Pineville	Ash Pond			-
			10	(1977)	

From: Crescente, Angela
Sent: Wednesday, September 29, 2010 11:18 AM
To: Millay, David; Winkler, Michael
Cc: Wiseman, Sara; Heun, Jeff; Wacker, Diana
Subject: RE: ARO Ashpond Landfill Gypsum

David,

I would like to have your updated list to give us the correct "area to use" acres.

Mike,

Would the smaller environmental ponds be considered an ARO due to any legal obligation to close them in a certain manner or are they different then the ash ponds? Could these be the coal pile runoff ponds?

Thanks,
 Angela

From: Millay, David
Sent: Wednesday, September 29, 2010 11:12 AM
To: Crescente, Angela
Cc: Wiseman, Sara; Heun, Jeff
Subject: RE: ARO Ashpond Landfill Gypsum

Angela:

I reviewed the list of ponds you gave me and it appears that the inside area of the pond was used. As Jeff H. mentioned, the pond put in service in 2008 at EW Brown is known as the "Auxiliary Pond". There is no pond known as the "Transfer Basin". The inside area of the Auxiliary Pond is about 30 acres.

There has been no major footprint changes to any of the ponds since 2003. After reviewing the list you gave me and at quick glance the "area to use" numbers and comparing to the list I have, there are some differences. Also, there are some smaller environmental ponds that are not on your list.

Would you like me to provide my list?

David Millay

From: Crescente, Angela
Sent: Monday, September 27, 2010 9:04 AM
To: Millay, David
Cc: Wiseman, Sara
Subject: RE: ARO Ashpond Landfill Gypsum

David,

Would you be able to tell me the acreage of the Brown Auxiliary Ash Pond/Transfer Basin that was put into service in July 2008? I'm sorry for the short notice, but if you could let me know by **Wednesday, September 29, 2010**, I would appreciate it.

Thanks so much for your help,
Angela

From: Heun, Jeff
Sent: Saturday, September 25, 2010 2:52 PM
To: Crescente, Angela
Cc: Wiseman, Sara
Subject: Re: ARO Ashpond Landfill Gypsum

The \$120k per acre should be good for all of the ponds in our system. I am not aware of the Brown Auxiliary Ash Transfer Basin as we have an Auxiliary Ash Pond. To double check all of the ponds in our system get with David Millay as he keeps a list of all of their ponds and their sizes.

From: Crescente, Angela
To: Heun, Jeff
Cc: Wiseman, Sara
Sent: Fri Sep 24 15:35:07 2010
Subject: RE: ARO Ashpond Landfill Gypsum

Jeff,

I would assume this \$120 per acre would also qualify for the Brown Auxiliary Ash Transfer Basin that was put into service in July 2008. I was hoping you could tell me how many acres there are for the Transfer Basin. I'm sorry for the short notice, but if you could let me know by **Tuesday, September 28th**, that would be so helpful.

Thanks so much,

Angela

From: Heun, Jeff
Sent: Tuesday, September 14, 2010 12:02 PM
To: Wiseman, Sara
Subject: RE: ARO Ashpond Landfill Gypsum

Sara,

Charnas

I looked over the Stantec(FMSM) closure cost estimate and updated it based on pricing attained from current ongoing projects as well as escalating the 2002 numbers to 2010 numbers. I came up with an estimate of \$120K per acre to close a pond using Tyrone as the basis, see attached spreadsheet. Also looking over the list of active Ash Pond a new one needs to be added for Brown as the Aux Pond was placed into service in 2008 and is approximately 40 acres in size. I would double check with David Millay to make sure all the CCP storage ponds are accounted for as I believe the Aux Pond was the only one missing.

JBH

<< File: Pond Closure Costs.xlsx >>

From: Wiseman, Sara
Sent: Friday, June 25, 2010 8:26 AM
To: Heun, Jeff
Subject: FW: ARO Ashpond Landfill Gypsum

Hi Jeff: FYI This is information for our meeting on Monday morning. This is how we valued our AROs in 2003.

From: Wiseman, Sara
Sent: Wednesday, June 23, 2010 4:25 PM
To: Cosby, David; Welsh, Elaine; Dowd, Deborah
Cc: Crescente, Angela; Rose, Bruce
Subject: ARO Ashpond Landfill Gypsum

Hi all:

Here is the information we have for the ashpond, landfill and gypsum stacker.

From: Hilbert, Debbie
Sent: Wednesday, June 23, 2010 3:45 PM
To: Wiseman, Sara
Subject: Ashpond

<< File: Ashpond.pdf >>

Debbie Hilbert, CPS

Senior Secretary

E.ON U.S. LLC

502-627-4676

Crescente, Angela

From: Ritchey, Stacy
Sent: Monday, October 04, 2010 12:22 PM
To: Williams, John
Cc: Crescente, Angela
Subject: FW: ARO Ashpond Landfill Gypsum

John,

Angela is asking about the Limestone Pile Runoff Pond and the West Collection Basis at Brown. Would those have been part of the FGD project? Thanks. Stacy

From: Crescente, Angela
Sent: Monday, October 04, 2010 10:49 AM
To: Ritchey, Stacy
Subject: FW: ARO Ashpond Landfill Gypsum

Can you help me with the question I sent to David?

From: Millay, David
Sent: Monday, October 04, 2010 10:48 AM
To: Crescente, Angela
Subject: RE: ARO Ashpond Landfill Gypsum

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Charnas

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	Coal Pile Runoff Pond	-		
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	Mill Creek	50		80
	Active ATB			
	Emergency	4	4	
	Clearwell Pond	-		
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	Dead Storage Pond	-		
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Construction Runoff Pond	-			
	2	(1978)		
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		Former			
ATB		126		105	
		Gypsum Stack Out	10		50
		East Coal Pile Pond	-		
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		Secondary ATB	-		
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	Green River	Active ATB	38		32
		Former ATB	68		23
		Scrubber Sludge Lagoon	11		10
		Coal Pile Runoff Pond	-		
		6 (1949)			
	Tyrone	Active			
ATB		8		9	
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Cc: Wiseman, Sara; Heun, Jeff; Wacker, Diana
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Debbie Hilbert, CPS

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E.ON U.S. LLC

502-627-4676

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Cc: Crescente, Angela
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Charnas

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Crescente, Angela

From: Winkler, Michael
Sent: Wednesday, September 29, 2010 3:09 PM
To: Wacker, Diana
Cc: Crescente, Angela
Subject: RE: Tank Lists

My guess is that if they aren't on our SPCC list (which just got updated) then they don't exist at the facility anymore (unless they are part of the switchyard and controlled by transmission instead of the plant). I just tried to call the plant manager but got voice mail. I suggest you contact the plant and get a final answer because it sounds like you might need to retire some of the old GSU's.

Michael

From: Wacker, Diana
Sent: Wednesday, September 29, 2010 2:16 PM
To: Winkler, Michael
Cc: Crescente, Angela
Subject: FW: Tank Lists

Mike: The attached list of material and tanks for GREEN RIVER only shows Unit 4 GSU, however we are showing ARO's on Unit 1&2, Unit 3, and SPARE GSU. Do you know if the other GSU's on the other units still exist? For instance, the Cane Run listing shows the GSU's for Units 1&2 even though those units are retired.

Thanks
Diana

From: Wiseman, Sara
Sent: Friday, September 24, 2010 1:38 PM
To: Wacker, Diana
Subject: FW: Tank Lists

From: Winkler, Michael
Sent: Thursday, August 26, 2010 10:17 AM
To: Wiseman, Sara
Subject: Tank Lists

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Michael

Crescente, Angela

From: Crescente, Angela
Sent: Wednesday, September 29, 2010 3:26 PM
To: Troost, Tom
Cc: Wacker, Diana; Winkler, Michael
Subject: RE: Tank Lists

Tom,

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Cc: Crescente, Angela
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Cc: Crescente, Angela
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Sent: Friday, September 24, 2010 1:38 PM
To: Wacker, Diana
Subject: FW: Tank Lists

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To: Wiseman, Sara
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Sent: Wednesday, September 29, 2010 3:46 PM
To: Crescente, Angela
Cc: Troost, Tom; Wacker, Diana; Winkler, Michael
Subject: RE: Tank Lists
Attachments: 2007 Transformer Salvage AIP.xls

How about this?

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AUTHORIZATION FOR INVESTMENT PROPOSAL
 Page 597 of 1591
 Charnas

Original
 Revised

EON U.S. Services Co. Louisville Gas & Electric Co. Kentucky Utilities Company
 LG&E Energy Marketing Western Kentucky Energy LG&E Power Inc.
 Other:

Name of Project: GR Transformer Removal and Salvage

Date Requested: 9/14/2007 Project Number: 123373 Related Project Numbers:

Budgeted [1] Y N If unbudgeted, list alternate budget ref. Number(s) [1]:

Expected Start Date [2]: 9/30/2007 Expected In-service Date [2]: 10/15/2007 Expected Completion Date [2]: 12/1/2007

AIP Prepared by: Bryan Baker Phone: 270-757-3109

Project Manager: Bryan Baker Phone: 270-757-3109

Product Code [3]	Resp. Center [4]	Location # [5]	OBU Name [6]	Environmental Code/Category [7]
111	016120	5616	Power Generation	

REASONS AND DETAILED DESCRIPTION OF PROJECT

(include sketch no., if applicable)

Several decommissioned transformers at Green River, Unit #1 have scrap value due to their copper an steel content. The transformers will be decommissioned on-site and shipped off-site at the expense of the purchaser. Disconnection of high voltage leads and abatement of cable insulation will be performed by KU. Transformer ID #s T-0111, T-0100, T-0096, T-0101, T-0097.

Costs	Capital Investment	Cost of Removal/ Retirement	Capital Cost Subtotal [8]	Initial O&M Cost [9]	Lifetime Maintenance Cost [9]	O&M Cost Subtotal	TOTAL INVESTMENT
Company Labor		3,500	3,500			-	3,500
Contract Labor		1,000	1,000			-	1,000
Materials			-			-	-
Other (Describe)			-			-	-
Less Salvage		(86,300)	(86,300)			-	(86,300)
Local Engineering [10]			-			-	-
Subtotal - GAAP	-	(81,800)	(81,800)	-	-	-	(81,800)
Contr. In Aid on Constr. (CIAC) [11]			-			-	-
Net Expenditures - GAAP	-	(81,800)	(81,800)	-	-	-	(81,800)
Capitalized Interest (if applicable)*			-			-	-
Net Expenditures - IFRS	-	(81,800)	(81,800)	-	-	-	(81,800)

Signature Required (Based on CAPITAL COST SUBTOTAL COLUMN) [8]:

Authorized by	Typed or Printed Name	Signature	Date
1. Supervisor/Team Leader (Non-IT and IT up to \$25k)	Bryan Baker		
2. Commercial Operations Manager [12]			
3. Manager (Non-IT >\$25k up to \$100k; IT >\$25k up to \$50k)	Jim Edelen		
4. Director (Non-IT >\$100k up to \$300k; IT >\$50k up to \$100k)	Tom Troost		
5. OBU Budget Coordinator [13]	Deborah Dowd		
6. Financial Planning (Non-IT and IT >\$300k; all unbudgeted projects; all Development Proposals) [14] or Investment Committee Coordinator (Non-IT >\$1.0M; IT >\$500k; Development >\$500k) [15]			
7. Vice-President (Non-IT >\$300k up to \$750k; IT >\$100k up to \$200k; Development up to \$200k)			
8. Senior Officer (Non-IT >\$750k up to \$1.0M; IT >\$200k up to \$500k; Development >\$200k up to \$500k)			
9. CFO (Non-IT >\$1.0M; IT >\$500k; Development >\$500k) [15]			
10. CEO (Non-IT >\$1.0M up to €25.0M; IT >\$500k up to €25.0M; Development >\$500k up to €25.0M) [15]			
11. E.On Board (Non-IT, IT, and Development > €25.0M)			
12. Information Technology [16]			
13. Property Accounting (including budget check)			

*Note: Applies only to discrete projects > \$50 million Euro. Please contact Property Accounting if in doubt about whether capitalized interest is applicable.

Crescente, Angela

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Sent: Wednesday, September 29, 2010 3:58 PM
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Cc: Troost, Tom; Wacker, Diana; Winkler, Michael
Subject: RE: Tank Lists

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Thanks,
Angela

From: Wacker, Diana
Sent: Wednesday, September 29, 2010 2:16 PM
To: Winkler, Michael
Cc: Crescente, Angela
Subject: FW: Tank Lists

Mike: The attached list of material and tanks for GREEN RIVER only shows Unit 4 GSU, however we are showing ARO's on Unit 1&2, Unit 3, and SPARE GSU. Do you know if the other GSU's on the other units still exist? For instance, the Cane Run listing shows the GSU's for Units 1&2 even though those units are retired.

Thanks
Diana

Charnas

From: Wiseman, Sara
Sent: Friday, September 24, 2010 1:38 PM
To: Wacker, Diana
Subject: FW: Tank Lists

From: Winkler, Michael
Sent: Thursday, August 26, 2010 10:17 AM
To: Wiseman, Sara
Subject: Tank Lists

I will have to send you the actual SPCC plan for some of the smaller facilities because I don't have their inventories stored in a separate spreadsheet or word document. They will follow in a couple minutes.

Michael

Crescente, Angela

From: Winkler, Michael
Sent: Wednesday, September 29, 2010 5:13 PM
To: Crescente, Angela; Baker, Bryan
Cc: Wacker, Diana; Wiseman, Sara
Subject: RE: Tank Lists

As I understand it, Unit 3 GSU is in the transmission substation, therefore is part of another plan from Environmental's view but is still active at GR so it should stay on your list. The plant will have to say what has happened to Unit 1 and 2 transformers.

From: Crescente, Angela
Sent: Wednesday, September 29, 2010 4:28 PM
To: Baker, Bryan
Cc: Winkler, Michael; Wacker, Diana; Wiseman, Sara
Subject: FW: Tank Lists

Bryan,

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Michael

Crescente, Angela

From: Baker, Bryan
Sent: Wednesday, September 29, 2010 5:37 PM
To: Winkler, Michael; Crescente, Angela
Cc: Wacker, Diana; Wiseman, Sara
Subject: RE: Tank Lists

Ok then, now I'm understanding this a little better. The ONLY GSU that IS NOT in the transmission substation is U4 GSU.

From: Winkler, Michael
Sent: Wednesday, September 29, 2010 4:13 PM
To: Crescente, Angela; Baker, Bryan
Cc: Wacker, Diana; Wiseman, Sara
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Crescente, Angela

From: Crescente, Angela
Sent: Thursday, September 30, 2010 10:38 AM
To: 'Jim Ogilvie'; 'Ann Koch'
Subject: RE: BR Aux Ash Pond Transfer Basin JE's

Jim or Ann,

Since the GAAP one worked, will you put the script into Production for the reg entry types you created for me? Or, will that require a build?

Thanks,
Angela

From: Ogilvie, Jim
Sent: Tuesday, September 28, 2010 10:44 PM
To: Crescente, Angela; Koch, Ann
Cc: 'Jim Ogilvie'
Subject: RE: BR Aux Ash Pond Transfer Basin JE's

Ann,

Angela may need you to run the attached SQL script if DEV is refreshed again.

Thanks,
- Jim

<< File: transition_reg_entry_types.sql >>

From: Ogilvie, Jim
Sent: Tuesday, September 28, 2010 9:01 PM
To: Crescente, Angela
Cc: 'Jim Ogilvie'
Subject: RE: BR Aux Ash Pond Transfer Basin JE's

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

From: Ogilvie, Jim
Sent: Tuesday, September 28, 2010 8:56 PM
To: Crescente, Angela
Cc: 'Jim Ogilvie'
Subject: RE: BR Aux Ash Pond Transfer Basin JE's

PowerPlant

ARO Transition	ABC	\$	30,413.26
	108	\$	(16,710.46)

Charnas

	230	\$	(13,702.80)
ARO Transition	230	\$	(142,681.24)
	101	\$	142,681.24
Monthly Accretion	230	\$	(574.68)
	411	\$	574.68
Monthly Depr	403	\$	321.35
	108	\$	(321.35)

Reg Entries

Transition ARO Liability	O	ABC	\$	(13,702.80)
	R	182	\$	13,702.80
Transition ARC Depreciation	O	ABC	\$	(16,710.46)
	R	182	\$	16,710.46
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From: Ogilvie, Jim**Sent:** Tuesday, September 28, 2010 8:50 PM**To:** Crescente, Angela**Cc:** 'Jim Ogilvie'**Subject:** BR Aux Ash Pond Transfer Basin JE's

PP

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Crescente, Angela

From: Jim Ogilvie <jogilvie@pwrplan.com>
Sent: Thursday, September 30, 2010 10:47 AM
To: Crescente, Angela; 'Ann Koch'
Subject: RE: BR Aux Ash Pond Transfer Basin JE's

Angela,

The script I sent Ann that was used to create the three new reg entry types can be run by itself in PROD – no code changes or build.

Just a heads up, but I probably won't be able to look into your IFRS entry issue until I get back to Louisville next week on Wednesday.

--

Jim Ogilvie
jogilvie@pwrplan.com
678-421-4809

From: Crescente, Angela [<mailto:Angela.Crescente@eon-us.com>]
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Crescente, Angela

From: McDaniels, Jason
Sent: Thursday, September 30, 2010 11:00 AM
To: Elmore, Barry; Crescente, Angela
Cc: Fackler, Andrea
Subject: ARO Discussion w/ PwC

Barry / Angela,

I spoke with Lindsey at PwC this morning and they would like to push off the ARO discussion so they can get the 2009 re-issued annual reports done. Unfortunately, this means that we will be getting into close when they become available. Is there a day for you guys that works at all? We can try and keep the meeting as short as possible.

Jason McDaniels
Accounting Analyst III
Financial Accounting and Reporting
502-627-3678 (P)
502-627-3820 (F)
Jason.McDaniels@eon-us.com

Crescente, Angela

From: Crescente, Angela
Sent: Thursday, September 30, 2010 11:05 AM
To: 'Jim Ogilvie'; 'Ann Koch'
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: RE: BR Aux Ash Pond Transfer Basin JE's

Jim,

I will get Ralph or John to run the script for me in PROD.

Is there someone else who can help me with the IFRS entry? I sent it to Support, Joe and Jim D because I figured you wouldn't have time to look at it. Unfortunately, Wednesday is Day 4 so I will need to test something before then, preferably today or tomorrow. I think you guys set up our IFRS AROs before behind the scenes when you were here at implementation so I'm hoping it is an easy fix.

Thanks,
Angela

From: Jim Ogilvie [mailto:jogilvie@pwrplan.com]
Sent: Thursday, September 30, 2010 10:47 AM
To: Crescente, Angela; 'Ann Koch'
Subject: RE: BR Aux Ash Pond Transfer Basin JE's

Angela,

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Crescente, Angela

From: Harper, Travis
Sent: Thursday, September 30, 2010 11:25 AM
To: Crescente, Angela; Baker, Bryan
Cc: Winkler, Michael
Subject: RE: Tank Lists

Angela,

Unit 4 GSU, unit 4 aux, and unit 2 aux are physically located within the confines of the plant and are covered under the plant's SPCC tank list. All of the other equipment is covered under the substation's SPCC plan. As far as ARO's, all of unit 1's GSU and aux have been removed and unit 2's GSU is not operational. All equipment on unit's 3 and 4 are active and unit 2 aux is active. Like Bryan, I am not aware of a spare GSU. The substation department may have more info. Mike Kenton would be your contact.

Thanks,
Travis

From: Baker, Bryan
Sent: Thursday, September 30, 2010 9:11 AM
To: Harper, Travis
Subject: FW: Tank Lists

From: Winkler, Michael
Sent: Wednesday, September 29, 2010 4:13 PM
To: Crescente, Angela; Baker, Bryan
Cc: Wacker, Diana; Wiseman, Sara
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Crescente, Angela

From: Crescente, Angela
Sent: Thursday, September 30, 2010 11:40 AM
To: Kenton, Mike
Cc: Winkler, Michael; Harper, Travis; Baker, Bryan; Wacker, Diana; Wiseman, Sara
Subject: RE: Tank Lists

Mike,

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Crescente, Angela

From: Winkler, Michael
Sent: Thursday, September 30, 2010 11:48 AM
To: Crescente, Angela
Subject: Re: Tank Lists

I'll see what I can find out. It will be late today though as I'm in Frankfort right now.

From: Crescente, Angela
To: Kenton, Mike
Cc: Winkler, Michael; Harper, Travis; Baker, Bryan; Wacker, Diana; Wiseman, Sara
Sent: Thu Sep 30 11:40:14 2010
Subject: RE: Tank Lists

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Crescente, Angela

From: Kenton, Mike
Sent: Thursday, September 30, 2010 11:57 AM
To: Crescente, Angela
Subject: Re: Tank Lists

What gen station are you asking about?

From: Crescente, Angela
To: Kenton, Mike
Cc: Winkler, Michael; Harper, Travis; Baker, Bryan; Wacker, Diana; Wiseman, Sara
Sent: Thu Sep 30 11:40:14 2010
Subject: RE: Tank Lists

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Sent: Wednesday, September 29, 2010 4:13 PM
To: Crescente, Angela; Baker, Bryan

Cc: Wacker, Diana; Wiseman, Sara
Subject: RE: Tank Lists

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Sent: Wednesday, September 29, 2010 4:28 PM
To: Baker, Bryan
Cc: Winkler, Michael; Wacker, Diana; Wiseman, Sara
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Bryan,

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Angela

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To: Winkler, Michael
Cc: Crescente, Angela
Subject: FW: Tank Lists

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Thanks
Diana

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Sent: Friday, September 24, 2010 1:38 PM
To: Wacker, Diana
Subject: FW: Tank Lists

From: Winkler, Michael
Sent: Thursday, August 26, 2010 10:17 AM
To: Wiseman, Sara
Subject: Tank Lists

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Michael

Crescente, Angela

From: Kenton, Mike
Sent: Thursday, September 30, 2010 1:33 PM
To: Crescente, Angela
Cc: Whitaker, Virginia
Subject: RE: Tank Lists

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Green River GSU-4 - G-039- 9461 gallons
Green River GSU-2-3-single phase units, 2400 gallons each

Thanks.
MK

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Fax: 859-367-5766
mike.kenton@eon-us.com

From: Crescente, Angela
Sent: Thursday, September 30, 2010 11:58 AM
To: Kenton, Mike
Subject: RE: Tank Lists

Green River.

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Sent: Thursday, September 30, 2010 11:57 AM
To: Crescente, Angela
Subject: Re: Tank Lists

What gen station are you asking about?

From: Crescente, Angela
To: Kenton, Mike
Cc: Winkler, Michael; Harper, Travis; Baker, Bryan; Wacker, Diana; Wiseman, Sara
Sent: Thu Sep 30 11:40:14 2010
Subject: RE: Tank Lists

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Cc: Winkler, Michael
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Michael

Crescente, Angela

From: Crescente, Angela
Sent: Thursday, September 30, 2010 1:58 PM
To: Winkler, Michael
Cc: Wacker, Diana
Subject: FW: Tank Lists

Mike,

I received this info from Mike K. I wanted you to know so you won't have to look into a lot of it. The only thing is, we don't know much about the spare other than it was listed in 2003. Do you remember anything about it or do you know how many gallons "a spare" would be?

Thanks,
Angela

From: Kenton, Mike
Sent: Thursday, September 30, 2010 1:33 PM
To: Crescente, Angela
Cc: Whitaker, Virginia
Subject: RE: Tank Lists

Not sure what spare you are talking about. Please explain. The info I have for the other transformers is as follows:

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Sent: Thursday, September 30, 2010 2:03 PM
To: Crescente, Angela
Subject: RE: Tank Lists

Are you talking about a spare at Gent?

Mike Kenton
Group Leader Transmission Substation Construction
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Cel: 859-327-9125
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Crescente, Angela

From: Millay, David
Sent: Thursday, September 30, 2010 3:40 PM
To: Crescente, Angela
Subject: RE: ARO Ashpond Landfill Gypsum

Edited a couple of numbers-see red

From: Millay, David
Sent: Thursday, September 30, 2010 3:33 PM
To: Crescente, Angela
Subject: RE: ARO Ashpond Landfill Gypsum

		<u>Supporting Information</u>	
		<u>Area to Use (acres)</u>	<u>2010</u>
<u>Engineering Estimate of Area (acres)</u>			
Cane Run	Active ATB	27	53
	Emergency Pond	16	2
	Basin Pond	-	2
	Dead Storage Pond	-	4
	Coal Pile Runoff Pond	-	1
	Clearwell Pond	-	1
Mill Creek Pond	Active ATB	50	80
	Emergency 4	4	
	Basin Pond	-	2
	Dead Storage Pond	-	2
	Construction Runoff Pond	-	2
	Landfill Runoff Pond	-	2
Trimble County	Active ATB	95	82
	Emergency Pond	20	37
	Coal Pile/Limestone Runoff Pond	-	4
	Sediment Pond	-	6
EW Brown	Active ATB	116	126
	Auxiliary Pond	-	30
	Coal Pile Runoff Pond	-	2
	Limestone Pile Runoff Pond	-	1
	West Collection Basin 1	-	
Ghent ATB	Active ATB	150	148
	Former 126	105	
	Gypsum Stack Out	10	50
	East Coal Pile Pond	-	1

	West Coal Pile Pond		-	
	1			
	Secondary ATB		-	4
	Gypsum Surge Reclaim Pond		-	7
Green River	Active ATB		38	32
	Former ATB		68	23
	Scrubber Sludge Lagoon		11	10
	Coal Pile Runoff Pond		-	6
ATB	Tyrone	Active		
	8		9	
	Coal Pile Runoff Pond		-	1
	Pineville	Ash Pond	-	10

From: Crescente, Angela
Sent: Wednesday, September 29, 2010 11:18 AM
To: Millay, David; Winkler, Michael
Cc: Wiseman, Sara; Heun, Jeff; Wacker, Diana
Subject: RE: ARO Ashpond Landfill Gypsum

David,

I would like to have your updated list to give us the correct "area to use" acres.

Mike,

Would the smaller environmental ponds be considered an ARO due to any legal obligation to close them in a certain manner or are they different then the ash ponds? Could these be the coal pile runoff ponds?

Thanks,
 Angela

From: Millay, David
Sent: Wednesday, September 29, 2010 11:12 AM
To: Crescente, Angela
Cc: Wiseman, Sara; Heun, Jeff
Subject: RE: ARO Ashpond Landfill Gypsum

Angela:

I reviewed the list of ponds you gave me and it appears that the inside area of the pond was used. As Jeff H. mentioned, the pond put in service in 2008 at EW Brown is known as the "Auxiliary Pond". There is no pond known as the "Transfer Basin". The inside area of the Auxiliary Pond is about 30 acres.

There has been no major footprint changes to any of the ponds since 2003. After reviewing the list you gave me and at quick glance the "area to use" numbers and comparing to the list I have, there are some differences. Also, there are some smaller environmental ponds that are not on your list.

Would you like me to provide my list?

David Millay

From: Crescente, Angela
Sent: Monday, September 27, 2010 9:04 AM
To: Millay, David
Cc: Wiseman, Sara
Subject: RE: ARO Ashpond Landfill Gypsum

David,

Would you be able to tell me the acreage of the Brown Auxiliary Ash Pond/Transfer Basin that was put into service in July 2008? I'm sorry for the short notice, but if you could let me know by **Wednesday, September 29, 2010**, I would appreciate it.

Thanks so much for your help,
Angela

From: Heun, Jeff
Sent: Saturday, September 25, 2010 2:52 PM
To: Crescente, Angela
Cc: Wiseman, Sara
Subject: Re: ARO Ashpond Landfill Gypsum

The \$120k per acre should be good for all of the ponds in our system. I am not aware of the Brown Auxiliary Ash Transfer Basin as we have an Auxiliary Ash Pond. To double check all of the ponds in our system get with David Millay as he keeps a list of all of their ponds and their sizes.

From: Crescente, Angela
To: Heun, Jeff
Cc: Wiseman, Sara
Sent: Fri Sep 24 15:35:07 2010
Subject: RE: ARO Ashpond Landfill Gypsum

Jeff,

I would assume this \$120 per acre would also qualify for the Brown Auxiliary Ash Transfer Basin that was put into service in July 2008. I was hoping you could tell me how many acres there are for the Transfer Basin. I'm sorry for the short notice, but if you could let me know by **Tuesday, September 28th**, that would be so helpful.

Thanks so much,

Angela

From: Heun, Jeff
Sent: Tuesday, September 14, 2010 12:02 PM
To: Wiseman, Sara
Subject: RE: ARO Ashpond Landfill Gypsum

Sara,

Charnas

I looked over the Stantec(FMSM) closure cost estimate and updated it based on pricing attained from current ongoing projects as well as escalating the 2002 numbers to 2010 numbers. I came up with an estimate of \$120K per acre to close a pond using Tyrone as the basis, see attached spreadsheet. Also looking over the list of active Ash Pond a new one needs to be added for Brown as the Aux Pond was placed into service in 2008 and is approximately 40 acres in size. I would double check with David Millay to make sure all the CCP storage ponds are accounted for as I believe the Aux Pond was the only one missing.

JBH

<< File: Pond Closure Costs.xlsx >>

From: Wiseman, Sara
Sent: Friday, June 25, 2010 8:26 AM
To: Heun, Jeff
Subject: FW: ARO Ashpond Landfill Gypsum

Hi Jeff: FYI This is information for our meeting on Monday morning. This is how we valued our AROs in 2003.

From: Wiseman, Sara
Sent: Wednesday, June 23, 2010 4:25 PM
To: Cosby, David; Welsh, Elaine; Dowd, Deborah
Cc: Crescente, Angela; Rose, Bruce
Subject: ARO Ashpond Landfill Gypsum

Hi all:

Here is the information we have for the ashpond, landfill and gypsum stacker.

From: Hilbert, Debbie
Sent: Wednesday, June 23, 2010 3:45 PM
To: Wiseman, Sara
Subject: Ashpond

<< File: Ashpond.pdf >>

Debbie Hilbert, CPS

Senior Secretary

E.ON U.S. LLC

502-627-4676

Crescente, Angela

From: Horne, Elliott
Sent: Friday, October 01, 2010 9:09 AM
To: Crescente, Angela
Cc: Wiseman, Sara; Arbough, Dan
Subject: RE: Inflation Rates and Discount Rates for the GAAP ARO revaluation

Hello Angela,

The attached file contains the expected inflation rate as of 9/30/2010 as well as the rates to assume for the GAAP ARO revaluation. Dan and I believed the best rate to use to approximate what Germany provided in the past would be the Treasury Yield Curve. Please let me know if you have any questions or comments.



3Q2010Rates.xls

From: Crescente, Angela
Sent: Friday, August 27, 2010 6:20 PM
To: Arbough, Dan
Cc: Wiseman, Sara
Subject: Inflation Rates and Discount Rates for the GAAP ARO revaluation

Dan,

We are in the process of performing a GAAP revaluation of our AROs for the first time. When we did this on an IFRS basis, you always provided us with the inflation rate to use based on the information in the email below. Would you please provide me with an inflation rate that I could use for the GAAP revaluation as of September 30, 2010? I understand that you won't probably know for sure until the last day of September, but I wanted to let you know that this is coming up in the near future so I wouldn't surprise you.

Also, I have attached a spreadsheet that Germany used to send us for the IFRS revaluation that detailed the discount rate/effective rate (since it is yearly) that we should use. The rates highlighted in yellow represents the ones that they wanted us to use for that particular year. The rates in between were an incremental version that I calculated for AROs that were expected to retire in the years in between. Would you be able to provide me with some version of this so that I can come up with a rate for each year even if you can only provide me every 10 years or so? I would need this information along with the inflation rate by **COB October 1, 2010** in order to meet the deadline of the revaluation and book it for the September close.

<< File: Interest Rates for Provisions Q4-2009 - Final.XLS >>

I really appreciate all of your help! Please let me know if I can help in any way, and feel free to call if you have any questions.

Thanks,
Angela

3rd Qtr 2010 Rate Information

Inflation Rate Calculation

30-Yr Treasury as of 9/30/2010	3.69%
30-Yr TIPS as of 9/30/2010	<u>1.63%</u>
Expected Inflation Rate	2.06%

Treasury Yield Curve Rates (as of 9/30/2010)

1yr	0.27%
2yr	0.42%
3yr	0.64%
5yr	1.27%
7yr	1.91%
10yr	2.53%
20yr	3.38%
30yr	3.69%

Crescente, Angela

From: Millay, David
Sent: Monday, October 04, 2010 9:08 AM
To: Crescente, Angela
Subject: RE: ARO Ashpond Landfill Gypsum

Angela-I added the in service dates.

Also, I noted a couple of things in the list I gave you.

1. Mill Creek does not have a pond called the "Basin Pond", it is called the "Clearwell Pond".
2. Mill Creek has an additional pond called the Coal Pile and Limestone Pile Runoff Pond

From: Millay, David
Sent: Thursday, September 30, 2010 3:40 PM
To: Crescente, Angela
Subject: RE: ARO Ashpond Landfill Gypsum

Edited a couple of numbers-see red

From: Millay, David
Sent: Thursday, September 30, 2010 3:33 PM
To: Crescente, Angela
Subject: RE: ARO Ashpond Landfill Gypsum

		<u>Supporting Information</u>		<u>2010</u>
		<u>Area to Use (acres)</u>		
<u>Engineering Estimate of Area (acres)</u>				
Cane Run	Active ATB	27		53
	Emergency Pond	16		2
	Basin Pond	-		
		2	(1976)	
	Dead Storage Pond	-		
		4	(1976)	
	Coal Pile Runoff Pond	-		
		1	(1974)	
	Clearwell Pond	-		
		1	(1976)	
Mill Creek	Active ATB	50		80
	Emergency			
	4		4	
	Clearwell Pond	-		
	2	(1978)		

Charnas

	Dead Storage Pond		-	
	2	(1978)		
	Construction Runoff Pond		-	
	2	(1978)		
	Landfill Runoff Pond		-	
	2	(1998)		
	Coal Pile and Limestone Pile Runoff Pond		-	
	1	(1978)		
Trimble County	Active ATB		95	82
	Emergency Pond		20	37
	Coal Pile/Limestone Runoff Pond		-	
	4	(1990)		
	Sediment Pond		-	
	6	(1990)		
EW Brown	Active ATB		116	126
	Auxiliary Pond		-	
	30	(2008)		
	Coal Pile Runoff Pond		-	
	2	(1977)		
	Limestone Pile Runoff Pond		-	
	1	(2010)		
	West Collection Basin		-	
	1	(2010)		
Ghent	Active ATB		150	148
ATB	Former			
	126		105	
	Gypsum Stack Out		10	50
	East Coal Pile Pond		-	
	1	(1978)		
	West Coal Pile Pond		-	
	1	(1972)		
	Secondary ATB		-	
	4	(1972)		
	Gypsum Surge Reclaim Pond		-	
	7	(1994)		
Green River	Active ATB		38	32
	Former ATB		68	23
	Scrubber Sludge Lagoon		11	10
	Coal Pile Runoff Pond		-	
	6	(1949)		
Tyrone	Active			
ATB	8		9	
	Coal Pile Runoff Pond		-	1
Pineville	Ash Pond		-	
	10	(1977)		

Charnas

From: Crescente, Angela
Sent: Wednesday, September 29, 2010 11:18 AM
To: Millay, David; Winkler, Michael
Cc: Wiseman, Sara; Heun, Jeff; Wacker, Diana
Subject: RE: ARO Ashpond Landfill Gypsum

David,

I would like to have your updated list to give us the correct "area to use" acres.

Mike,

Would the smaller environmental ponds be considered an ARO due to any legal obligation to close them in a certain manner or are they different then the ash ponds? Could these be the coal pile runoff ponds?

Thanks,
Angela

From: Millay, David
Sent: Wednesday, September 29, 2010 11:12 AM
To: Crescente, Angela
Cc: Wiseman, Sara; Heun, Jeff
Subject: RE: ARO Ashpond Landfill Gypsum

Angela:

I reviewed the list of ponds you gave me and it appears that the inside area of the pond was used. As Jeff H. mentioned, the pond put in service in 2008 at EW Brown is known as the "Auxiliary Pond". There is no pond known as the "Transfer Basin". The inside area of the Auxiliary Pond is about 30 acres.

There has been no major footprint changes to any of the ponds since 2003. After reviewing the list you gave me and at quick glance the "area to use" numbers and comparing to the list I have, there are some differences. Also, there are some smaller environmental ponds that are not on your list.

Would you like me to provide my list?

David Millay

From: Crescente, Angela
Sent: Monday, September 27, 2010 9:04 AM
To: Millay, David
Cc: Wiseman, Sara
Subject: RE: ARO Ashpond Landfill Gypsum

David,

Would you be able to tell me the acreage of the Brown Auxiliary Ash Pond/Transfer Basin that was put into service in July 2008? I'm sorry for the short notice, but if you could let me know by **Wednesday, September 29, 2010**, I would appreciate it.

Thanks so much for your help,
Angela

From: Heun, Jeff
Sent: Saturday, September 25, 2010 2:52 PM
To: Crescente, Angela
Cc: Wiseman, Sara
Subject: Re: ARO Ashpond Landfill Gypsum

The \$120k per acre should be good for all of the ponds in our system. I am not aware of the Brown Auxiliary Ash Transfer Basin as we have an Auxiliary Ash Pond. To double check all of the ponds in our system get with David Millay as he keeps a list of all of their ponds and their sizes.

From: Crescente, Angela
To: Heun, Jeff
Cc: Wiseman, Sara
Sent: Fri Sep 24 15:35:07 2010
Subject: RE: ARO Ashpond Landfill Gypsum

Jeff,

I would assume this \$120 per acre would also qualify for the Brown Auxiliary Ash Transfer Basin that was put into service in July 2008. I was hoping you could tell me how many acres there are for the Transfer Basin. I'm sorry for the short notice, but if you could let me know by **Tuesday, September 28th**, that would be so helpful.

Thanks so much,

Angela

From: Heun, Jeff
Sent: Tuesday, September 14, 2010 12:02 PM
To: Wiseman, Sara
Subject: RE: ARO Ashpond Landfill Gypsum

Sara,

I looked over the Stantec(FMSM) closure cost estimate and updated it based on pricing attained from current ongoing projects as well as escalating the 2002 numbers to 2010 numbers. I came up with an estimate of \$120K per acre to close a pond using Tyrone as the basis, see attached spreadsheet. Also looking over the list of active Ash Pond a new one needs to be added for Brown as the Aux Pond was placed into service in 2008 and is approximately 40 acres in size. I would double check with David Millay to make sure all the CCP storage ponds are accounted for as I believe the Aux Pond was the only one missing.

JBH

<< File: Pond Closure Costs.xlsx >>

From: Wiseman, Sara
Sent: Friday, June 25, 2010 8:26 AM
To: Heun, Jeff
Subject: FW: ARO Ashpond Landfill Gypsum

Hi Jeff: FYI This is information for our meeting on Monday morning. This is how we valued our AROs in 2003.

From: Wiseman, Sara
Sent: Wednesday, June 23, 2010 4:25 PM
To: Cosby, David; Welsh, Elaine; Dowd, Deborah
Cc: Crescente, Angela; Rose, Bruce
Subject: ARO Ashpond Landfill Gypsum

Hi all:

Here is the information we have for the ashpond, landfill and gypsum stacker.

From: Hilbert, Debbie
Sent: Wednesday, June 23, 2010 3:45 PM
To: Wiseman, Sara
Subject: Ashpond

<< File: Ashpond.pdf >>

Debbie Hilbert, CPS

Senior Secretary

E.ON U.S. LLC

502-627-4676

Crescente, Angela

From: Joseph Holt <jholt@pwrplan.com>
Sent: Thursday, September 09, 2010 11:04 AM
To: Crescente, Angela
Cc: 'Jim Ogilvie'
Subject: RE: GAAP Revaluation

Angela,

Sure thing; you can give me a call Friday at 10.

Thanks!
Joe

Joseph Holt
PowerPlan Consultants
(770) 618 - 2291
1600 Parkwood Circle
Atlanta, GA 30339

From: Crescente, Angela [<mailto:Angela.Crescente@eon-us.com>]
Sent: Thursday, 09 September, 2010 10:33 AM
To: Joseph Holt
Subject: RE: GAAP Revaluation

Joe,

I have been going through the exercise of trying to revalue our GAAP AROs for the first time and had a few questions to make sure I was doing this correctly. Will you be back in Atlanta on Friday so I can give you a quick call to discuss? I think it would be faster over the phone instead of in emails since I think I'm on the right track. We are trying to complete this task for September close.

Thanks,
Angela

From: Joseph Holt [<mailto:jholt@pwrplan.com>]
Sent: Monday, August 30, 2010 12:50 PM
To: Crescente, Angela
Cc: 'Jim Ogilvie'; 'Jim Dahlby'
Subject: RE: GAAP Revaluation

Angela,

That's not a problem at all. Feel free to send me any questions you have.

In revaluing AROs under GAAP, I have seen a mix of the weighted average and standard rate(layered) approaches. The weighted average rate has the advantage of having only one active layer at any given time, which greatly simplifies future re-estimations and settlements.

Is this the first time you have re-estimated the GAAP AROs?

Thanks,
Joe

Joseph Holt
PowerPlan Consultants
(770) 618 - 2291
1600 Parkwood Circle
Atlanta, GA 30339

From: Crescente, Angela [<mailto:Angela.Crescente@eon-us.com>]
Sent: Monday, 30 August, 2010 12:30 PM
To: Joseph Holt
Subject: GAAP Revaluation

Hey Joe,

We are in process of trying to revalue our GAAP AROs and I was wondering, which method do you see most companies using? The new layer approach or the weighted average approach? I am trying to go through my binder that I got when I went to training in Atlanta and first met you. Of course, I was just starting with AROs and was very confused. Quite frankly, AROs are still confusing but I'm trying to get a handle on how to do this for the first time. If it's OK with you, I may send you a few questions from time to time if I run into a snag.

Thanks,

Angela

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Crescente, Angela

From: Jim Ogilvie <jogilvie@pwrplan.com>
Sent: Friday, September 10, 2010 10:13 AM
To: Crescente, Angela
Cc: 'Ann Koch'
Subject: FW: Scan
Attachments: Ogilvie Scan.PDF

Angela,

Here are the ARO documents I stole from you. I'll send the hard copies back with Ann next week.

--

Jim Ogilvie
jogilvie@pwrplan.com
678-421-4809

From: Susan Lucki [<mailto:slucki@pwrplan.com>]
Sent: Friday, 10 September, 2010 9:43 AM
To: 'Jim Ogilvie'
Subject: Scan

Here you go.

Susan Lucki
slucki@pwrplan.com
PowerPlan Consultants, Inc.
1600 Parkwood Circle, Suite 600
Atlanta, GA 30339
P (770) 618-2261

LOUISVILLE GAS & ELECTRIC COMPANY

July 31, 2010

Accumulated Depreciation - LIFE

Account #108104, #108105, #108106, #108107, #108108, #108109,
 #108111, #108112, #108113, #108125, #108204, #108205, #108206,
 #108207, #108209, #108211, #108213, #108225, #108304, #108305,
 #108311, #108312, #108313, #108325

G/L Account Balance	\$(1,741,917,021.96)
Powerplant Balance	<u>\$(1,741,917,021.96)</u>
	0.00

Accumulated Depreciation accounts are used to record life depreciation on assets.

High Risk Account – Due 13th Work Day of each month.

SOURCE OF NUMBERS:

- A. Oracle G/L Trial Balance Report
- B. PowerPlant Query Report by Account

GENERAL RECONCILIATION PROCEDURES:

Reconciliation of balance sheet account contains 1 part:

1. To reconcile the balance sheet account, compare PowerPlant Accumulated Depreciation Query Report by account to the G/L Trial Balance and report any discrepancies.

Generally, how are discrepancies resolved?

Research is done to conclude whether a journal entry is needed to correct the general ledger or whether the subledger is in error.

PREPARED BY: 

REVIEWED BY: 

Louisville Gas and Electric Company
Trial Balance Account Reconciliation
July 31, 2010

Department: Property Accounting
Account: 108 Reserve for Depreciation of Utility Plant

Life Reserve for Depreciation of Utility Plant		Oracle Trial Balance	PowerPlant Life Balance	Difference
108104	Accumulated Deprec. - Electric Land Rights	(1,839,788.16)	(1,839,788.16)	-
108105	Accumulated Deprec. - Electric Structures	(200,553,324.19)	(200,553,324.19)	-
108106	Accumulated Deprec. - Electric Equipment	(987,884,230.73)	(987,884,230.73)	-
108107	Accumulated Deprec. - Electric ARO Asset Retirement Obligation	(2,746,807.84)	(2,746,807.84)	-
108108	Accumulated Deprec. - Electric Hydro	(5,035,568.81)	(5,035,568.81)	-
108109	Accumulated Deprec. - Electric Distribution	(271,242,912.45)	(271,242,912.45)	-
108111	Accumulated Deprec. - Electric General	(3,229,035.79)	(3,229,035.79)	-
108113	Accumulated Deprec. - Electric Transportation	(11,032,811.02)	(11,032,811.02)	-
108125	Accumulated Deprec. - Electric ARO Asset Retirement Obligation	(14,904.96)	(14,904.96)	-
	Total Electric	(1,483,579,383.95)	(1,483,579,383.95)	-
108204	Accumulated Deprec. - Gas Land Rights	(925,402.89)	(925,402.89)	-
108205	Accumulated Deprec. - Gas Structures	(1,813,463.95)	(1,813,463.95)	-
108206	Accumulated Deprec. - Gas Underground	(39,164,371.98)	(39,164,371.98)	-
108207	Accumulated Deprec. - Gas ARO Asset Retirement Obligation	(425,614.30)	(425,614.30)	-
108209	Accumulated Deprec. - Gas Distribution	(122,725,715.17)	(122,725,715.17)	-
108211	Accumulated Deprec. - Gas General Equipment	(2,516,027.79)	(2,516,027.79)	-
108213	Accumulated Deprec. - Gas Transportation	(4,077,304.94)	(4,077,304.94)	-
108225	Accumulated Deprec. - Gas ARO Asset Retirement Obligation	(2,180.05)	(2,180.05)	-
	Total Gas	(171,650,081.07)	(171,650,081.07)	-
108304	Accumulated Deprec. - Common Land Rights	(126,420.80)	(126,420.80)	-
108305	Accumulated Deprec. - Common Structures	(23,543,327.97)	(23,543,327.97)	-
108311	Accumulated Deprec. - Common General Equipment	(39,342,107.70)	(39,342,107.70)	-
108312	Accumulated Deprec. - Common Communication	(23,318,136.60)	(23,318,136.60)	-
108313	Accumulated Deprec. - Common Transportation	(356,309.93)	(356,309.93)	-
108325	Accumulated Deprec. - Common ARO Asset Retirement Obligation	(1,253.94)	(1,253.94)	-
	Total Common	(86,687,556.94)	(86,687,556.94)	-
	Total Life Reserves	(1,741,917,021.96)	(1,741,917,021.96)	-

SOURCES:

ORACLE TRIAL BALANCE

POWERPLANT RESERVE QUERY - BY ACCOUNT

POWERPLANT RESERVE

COMPANY	RESERVE	ACCOUNT	AMOUNT
100	ARO	108115	(61,580.94)
100	ARO	108116	(56,019.66)
100	*Settlement	108216	266,306.79
100	ARO	108216	(69,996.17)
100	COR	108114	0.04
100	COR	108115	12,786,260.37
100	COR	108116	103,104,446.28
100	COR	108118	(756,854.86)
100	COR	108119	145,898,626.14
100	COR	108120	(3,866.64)
100	COR	108215	192,923.78
100	COR	108216	2,890,413.67
100	COR	108219	59,011,355.69
100	COR	108220	0.02
100	COR	108315	687,378.24
100	COR	108321	(77,300.91)
			<u>323,812,092.04</u>

COMPANY	RESERVE	ACCOUNT	AMOUNT
100	Life	108105	200,553,324.19
100	Life	108106	987,884,230.73
100	Life	108104	1,839,788.16
100	Life	108107	2,746,807.84
100	Life	108108	5,035,568.81
100	Life	108109	271,242,912.45
100	Life	108111	3,229,035.79
100	Life	108113	11,009,326.39
100	Life	108125	14,904.86
100	Life	108204	925,402.89
100	Life	108205	1,813,463.95
100	Life	108206	39,164,371.98
100	Life	108207	425,814.30
100	Life	108209	122,725,715.17
100	Life	108211	2,516,027.79
100	Life	108213	4,064,821.60
100	Life	108225	2,180.05
100	Life	108304	128,420.80
100	Life	108305	23,543,327.97
100	Life	108311	39,342,107.70
100	Life	108312	23,318,136.60
100	Life	108313	356,309.93
100	Life	108325	1,253.94
			<u>1,741,881,053.99</u>

COMPANY	RESERVE	ACCOUNT	AMOUNT
100	Salvage	108113	23,484.63
100	Salvage	108213	12,483.34
100	Salvage	108415	(470,131.45)
100	Salvage	108416	(27,199,590.88)
100	Salvage	108418	(223,785.58)
100	Salvage	108419	(17,215,687.80)
100	Salvage	108420	(137,333.57)
100	Salvage	108515	63.60
100	Salvage	108516	(479,337.17)
100	Salvage	108519	(3,522,817.84)
100	Salvage	108520	(224,967.47)
100	Salvage	108615	5,038.65
100	Salvage	108621	(247,875.36)
100	Salvage	108622	(35,078.14)
100	ARO	108416	2,660.09
100	ARO	108516	662.20
			<u>(49,712,212.75)</u>

* Per Angela Crescente

PowerPlant PTAXDEV Database

PowerPlant Depreciation Ledger

Start Date: July 2010
End Date: July 2010
Account: Financial
Asset: LGE-131707-ARD Cost Steam (Exp)

Period	Contribution	Depreciation	Reserve Activity	Reserve History
Ending Reserve Balance (Less COB)				\$2,638,791.09
Dot Ending Reserve Balance				\$0.00
Total Ending Reserve Balance				\$2,638,791.09
Accumulated Provision				\$0.00
Accumulated Cost of Removal				\$0.00
Accumulated Salvage				\$0.00
Accumulated Reserve Retirements				(\$13,009.93)
Accumulated Reserve Transfers In				\$2,407.93
Accumulated Reserve Transfers Out				\$0.00
Accumulated Reserve Credits				\$0.00
Accumulated Reserve Adjustments				\$0.00
Accumulated Reserve Net Gain Loss				\$0.00
Accumulated Reserve Impairment				\$0.00
Accumulated Salvage Provision				\$0.00

Total
\$2,746,007.84

PowerPlant PTAXDEV Database

PowerPlant Depreciation Ledger

Account: July 2010
History: July 2010
Account: Financial
LGE-133707-ARD Coal Hydro Prod (Exp)

Period Comparison: July 2010

	July 2010
Ending Reserve Balance (Less COR)	\$18,099.62
Cor Ending Reserve Balance	\$0.00
Total Ending Reserve Balance	\$18,099.62
Accumulated Provision	\$0.00
Accumulated Cost of Removal	\$0.00
Accumulated Salvage	\$0.00
Accumulated Reserve Retirements	\$0.00
Accumulated Reserve Transfers In	\$0.00
Accumulated Reserve Transfers Out	\$0.00
Accumulated Reserve Credits	\$0.00
Accumulated Reserve Adjustments	\$0.00
Accumulated Reserve Not Gain Loss	\$0.00
Accumulated Reserve Impairment	\$0.00
Accumulated Salvage Provision	\$0.00

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PowerPlant DTAXDEV Database

PowerPlant Depreciation Ledger

Start Date: July 2010
End Date: July 2010
Account: Financial
Refresh

Order: LBE-134707-ARO Cost Other Prod (Eq)

Period Comparison	Depreciation Rate
Ending Reserve Balance (Less COR)	\$89,917.13
Cor Ending Reserve Balance	\$0.00
Total Ending Reserve Balance	\$89,917.13
Accumulated Provision	\$0.00
Accumulated Cost of Removal	\$0.00
Accumulated Salvage	\$0.00
Accumulated Reserve Retirements	(\$78,306.72)
Accumulated Reserve Transfers In	\$0.00
Accumulated Reserve Transfers Out	\$0.00
Accumulated Reserve Credits	\$0.00
Accumulated Reserve Adjustments	\$0.00
Accumulated Reserve Net Gain Loss	\$0.00
Accumulated Reserve Impairment	\$0.00
Accumulated Salvage Provision	\$0.00

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PowerPlant DEANDEV Database

PowerPlant Depreciation Ledger

Month: July 2010
Year: July 2010
Account: Financial

Object: LBE-125917-ARO Cost Transm (Eq)

Period	Balance	Debit	Credit	Balance
Ending Reserve Balance (Less COB)				\$0.00
Cor Ending Reserve Balance				\$0.00
Total Ending Reserve Balance				\$0.00
Accumulated Provision				\$0.00
Accumulated Cost of Removal				\$0.00
Accumulated Salvage				\$0.00
Accumulated Reserve Retirements				\$0.00
Accumulated Reserve Transfers In				\$0.00
Accumulated Reserve Transfers Out				(\$2,407.93)
Accumulated Reserve Credits				\$0.00
Accumulated Reserve Adjustments				\$0.00
Accumulated Reserve Net Gain Loss				\$0.00
Accumulated Reserve Impairment				\$0.00
Accumulated Salvage Provision				\$0.00

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LOUISVILLE GAS AND ELECTRIC COMPANY--IFRS
Trial Balance Account Reconciliation
May 31, 2009

Department Name: Property Accounting
Account Name: 108 Accumulated Depreciation

	Source A Oracle Trial Balance	Source B PowerPlant Balance	Difference	
108107	(2,379,367.94)	(2,374,083.37)	(5,284.57)	1
108125	(14,495.53)	(14,495.53)	-	
108207	(1,480,815.90)	(1,480,815.90)	-	
108225	(3,213.01)	(3,213.01)	-	
108325	(1,276.44)	(1,276.44)	-	
	<u>(3,879,168.82)</u>	<u>(3,873,884.25)</u>	<u>(5,284.57)</u>	

1 Investigating a possible report issue with PowerPlant

May 2009	
Ending Reserve Balance (Less COR)	\$2,202,818.04
Cor Ending Reserve Balance	\$0.00
Total Ending Reserve Balance	\$2,202,818.04
Accumulated Provision	\$0.00
Accumulated Cost of Removal	\$0.00
Accumulated Salvage	\$0.00
Accumulated Reserve Retirements	\$0.00
Accumulated Reserve Transfers In	(\$2,643.39)
Accumulated Reserve Transfers Out	\$0.00
Accumulated Reserve Credits	\$0.00
Accumulated Reserve Adjustments	\$0.00
Accumulated Reserve Net Gain Loss	\$0.00
Accumulated Reserve Impairment	\$0.00
Accumulated Salvage Provision	\$0.00

Total
\$2,379,367.94

PowerPlant PTAXDEV Database

PowerPlant Depreciation Ledger

May 2008 May 2009 IFRS Offset LGE-IFRS-133707-ARO Cost Hydro Prod

Period Comparison Depreciation Basis Reserve Activity Reserve History

	May 2008
Ending Reserve Balance (Less COR)	\$15,494.05
Cor Ending Reserve Balance	\$0.00
Total Ending Reserve Balance	\$15,494.05
Accumulated Provision	\$0.00
Accumulated Cost of Removal	\$0.00
Accumulated Salvage	\$0.00
Accumulated Reserve Retirements	\$0.00
Accumulated Reserve Transfers In	\$0.00
Accumulated Reserve Transfers Out	\$0.00
Accumulated Reserve Credits	\$0.00
Accumulated Reserve Adjustments	\$0.00
Accumulated Reserve Net Gain Loss	\$0.00
Accumulated Reserve Impairment	\$0.00
Accumulated Salvage Provision	\$0.00

start [Taskbar icons] 5:21 PM

PowerPlant
PIAXOEV Database

PowerPlant Depreciation Ledger

May 2003
May 2003
IFRS Offset

Select
LGE-IFRS-134707-ARO Cost Other Prod

Period Comparison	Depreciation Item	Reserve Activity	Reserve History
	May 2003		
Ending Reserve Balance (Loss COB)		\$75,771.28	
Cor Ending Reserve Balance		\$0.00	
Total Ending Reserve Balance		\$75,771.28	
Accumulated Provision		\$0.00	
Accumulated Cost of Removal		\$0.00	
Accumulated Salvage		\$0.00	
Accumulated Reserve Retirements		[\$419,836.96]	
Accumulated Reserve Transfers In		\$0.00	
Accumulated Reserve Transfers Out		\$0.00	
Accumulated Reserve Credits		\$0.00	
Accumulated Reserve Adjustments		\$0.00	
Accumulated Reserve Not Gain Loss		\$393,435.40	
Accumulated Reserve Impairment		\$0.00	
Accumulated Salvage Provision		\$0.00	

start | Inbox... | Power... | 5:22 PM

Power Plant PTAXREY Database

Power Plant Depreciation Ledger

May 2009

May 2009

Refresh

LBE-IFRS-132517-ARO Cost Transm (Eq)

Period Comparison	Description	May 2009
Ending Reserve Balance (Loss COR)		\$5,284.57
Cor Ending Reserve Balance		\$0.00
Total Ending Reserve Balance		\$5,284.57
Accumulated Provision		\$0.00
Accumulated Cost of Removal		\$0.00
Accumulated Salvage		\$0.00
Accumulated Reserve Retirements		\$0.00
Accumulated Reserve Transfers In		\$0.00
Accumulated Reserve Transfers Out		\$2,643.39
Accumulated Reserve Credits		\$0.00
Accumulated Reserve Adjustments		\$0.00
Accumulated Reserve Net Gain Loss		\$0.00
Accumulated Reserve Impairment		\$0.00
Accumulated Salvage Provision		\$0.00

Difference between PP report and GL

start

5:23 PM

LOUISVILLE GAS AND ELECTRIC COMPANY--IFRS
Trial Balance Account Reconciliation
April 30, 2009

Department Name: Property Accounting
Account Name: 108 Accumulated Depreciation

	Source A Oracle Trial Balance	Source B PowerPlant Balance	Difference
108107 A/D ELECTRIC ARO ASSET RETIREMENT COST-EQUIPMENT	(2,334,087.73)	(2,334,087.73)	-
108125 A/D ELECTRIC ARO ASSET RETIREMENT COST-LAND/BUILDING	(14,138.71)	(14,138.71)	-
108207 A/D GAS ARO ASSET RETIREMENT COST-EQUIPMENT	(1,469,601.21)	(1,469,601.21)	-
108225 A/D GAS ARO ASSET RETIREMENT COST-LAND/BUILDING	(3,167.76)	(3,167.76)	-
108325 A/D COMMON ARO ASSET RETIREMENT COST-LAND/BUILDING	(1,243.70)	(1,243.70)	-
	<u>(3,822,239.11)</u>	<u>(3,822,239.11)</u>	<u>-</u>

PowerPlant PT4XBEV Database

PowerPlant Depreciation Ledger

Period: April 2009
End Date: April 2009
IFRS Offset

LGE-IFRS-131707-AHO Cost Steam (Eq)

	April 2009
Ending Reserve Balance (Less COB)	\$2,242,233.76
Cor Ending Reserve Balance	\$0.00
Total Ending Reserve Balance	\$2,242,233.76
Accumulated Provision	\$0.00
Accumulated Cost of Removal	\$0.00
Accumulated Salvage	\$0.00
Accumulated Reserve Retirements	\$0.00
Accumulated Reserve Transfers In	\$0.00
Accumulated Reserve Transfers Out	\$0.00
Accumulated Reserve Credits	\$0.00
Accumulated Reserve Adjustments	\$0.00
Accumulated Reserve Net Gain Loss	\$0.00
Accumulated Reserve Impairment	\$0.00
Accumulated Salvage Provision	\$0.00

start | labor... | 2.10... | Power... | PWS... | 5:09 PM

Total \$ 2,334,087.73

PowerPlant Description Ledger

Period: April 2009
Group: LGE-IFRS-133707-ARO Cost Hydro Prod

Account	Balance
Ending Reserve Balance (Less COR)	\$15,145.48
Cor Ending Reserve Balance	\$0.00
Total Ending Reserve Balance	\$15,145.48
Accumulated Provision	\$0.00
Accumulated Cost of Removal	\$0.00
Accumulated Salvage	\$0.00
Accumulated Reserve Retirements	\$0.00
Accumulated Reserve Transfers In	\$0.00
Accumulated Reserve Transfers Out	\$0.00
Accumulated Reserve Credits	\$0.00
Accumulated Reserve Adjustments	\$0.00
Accumulated Reserve Net Gain Loss	\$0.00
Accumulated Reserve Impairment	\$0.00
Accumulated Salvage Provision	\$0.00

start 5:10 PM

PowerPlant PTANCLV Database

PowerPlant Depreciation Ledger

April 2009
April 2009
IFRS Offset

Cancel
View Rates
View Factors

LGE-IFRS-134707-ARD Cost Other Prod

Period Comparison Depreciation Basis Reserve Activity Reserve History

	APR 2009
Ending Reserve Balance (Less COR)	\$74,065.10
Cor Ending Reserve Balance	\$0.00
Total Ending Reserve Balance	\$74,065.10
Accumulated Provision	\$0.00
Accumulated Cost of Removal	\$0.00
Accumulated Salvage	\$0.00
Accumulated Reserve Retirements	(\$419,936.56)
Accumulated Reserve Transfers In	\$0.00
Accumulated Reserve Transfers Out	\$0.00
Accumulated Reserve Credits	\$0.00
Accumulated Reserve Adjustments	\$0.00
Accumulated Reserve Net Gain Loss	\$393,435.40
Accumulated Reserve Impairment	\$0.00
Accumulated Salvage Provision	\$0.00

start [Taskbar icons] 5:14 PM

The screenshot shows the 'PowerPlant Depreciation Ledger' window. At the top, there are fields for 'Month' (April 2009), 'Year' (2009), and 'IFRS Offset' (IFRS Offset). Below these are buttons for 'Print', 'View', 'View History', and 'Factors'. The main area contains a table with the following data:

Item	Value
Ending Reserve Balance (Less COB)	\$2,643.39
Cor Ending Reserve Balance	\$0.00
Total Ending Reserve Balance	\$2,643.39
Accumulated Provision	\$0.00
Accumulated Cost of Removal	\$0.00
Accumulated Salvage	\$0.00
Accumulated Reserve Retirements	\$0.00
Accumulated Reserve Transfers In	\$0.00
Accumulated Reserve Transfers Out	\$0.00
Accumulated Reserve Credits	\$0.00
Accumulated Reserve Adjustments	\$0.00
Accumulated Reserve Net Gain Loss	\$0.00
Accumulated Reserve Impairment	\$0.00
Accumulated Salvage Provision	\$0.00

The bottom of the window shows a Windows taskbar with the 'start' button and system tray icons, including the date and time '5:13 PM'.

LOUISVILLE GAS AND ELECTRIC COMPANY-IFRS
Trial Balance Account Reconciliation
September 30, 2009

Department Name: Property Accounting
Account Name: 108 Accumulated Depreciation

	<u>Source A Oracle Trial Balance</u>	<u>Source B PowerPlant Balance</u>	<u>Difference</u>	
108107 A/D ELECTRIC ARO ASSET RETIREMENT COST-EQUIPMENT	(2,648,283.37)	(2,572,564.55)	(75,718.82)	1
108125 A/D ELECTRIC ARO ASSET RETIREMENT COST-LAND/BUILDING	(16,712.44)	(16,712.44)	-	
108207 A/D GAS ARO ASSET RETIREMENT COST-EQUIPMENT	(1,541,227.70)	(1,541,227.70)	-	
108225 A/D GAS ARO ASSET RETIREMENT COST-LAND/BUILDING	(3,473.48)	(3,473.48)	-	
108325 A/D COMMON ARO ASSET RETIREMENT COST-LAND/BUILDING	(1,481.52)	(1,481.52)	-	
	<u>(4,211,178.51)</u>	<u>(4,135,459.69)</u>	<u>(75,718.82)</u>	

1 Investigating a possible report issue with PowerPlant

Power Plant PTAXDEF Database

Power Plant Depreciation Ledger

Start Date: September 2009
End Date: September 2009
Asset: IFRS Offset
LBE-IFRS-131707-ARD Cost Steam (Eq)
View Factory

September 2009	
Ending Reserve Balance (Less COR)	\$2,469,866.02
Cor Ending Reserve Balance	\$0.00
Total Ending Reserve Balance	\$2,469,866.02
Accumulated Provision	\$0.00
Accumulated Cost of Removal	\$0.00
Accumulated Salvage	\$0.00
Accumulated Reserve Retirements	(\$104,259.52)
Accumulated Reserve Transfers In	(\$2,643.39)
Accumulated Reserve Transfers Out	\$0.00
Accumulated Reserve Credits	\$0.00
Accumulated Reserve Adjustments	\$0.00
Accumulated Reserve Net Gain Loss	\$39,095.93
Accumulated Reserve Impairment	\$0.00
Accumulated Salvage Provision	\$0.00

start [Taskbar icons] 5:30 PM

Total
\$2,577,656.24

PowerPlant PIASPLV Database

PowerPlant Depreciation Ledger

Reserve: Start Date: End Date:
 Asset: IFRS Offset: Refresh:
 Plant Display: View Facility:

Financial Component: Depreciation Basis: Reserve Account: Reserve History:

September 2009	
Ending Reserve Balance (Less COR)	\$16,664.57
Cor Ending Reserve Balance	\$0.00
Total Ending Reserve Balance	\$16,664.57
Accumulated Provision	\$0.00
Accumulated Cost of Removal	\$0.00
Accumulated Salvage	\$0.00
Accumulated Reserve Retirements	\$0.00
Accumulated Reserve Transfers In	\$0.00
Accumulated Reserve Transfers Out	\$0.00
Accumulated Reserve Credits	\$0.00
Accumulated Reserve Adjustments	\$0.00
Accumulated Reserve Net Gain Loss	\$0.00
Accumulated Reserve Impairment	\$0.00
Accumulated Salvage Provision	\$0.00

start [Taskbar icons] 5:31 PM

PowerPlant Database

PowerPlant Depreciation Ledger

September 2009
 September 2009
 IFRS Offset

View History
 View Factors

LGE-IFRS-134707-ARD Cost Other Prod

Item	September 2009
Ending Reserve Balance (Less COR)	\$85,833.96
Cor Ending Reserve Balance	\$0.00
Total Ending Reserve Balance	\$85,833.96
Accumulated Provision	\$0.00
Accumulated Cost of Removal	\$0.00
Accumulated Salvage	\$0.00
Accumulated Reserve Retirements	(\$419,836.56)
Accumulated Reserve Transfers In	\$0.00
Accumulated Reserve Transfers Out	\$0.00
Accumulated Reserve Credits	\$0.00
Accumulated Reserve Adjustments	\$0.00
Accumulated Reserve Net Gain Loss	\$393,435.40
Accumulated Reserve Impairment	\$0.00
Accumulated Salvage Provision	\$0.00

start 5:33 PM

Power Plant Depreciation Ledger

September 2009
September 2009
IFRS Offset
LGE-IFRS-135317-ARD Cost Transf (Eq)

Period Comparison	Depreciation Basis	Reserve Activity	Reserve History
Ending Reserve Balance (Less COR)			\$5,091.69
Cor Ending Reserve Balance			\$0.00
Total Ending Reserve Balance			\$5,091.69
Accumulated Provision			\$0.00
Accumulated Cost of Removal			\$0.00
Accumulated Salvage			\$0.00
Accumulated Reserve Retirements			\$0.00
Accumulated Reserve Transfers In			\$0.00
Accumulated Reserve Transfers Out			\$2,643.39
Accumulated Reserve Credits			\$0.00
Accumulated Reserve Adjustments			\$0.00
Accumulated Reserve Net Gain Loss			\$0.00
Accumulated Reserve Impairment			\$0.00
Accumulated Salvage Provision			\$0.00

start

Crescente, Angela

From: Billiter, Delbert
Sent: Tuesday, September 28, 2010 4:39 PM
To: Crescente, Angela; Millay, David
Cc: Wiseman, Sara; Winkler, Michael; Heun, Jeff
Subject: Re: ARO Coal Piles and Coal Pile Runoff Ponds

Sorry. The second Brown should have been Tyrone.

From: Crescente, Angela
To: Billiter, Delbert; Millay, David
Cc: Wiseman, Sara; Winkler, Michael; Heun, Jeff
Sent: Tue Sep 28 16:36:57 2010
Subject: RE: ARO Coal Piles and Coal Pile Runoff Ponds

Did you mean to list Brown twice?

From: Billiter, Delbert
Sent: Tuesday, September 28, 2010 4:28 PM
To: Crescente, Angela; Millay, David
Cc: Wiseman, Sara; Winkler, Michael; Heun, Jeff
Subject: RE: ARO Coal Piles and Coal Pile Runoff Ponds

For Ghent, Mill Creek, Trimble County and Green River it is the same since the original area included the settle area. You can add the following approximate area for ponds to the previous areas provided:

Brown – 1.25 ac.
Cane Run – 1 ac.
Brown – 0.75 ac.

The original areas did not include the ponds for these plants.

From: Crescente, Angela
Sent: Tuesday, September 28, 2010 2:32 PM
To: Millay, David; Billiter, Delbert
Cc: Wiseman, Sara; Winkler, Michael; Heun, Jeff
Subject: ARO Coal Piles and Coal Pile Runoff Ponds

David and Delbert,

One more thing, would the acreage that we were provided for the coal piles include the coal pile runoff ponds? Would you be able to go ahead and provide me the total original footprint acreage of each coal pile that we have including the coal pile runoff ponds since they tend to be right next to each other? Mike says that the remediation works the same way for both we should probably call them one ARO. For some reason, Brown was the only one that had a coal pile runoff pond listed by itself.

Thanks,
Angela

Crescente, Angela

From: Ogilvie, Jim
Sent: Tuesday, September 28, 2010 8:50 PM
To: Crescente, Angela
Cc: 'Jim Ogilvie'
Subject: BR Aux Ash Pond Transfer Basin JE's

PP

ARO Transition	ABC	\$	30,413.26
	108	\$	(16,710.46)
	230	\$	(13,702.80)

ARO Transition	230	\$	(142,681.24)
	101	\$	142,681.24

Monthly Accretion	230	\$	(574.68)
	411	\$	574.68

Monthly Depreciation	403	\$	321.35
	108	\$	(321.35)

Reg Entries

Transition ARO Liability	ABC	\$	(13,702.80)
	182	\$	13,702.80

Transition ARC Depreciation	ABC	\$	(16,710.46)
	182	\$	16,710.46

Transition ARO Accretion	411	\$	(574.68)
	182	\$	574.68

Crescente, Angela

From: Ogilvie, Jim
Sent: Tuesday, September 28, 2010 8:56 PM
To: Crescente, Angela
Cc: 'Jim Ogilvie'
Subject: RE: BR Aux Ash Pond Transfer Basin JE's

PowerPlant

ARO Transition	ABC	\$	30,413.26
	108	\$	(16,710.46)
	230	\$	(13,702.80)

ARO Transition	230	\$	(142,681.24)
	101	\$	142,681.24

Monthly Accretion	230	\$	(574.68)
	411	\$	574.68

Monthly Depr	403	\$	321.35
	108	\$	(321.35)

Reg Entries

Transition ARO Liability	O	ABC	\$	(13,702.80)
	R	182	\$	13,702.80

Transition ARC Depreciation	O	ABC	\$	(16,710.46)
	R	182	\$	16,710.46

Transition ARO Accretion	O	411	\$	(574.68)
	R	182	\$	574.68

From: Ogilvie, Jim
Sent: Tuesday, September 28, 2010 8:50 PM
To: Crescente, Angela
Cc: 'Jim Ogilvie'
Subject: BR Aux Ash Pond Transfer Basin JE's

PP

ARO Transition	ABC	\$	30,413.26
	108	\$	(16,710.46)
	230	\$	(13,702.80)

Charnas

ARO Transition	230	\$ (142,681.24)
	101	\$ 142,681.24

Monthly Accretion	230	\$ (574.68)
	411	\$ 574.68

Monthly Depreciation	403	\$ 321.35
	108	\$ (321.35)

Reg Entries

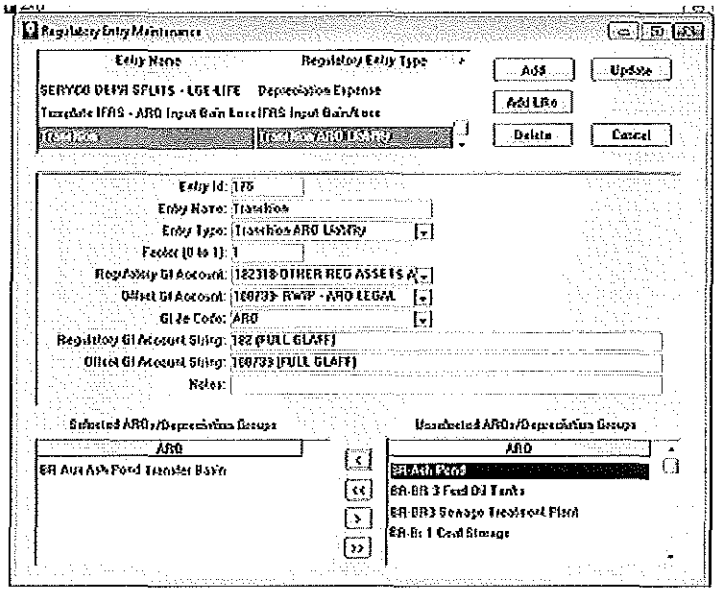
Transition ARO Liability	ABC	\$ (13,702.80)
	182	\$ 13,702.80

Transition ARC Depreciation	ABC	\$ (16,710.46)
	182	\$ 16,710.46

Transition ARO Accretion	411	\$ (574.68)
	182	\$ 574.68

Crescente, Angela

From: Ogilvie, Jim
Sent: Tuesday, September 28, 2010 9:01 PM
To: Crescente, Angela
Cc: 'Jim Ogilvie'
Subject: RE: BR Aux Ash Pond Transfer Basin JE's



From: Ogilvie, Jim
Sent: Tuesday, September 28, 2010 8:56 PM
To: Crescente, Angela
Cc: 'Jim Ogilvie'
Subject: RE: BR Aux Ash Pond Transfer Basin JE's

PowerPlant

ARO Transition	ABC	\$	30,413.26
	108	\$	(16,710.46)
	230	\$	(13,702.80)

ARO Transition	230	\$	(142,681.24)
	101	\$	142,681.24

Monthly Accretion	230	\$	(574.68)
	411	\$	574.68

Monthly Depr	403	\$	321.35
	108	\$	(321.35)

Reg Entries

Transition ARO Liability	O	ABC	\$ (13,702.80)
	R	182	\$ 13,702.80

Transition ARC Depreciation	O	ABC	\$ (16,710.46)
	R	182	\$ 16,710.46

Transition ARO Accretion	O	411	\$ (574.68)
	R	182	\$ 574.68

From: Ogilvie, Jim
Sent: Tuesday, September 28, 2010 8:50 PM
To: Crescente, Angela
Cc: 'Jim Ogilvie'
Subject: BR Aux Ash Pond Transfer Basin JE's

PP

ARO Transition	ABC	\$ 30,413.26
	108	\$ (16,710.46)
	230	\$ (13,702.80)

ARO Transition	230	\$ (142,681.24)
	101	\$ 142,681.24

Monthly Accretion	230	\$ (574.68)
	411	\$ 574.68

Monthly Depreciation	403	\$ 321.35
	108	\$ (321.35)

Reg Entries

Transition ARO Liability	ABC	\$ (13,702.80)
	182	\$ 13,702.80

Transition ARC Depreciation	ABC	\$ (16,710.46)
	182	\$ 16,710.46

Transition ARO Accretion	411	\$ (574.68)
	182	\$ 574.68

Crescente, Angela

From: Ogilvie, Jim
Sent: Tuesday, September 28, 2010 10:44 PM
To: Crescente, Angela; Koch, Ann
Cc: 'Jim Ogilvie'
Subject: RE: BR Aux Ash Pond Transfer Basin JE's

Ann,

Angela may need you to run the attached SQL script if DEV is refreshed again.

Thanks,
- Jim



transition_reg_e...

From: Ogilvie, Jim
Sent: Tuesday, September 28, 2010 9:01 PM
To: Crescente, Angela
Cc: 'Jim Ogilvie'
Subject: RE: BR Aux Ash Pond Transfer Basin JE's

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

From: Ogilvie, Jim
Sent: Tuesday, September 28, 2010 8:56 PM
To: Crescente, Angela
Cc: 'Jim Ogilvie'
Subject: RE: BR Aux Ash Pond Transfer Basin JE's

PowerPlant

ARO Transition	ABC	\$	30,413.26
	108	\$	(16,710.46)
	230	\$	(13,702.80)

ARO Transition	230	\$	(142,681.24)
	101	\$	142,681.24

Monthly Accretion	230	\$	(574.68)
	411	\$	574.68

Monthly Depr	403	\$	321.35
--------------	-----	----	--------

Charnas
(321.35)

108 \$

Reg Entries

Transition ARO Liability	O	ABC	\$	(13,702.80)
	R	182	\$	13,702.80

Transition ARC Depreciation	O	ABC	\$	(16,710.46)
	R	182	\$	16,710.46

Transition ARO Accretion	O	411	\$	(574.68)
	R	182	\$	574.68

From: Ogilvie, Jim**Sent:** Tuesday, September 28, 2010 8:50 PM**To:** Crescente, Angela**Cc:** 'Jim Ogilvie'**Subject:** BR Aux Ash Pond Transfer Basin JE's

PP

ARO Transition	ABC	\$	30,413.26
	108	\$	(16,710.46)
	230	\$	(13,702.80)

ARO Transition	230	\$	(142,681.24)
	101	\$	142,681.24

Monthly Accretion	230	\$	(574.68)
	411	\$	574.68

Monthly Depreciation	403	\$	321.35
	108	\$	(321.35)

Reg Entries

Transition ARO Liability	ABC	\$	(13,702.80)
	182	\$	13,702.80

Transition ARC Depreciation	ABC	\$	(16,710.46)
	182	\$	16,710.46

Transition ARO Accretion	411	\$	(574.68)
	182	\$	574.68

```
transition_reg_entry_types (2).sql
INSERT INTO "REGULATORY_ENTRY_TYPE" ("ENTRY_TYPE_ID", "DESCRIPTION", "TABLE_NAME",
"MONTH_COLUMN", "COLUMN_EXPRESSION", "EXPENSE_ASSET", "ARO_DEPR", "FUTURE_MONTHS",
"NOTES", "TIME_STAMP", "USER_ID") VALUES (11, 'Transition ARO Begin Liability',
'ARO_LIABILITY', 'MONTH_YR', 'BEG_LIABILITY', 'EXPENSE', 'ARO', null, 'Transition
ARO Begin Liability', to_date('2010-09-28 22:40:48', 'yyyy-mm-dd hh24:mi:ss'),
'PWRPLANT') ;
INSERT INTO "REGULATORY_ENTRY_TYPE" ("ENTRY_TYPE_ID", "DESCRIPTION", "TABLE_NAME",
"MONTH_COLUMN", "COLUMN_EXPRESSION", "EXPENSE_ASSET", "ARO_DEPR", "FUTURE_MONTHS",
"NOTES", "TIME_STAMP", "USER_ID") VALUES (12, 'Transition ARO Accretion (curr mo)',
'ARO_LIABILITY', 'MONTH_YR', 'ACCREDITED', 'EXPENSE', 'ARO', null, 'Transition ARO
Accretion (curr mo)', to_date('2010-09-28 22:40:43', 'yyyy-mm-dd hh24:mi:ss'),
'PWRPLANT') ;
INSERT INTO "REGULATORY_ENTRY_TYPE" ("ENTRY_TYPE_ID", "DESCRIPTION", "TABLE_NAME",
"MONTH_COLUMN", "COLUMN_EXPRESSION", "EXPENSE_ASSET", "ARO_DEPR", "FUTURE_MONTHS",
"NOTES", "TIME_STAMP", "USER_ID") VALUES (13, 'Transition ARC Depreciation Expense',
'ARO_DEPR', 'GL_POSTING_MO_YR', 'RESERVE_ADJUSTMENT', 'EXPENSE', 'DEPR', null,
'Transition ARC Depreciation Expense', to_date('2010-09-28 22:40:34', 'yyyy-mm-dd
hh24:mi:ss'), 'PWRPLANT') ;

commit;
```

Crescente, Angela

From: Millay, David
Sent: Wednesday, September 29, 2010 11:12 AM
To: Crescente, Angela
Cc: Wiseman, Sara; Heun, Jeff
Subject: RE: ARO Ashpond Landfill Gypsum

Angela:

I reviewed the list of ponds you gave me and it appears that the inside area of the pond was used. As Jeff H. mentioned, the pond put in service in 2008 at EW Brown is known as the "Auxiliary Pond". There is no pond known as the "Transfer Basin". The inside area of the Auxiliary Pond is about 30 acres.

There has been no major footprint changes to any of the ponds since 2003. After reviewing the list you gave me and at quick glance the "area to use" numbers and comparing to the list I have, there are some differences. Also, there are some smaller environmental ponds that are not on your list.

Would you like me to provide my list?

David Millay

From: Crescente, Angela
Sent: Monday, September 27, 2010 9:04 AM
To: Millay, David
Cc: Wiseman, Sara
Subject: RE: ARO Ashpond Landfill Gypsum

David,

Would you be able to tell me the acreage of the Brown Auxiliary Ash Pond/Transfer Basin that was put into service in July 2008? I'm sorry for the short notice, but if you could let me know by **Wednesday, September 29, 2010**, I would appreciate it.

Thanks so much for your help,
Angela

From: Heun, Jeff
Sent: Saturday, September 25, 2010 2:52 PM
To: Crescente, Angela
Cc: Wiseman, Sara
Subject: Re: ARO Ashpond Landfill Gypsum

The \$120k per acre should be good for all of the ponds in our system. I am not aware of the Brown Auxiliary Ash Transfer Basin as we have an Auxiliary Ash Pond. To double check all of the ponds in our system get with David Millay as he keeps a list of all of their ponds and their sizes.

From: Crescente, Angela
To: Heun, Jeff
Cc: Wiseman, Sara
Sent: Fri Sep 24 15:35:07 2010
Subject: RE: ARO Ashpond Landfill Gypsum

Jeff,

I would assume this \$120 per acre would also qualify for the Brown Auxiliary Ash Transfer Basin that was put into service in July 2008. I was hoping you could tell me how many acres there are for the Transfer Basin. I'm sorry for the short notice, but if you could let me know by **Tuesday, September 28th**, that would be so helpful.

Thanks so much,

Angela

From: Heun, Jeff
Sent: Tuesday, September 14, 2010 12:02 PM
To: Wiseman, Sara
Subject: RE: ARO Ashpond Landfill Gypsum

Sara,

I looked over the Stantec(FMSM) closure cost estimate and updated it based on pricing attained from current ongoing projects as well as escalating the 2002 numbers to 2010 numbers. I came up with an estimate of \$120K per acre to close a pond using Tyrone as the basis, see attached spreadsheet. Also looking over the list of active Ash Pond a new one needs to be added for Brown as the Aux Pond was placed into service in 2008 and is approximately 40 acres in size. I would double check with David Millay to make sure all the CCP storage ponds are accounted for as I believe the Aux Pond was the only one missing.

JBH

<< File: Pond Closure Costs.xlsx >>

From: Wiseman, Sara
Sent: Friday, June 25, 2010 8:26 AM
To: Heun, Jeff
Subject: FW: ARO Ashpond Landfill Gypsum

Hi Jeff: FYI This is information for our meeting on Monday morning. This is how we valued our AROs in 2003.

From: Wiseman, Sara
Sent: Wednesday, June 23, 2010 4:25 PM
To: Cosby, David; Welsh, Elaine; Dowd, Deborah
Cc: Crescente, Angela; Rose, Bruce
Subject: ARO Ashpond Landfill Gypsum

Hi all:

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Sent: Wednesday, June 23, 2010 3:45 PM
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Subject: Ashpond

<< File: Ashpond.pdf >>

Debbie Hilbert, CPS

Senior Secretary

E.ON U.S. LLC

502-627-4676

Crescente, Angela

From: Crescente, Angela
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To: Millay, David; Winkler, Michael
Cc: Wiseman, Sara; Heun, Jeff; Wacker, Diana
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Crescente, Angela

From: Leenerts, Patricia
Sent: Wednesday, September 29, 2010 1:44 PM
To: Crescente, Angela
Cc: Wiseman, Sara
Subject: RE: Gas Retirements

Angela,

I copied Sara since you said she worked on the ASB AROs for the reval. Here's the info I mentioned to you on the Magnolia Station and Field Piping Asbestos ARO. Magnolia 235300 (UGSMAGAROC) is how it is identified on "my" files. This was estimated at \$113,000 of the \$202,000 Magnolia 235300 ARO we put on the books in 2005. Based on the rough estimates that Zach has provided the \$113,000 is now around \$137,114...using the dollars that are on the invoice he references against the ARO task on project 124798. The whole project is task level.

FYI, this project has a completion date of 10/31/2010, Diana said it will come onto my next job log as the last charge date is 09/2009.

Thanks,

Pat
502-627-3811

From: Thomas, Zach
Sent: Wednesday, September 29, 2010 10:41 AM
To: Leenerts, Patricia
Subject: RE: Gas Retirements

Pat,
A rough guess would be about 10% completed for Magnolia Compressor Station Piping Insulation and 4% completed under Magnolia Station and Field Piping.

Thanks,
Zach

From: Leenerts, Patricia
Sent: Wednesday, September 29, 2010 9:59 AM
To: Thomas, Zach
Subject: RE: Gas Retirements

Zach,

Thanks, I have found the Project/Task that you referenced. Is there more of the asbestos to be removed on future "Magnolia Compressor Station Piping Insulation" and "Magnolia Station and Field Piping" projects? If so, please provide an estimate of the percentage that was completed on Project 124798 as compared to the asbestos remaining to be abated under these categories. A very rough guess is sufficient.

Thanks,

Pat
502-627-3811

From: Thomas, Zach
Sent: Wednesday, September 29, 2010 7:50 AM
To: Leenerts, Patricia
Subject: RE: Gas Retirements

Pat,
The only notable asbestos items that I am aware of that were retired were a \$1,697.70 removal job on "Magnolia Compressor Station Piping Insulation" in June 2009 and a \$3,991 removal on the "Magnolia Station and Field Piping" also in June 2009. I think both jobs were charged to Project 124798, I am not 100% sure of the task name, but it included ASBESTOS in the title.

Thanks,
Zach

From: Leenerts, Patricia
Sent: Monday, September 27, 2010 2:22 PM
To: Thomas, Zach
Subject: FW: Gas Retirements

Zach, would you please look over the items for which you would be responsible. I need to know if any of these assets have retired and when, and what project, if possible. Call if you have questions, as I don't know if you were there when this data was gathered in 2005.

hanks,

Pat
502-627-3811

From: Rieth, Tom
Sent: Monday, September 27, 2010 10:44 AM
To: Leenerts, Patricia
Subject: Gas Retirements

<< File: Book2 (5).xls >>

Pat,

I have marked (3) items for Muldraugh that were retired last year under project 124802.

To my knowledge there were no other significant retirements that would change the Muldraugh estimate.

Thanks,

Crescente, Angela

From: Winkler, Michael
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Not sure. I'd have to see it. Best thing is just talk it out with him.

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Subject: FW: Tank Lists
Attachments: EWB Inventory Update 2-15-10.docx; GHT Inventory Update 2-19-2010.docx; GR Inventory Update 2-22-10.docx; TYR Inventory Update 2-22-10.docx; CR Inventory Update 2-19-2010.docx; MC Inventory Update 7-31-2010.docx; TC Inventory Update 4-21-2010.docx

Mike: The attached list of material and tanks for GREEN RIVER only shows Unit 4 GSU, however we are showing ARO's on Unit 1&2, Unit 3, and SPARE GSU. Do you know if the other GSU's on the other units still exist? For instance, the Cane Run listing shows the GSU's for Units 1&2 even though those units are retired.

Thanks
Diana

From: Wiseman, Sara
Sent: Friday, September 24, 2010 1:38 PM
To: Wacker, Diana
Subject: FW: Tank Lists

From: Winkler, Michael
Sent: Thursday, August 26, 2010 10:17 AM
To: Wiseman, Sara
Subject: Tank Lists

I will have to send you the actual SPCC plan for some of the smaller facilities because I don't have their inventories stored in a separate spreadsheet or word document. They will follow in a couple minutes.

Michael

APPENDIX D

Material Inventory

&

Tank Listing

(rev. 2-15-2010)

Organized by:

1. Oil/Petroleum Products
 - 1.a. Oil Storage Tanks (T) and Drum / Portable Containers Storage Areas (PA)
 - 1.b. Oil-Filled Equipment Reservoirs/Oil-in-Use Containers (R)
 - 1.c. Electrical Equipment (E) – (Mineral Oil-Filled)
2. Toxic, Hazardous or Bulk Materials/Chemicals Storage (C)
 - Chemicals – Water Treatment (*Boiler-Demineralizer-Service-Circulating*)
 - Chemicals – Other

PLANT AREAS:

- Combustion Turbines-Substation Area
- Steam Plant Area (Inside & Outside)
- FGD - Limestone Preparation Areas
- Coalyard – Tractor Garage Areas
- Ash Treatment Basin Area
- Gypsum De-Watering Building Area
- Dix Dam- Substation & Dispatch-West Cliff Substation Area
- Brown North Substation Area
- Brown Plant-South Substation Area (Adjacent Steam Plant)

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1.a Oil Storage Tanks (T) and Portable Containers Storage Areas (PA)

In the unlikely event of a release, the contents of a tank may discharge at a rate between gradual & instantaneous depending on conditions at the time and the event which precipitated the release. Since all bulk storage includes containment berms, releases, regardless of volume/rate, shouldn't reach navigable water.

#	Material	Maximum gallons	Description-Containment
Combustion Turbines Area			
T-1	#2 Fuel Oil	1,100,000	<i>CT Fuel Tanks</i> Outside, steel Aboveground Storage Tanks (ASTs), South Combustion Turbine (CT) Area, asphalt-paved under tanks, impermeable synthetic liner over rock berm
T-2	"	1,100,000	
T-3	Diesel Fuel	391	<i>Emergency Generators (3)</i> , Outside, steel Double-Wall ASTs, CT Site-eastside, external housing & integral metal pan liners
T-4	"	391	
T-5	"	391	
T-6	Diesel Fuel	300	<i>Emergency Diesel Fire Pump</i> , Inside, steel AST, CT Site-SW, concrete-bermed floor
T-7	Drip Gas – Nat. Gas Distillates	2,000	<i>Natural Gas Fuel Line Condensate Drain-points</i> Outside, steel double-wall AST, insulated
PA-1		110	Outside weather enclosure, steel drums, integral spill pallet, (north-central CT area)
PA-2		110	Same (north-mid-central CT area)
PA-3	Used Oil	220	Outside, steel drums, Oil-Water separator OWS-2 top curbing area
PA-4	Lube Oil – Mixed Grades	165	Inside, steel drums, CT Maintenance Shop, Floor Drains to O-W Separator OWS-2
PA-5	Lube Oil	1,100	Inside, steel drums, Ammonia Compressor Building, drains to CT-3 oil-water separator (001)
Steam Plant Area			
T-8	#2 Fuel Oil	525,000	<i>Fuel Oil Storage & Unit 3 Light-off Tank</i> Outside, steel AST, West of Unit 3, concrete-lined earthen berm
T-9	#2 Fuel Oil	15,000	<i>Unit 1-2 Light-off Tank</i> Outside, Steel AST, Adjacent-East of Unit 1 Cooling Tower, Concrete Berm
PA-6	Kerosene	55		Outside, elevated drum, by Unit 1 Cooling Tower (in Fuel Oil Tank concrete berm)
T-10	Diesel Fuel	275	<i>Unit 3 Emergency Generator</i> Outside, Steel AST, Unit 3 West-side, metal containment pan

1.a Oil Storage Tanks (T) and Portable Containers Storage Areas (PA) – cont'd

#	Material	Maximum gallons	Description-Containment
Steam Plant Area - cont'd			
T-11 T-12	Turbine Oil	3,600 3,600	<i>Units 1-2 Clean-Dirty Turbine Oil Storage Tanks</i> <i>Clean Oil Tank - Inside, Steel AST, curbed room, valved to plant sumps, ground floor Oil Storage Room, Units 1&2</i> <i>Dirty Oil Tank - Inside, Steel AST, curbed room, valved to plant sumps, ground floor Oil Storage Room, Units 1&2</i>
PA-7	Lube Oil – Mixed Grades	550 (drums)	<i>Maintenance Area at Unit 1-2 Clean/Dirty Oil Tanks,</i> Inside, steel drums, drum spill pallets and diversion/drainage curbing , concrete floor drains to OWS
T-13 T-14	Turbine Oil	9,000 9,000	<i>Unit 3 Clean-Dirty Turbine Oil Storage Tanks</i> <i>Clean Oil Tank - Inside, Steel AST, curbed room, valved to plant sumps, ground floor Oil Storage Room, Unit 3</i> <i>Dirty Oil Tank - Inside, Steel AST, curbed room, valved to plant sumps, ground floor Oil Storage Room, Unit 3</i>
PA-8	Lube Oil – Mixed Grades	220 (drums)	<i>Adjacent door to Unit 3 Clean/Dirty Turbine Oil Tanks - Inside, steel drums, drum/dispenser pallets, concrete floor drains to OWS</i>
PA-9	Lube Oil – Mixed Grades Turbine/GST 68 Machine / Gear Hydraulic Oil	1,100 (drums)	<i>Maintenance Area – Oil Storage Room</i> Inside, steel drums, curbed areas and drum pallets, concrete floor drains to OWS
PA-10 PA-11	Gear Oil	(drum strg) 55 55	<i>Unit 3 Cooling Towers</i> East Tower – outside, steel drum, weather-proof containment pallet West Tower - same
FGD - Limestone Preparation Areas			
PA-12	Lube Oil – Mixed Grades	165 (drums)	<i>FGD Building</i> Inside, steel drums, drum spill pallets, concrete floor drains to FGD
PA-13	Lube Oil – Mixed Grades	165 (drums)	<i>Limestone Slurry Preparation Building</i> Inside, steel drums, drum spill pallets, concrete floor drains to LST
T-15 T-16 T-17 T-18	Diesel Fuel	440 440 550 550	<i>Emergency Fire Pumps & FGD Quench Water Building</i> Inside, steel Skid-Mounted ASTs, each in metal containment pan/berms
T-19 T-20 T-21 T-22 T-23 T-24	Diesel Off-road Diesel Gasoline Kerosene Diesel Diesel	1,500 500 500 250 250 250	FGD-SCR Construction Contractors Tanks Outside, steel, skid-mounted AST, metal containment + concrete same same same Outside, steel skid-mounted ASTs, metal containment pan Outside, steel skid-mounted ASTs, metal containment pan

1.a Oil Storage Tanks (T) and Portable Containers Storage Areas (PA) – cont'd

#	Material	Maximum gallons	Description-Containment
Coalyard - Tractor Garage Areas			
T-25	Diesel Fuel	1,650	Outside, steel AST, Coal Yard, concrete berm, valved drain
T-26	Unleaded Gasoline	1,000	Outside, steel AST, Concrete Berm, valved drains, vehicle refueling area sloped to drain to OWS
T-27	Kerosene	500	Outside, steel Skid-Mounted AST, concrete berm (with 1000 gal gasoline tank), valved drains, vehicle refueling area drains to OWS
T-28 T-29 T-30	Engine Oil 30W 50W SAE Oil Hydraulic Oil	650 650 650	<i>Tractor Garage Building Rear Area</i> Outside, steel AST, beside Tractor Garage, concrete berm, valved drain, bldg dispenser supply lines sleeved & drain back into berm <i>same</i> <i>same</i>
PA-14	Gear Compound	220	<i>Tractor Garage Building</i> Inside, steel drums, containment pan & concrete floor
Main Ash Treatment Basin - Contractors Tanks Area			
T-31	Diesel	2,500	Outside, steel AST, plastic-lined rock berm
T-32	Used Oil	500	Outside, steel AST, plastic-lined rock berm
Dix Dam & Dispatch Area			
T-33 T-34	Lube Oil- ISO 68	110 110	<i>Dix Dam Hydroelectric Building</i> Inside, Steel AST, mid-floor Oil Room, concrete floor w/ door threshold stops
PA-15	Lube Oil – Mixed Grades	330 (drums)	Inside, steel drums, drum spill pallets, concrete floor drains to building sump
T-35	Diesel Fuel	1,000	<i>Dix Dispatch Building Emergency Generator</i> Outside, steel AST, adj. parking lot, concrete berm, valved drain

1.b Equipment Reservoirs/Oil-in-Use Containers (R)

In the unlikely event of a release, the contents of a tank may discharge at a rate between gradual & instantaneous depending on conditions at the time and the event which precipitated the release. Since all bulk storage includes containment berms, releases, regardless of volume/rate, shouldn't reach navigable water.

#	Material	Maximum gallons	Location/Comments
Combustion Turbines Area			
R-5	Turbine Oil	4,000	Inside, steel chassis, drains to oil/water separator, Unit 5 oil reservoir
R-6	"	6,500	Inside, steel chassis, drains to oil/water separator, Unit 6 oil reservoir
R-7	"	6,500	Inside, steel chassis, drains to oil/water separator, Unit 7 oil reservoir
R-8	"	4,000	Inside, steel chassis, drains to oil/water separator, Unit 8 oil reservoir
R-9	"	4,000	Inside, steel chassis, drains to oil/water separator, Unit 9 oil reservoir
R-10	"	4,000	Inside, steel chassis, drains to oil/water separator, Unit 10 oil reservoir
R-11	"	4,000	Inside, steel chassis, drains to oil/water separator, Unit 11 oil reservoir
Steam Plant Area			
R-1	Turbine Oil	3,000	Inside, steel chassis, drains to plant sumps, Unit 1 oil reservoir
R-2	"	3,000	Inside, steel chassis, drains to plant sumps, Unit 2 oil reservoir
R-3	"	6,500	Inside, steel chassis, drains to plant sumps, Unit 3 oil reservoir
R-4	"	2,000	Inside, steel chassis, drains to plant sumps, Unit 3 Boiler Feed pump oil
R-12	Turbine Oil	55	Inside, steel tank, drains to plant sumps, Unit 1 H ₂ seal-oil reservoir
R-13		75	Inside, steel tank, drains to plant sumps, Unit 2 H ₂ seal-oil reservoir
R-14		150	Inside, steel tank, drains to plant sumps, Unit 3 H ₂ seal-oil reservoir
R-15	Turbine Oil	75	<i>Unit ID Fan Lube Oil Reservoirs</i> U1 hydraulic coupling– outside, U1 roof, steel tank, drains to OWS-12s
R-16		75	same
R-17		55	Unit 2 – outside, U2 northside unit bldg, steel tank, drains to OWS-12s
R-18		55	same
R-19		200	Unit 3 – outside, under U3 ESP, steel tank, drains to OWS-3s
R-20		200	same
R-21	Lube/Gear Oil	110	<i>Unit 2 Coal Mill Gearboxes</i> Inside, Unit 2, concrete floor drains to OWS (4 @ 110 gal)
R-22		110	
R-23		110	
R-24		110	
R-25	Lube/Gear Oil	220	<i>Unit 3 Coal Mill Gearboxes</i> Inside, Unit 3, concrete floor drains to OWS (5 @ 220 gal)
R-26		220	
R-27		220	
R-28		220	
R-29		220	

1.b Equipment Reservoirs/Oil-in-Use Containers (R) – cont'd

#	Material	Maximum gallons	Description-Containment
Steam Plant Area – cont'd			
R-30	ElectroHydraulic Oil	165	Unit 2 Main Steam Turbine Inside, Unit 2, concrete floor drains to OWS
R-31 R-32	ElectroHydraulic Oil	138 55	Unit 3 Main Steam Turbine Unit 3 Boiler Feedpump Inside, Unit 3, concrete floor drains to OWS
FGD – Limestone Preparation Areas			
R-33	Turbine Oil	110	<i>FGD Building</i> Forced Oxidation Blowers Coolers – inside/outside, steel chassis, concrete bermed area, valved drain
R-34	Hydraulic Oil	165	Hydraulic Unit for Recirc. Pumps Valves – inside, steel tank, concrete bermed containment
R-35 R-36	Lube Oil	165 165	<i>Limestone Slurry Preparation Building</i> Mill Lube Oil System - inside, steel tank, concrete floor drains to sump same
Dix Dam & Dispatch Area			
R-37 R-38 R-39	Governor Oil	200 200 200	<i>Governor Control System</i> Pressure Supply A Reservoir, inside, steel AST, concrete floor, area drains to building sump Pressure Supply B Reservoir – same Oil Return Reservoir – same

1.c Electrical Equipment – Di-Electric Mineral Oil

In the unlikely event of a release, the contents of a tank may discharge at a rate between gradual & instantaneous depending on conditions at the time and the event which precipitated the release. Since all bulk storage includes containment berms, releases, regardless of volume/rate, shouldn't reach navigable water.

#	Maximum gallons	Identification & Comments
Combustion Turbines Area & Substation		
E-1	8,733	Transformer, GSU CT-5, east-side, concrete berm w/ overflow to O/W separator
E-2	11,716	Transformer, GSU CT-6, " " " " " " " " " " " "
E-3	11,716	Transformer, GSU CT-7, " " " " " " " " " " " "
E-4	8,733	Transformer, GSU CT-8, " " " " " " " " " " " "
E-5	8,733	Transformer, GSU CT-9, " " " " " " " " " " " "
E-6	8,733	Transformer, GSU CT-10, " " " " " " " " " " " "
E-7	8,733	Transformer, GSU CT-11, " " " " " " " " " " " "
E-8	2243	Transformer, SSD CT-6, " " " " " " " " " " " "
E-9	2243	Transformer, SSD CT-7, " " " " " " " " " " " "
E-10	888	Transformer, SSD CT-8/9, " " " " " " " " " " " "
E-11	888	Transformer, SSD CT-10/11, " " " " " " " " " " " "
E-12	3,010	Transformer, Auxiliary A, " " " " " " " " " " " "
E-13	3,010	Transformer, Auxiliary B, " " " " " " " " " " " "
E-14	504	Transformer, AST Fuel Oil Pumps Power, south-site, gravel impounded
E-15	2,070	Circuit Breaker A, Fenced CT Switchyard, bermed & graveled, valved area drain
E-16	2,070	CB-B, same
E-17	2,070	CB-C, same
E-18	2,070	CB-D, same
E-19	2,070	CB-E, same
E-20	2,070	CB-F, same
E-21	2,070	CB-G, same
E-22	2,070	CB-H, same
E-23	2,070	CB-I, same
E-24	2,070	CB-J, same
Steam Plant Area		
E-25	5,545	Transformer, U1 Main, South U1, gravel bermed & drains to O/W separator
E-26	2,464	Transformer, U1 Auxiliary, North U1, " " " " " " " " " " " "
E-27	4,425	Transformer, U1-2 Res. Auxiliary, South U1, " " " " " " " " " " " "
E-28	1500	Transformer, U1 Auxiliary, South U1
E-29	11,585	Transformer, U2 Main, South U2, " " " " " " " " " " " "
E-30	2,750	Transformer, U2 Auxiliary, North U2, " " " " " " " " " " " "
E-31	13,200	Transformer, U3 Main, North U3, " " " " " " " " " " " "
E-32	4,280	Transformer, U3A Auxiliary, North U3, " " " " " " " " " " " "
E-33	3,414	Transformer, U3B Auxiliary, North U3, " " " " " " " " " " " "
E-34	2,810	Transformer, U3 Res. Auxiliary, North U3, " " " " " " " " " " " "
E-35	2,005	Transformer, U3 Res. Aux (old), North U3, " " " " " " " " " " " "
E-36	591	Transformer, Railcar-Thaw West, drains to O/W separator
E-37	591	Transformer, Railcar-Thaw East, drains to O/W separator
E-38	346	Transformer, 1A Cooling Tower, North U1, gravel bermed
E-39		Reserved
E-40	346	Transformer, 1B Cooling Tower, North U1, gravel bermed
E-41	241	Transformer, 2 Cooling Tower, gravel bermed
E-42	128	Transformer, 2A Precipitator, " "
E-43	128	Transformer, 2B Precipitator, " "
E-44	135	Transformer, 2A Lighting Transformer, " "
E-45	160	Transformer, 1B Lighting Transformer, " "
E-46	160	Transformer, 1A Lighting Transformer, " "
E-47	158	Transformer, CT Demineralizer Equipment, gravel bermed
E-48	350	Transformer, 3-1 CT Demineralizer Equipment, gravel bermed
E-49	350	Transformer, 3-2 CT Demineralizer Equipment, gravel bermed
E-50	350	Transformer, Main Warehouse, concrete bermed, valved drain

1.c Electrical Equipment – Di-Electric Mineral Oil – cont'd

#	Maximum gallons	Identification & Comments
FGD – Limestone Preparation Areas		
E-51	1,500	FGD Building Equipment Transformer, concrete berm, valved drain to OWS
E-52	1,500	same
E-53	1,500	Limestone Slurry Preparation Bldg Eqpt Transformer, concrete berm, valved drain to OWS
E-54	1,500	Same
Coalyard - Tractor Shed		
E-55	8,509	Spare Transformer, barricaded, drains to coal pile runoff pond
E-56	310	Spare Transformer, barricaded, drains to coal pile runoff pond
Main Ash Treatment Basin – Wet Well Sump Pumps Transformers		
E-57	100	Transformer, graveled area runoff sloped inward into pond, North Dike location
E-58	100	same - East Dike location
E-59	100	same - East Dike/Auxiliary Pond Common Area
Gypsum Dewatering Building Area		
E-60	500	Gypsum Dewatering Building Equipment Transformer, concrete berm, valved drain
Dix Dam Substation		
E-61	1,872	Transformer, T40 Fenced, earthen-berm, graveled substation, valved drain
E-62	1,872	Transformer, T41 " " " " " " " "
E-63	1,872	Transformer, T42 " " " " " " " "
E-64	440	Circuit Breaker, Line 636 " " " " " " " "
E-65	440	
E-66	440	
E-67	440	Circuit Breaker, Line 626 " " " " " " " "
E-68	440	
E-69	440	
E-70	440	Circuit Breaker, Line 616 " " " " " " " "
E-71	440	
E-72	440	
E-73	440	Circuit Breaker, Line 624 " " " " " " " "
E-74	440	
E-75	440	
E-76	440	Circuit Breaker, Line 604 " " " " " " " "
E-77	440	
E-78	440	
E-79	440	Circuit Breaker, spare Line 616 Fenced, earthen-berm, graveled substation, valved drain
E-80	440	
E-81	440	
E-82	440	Circuit Breaker, spare Line 336 Fenced, earthen-berm, graveled substation, valved drain
E-83	440	
E-84	440	
Dispatch Area - West Cliff Substation		
E-85	10,404	Transformer, T477, Fenced, earthen-berm, graveled substation, valved drain
E-86	6,800	Transformer, T970, " " " " " " " "
E-87	5,955	Transformer, T972, " " " " " " " "
E-88	2275	Transformer, T07, " " " " " " " "
E-89	295	Transformer, Line 324 OCB, " " " " " " " "
E-90	295	Transformer, Line 324 OCB, " " " " " " " "
E-91	295	Transformer, Line 324 OCB, " " " " " " " "
E-92	180	Voltage Regulator, " " " " " " " "
E-93	1,320	Circuit Breaker, Line 604, " " " " " " " "
E-94	1,320	
E-95	1,320	
E-96	1,320	Circuit Breaker, Line 618, " " " " " " " "
E-97	1,320	
E-98	1,320	
E-99	1,275	Circuit Breaker, Spare " " " " " " " "
E-100	1,275	
E-101	1,275	

1.c Electrical Equipment – Di-Electric Mineral Oil – *cont'd*

Dispatch Area - West Cliff Substation -- cont'd		
E-102	220	Circuit Breaker, Line 324 " " " " " " " "
E-103	220	
E-104	220	
E-105	180	Circuit Breaker, Line 110 " " " " " " " "
E-106	180	
E-107	180	
Brown North Substation		
E-108	14,000	Transformer, T474, Fenced, graveled substation, drains to O/W separator
E-109	2,070	Circuit Breaker, Line 784, " " " " " " " "
E-110	2,070	
E-111	2,070	
E-112	2,070	Circuit Breaker, Line 736, " " " " " " " "
E-113	2,070	
E-114	2,070	
E-115	2,070	Circuit Breaker, Line 734, " " " " " " " "
E-116	2,070	
E-117	2,070	
E-118	2,070	Circuit Breaker, Line 704, " " " " " " " "
E-119	2,070	
E-120	2,070	
E-121	2,070	Circuit Breaker, Line 754, (old-spare), " " " " " "
E-122	2,070	Circuit Breaker, Line 744, (old-spare), " " " " " "
E-123	2,070	Circuit Breaker, Line 764, (old-spare), " " " " " "
E-124	2,070	Circuit Breaker, Line 734, (old-spare), " " " " " "
E-125	70	Potential Transformer
E-126	195	Transformer
E-127	195	Transformer
E-128	195	Transformer
E-129	195	Transformer
E-130	195	Transformer
E-131	195	Transformer
E-132	195	Transformer
E-133	195	Transformer
E-134	195	Transformer
E-135	60	Transformer
E-136	60	Transformer
E-137	60	Transformer
E-138	70	Potential Transformer
Brown South Substation (adjacent Steam Plant)		
E-139	690	Circuit Breaker, Line 726, " "
E-140	690	same
E-141	690	same
E-142	690	Circuit Breaker, Line 716, " "
E-143	690	same
E-144	690	same

2. Chemicals - Toxic, Hazardous, or Bulk Materials

In the unlikely event of a release, the contents of a tank may discharge at a rate between gradual & instantaneous depending on conditions at the time and the event which precipitated the release. Since all bulk storage includes containment berms, releases, regardless of volume/rate, shouldn't reach navigable water.

#	Material	Maximum gallons	Location/Comments
2.a Chemicals – Water Treatment (Boiler-Demineralizer-Service-Circulating)			
C-1	Aluminum Sulfate (alum)	200, 50-lb bags	Inside, palleted bags, water treatment building 3rd floor, concrete floor drains to oil/water separator
C-2	Ammonium Hydroxide	55 gal	Inside, Steel drums, basement @ Unit 3 chemical feed pumps, concrete floor drains to oil/water separator
C-3 C-4	Bromo-Chloro-Hydantoin (Spectrus Ox 1200) Biocide	1000 lbs (250 gal) 1000 lbs (250 gal)	Inside, fibreglas tank, basement adj. Unit 1-2 condensers, 1000# solids + water, concrete floor drains to oil/water separator
C-5	Calcium Oxide (bag-lime)	45 x 50#	Inside, palleted bags, water treatment building 3rd floor, concrete floor drains to oil/water separator
C-6 C-7 C-8	Hydrazine - 35%	150 gal 150 gal 150 gal	Inside, Steel tote, basement @ Unit 1-3 chemical feed pumps, concrete floor drains to oil/water separator
C-9	Hypersperse MDC700	350	Inside. Poly tank in steel frame, RO unit, containment area drains to oil/water separator
C-10	Molybdate (Corrshield)	110	Inside, Drums, Unit 3 basement, concrete floors drain to oil/water separator
C-11	Phosphate – DiSodium (DSP-solid)	3 x 50#	Inside, palleted bags, water treatment building 3rd floor, concrete floor drains to oil/water separator
C-12	Phosphate – TriSodium (TSP-solid)	4 x 50#	Same as DSP (except 50# kegs)
C-13 C-14 C-15	Phosphonic Acid – HEDP (Depositrol 5400)	1000 1000 2000	Outside, poly AST, adj cooling tower, berm w/ valve drain to runoff same Inside, poly AST, Unit 3 basement, concrete floor drains to OWS
C-16	Sodium Bisulfite	300	Inside, Poly tank in metal frame, GT Demin Building, concrete floors to oil/water separator
C-17	Sodium Hydroxide (caustic soda)	10,000	Outside, steel AST, heat traced, adjacent Unit 1 west side, concrete berm with valved drain to oil/water separator
C-18 C-19 C-20 C-21	Sodium Hypochlorite	2,000 150 500 110	Outside, Plastic AST, Adj. Unit 3 Cooling Tower, concrete berm Outside, Plastic AST in containment, Adj. Recreation Area Pool Inside, Plastic AST, GT Demin.Bldg, concrete floor - OWS Inside, plastic drums, Water Treatment Bldg, concrete floor –OWS
C-22	Sodium Nitrite	110	Inside, steel drums, Unit 1-2 Basement Area, concrete floor drains to O/W separator
C-23 C-24	Sulfuric Acid	10,000 450	Outside, Steel AST, Adjacent Unit 1, concrete bermed Outside, poly AST, adj. GT Demin Bldg, gravel berm

2. Chemicals - Toxic, Hazardous, or Bulk Materials – cont'd

2.b Chemicals – Other			
C-25	Anhydrous Ammonia	32,000 lbs	Outside Piping & Inside Compressors of Thermal Storage System (Ice Plant), East/adjacent Combustion Turbine Site
C-26 C-27 C-28 C-29 C-30 C-31 C-32	Carbon Dioxide (compressed)	40 tons	<i>CT Site-Units Fire Protection</i> Unit 5 (4 tons) + Units 6-11 (6 tons/each), Outside, steel ASTs
C-33	DusTreat DC6109	450 gal	Outside, poly tank in steel frame, heat-blanketed, adj. crusher building, parking lot containment
C-34	DusTreat DC9136 (latex)	990 gal	Inside, steel drums, 3 rd FI Water Treatment Building, drains to plant sumps -OWS
C-35 C-36 C-37	Ethylene Glycol	3000 gal 17,500 gal 220 gal	Inside, Unit 3 Basement Bldg Heat System Inside Reservoir, Outside Heat Exchanger, GT Lubrication Oil System Oil-to-Glycol Cooling Loop, Units 5-11 (2500 gal/ea) Outside, Drums, Belt De-Icing, Coal Yard & Tractor Garage
C-38	Fly Ash (Silica)	1000 tons	Outside Silo, Adjacent to Unit 3 ESP (typically empty)
C-39	Sulfur (molten)	30 tons	Outside, Steel AST, Traced & Insulated, Adjacent Unit 1

APPENDIX D

Material Inventory

&

Tank Listing

(Ghent Plant - rev. 2-19-2010)

Organized by:

1. Oil/Petroleum Products
 - 1.a. Oil Storage Tanks (T) and Drum / Portable Containers Storage Areas (PA)
 - 1.b. Oil-Filled Equipment Reservoirs/Oil-in-Use Containers (R)
 - 1.c. Electrical Equipment (E) – Mineral Oil-Filled
2. Toxic, Hazardous or Bulk Materials/Chemicals Storage (C)
 - Chemicals – Water Treatment (*Boiler-Demineralizer-Service-Circulating*)
 - Chemicals – Other

PLANT AREAS:

- Fuels Storage Areas
- Emergency Generators-Firepump
- Units 1-2 Steam Plant and FGDs
- Units 3-4 Steam Plant and FGDs
- Limestone Preparation
- Coalyard – Tractor Garage Areas
- Outside Water Treatment Buildings
- Outside Drum Storage Areas
- Contractors Tanks
- Units 1-4 Plant Electrical Equipment Areas
- Substation Area

Material Inventory & Tank Listing:

1. Oil/Petroleum Products
 - 1.a. Oil Storage Tanks (T) and Drum / Portable Containers Storage Areas (PA)
 - 1.b. Oil-Filled Equipment Reservoirs/Oil-in-Use Containers (R)
 - 1.c. Electrical Equipment (E) – Mineral Oil-Filled
2. Toxic, Hazardous or Bulk Materials/Chemicals Storage (C)

1.a Oil Storage Tanks (T) and Portable Containers Storage Areas (PA)

Note that, in the unlikely event of a release, the contents of each tank may discharge at a rate between gradual and instantaneous depending on conditions at the time of the release and the event(s) which precipitated the release. Since all bulk storage includes containment berms or drain to oil-water separators, releases, regardless of volume or rate, should not reach any navigable water.

#	Material	Maximum gallons	Location/Comments
Fuel Storage Areas			
T-1	#2 Fuel Oil	525,000	<i>Main Fuel Oil Storage Tank</i> Outside, steel Aboveground Storage Tank (AST), east of Unit 1, concrete bermed (& retaining wall), valved area drain to oil/water (O/W) separator
T-2	#2 Fuel Oil	100,000	<i>Units 1-2 Fuel Oil Tank</i> Outside, steel AST, east of Unit 1, earthen berm, valved area drain to O/W separator
T-3	#2 Fuel Oil	20,000	<i>Units 3-4 Fuel Oil Tank</i> Outside, steel AST, east Unit 3 ESP & west of Unit 1 FGD, concrete bermed, valved area drain to O/W separator
T-4	Diesel Fuel	10,000	<i>Coalyard Mobile Equipment Fuel Tank</i> Outside, steel double-wall AST drains to coal yard and coal pile runoff basin
T-5	Kerosene	500	Outside, portable, steel double-wall AST, north of Warehouse #4, adjacent the 10,000 ton coal silo base entry door.
T-6 T-7	Unleaded Gasoline Diesel Fuel	1,000 1,000	<i>Mobile Equipment Refueling Station</i> Outside, steel double-wall ASTs, east of warehouse #3, concrete retaining wall on three sides, vehicle area depressed & sloped to drain to O/W separator
Emergency Generators-Firepump			
T-8 T-9 T-10	Diesel Fuel	500 500 500	<i>Units 1 & 2 Emergency Generators & Fire Pump Fuel Tanks</i> Inside, steel double-wall ASTs, ID+FD Fans areas drains to O/W separator, same Outside, steel tank, concrete berm to OWS on Unit 1 Cooling Tower basin
T-11 T-12	Diesel Fuel	150 150	<i>Unit 3 & 4 Emergency Generators Fuel Tanks</i> Inside, steel double-wall ASTs, areas drain to O/W separator NW corner Unit 3 basement & SW corner of Unit 4 basement

1.a Oil Storage Tanks (T) and Portable Containers Storage Areas (PA) – cont'd

Note that, in the unlikely event of a release, the contents of each tank may discharge at a rate between gradual and instantaneous depending on conditions at the time of the release and the event(s) which precipitated the release. Since all bulk storage includes containment berms, releases, regardless of volume or rate, should not reach any navigable water.

#	Material	Maximum Gallons	Location/Comments
Units 1&2 Steam Plant and FGDs - Storage			
T-13	Turbine Oil (Chevron GST-32)	15,000	Inside, Unit 1&2 main bldg., steel AST, bermed room, Clean Oil tank, ground floor Turbine Oil Storage Room
T-14	"	15,000	Inside, Unit 1&2 main bldg., steel AST, bermed room, Dirty Oil Tank, ground floor Turbine Oil Storage Room
PA-1	"	330 (6 drums)	Inside, Unit 1&2 main bldg., steel drums, bermed room, Clean Oil make-up, ground floor Turbine Oil Storage Room
PA-2	Turbine Oil (mixed grades)	165 (3 drums)	Inside, Unit 1&2 main bldg., steel drums, drains to oil/water separator, misc. maintenance, ground floor Oil Storage Room
	Gear Compound (mixed grades)	330 (6 drums)	
	EH Fluid	165 (3 drums)	
	Machine Oil (mixed grades)	550 (10 drums)	
	Motor Oil (Synthetic 30W)	55 (1 drum)	
	Used Oil Mixed Grades	110 (2 drums)	
PA-3	Machine Oil (mixed grades)	165 (3 drums)	Inside, Unit 2 FGD main bldg., steel drums, drains to oil/water separator, misc. maintenance, ground floor Oil Storage Room
	Lube/Gear Oil	330 (10 drums)	
	Lube Oil – Mixed Grades	110 (2 drums)	
	Hydraulic Fluid	55 (1 drum)	

1.a Oil Storage Tanks (T) and Portable Containers Storage Areas (PA) – cont'd

Note that, in the unlikely event of a release, the contents of each tank may discharge at a rate between gradual and instantaneous depending on conditions at the time of the release and the event(s) which precipitated the release. Since all bulk storage includes containment berms, releases, regardless of volume or rate, should not reach any navigable water.

#	Material	Maximum Gallons	Location/Comments
Units 3&4 Steam Plant and FGDs - Storage			
T-15	Turbine Oil (Chevron GST-32)	15,000	Inside, Unit 3 service Bldg., steel AST, bermed room, Clean Oil Tank, ground floor Turbine Oil Storage Room
T-16	"	15,000	Inside, Unit 3 service Bldg., steel AST, bermed room, Dirty Oil Tank, Ground floor Turbine Oil Storage Room
PA-4	"	330 (6 drums)	Inside, Unit 3 Service Bldg., steel drums, bermed room, Clean Oil Make-up, ground floor Turbine Oil Storage Room
PA-5	Turbine Oil (mixed grades)	165 (3 drums)	Inside, Unit 3&4 Main Bldg., steel drums, drains to oil/water separator, misc. maintenance, ground floor Oil Storage Room
	Gear Compound (mixed grades)	330 (6 drums)	
	EH Fluid	165 (3 drums)	
	Machine Oil (mixed grades)	550 (10 drums)	
	Motor Oil (Synthetic 30W)	55 (1 drum)	
	Used Oil Mixed Grades	110 (2 drums)	
PA-6	Machine Oil (mixed grades)	165 (3 drums)	Inside, Unit 4 FGD main bldg., steel drums, drains to oil/water separator, misc. maintenance, ground floor Oil Storage Room
	Lube/Gear Oil	330 (10 drums)	
	Lube Oil – Mixed Grades	110 (2 drums)	
	Hydraulic Fluid	55 (1 drum)	

1.a Oil Storage Tanks (T) and Portable Containers Storage Areas (PA) – cont'd

Note that, in the unlikely event of a release, the contents of each tank may discharge at a rate between gradual and instantaneous depending on conditions at the time of the release and the event(s) which precipitated the release. Since all bulk storage includes containment berms, releases, regardless of volume or rate, should not reach any navigable water.

#	Material	Maximum Gallons	Location/Comments
Limestone Slurry Preparation Building - Storage			
PA-7	Heavy Grease/Gear lube	110	Inside, steel drum portable dispenser, concrete floors
	Used Heavy Grease/Gear lube	110	
Coalyard-Tractor Garage - Storage			
T-17 T-17a	Motor Oil 30W	550	Inside, AST, double-wall rectangular, bermed oil storage room
		600	Inside, AST, steel, bermed oil storage room
T-18 T-18a	Hydraulic Oil	550	Inside, AST, double-wall rectangular, bermed oil storage room
		600	Inside, AST, steel, bermed oil storage room
T-19 T-19a	Gear Compound	550	Inside, AST, double-wall rectangular, bermed oil storage room
		600	Inside, AST, steel, bermed oil storage room
T-20	Motor Oil 15W40	550	Inside, AST, double-wall rectangular, bermed oil storage room
PA-8	Motor Oil 15W40	220 (4 drums)	Inside, steel drums, bermed oil room
	Anti-Freeze (ethylene glycol)	165 (3 drums)	
	Degreaser Fluid	55	
PA-9	Johnson Wax Pressure Wash	165	Inside, steel drums, maintenance bay area
T-21 T-22 T-23	Used Oil – Mixed Grades	240	<i>Recycle Oil Contractor Pickup Area</i>
		240	Outside, steel ASTs, double wall, against back wall of tractor garage, drainage toward coal pile
		240	
PA-10	Used Oil – Mixed Grades	5-10 drums	<i>Recycle Oil Contractor Pickup Area – Temporary Drum Daily Transfer Area</i> Outside, steel drums, against back wall of tractor garage, drainage toward coal pile
Contractors Tanks			
T-24	Gasoline	500	Outside, steel double wall AST, north of Warehouse #4
T-25	Diesel	750	Outside, steel AST, concrete bermed area with valved drain
T-26	Gasoline	750	Outside, steel AST in metal berm, concrete berm area w/ valved drain

1.b Oil-Filled Equipment Reservoirs/Oil-in-Use Containers (R)

Note that, in the unlikely event of a release, the contents of each tank may discharge at a rate between gradual and instantaneous depending on conditions at the time of the release and the event(s) which precipitated the release. Since all bulk storage includes containment berms, releases, regardless of volume or rate, should not reach any navigable water.

#	Material	Maximum Gallons	Location/Comments
Units 1&2 Steam Plant and FGDs - Reservoirs			
R-1	Turbine Oil	11,500	Inside, Unit 1, 2 nd floor, main turbine oil reservoir
R-2 R-3	" "	900 900	Inside, Unit 1, ground floor, boiler feed pump turbine oil reservoirs
R-4	" "	350	Inside, Unit 1, ground floor, hydrogen seal oil reservoir
R-5 R-6	" "	180 180	Outside, Unit 1, outside, ID Fan lube oil reservoirs
R-7	" "	11,500	Inside, Unit 2, 2 nd floor, main turbine oil reservoir
R-8 R-9	" "	1,000 1,000	Inside, Unit 2, ground floor, boiler feed pump turbine oil reservoirs
R-10	" "	605	Inside, Unit 2, ground floor, hydrogen seal oil reservoir
R-11	EH Fluid	165	Inside, Unit 1, ground floor, Electro-Hydraulic control system reservoir
R-12	" "	375	Inside, Unit 2, ground floor, Electro-Hydraulic controls system reservoir
R-13 R-14 R-15 R-16 R-17 R-18	Gear Oil	375 375 375 375 375 375	Inside, Unit 1, ground floor, coal mills gear boxes
R-19 R-20 R-21 R-22 R-23 R-24	Gear Oil	375 375 375 375 375 375	Inside, Unit 2, ground floor, coal mills gear boxes
R-25	Hydraulic Fluid	165	Unit 1 FGD, Hydraulic Valves Control System, steel chassis, concrete curbed with valved drain
R-26 R-27	Turbine Oil	110 110	Unit 1 FGD – Forced Oxidation Blowers Lube Oil Coolers, steel chassis, concrete curbed with valved drain
R-28	Hydraulic Fluid	165	Unit 2 FGD, Hydraulic Valves Control System, steel chassis, concrete curbed with valved drain

1.b Oil-Filled Equipment Reservoirs/Oil-in-Use Containers (R)

Note that, in the unlikely event of a release, the contents of each tank may discharge at a rate between gradual and instantaneous depending on conditions at the time of the release and the event(s) which precipitated the release. Since all bulk storage includes containment berms, releases, regardless of volume or rate, should not reach any navigable water.

#	Material	Maximum Gallons	Location/Comments
Units 3&4 Steam Plant and FGDs - Reservoirs			
R-29	Turbine Oil	11,500	Inside, Unit 3, 2 nd floor, main turbine oil reservoir
R-30 R-31	" "	700 700	Inside, Unit 3, ground floor, boiler feed pump turbine oil reservoirs
R-32	" "	605	Inside, Unit 3, ground floor, hydrogen seal oil reservoir
R-33	" "	11,500	Inside, Unit 4, 2 nd floor, main turbine oil reservoir
R-34 R-35	" "	700 700	Inside, Unit 4, ground floor, boiler feed pump turbine oil reservoirs
R-36	" "	605	Inside, Unit 4, ground floor, hydrogen seal oil reservoir
R-37 R-38	" "	275 275	Outside, Unit 4, outside, ID Fan lube oil reservoirs
R-39	EH Fluid	375	Inside, Unit 3, ground floor, Electro-Hydraulic control system reservoir
R-40	" "	375	Inside, Unit 4, ground floor, Electro-Hydraulic controls system reservoir
R-41 R-42 R-43 R-44 R-45 R-46	Gear Oil	375 375 375 375 375 375	Inside, Unit 3, ground floor, coal mills gear boxes
R-47 R-48 R-49 R-50 R-51 R-52	Gear Oil	375 375 375 375 375 375	Inside, Unit 4, ground floor, coal mills gear boxes
R-53	Hydraulic Fluid	165	Unit 3 FGD, Hydraulic Valves Control System, steel chassis, concrete curbed with valved drain
R-54 R-55	Turbine Oil	110 110	Unit 3 FGD – Forced Oxidation Blowers Lube Oil Coolers, steel chassis, concrete curbed with valved drain
R-56	Hydraulic Fluid	165	Unit 4 FGD, Hydraulic Valves Control System, steel chassis, concrete curbed with valved drain
R-57 R-58	Turbine Oil	110 110	Unit 4 FGD – Forced Oxidation Blowers Lube Oil Coolers, steel chassis, concrete curbed with valved drain

1.b Oil-Filled Equipment Reservoirs/Oil-in-Use Containers (R)

Note that, in the unlikely event of a release, the contents of each tank may discharge at a rate between gradual and instantaneous depending on conditions at the time of the release and the event(s) which precipitated the release. Since all bulk storage includes containment berms, releases, regardless of volume or rate, should not reach any navigable water.

#	Material	Maximum Gallons	Location/Comments
Limestone Slurry Preparation Building - Reservoirs			
R-59	Lubricating Oil	250	Inside, steel ASTs, Ball Mill Lubricating System Reservoirs
R-60		250	
R-61		250	

1.c Electrical Equipment (E) – Mineral Oil-Filled

#	Maximum Gallons	Company #	Identification & Comments
Transformers – Main Plant Areas			
E-1	11,000	G-025	Unit 1 Main GSU, south Unit 1, concrete berm & gravel, drains to O/W separator
E-2	2,480	G-024	Unit 1 Aux.1A, adjacent U1 GSU, concrete berm & gravel, drains to O/W separator
E-3	2,480	G-023	Unit 1 Aux.1B, northwest Unit 1, paved & drains to O/W separator
E-4	3,118	G-022	Unit 1-2 Reserve Aux., northwest Unit 1, paved & drains to O/W separator
E-5	15,500	G-027	Unit 2 Main GSU, south Unit 2, concrete berm & gravel, drains to O/W separator
E-6	3,010	G-033	Unit 2 Aux.2A, east U2 GSU, concrete berm & gravel, drains to O/W separator
E-7	3,010	G-034	Unit 2 Aux.2A, west U2 GSU, concrete berm & gravel, drains to O/W separator
E-8	21,743	G-060	Unit 3 Main GSU, south Unit 3, concrete berm & gravel, drains to O/W separator
E-9	3,120	G-035	Unit 3 Aux.3A, east U3 GSU, concrete berm & gravel, drains to O/W separator
E-10	3,120	G-036	Unit 3 Aux.3A, west U3 GSU, concrete berm & gravel, drains to O/W separator
E-11	3,895	G-029	Unit 3-4 Reserve Aux., west U3 GSU, concrete berm & gravel, drains to O/W separator
E-12	16,173	G-032	Unit 4 Main GSU, south Unit 4, concrete berm & gravel, drains to O/W separator
E-13	3,120	G-037	Unit 4 Aux.4A, east U4 GSU, concrete berm & gravel, drains to O/W separator
E-14	3,120	G-038	Unit 4 Aux.4A, west U4 GSU, concrete berm & gravel, drains to O/W separator
E-15	210	A1	Coal Unloader equipment 4kV transformer, below transfer house 1, concrete bermed & pumps to coal pile runoff pond (which is sump-pumped to the ATB)
E-16	210	B1	Coal-yard equipment 4kV transformer, below sample house, graveled & drains to coal pile runoff pond
E-17	210	B2	" " " " " " " " " " " "
E-18	200		Coal-yard Stacker Equipment 4kV transformer, stacker structure (within coal pile, graveled & drains to coal pile runoff pond)
E-19	223	1E	Unit 1-E ESP Transformer-Rectifier Sets 4kV power supply, within Unit 1 CC spill pad
E-20	223	1F	Unit 1-F ESP Transformer-Rectifier Sets 4kV power supply, " " " " "
E-21	268	1G	Unit 1-G Cooling Tower 4kV power supply, graveled area
E-22	268	1H	Unit 1-H Cooling Tower 4kV power supply, graveled area
E-23	1475	5A	FGD 13kV/4250/2450 power supply, south of FGD Control bldg, concrete bermed, Drains to O/W separator
E-24	1475	5B	Same
E-25	350		FGD GWRTF Pumphouse, graveled area, drains to GWRTF decant pond
E-26	350		GWRTF-Celotex Gypsum Dewatering Facility, gravel area, " " " " "
E-27	600	U1-1	Unit 1 FGD Aux Transformers, concrete berms w/ valved drains
E-28	600	U1-2	
E-29	600	U3-1	Unit 3 FGD Aux Transformers, concrete berms w/ valved drains
E-30	600	U3-2	
E-31	600	U4-1	Unit 4 FGD Aux Transformers, concrete berms w/ valved drains
E-32	600	U4-2	
E-33	500	U4-3	
E-34	750	LS-1	Limestone Slurry Prep Equipment Aux Transformers, concrete berms w/ valved drains
E-35	750	LS-2	

1.c Electrical Equipment (E) – Mineral Oil-Filled

#	Maximum Gallons	Company #	Identification & Comments
E-36	193		Ammonia Tank Farm Transformer, graveled area
E-37	200		Training Building & Contractors Trailers Power Supply, graveled area
E-38	21,750	spare	Spare Unit GSU Transformer, concrete pad, earthen berm with valved drain
E-39	285		Previous Pilot Plant (temporary) Supply, 4160/480/277, graveled, barrier protected
Substation Transformers & Circuit Breakers			
E-40	5,892	G-046	138kV, FGD-Ash Booster unit, fenced, earthen-berm & graveled, valved area drain
E-41	5,892	G-047	138kV, FGD-Ash Booster unit, " " " " " "
E-42	16,750	T-0389	345kV/138kV , north unit, " " " " " "
E-43	4,573	T-0446	138kV, southeast unit, " " " " " "
E-44	18,500	T-978	345kV/138kV , south unit, " " " " " "
E-45	750	TB-577a	345 KV Circuit Breakers for T-978, " " " " " "
E-46	750	TB-577b	"
E-47	750	TB-577c	Phase A, Phase B, Phase C
E-48	1,000	TB-705	345 KV Circuit Breakers for T-0389, " " " " " "
E-49	275	TB-706	"
E-50	275	TB-707	Misc. plant services
E-51	690	TB-775a	Circuit Breaker 138/345 KV, " " " " " "
E-52	690	TB-775b	"
E-53	690	TB-775c	Phase A, Phase B, Phase C
E-54	195	spares	345 KV Current Transformers, " " " " " "
E-55	195		
E-56	195		
E-57	195		
E-58	195		
E-59	195		
	empty		8000 gallon mobile-temporary holding tank, steel AST, (stored in substation for on-site and off-site maintenance use)

2. Toxic, Hazardous or Bulk Materials/Chemicals Storage (C)

#	Material	Maximum Amount	Location/Comments
Chemicals – Water Treatment (Boiler-Demineralizer-Service-Circulating)			
C-1	Aluminum Sulfate (solid)	2- x 50#	Inside, Palleted Bags, ash filtration pump building, concrete floor
C-2 C-3 C-4 C-5	Ammonium Hydroxide	75 gal 75 gal 75 gal 75 gal	Inside, steel drum, at each Unit 1-4 Basement Chemical Feed pumps, concrete floor to plant sumps and oil/water separator
C-6 C-7	Bromo-Chloro-Hydantoin (Spectrus Ox 1200) Biocide	2 x 1000# AST+solids 8 x 500# bags	Inside, fiberglas tank, Unit 1-2 and Unit 3-4 Cooling Tower chemical buildings, 1000# solids + water, concrete floor, bermed areas
C-8	Calcium Hypochlorite	5 x 50#	Inside, STP building, bermed area, sump to ATB
C-9 C-10	Cyclohexylamine (Steamate PWR2040) - DISCONTINUED USE	1,500 gal 1,500 gal	DISCONTINUED but Remainder Inside, poly AST, chemical storage room, concrete floors drain to sump to ATB APPROXIMATELY 400 gal REMAINING / each
C-11 C-12	DiBromoNitrilo-Propionamide (DBNPA)	110 gal	Inside, Poly drum, U3 chemical storeroom & 10th floor @ wellwater tank, concrete floors to oil/water separator
C-13 C-14 C-15 C-16	Hydrazine - 35%	300 gal 300 gal 300 gal 300 gal	Inside, Steel tote, basement @ each Unit 1-4 chemical feed pumps, concrete floor drains to oil/water separator
C-17	Hypersperse MDC700	450 gal	Inside. Poly tank in steel frame, RO unit, containment area drains to oil/water separator
C-18	Klaraid PC2706- GEBetz Polymer Solution	450 gal	Outside, poly AST in steel frame, within Ash Treatment Basin #1 berm, adjacent internal ditch
C-19 C-20	Molybdate (Corrshield)	500 gal 500 gal	Inside, poly AST, chemical storage room, concrete floors drain to sump to ATB
C-21 C-22	Phosphate - DiSodium (Optisperse HP9420-solid)	500 # 500 #	Inside, fiber drum, Unit 1-2 ground floor @ chemical feed pumps, concrete floor drains to sump to ATB <i>same @ Unit 3-4</i>
C-23 C-24	Phosphate - TriSodium (Optisperse HP9430-solid)	2 x 500 # 2 x 500 #	Inside, fiber drum, Unit 1-2 ground floor @ chemical feed pumps, concrete floor drains to sump to ATB <i>same @ Unit 3-4</i>
C-25 C-26	Phosphonic Acid - HEDP (Depositrol 5303)	3,000 gal 3,000 gal	Inside, poly AST, Unit 1-2 Cooling Tower chemical treatment bldg, concrete bermed area <i>same @ Unit 3-4</i>
C-27 C-28	Sodium Hydroxide (caustic)	10,000 gal 12,000 gal	Inside, steel AST, main bldg ground floor, concrete berm, drains to sump to ATB Inside, Steel AST, Unit 34 services bldg on 2nd floor, bermed area to demin.sump to ATB
C-29 C-30	Sodium Pyrophosphate (Flogard MS6201)	4,000 gal 4,000 gal	Inside, poly AST, Unit 1-2 Cooling Tower chemical treatment bldg, concrete bermed area <i>same @ Unit 3-4</i>

2. Chemical and Bulk Materials – *cont'd*

	<i>Material</i>	<i>Maximum Amount</i>	<i>Location/Comments</i>
Chemicals – Water Treatment (Boiler-Demineralizer-Service-Circulating) - <i>continued</i>			
C-31	Sulfuric Acid (66 °Be)	450 gal	Inside, Poly Tote, Unit 1-2 Demineralizer Area, concrete curbed
C-32		12,000 gal	Inside, Steel AST, Unit 34 services bldg on 2nd floor, bermed area to demin.sump to ATB
C-33		40,000 gal	Outside, steel AST, between U34 Cooling Towers, concrete bermed, valved drain to runoff
C-34		310 gal	Outside, plastic totes, plastic containment berm, adjacent & drainage towards secondary ash treatment pond
C-35		310 gal	
C-36 C-37 C-38 C-39 C-40	Sulfuric Acid Electrolyte	120 x 3.5gal " " " "	Inside, battery housings, concrete floor drains to OW separator Locations: 2 sets @ Unit 1-2, 2 sets @ Unit 3-4, 1 set @ LS Prep

2. Chemical and Bulk Materials – cont'd

	Material	Maximum Amount	Location/Comments
Chemicals – Other			
C-41 C-42	Anhydrous Ammonia	90,000 gal 90,000 gal	Outside piping-Inside compressors, steel piping-compressors, Ice plant (GT/east - remote site) facility
C-43 C-44	Calcium Hydroxide (hydrated lime)	300 ton 300 ton	Unit 1, Outside, Steel Silo, pneumatic conveyance, area drainage to plant storm sewers (#002) (December 2009 switch to 1 silo w/ Trona)
C-45	Carbon Dioxide (compressed)	10 ton	Outside, steel tank, adjacent ATB Outfall #001 & ash filtration building
C-46		10 ton	Outside, steel AST, adj Unit 3 main building near condensate tanks
C-47	DiBasic Acid (DBA) DISCONTINUED USE	13,500 gal	DISCONTINUED USE July 2009 – see Sodium Formate Outside, steel AST, heat traced, concrete berm, valved drain
C-48	Ethylene Glycol	110	Inside, steel drums, Unit 1-2 oil room, concrete floors drain to O/W sep
C-49		110	same for Unit 3-4 oil room
C-50		200	Outside, double-wall poly AST, adj. tractor garage near coal pile
C-51		500	Outside, poly AST, transfer house #5 concrete pad
C-52		500	Inside, poly AST, transfer house #2
C-53		500	Outside, poly AST, adj. reclaim hopper #2 near coal pile
C-54		1,000	Inside, steel AST, within coal silo base enclosure
C-55		110	same (except steel drums)
C-56		110	Outside, steel drums, adj. transfer house #1
C-57	Used Ethylene Glycol	200	Outside, double-wall poly AST, adj. tractor garage near coal pile
C-58	Sodium Carbonate (soda ash, solid)	50 x 2000# supersaks	Inside, supersaks, warehouse #5 by coal crusher house
C-59	Sodium Formate (Start 7-2-09)	13,500 gal	Outside, steel AST, heat traced, concrete berm, valved drain (Began Use 7-2-09 Previously used DiBasic Acid)
C-60 C-61	Sodium SesquiCarbonate (TRONA)	300 ton 300 ton	Unit 3, Outside, Steel Silo, pneumatic conveyance, area drainage to plant storm sewers (#003)
C-62 C-63		300 ton 300 ton	Unit 4, Outside, Steel Silo, pneumatic conveyance, area drainage to plant storm sewers (#003)

APPENDIX D

Material Inventory

&

Tank Listing

(rev. 2-22-2010)

Organized by:

1. Oil/Petroleum Products
 - a. Oil Storage Tanks (T) and Drum / Portable Containers Storage Areas (PA)
 - b. Oil-Filled Equipment Reservoirs/Oil-in-Use Containers (R)
 - c. Electrical Equipment (E) – (Mineral Oil-Filled)
2. Toxic, Hazardous or Bulk Materials/Chemicals Storage (C)
 - Chemicals – Water Treatment (*Boiler-Demineralizer-Service-Circulating*)
 - Chemicals – Other

PLANT AREAS:

- Fuels – Oil Shed
- Coalyard – Ash Treatment Basin
- Steam Plant
- Contractors
- Substation

The site Material Inventory & Tank Listing is organized as follows:

1. Oil/Petroleum Products
 - a. Oil Storage Tanks (T) and Drum / Portable Containers Storage Areas (PA)
 - b. Oil-Filled Equipment Reservoirs/Oil-in-Use Containers (R)
 - c. Electrical Equipment (E) – (Mineral Oil-Filled)
2. Toxic, Hazardous or Bulk Materials/Chemicals Storage (C)

1.a Oil Storage Tanks (T) and Portable Containers Storage Areas (PA)

In the unlikely event of a release, the contents of a tank may discharge at a rate between gradual & instantaneous depending on conditions at the time and the event which precipitated the release. Since all bulk storage includes containment berms, releases, regardless of volume/rate, shouldn't reach navigable water.

#	Material	Maximum Amount (gallons)	Location/Comments
Fuels – Oil Shed Areas			
T-1	Diesel/Fuel Oil #2	25,000	Outside, aboveground storage tank, steel, adjacent to warehouse and parking lot, concrete bermed, valved storm water drainage to oil-water separator (to coalyard retention basin and to #001)
T-2	Diesel/Fuel Oil #2	25,000	Outside, aboveground storage tank, steel, adjacent to warehouse and parking lot, concrete bermed, valved storm water drainage to oil-water separator (to coalyard retention basin and to #001)
T-3	Diesel/Fuel Oil #2	2,000	Outside, aboveground portable storage tank, steel, between entrance road and coal pile, concrete bermed, valved storm water drainage (to coalyard basin)
T-4	Unleaded Gasoline	300	Outside, aboveground portable storage tank, steel, between entrance road and coal pile, concrete bermed, valved storm water drainage (to coalyard basin)
PA-1	Mixed Lube Oils Kerosene Mineral Spirits Turbine Oil Hydraulic Fluid	1,100 110 55 385 110	Steel drums, outside within outdoor oil storage facility (adjacent to coal pile), concrete curbed, drains to oil/water separator (to coalyard basin and to #001)
Coalyard – Ash Treatment Basin/Contractors Areas			
PA-2	Mixed Lube Oils Kerosene Used Oil	165 55 55	Tractor Garage , Steel drums, inside mobile coal handling equipment maintenance shed, drains to coal pile retention pond (outer building area drains to coalyard basin)
T-5	Used Oil	265	Outside, Poly AST, above coalbelt from reclaim hopper, area drainage within coal pile

1.a Oil Storage Tanks (T) and Portable Containers Storage Areas (PA) – cont'd

In the unlikely event of a release, the contents of a tank may discharge at a rate between gradual & instantaneous depending on conditions at the time and the event which precipitated the release. Since all bulk storage includes containment berms, releases, regardless of volume/rate, shouldn't reach navigable water.

#	Material	Maximum Amount (gallons)	Location/Comments
Steam Plant Areas			
T-6 T-7	Turbine Clean/Dirty Oil	3,500 3,500	Steel storage tank, internal partitioned/halved, area drains to plant sumps which drain to oil/water separator (<i>same drainage</i>)
PA-3	Lubricating Oil	385	Seven-55 gallon dispensers, steel, inside Unit 2 basement (next to door to Unit 3), area drains to oil/water separator
PA-4	Used Lube Oils Kerosene Mineral Spirits	275 165 55	Steel drums inside Unit 2 basement (next to door to Unit 3), drains to plant sumps (<i>then oil/water separator and to #001</i>)
Contractors Tank Areas			
T-8	Diesel/Fuel Oil #2	500	Outside, aboveground portable storage tank, steel, double-walled, adjacent scrubber sludge basin

1.b Equipment Reservoirs/Oil-in-Use Containers (R)

In the unlikely event of a release, the contents of a tank may discharge at a rate between gradual & instantaneous depending on conditions at the time and the event which precipitated the release. Since all bulk storage includes containment berms, releases, regardless of volume/rate, shouldn't reach navigable water.

#	Material	Maximum Amount (gallons)	Location/Comments
Steam Plant Areas			
R-1	Turbine Oil	1,250	<i>Unit 1 oil reservoir</i> Inside, steel chassis, drains to plant sumps & oil/water separator (001)
R-2	"	1,250	<i>Unit 2 oil reservoir</i> Inside, steel chassis, drains to plant sumps & oil/water separator (001)
R-3	"	2,500	<i>Unit 3 oil reservoir</i> Inside, steel chassis, drains to plant sumps & oil/water separator (001)
R-4	"	3,000	<i>Unit 4 oil reservoir</i> Inside, steel chassis, drains to plant sumps & oil/water separator (001)
R-5 B-6 B-7	"	110 110 110	<i>Unit 4 Boiler Feed pump oil reservoir</i> Inside, steel chassis, drains to plant sumps & OWS
R-8 R-9 R-10 R-11	Turbine Oil	165 165 110 110	<i>Unit ID Fan Lube Oil Reservoirs</i> Unit 3 - outside, steel chassis, drains to OWS or coal pile runoff pond same Unit 4 - outside, steel chassis, drains to OWS or coal pile runoff pond same
R-10 R-11 R-23 R-24	Lube/Gear Oil	110 110 110 110	<i>Units Coal Mill Gearboxes</i> Unit 3 - Inside, concrete floor drains to sumps & OWS same Unit 4 - Inside, concrete floor drains to sumps & OWS same

1.c Electrical Equipment – Di-Electric Mineral Oil

In the unlikely event of a release, the contents of a tank may discharge at a rate between gradual & instantaneous depending on conditions at the time and the event which precipitated the release. Since all bulk storage includes containment berms, releases, regardless of volume/rate, shouldn't reach navigable water.

#	Maximum gallons	Identification & Comments
Unit 1-3 Building Deck – Outside Front Area		
E-1	1158	T-0098 Unit 2 Main Aux
E-2	1758	G-0012 Unit 4 main Aux, concrete curbed, no drain valves, rainfall-deflected by overhead ductwork
Unit 3-4 Building Deck – Outside Rear/Riverside Area		
E-3	9,461	G-0039 Unit 4 main GSU, concrete bermed, drains to containment tank, valved drain to plant sumps (then to oil/water separator-- #001)

Substation Electrical Equipment

This SPCC Plan for the Green River Generating Station does not address prevention and containment measures for the two fenced portions of the Substation #009 adjacent the main plant buildings.

Instead, the E.ON U.S.Substation SPCC Plan specifically addresses and includes all of the mineral oil-filled electrical equipment within these two substation fenced areas:

- substation yard #1 (69KV) – includes Units 1-2 related transformers & circuit-breakers
- substation yard #2 (138KV) – includes Units 3-4 related transformers & circuit-breakers.

The E.ON U.S.Substation SPCC Plan addresses a number of transmission and distribution substations and includes:

- Site identification/location/topographical/drainage information;
- A comprehensive listing of all electrical equipment at each location;
- EPRI-MOSES computer risk modeling to identify site-equipment containment requirements;
- Descriptions of containment equipment and management practices;
- Inspection forms.

2. Chemicals - Toxic, Hazardous, or Bulk Materials

In the unlikely event of a release, the contents of a tank may discharge at a rate between gradual & instantaneous depending on conditions at the time and the event which precipitated the release. Since all bulk storage includes containment berms, releases, regardless of volume/rate, shouldn't reach navigable water.

#	Material	Maximum Amount (gallons)	Location/Comments
Chemicals – Water Treatment (Boiler-Demineralizer-Service-Circulating)			
C-1	Ammonium Hydroxide	220	Plastic drums inside Unit 4 Basement above Clarifier #2 (drains to plant sumps – oil/water separator – to #001)
C-2 C-3	Bromo-Chloro-Hydantoin Biocide	15 x 50# pails	Clarifier #1 and #2 Slipstream Diffusers Inside, plastic pails, Unit 1-2 basement near clarifier #1, concrete floor drains to oil/water separator Same (at clarifier #2)
C-4	Cyclohexylamine	55	Discontinued Use – only small heel remaining in drum Steel drum, inside on main floor, near Unit 4 basement (same drainage)
C-5	Hydrazine	180	Steel tank, inside on main floor, near Unit 4 breakers (same drainage)
C-6 C-7	Hydroquinone	2 x 25 gal	Discontinued Use – only small heel remaining in two tanks Plastic tanks, inside on mezzanine floor, near Unit 4 clarifier (same drainage)
C-8	Klaraid-CDP#1 GE-Betz Poly-Sol'n	2000	Fiberglass tank inside Unit 1-2 Basement near clarifier #1 (same drainage)
C-9	Klaraid-CDP#2	2000	Fiberglass tank, main floor, Unit 4 (same drainage)
C-10	Molybdate (Corrshield)	400	Portable fiberglass tank inside Unit 4 Basement above clarifier #2 (same drainage)
C-11	Morpholine (Powerline 1320D)	50	Discontinued Use – only small heel remaining in drum Inside, Fiberglass AST, Unit 4 basement above clarifier #2, concrete floors drain to oil/water separator
C-12	Phosphate– DiSodium (DSP-solid)	3 x 50#	Discontinued Use – remainder Inside, palleted bags, water treatment building 3rd floor, concrete floor drains to oil/water separator
C-13	Phosphate– TriSodium (TSP-solid)	4 x 50#	Discontinued Use – remainder Same as DSP (except 50# kegs)
C-14 C-15	Sodium Hydroxide (caustic soda)	2,500 2,500	Inside steel tanks, inside demineralizer annex building, concrete curbed, drains to Demin Bldg sump (to #001)

APPENDIX D

Material Inventory

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Tank Listing (rev. 2-22-2010)

Organized by:

1. Oil/Petroleum Products
 - a. Oil Storage Tanks (T) and Drum / Portable Containers Storage Areas (PA)
 - b. Oil-Filled Equipment Reservoirs/Oil-in-Use Containers (R)
 - c. Electrical Equipment (E) – (Mineral Oil-Filled)
2. Toxic, Hazardous or Bulk Materials/Chemicals Storage (C)
 - Chemicals – Water Treatment (*Boiler-Demineralizer-Service-Circulating*)
 - Chemicals – Other

PLANT AREAS:

- Fuels & Coalyard
- Steam Plant
- Ash Treatment Basin - Contractors
- Substation

The site Material Inventory & Tank Listing is organized as follows:

1. Oil/Petroleum Products
 - a. Oil Storage Tanks (T) and Drum / Portable Containers Storage Areas (PA)
 - b. Oil-Filled Equipment Reservoirs/Oil-in-Use Containers (R)
 - c. Electrical Equipment (E) – (Mineral Oil-Filled)
2. Toxic, Hazardous or Bulk Materials/Chemicals Storage (C)

1.a Oil Storage Tanks (T) and Portable Containers Storage Areas (PA)

In the unlikely event of a release, the contents of a tank may discharge at a rate between gradual & instantaneous depending on conditions at the time and the event which precipitated the release. Since all bulk storage includes containment berms, releases, regardless of volume/rate, shouldn't reach navigable water.

#	Material	Maximum Amount (gallons)	Location/Comments
Fuels & Coalyard Areas			
T-1	Diesel/Fuel Oil #2	500,000	Outside, aboveground storage tank, steel, uphill of warehouse and parking lot, earthen bermed, storm water valved & drains to oil-water separator
T-2	Diesel/Fuel Oil #2	14,000	Outside, underground storage tank, steel (single wall, cathodic protection) adjacent to main building, monitored daily
T-3 T-4	Diesel/Fuel Oil #2	50,000 50,000	Outside, AST, Steel, double-wall, parking lot adjacent substation, curbed truck unloading area, drains to oil-water separator
T-5	Diesel/Fuel Oil #2	500	Outside, aboveground portable storage tank, steel, near coal pile, metal pan berm, valved storm water drainage
PA-1	Turbine Oil Mixed Lube Oils	1,100 110	Steel drums, outside within Coalyard Quonset Bldg (adjacent to coal pile), concrete curbed, (to coalyard basin and to #001)
Steam Plant Areas			
T-6 T-7	Turbine Clean/Dirty Oil	3,500 3,500	Steel storage tank, internal partitioned/halved, area drains to plant sumps which drain to oil/water separator (same drainage)
PA-2	Used Oil	110	Inside, steel drums, unit building basement, concrete floor drains to sumps and oil/water separator (to ash pond outfall #001)
Ash Treatment Basin -Contractors Areas			
T-8	Diesel/Fuel Oil #2	500	Outside, aboveground portable storage tank, steel, adjacent Ash Treatment Basin, metal pan berm, valved storm water drainage

1.b Equipment Reservoirs/Oil-in-Use Containers (R)

In the unlikely event of a release, the contents of a tank may discharge at a rate between gradual & instantaneous depending on conditions at the time and the event which precipitated the release. Since all bulk storage includes containment berms, releases, regardless of volume/rate, shouldn't reach navigable water.

#	Material	Maximum Amount (gallons)	Location/Comments
Steam Plant Areas			
R-1	Turbine Oil	1,250	<i>Unit 1 oil reservoir</i> Inside, steel chassis, drains to plant sumps & oil/water separator (001)
R-2	"	1,250	<i>Unit 2 oil reservoir</i> Inside, steel chassis, drains to plant sumps & oil/water separator (001)
R-3	"	2,500	<i>Unit 3 oil reservoir</i> Inside, steel chassis, drains to plant sumps & oil/water separator (001)

1.c Electrical Equipment (E) – Mineral Oil-Filled

In the unlikely event of a release, the contents of a tank may discharge at a rate between gradual & instantaneous depending on conditions at the time and the event which precipitated the release. Since all bulk storage includes containment berms, releases, regardless of volume/rate, shouldn't reach navigable water.

#	Maximum gallons	Identification & Comments	
Unit 1-3 Building – Outside Front Area			
E-1	930	T-102	#2 Main Aux, gravel-french drain to oil/water separator
E-2	930	T-103	#1 Main Aux, (same drainage)
Outside-Entrance Road Spare Transformer Storage			
E-3	7,320	G-062 spare	Unit 3 main GSU spare, concrete bermed, drains to cap pile runoff pond (and then sumped to ash treatment basin- #001)

Substation Electrical Equipment

This SPCC Plan for the Green River Generating Station does not address prevention and containment measures for the two fenced portions of the Substation #009 adjacent the main plant buildings.

Instead, the E.ON U.S.Substation SPCC Plan specifically addresses and includes all of the mineral oil-filled electrical equipment within these two substation fenced areas:

- substation yard #1 (69KV) – includes Units 1-2 related transformers & circuit-breakers
- substation yard #2 (138KV) – includes Units 3-4 related transformers & circuit-breakers.

The E.ON U.S.Substation SPCC Plan addresses a number of transmission and distribution substations and includes:

- Site identification/location/topographical/drainage information;
- A comprehensive listing of all electrical equipment at each location;
- EPRI-MOSES computer risk modeling to identify site-equipment containment requirements;
- Descriptions of containment equipment and management practices;
- Inspection forms.

1.c Electrical Equipment – Di-Electric Mineral Oil

In the unlikely event of a release, the contents of a tank may discharge at a rate between gradual & instantaneous depending on conditions at the time and the event which precipitated the release. Since all bulk storage includes containment berms, releases, regardless of volume/rate, shouldn't reach navigable water

TRANSFORMER Equipment Identification		Maximum Amount (gallons)	Location/Comments
<i>Company #</i>	<i>Serial #</i>		All equipment fenced, earthen-berm, graveled substation, valved drain
G-001	T-B364617	2200	#3 Reserve Auxiliary Transformer
G-062	T-8288533	7320	#3 Main Transformer
T-0106	T-8113591	2600	#2 Main B-phase Transformer
T-0107	T-8113589	2600	#2 Main A-phase Transformer
T-0109	T-7937207	2600	#2 Main C-phase Transformer
T-0110	T-7937208	14,100	#1&2 Reserve Auxiliary Transformer
T-099	T-7937204	2600	#2 Spare Transformer
PR-TR-1	T-6410098	7805	#1 Main Transformer
T-102	T-8113592	930	#2 Unit Auxiliary Transformer (adjacent building, gravel drain to O/W separator)
T-103	T-7937209	930	#1 Unit Auxiliary Transformer (adjacent building, gravel drain to O/W separator)
T-465	T-RPP38921	9307	69/138 kV Transformer
G-062spare		7320	#3 Main Transformer Spare (stored uphill of coal pile, runoff directed to coal pile & runoff pond)
CIRCUIT BREAKERS Equipment Identification		Maximum Amount (gallons)	Location/Comments
<i>Company #</i>	<i>Serial #</i>		All equipment fenced, earthen-berm, graveled substation, valved drain
TB-530	TB-2-37Y5010	615	#1 Generator Breaker
TB-532	TB-4-37Y5010	615	#1 & #2 Reserve Auxiliary Breaker
TB-531	TB-1-37Y5010	615	#1 & #2 Generator Breaker
TB-361	TB-K-6566173 BJ-01	720	658 Bus Tie Breaker
TB-697	TB-27386	372	654 Line Breaker
TB-700	TB-27389	372	624 Line Breaker
TB-544	TB-21601	372	614 Line Breaker
TB-533	TB-3-37Y5010	615	636 Line Breaker
TB-258	TB-37Y1778	615	69/138 kV – 668 Line Breaker
TB-698	TB-27387	372	684 Line Breaker
TB-696	TB-27385	372	694 Line Breaker
TB-367	TB-0139A6239-201	2400	138 kV – 708 Line Transformer Breaker
TB-399	TB-32Y8836	2550	138 kV 704 Line Breaker
TB-400	TB-32Y8837	2550	138 kV 714 Line Breaker
TB-401	TB-32Y8836	2550	138 kV 724 Line Breaker

2. Chemicals - Toxic, Hazardous, or Bulk Materials

In the unlikely event of a release, the contents of a tank may discharge at a rate between gradual & instantaneous depending on conditions at the time and the event which precipitated the release. Since all bulk storage includes containment berms, releases, regardless of volume/rate, shouldn't reach navigable water.

#	Material	Maximum Amount (gallons)	Location/Comments
Chemicals – Water Treatment (Boiler-Demineralizer-Service-Circulating)			
C-1	Aluminum Sulfate	220	Plastic drums inside Unit 4 Basement above Clarifier #2 (drains to plant sumps – oil/water separator – to #001)
C-2	Hydrazine	75	Discontinued Use – only remainder in two drums Plastic drums, inside basement, near Unit 3 chemical feed pumps
C-3	Hypersperse MDC700	350	Outside, poly tote near Reverse Osmosis unit, area drainage to oil/water separator
C-4	Klaraid-CDP#1 GE-Betz Poly-Sol'n	500	Steel tank inside basement near precipitator
C-5	Phosphate– DiSodium (DSP-solid)	3 x 50#	Inside, palleted bags, basement near chemical skid, concrete floor drains to oil/water separator
C-6	Phosphate– TriSodium (TSP-solid)	4 x 50#	Same as DSP
C-7	Sodium Hydroxide (caustic soda)	10,000	Outside, aboveground storage tank, steel, adjacent main building, concrete bermed, stormwater valved & drains to oil-water separator
C-8	Sodium Hypochlorite	50	Inside, carboys, Unit 1-2 basement near clarifier #1, concrete floors drain to sump-OW separator
C-9 C-10	Sulfuric Acid	300 300	Outside, poly tote, area drainage to oil/water separator same ATB Discharge pH Control, acid-drip, poly tote, area drains- ATB
C-11	Sulfuric Acid Electrolyte	60 x 3.5	Inside, battery housings, two enclosed room-locations, concrete floor drains to OW sep
Chemicals – Other			
C-12	Ethylene Glycol	330	Inside, steel drums, coal crusherhouse, concrete floor (within coal pile area)

C-16	Spectrus CT-1300 (Clamtrol)	110	Inside, steel drums, Unit 1-2 basement near clarifier #1, concrete floors drain to sump-OW separator
C-17	Sulfuric Acid	6,000	Steel tank, outside near building, concrete bermed, drains to Demineralizer Bldg sump (to #001)
C-18		300	Outside, poly Totes, within ATB watershed adj outfall #001, same
C-19		300	
C-20		300	
C-21	Sulfuric Acid Electrolyte	60 x 3.5	Inside, battery housings, two enclosed room-locations, concrete floor drains to OW sep
Chemicals – Other			
C-22	Calcium Oxide (pebble lime)	150 tons	Silo adjacent to scrubber (residual caked inside) drains to Area 14 (then to #001)
C-23	Carbon Dioxide (compressed)	4 tons	Outside, steel tank, adjacent ATB Outfall #001 decant structure
C-24	Di-Ethylene Glycol	330	Inside, steel drums, coal crusherhouse, concrete floor (within coal pile area)

APPENDIX D

Material Inventory

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Tank Listing

(Cane Run rev. 2-19-2010)

Organized by:

1. Oil/Petroleum Products
 - 1.a. Oil Storage Tanks (T) and Drum / Portable Containers Storage Areas (PA)
 - 1.b. Oil-Filled Equipment Reservoirs/Oil-in-Use Containers (R)
 - 1.c. Electrical Equipment (E) – Mineral Oil-Filled
2. Toxic, Hazardous or Bulk Materials/Chemicals Storage (C)
 - Chemicals – Water Treatment (*Boiler-Demineralizer-Service-Circulating*)
 - Chemicals – Other

PLANT AREAS:

- Fuels Storage Areas
- Emergency Generator
- Combustion Turbine
- Coalyard-Tractor garage
- Steam Plant
- FGDs & Maintenance Area
- SPP-Landfill Contractors Tanks
- Water Intake Screenhouse

Material Inventory & Tank Listing:

1. Oil/Petroleum Products
 - 1.a. Oil Storage Tanks (T) and Drum / Portable Containers Storage Areas (PA)
 - 1.b. Oil-Filled Equipment Reservoirs/Oil-in-Use Containers (R)
 - 1.c. Electrical Equipment (E) – Mineral Oil-Filled
2. Toxic, Hazardous or Bulk Materials/Chemicals Storage (C)

1.a Oil Storage Tanks (T) and Portable Containers Storage Areas (PA)

Note that, in the unlikely event of a release, the contents of each tank may discharge at a rate between gradual and instantaneous depending on conditions at the time of the release and the event(s) which precipitated the release. Since all bulk storage includes containment berms or drain to oil-water separators, releases, regardless of volume or rate, should not reach any navigable water.

#	Material	Maximum gallons	Location/Comments
Fuels Storage			
T-1	#2 Fuel Oil	25,000 25,000	<i>Main Fuel Oil Storage Tanks (Boiler Light-off & Combustion Turbine Fuel)</i> Outside, steel Aboveground Storage Tank (AST), southwest plant site area, concrete berm, valved drains, truck unloading area curbed with valved drains
T-2 T-3	Diesel Fuel Gasoline	1,000 500	<i>Vehicle Refueling Tanks</i> Outside, steel ASTs, guard house parking area, metal berms, valved drains, parking area runoff to coal pile runoff pond (to ATB, to river #001-002)
T-4	#1 Fuel Oil (kerosene)	1,000	<i>No. 1 Fuel Oil Tank (Kerosene for Portable Heaters, etc.)</i> Outside, steel AST, southeast building corner at Unit 1, metal berm with valved drain, area drains to coal pile runoff pond (to ATB, to river #001-002)
Emergency Generator			
T-5	Diesel Fuel	300	Outside, steel AST, double-wall, riverside back deck, interstitial monitor, area drains to river #001-002 (via once-thru cooling return ventpipe)
Coalyard - Tractor Garage			
T-6	Diesel Fuel	12,000	<i>Coal Handling Mobile Equipment Refueling Tank</i> Outside, steel AST, southeast of coal shaker house, concrete berm, drains to coal pile runoff pond (to ATB, to river #001-002)
T-7 T-8 T-9 T10	Motor Oils / Mixed-Grades	450 450 450 450	<i>Tractor Garage Maintenance Fluid Dispenser Totes/Tanks</i> Inside, plastic Totes in steel baskets, concrete berm containment, parking area runoff to coal pile runoff pond (to ATB, to river #001-002)
T-11	Transmission Fluid	450	
T-12	Used Oil	450	
PA-1	Gear Lube Hydraulic Oil Propylene Glycol Used Oil	110 110 220 165	

1.a Oil Storage Tanks (T) and Portable Containers Storage Areas (PA)

Note that, in the unlikely event of a release, the contents of each tank may discharge at a rate between gradual and instantaneous depending on conditions at the time of the release and the event(s) which precipitated the release. Since all bulk storage includes containment berms, releases, regardless of volume or rate, should not reach any navigable water.

#	Material	Maximum Gallons	Location/Comments
Steam Plant - Storage			
T-13	Turbine Oil	4,370	Unit 1 Basement Oil Storage Room Inside, steel ASTs, southeast side basement, bermed room/adjacent area sumped to ATB (#001-002)
T-14	" "	4,370	Reservoir Drain tank, ground floor Turbine Oil Storage Room
T-15	" "	4,370	New Oil Storage –Tank A , (same)
T-16	" "	1,580	New Oil Storage –Tank B , (same)
T-17	" "	1,580	Reservoir Tank A, (same) Reservoir Tank B, (same)
PA-2	Lube Oils / Mixed-Grades	5-10 drums 8 x 250 gal	New turbine oil, steel drums, (same) Lube Oil Dispensers, steel tank units, (same)
PA-3	Turbine Oil Gear Compound Machine/Motor Oil Propylene Glycol EHC Fluid	25-50 drums 5-10 drums	Unit 1 Basement Oil Room - Drum Storage Area Inside, steel drums, southeast side basement, area sumped to ATB (#001-002)
T-18	Turbine Oil	6,100	Unit 5 Basement Oil Storage Room Inside, steel AST, Unit 5-6, north/central basement, bermed room, sumped to ATB (#001-002)
FGD Maintenance Area			
PA-4	Misc. Gear & Lube Oil, Degreaser	5-10 drums	Inside, steel drums, storage area for equipment fluids & maintenance, enclosed building & concrete floor, area drains to coal pile runoff pond (#001- #002)
SPP-Landfill Contractors Tanks			
T-19	Diesel Fuel	3,000	Outside, steel AST, double-wall, near Unit 4-5 SPP, interstitial monitor, area drains to sediment basin, to ATB (#001-002)
PA-5	Misc. Machine & Lube Oil	3-5 drums	Unit 4-5 SPP, Inside, steel drums, storage area for equipment fluids & maintenance, area drains to sediment basin, to ATB (#001-002)
PA-6	Misc. Machine & Lube Oil	3-5 drums	Unit 6 SPP, Inside, steel drums, storage area for equipment fluids & maintenance, area drains to sediment basin, to ATB (#001-002)

1.b Oil-Filled Equipment Reservoirs/Oil-in-Use Containers (R)

Note that, in the unlikely event of a release, the contents of each tank may discharge at a rate between gradual and instantaneous depending on conditions at the time of the release and the event(s) which precipitated the release. Since all bulk storage includes containment berms, releases, regardless of volume or rate, should not reach any navigable water.

#	Material	Maximum Gallons	Location/Comments
Coalyard - Tractor Garage - Reservoirs			
R-1	Gear Oil	500	Outside, steel reservoirs, misc. coal conveyors drive machinery, drains to coal pile runoff pond to ATB (#001-002)
R-2		500	
Combustion Turbine			
R-3	Turbine Oil	1,500	Inside, steel chassis reservoir, building containment with concrete floor
Unit 1-4 – Process Equipment: Main Plant Building - Reservoirs			
R-4	Turbine Oil	3,960	<i>Unit Turbine Oil Reservoirs</i> Inside, Unit 3, 2 nd floor, main turbine oil reservoir Unit 4 Unit 5 Unit 6
R-5		3,350	
R-6		3,350	
R-7		3,090	
R-8	" "	5,125	<i>Unit Turbine Oil Systems (With Piping and H2 Seal Oil Systems)</i> Inside, Unit 3, main unit building, filtration-purification circulating systems Unit 4 Unit 5 Unit 6
R-9		4,420	
R-10		4,420	
R-11		4,200	
R-12	Machine Oil	630	<i>Unit Aux. Equipment Fluid Drives (Fans, Mills, etc.)</i> Inside, Unit 1, Piping & System Reservoirs Unit 2 Unit 3 Unit 4 Unit 5 Unit 6
R-13		440	
R-14		770	
R-15		1,200	
R-16		1,000	
R-17		1,500	
R-18	EHC/Hydraulic Oil	750	<i>Misc. Unit Equipment Reservoirs (Controls, EHC Systems, etc.)</i> Inside, Unit 4, misc. equipment systems Unit 5 Unit 6
R-19		1,000	
R-20		1,250	
R-21	Gear Oil	1,000	<i>Misc. Unit Gear Boxes/Reservoirs</i> Inside, Unit 4, ground floor, Air Fan oil reservoirs, coal mills gear boxes, etc Unit 5 Unit 6
R-22		800	
R-23		1,250	

1.b Oil-Filled Equipment Reservoirs/Oil-in-Use Containers (R)

Note that, in the unlikely event of a release, the contents of each tank may discharge at a rate between gradual and instantaneous depending on conditions at the time of the release and the event(s) which precipitated the release. Since all bulk storage includes containment berms, releases, regardless of volume or rate, should not reach any navigable water.

#	Material	Maximum Gallons	Location/Comments
Unit 4/5 Sludge Processing Plant			
R-24 R-25	Lube Oil	300	Inside, steel, Units 4-5 Vacuum Drum Filters lube oil piping & reservoirs (2 @ 150 gal/ea), building sump to sediment pond/ATB (#001-002)
R-26 R-27	Machine Oil	120	Inside, steel, Units 4-5 Vacuum-Blower lube oil reservoirs (2 @ 60 gal/ea), (same drainage)
Unit 6 Sludge Processing Plant			
R-28 R-29	Lube Oil	300	Inside, steel, Unit 6 Vacuum Drum Filters lube oil piping & reservoirs (2 @ 150 gal/ea), building sump to sediment pond/ATB (#001-002)
R-30 R-31	Machine Oil	120	Inside, steel, Unit 6 Vacuum-Blower lube oil reservoirs (2 @ 60 gal/ea), (same drainage)
Water Intake Screen House			
R-32	Hydraulic Oil	500 500	<i>Circulating Water Valve Actuator Oil Accumulator (A/B) Units 4 & 5-6</i> Inside, steel ASTs, containment within equipment room
R-33	Misc. Oils	0-5 drums	Inside, steel drums, secondary containment pallet & spill kit,

1.c Electrical Equipment (E) – Mineral Oil-Filled

#	Maximum Gallons	Company ID#	Identification & Comments
Transformers – Main Plant Areas			
E-1	8,125	Unit 1A	Unit 1 Main Generator Step-Up (GSU), 14 KV Yard/east of Unit 1, drain to coal pile runoff pond & ATB (#001-002)
E-2	400+407	(Cont & Sel Comp's)	
E-3	2,450	Main Aux 1A	
E-4	2,450	Main Aux 1B	
E-5	610	Gen 1-440V TR 1A	
E-6	610	Gen 1-440V TR 1B	
E-6	6,595	Unit 2A	Unit 2 Main Generator Step-Up (GSU), 14 KV Yard/east of Unit 2, (same drainage)
E-7	540+173	(Sel&TFR Comp's)	
E-8	1,900	Main Aux 2A	
E-9	1,900	Main Aux 2B	
E-10	450	Gen 2-440V TR 2A	
E-11	450	Gen 2-440V TR 2B	
E-11	8,550	Unit 4 GSU	Unit 4 Main GSU, Unit 4 rear deck, drains to retention area below w/ valved drain to river (#010)
E-12	2,063	Unit 4 Main Aux	
E-13	8,775	Unit 5 GSU	Unit 5 Main GSU, Unit 5 rear deck, (same drainage)
E-14	2,940	Unit 5 Main Aux	
E-15	11,500	Unit 6 GSU	Unit 6 Main GSU, Unit 6 rear deck, (same drainage)
E-16	2,760	Unit 6 Main Aux	
E-17	440	Unit 4 SDRS 480	Unit 4 FGD Transformer (480 V feed), drains to coal pile runoff pond- ATB (#001-002)
E-18	313	Unit 5 SDRS 480	Unit 5 FGD Transformer (480 V feed), (same drainage)
E-19	2,244	SDRS AUX TR B	FGD Aux. Transformer B, east of control house, (same drainage)
E-20	440	SDRS Backup 480V	FGD Feeder, east of Unit 5/6 Equipment House, (same drainage)
E-21	227	SDRS Slurry Handlg	FGD Slurry Handling, Reactant Supply Building, (same drainage)
E-22	1,812	Res Aux TR A	Plant Reserve Auxiliary Transformers (A and B), east of Unit 4, (same drainage)
E-23	1,767	Res Aux TR B	
River Intake Screen House			
E-24	115	440 TR 1-A1	Screen House Rooftop Transformers, curbed, valved drains to river (#003)
E-25	250	440 TR 1-A2	
E-26	1,660	440 TR 1-B1	
E-27	250	440 TR 1-B2	
E-28	0	440 TR 2-B	
E-29	700	AUX TR 1-A1	
E-30	570	AUX TR 1-A2	
E-31	697	AUX TR 1-B1	
E-32	697	AUX TR 1-B2	
E-33	600	AUX TR 2-A1	
E-34	570	AUX TR 2-A2	
E-35	624	AUX TR 2-B1	
E-36	697	AUX TR 2-B2	

Station Feeder 440V, Lighting & PR Transformers			
E-37	450	SF-440V TR 1 A	Substation area east of Unit 2, drains to coal pile runoff pond-ATB (#001-002)
E-38	610	SF-440V TR 1B	(same)
E-39	104	SF-LTG&PR TR 1A	Sub area west of No 1 Bkr house, (same drainage)
E-40	104	SF-LTG&PR TR 1B	(same)
E-41	104	SF-LTG&PR TR 2A	Sub area west of No 2 Bkr house, (same drainage)
E-42	104	SF-LTG&PR TR 2B	(same)
Coal Handling			
E-43	116	TR A	Coal Handling Electrical Building, enclosed w/ concrete floor, drains to coal pile runoff pond-ATB (#001-002)
E-44	125	TR B	
E-45	164	TR C1	
E-46	125	TR C2	
Spare Transformers (Unit 6 GSU)			
E-47	21,952	S/N 90417-A	Front of Plant, concrete pad impounded by gravel, area drains to coal pile runoff pond-ATB (#001-002)
E-48	9,700	S/N 7002367	
Combustion Turbine CR-11			
E-49	219	CR Gen 11-A	Combustion Turbine GSU, adjacent CT building, drains to coal pile runoff pond-ATB (#001-002)
E-50	219	CR Gen 11-B	
Main Plant Oil-Filled Circuit Breakers			
E-51	1,050	Unit 4	Unit 4 Main GSU, Unit 4 rear deck, drains to retention area below w/ valved drain to river (#010)
E-52	1,050		
E-53	1,050		
E-54	1,050	Unit 5	Unit 5 Main GSU, Unit 5 rear deck, drains to retention area below w/ valved drain to river (#010)
E-55	1,050		
E-56	1,050		
E-57	1,050	Unit 6	Unit 6 Main GSU, Unit 6 rear deck, drains to retention area below w/ valved drain to river (#010)
E-58	1,050		
E-59	1,050		
E-60	1,050	Unit 6 Main Aux	Unit 6 Main GSU, Unit 6 rear deck, drains to retention area below w/ valved drain to river (#010)
E-61	1,050		
E-62	1,050		
E-63	255	CR-4/5-SPP-TR A	Unit 4-5 SPP Equipment, adjacent Unit 4-5 SPP bldg, drains to south ATB/sediment pond (#001-002)
E-64	255	CR-4/5 SPP-TR B	
Substation Equipment			
E-65	255	CR-1420-A	Substation Equipment, area drains to coal pile runoff pond-ATB (#001-002) (same)
E-66	255	CR-1420-B	
E-67	255	CR-1421-A	(same)
E-68	255	CR-1421-B	
E-69	255	CR-1422-A	(same)
E-70	255	CR-1422-B	
E-71	255	CR-14KV Spare A	(same)
E-72	255	CR-14KV Spare B	
E-73	3,195	CR-3824	(same)
E-74	3,150	CR-3825	
E-75	3,150	CR-3826	
E-76	3,150	CR-3866	

Substation Equipment - Switchyard			
E-77	9,020	TR 1 Main Tank	Substation Equipment, area drains to coal pile runoff pond-ATB (#001-002) (same)
E-78	800	Tap Changer	
E-79	12,090	TR 2 Main Tank	(same)
E-80	1,400	Tap Changer	
E-81	2,715	138 KV TR 1	(same)
E-82	2,799	138 KV TR 2	
E-83	765	69 KV Bus Tie	(same)
E-84	765	69 KV TR 1	(same)
E-85	615	69 KV TR 2	
E-86	2,340	CRS-3801	(same)
E-87	2,070	CRS-3808	(same)
E-88	2,070	CRS-3808-24 Tie	(same)
E-89	2,799	CRS-3821	(same)
E-90	2,070	CRS-3822	(same)
E-91	2,715	CRS-3822-33	(same)
E-92	2,715	CRS-3823	(same)
E-93	2,070	CRS-3824	(same)
E-94	2,340	CRS-3825	(same)
E-95	2,340	CRS-3825-TR 2 Tie	(same)
E-96	2,151	CRS-3826	(same)
E-97	3,675	CRS-3826 TR 1 Tie	(same)
E-98	2,799	CRS-3832	(same)
E-99	2,799	CRS-3833	(same)
E-100	1,650	CRS-6634	(same)
E-101	693	CRS-6635	(same)
E-102	693	CRS-6665	(same)
E-103	693	CRS-6678	(same)

2. Chemical and Bulk Materials

#	Material	Maximum Amount	Location/Comments
Unit 1 - Main Building & Warehouse - Outside Storage Area			
C-1	Hydrochloric Acid (32%)	1-2 drums	Outside, plastic AST, plastic secondary containment tank, paved area, drains to coal pile runoff pond-ATB (#001-002)
C-2 C-3/4 C-5/6	Hydrazine (35%) <i>Cortrol OS5035</i>	180 gal. 250 & 180 gal 500 & 180 gal	Inside, areas drains to sumps & pumped to the ATB (#001-002), Unit 3-4 basement storage area, portable totes, Unit 5 basement, day tank and portable tote, Unit 6 basement, day tank and portable tote
C-7	Hydrogen, Liquefied Gas	Gas (Kscf)	Outside, steel AST & heat exchanger, (runoff NA)
C-8	Sodium Hydroxide <i>Flake Caustic</i>	5-10 cans	Inside, 100# cans, Unit 4 mezzanine, drains to sumps & pumped to the ATB (#001-002)
C-8	Sodium Hydroxide (50%) <i>NOT IN USE</i>	12,000 gal. <i>EMPTY</i>	Inside, steel AST, Unit 4 mezzanine, concrete curbed, (same drainage)
C-9	Di-Sodium Phosphate (DSP) <i>Optisperse HP9430</i>	100 gal 10-20 bags	Inside, stainless steel day tank (batch w/ mixer), 50# or 100# bags, Unit 4 mezzanine, (same drainage)
C-10	Tri-Sodium Phosphate (TSP) <i>Optisperse HP9430</i>	100 gal 10-20 bags	(same)
Coal Handling Area			
C-11	Dust Suppressant <i>DusTreat DC9140</i> (not currently used)	500 gal (empty)	Outside, steel insulated tank, adjacent transfer house, graveled, drains to coal pile runoff pond to ATB (#001-002)
Screenhouse & Warehouse			
C-12	Bentonite Clay (detoxicant) <i>Spectrus DT1401</i>	2,000 lbs (supersac)	Inside, supersac, warehouse with concrete floor
C-13	AD Benzyl Ammonium Chloride <i>Spectrus CT1300</i> (Molluscicide-Algaecide)	180 gal 180 gal 180 gal	<i>Screenhouse</i> Inside, metal totes (temporary usage & just-in-time delivery)
C-14	Foamtrol AF3550	(0-6 drums)	<i>Cooling Water Intake & Warehouse (new)</i> Inside (temporary use), concrete floor areas
C-15	Bromo Chloro Dimethyl Hydantoin (BCDMH) <i>Spectrus OX1200</i>	50-100, 6-gal pails 250 gal	<i>Cooling Water Intake & Warehouse</i> Inside, plastic pails, palletted, concrete floor areas Plastic Batch tank, (same drainage)
Hazardous Waste and Oily Waste Storage Building			
C-16	Drummed Oil, Oily Rags, Absorbent, etc,	50-100 drums	<i>Oily Solid Wastes - Drum Storage Area</i> Inside, steel drums, curbed building with concrete floor, area drains to coal pile runoff pond-ATB (#001-002)
C-17	Misc. Hazardous Wastes	1-3 drums	Inside, steel drums, palletted, curbed building with concrete floor, (same drainage)
Battery Rooms - Sulfuric Acid			
C-18 C-19 C-20	Main Units Backup Power (3 rooms in main building)	4 banks @ 60 cells/bank	Inside, ~5 gal/cell, plastic/metal, room with concrete floor
C-21	Main Units Backup Power (1 rooms)	1 banks @ 20 cells	Inside, ~5 gal/cell, plastic/metal, room with concrete floor

APPENDIX D

Material Inventory

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Tank Listing

(Mill Creek Plant - rev. 7-30-2010)

Organized by:

1. Oil/Petroleum Products
 - 1.a. Oil Storage Tanks (T) and Drum / Portable Containers Storage Areas (PA)
 - 1.b. Oil-Filled Equipment Reservoirs/Oil-in-Use Containers (R)
 - 1.c. Electrical Equipment (E) – (Mineral Oil-Filled)
2. Toxic, Hazardous or Bulk Materials/Chemicals Storage (C)
 - Chemicals – Water Treatment (*Boiler-Demineralizer-Service-Circulating-FGD*)
 - Chemicals – Other

PLANT AREAS:

- Outside Plant Fuels Storage
- Contractors Fuel Storage
- Limestone Barge Unloader and Emergency Diesel Generators
- Steam Units and Warehouse(#10) Buildings
- Coal Handling
- Limestone Reactant Preparation
- FGD (SDRS) Buildings
- Gypsum Processing Plant & Flyash Silos
- River Water Intake ScreenHouse
- Outside Maintenance – Garage Area and HazWaste/Used Oil Building
- Turbine Maintenance-Pump Service Shop
- Plant Equipment Transformers
- Substation Area

Material Inventory & Tank Listing:

1. Oil/Petroleum Products
 - a. Oil Storage Tanks (T) and Portable Containers Storage Areas (PA)
 - b. Equipment Reservoirs/Oil-in-Use Containers (R)
 - c. Electrical Equipment (E)
2. Toxic, Hazardous or Bulk Materials/Chemicals Storage (C)

1.a Oil Storage Tanks (T) and Portable Containers Storage Areas (PA)

In the unlikely event of a release, the contents of a tank may discharge at a rate between gradual & instantaneous depending on conditions at the time and the event which precipitated the release. Since all bulk storage includes containment berms, releases, regardless of volume/rate, shouldn't reach navigable water.

#	Material	Maximum gallons	Location/Description/Most probable discharge point in the event of a release occurrence
Outside Plant Fuels Storage			
T-1 T-2	Diesel Kerosene	10,000 550	<i>Coal Handling Mobile Equipment Refueling Tank</i> Outside, southeast of coal shaker house/steel AST, metal berm with roof (500 gal tank rain flashing-enclosed), area discharge to coal pile runoff pond (to ATB to Ohio River #001)
T-3 T-4	Diesel Gasoline	3,000 3,000	<i>Vehicle Refueling Tanks</i> Outside, steel ASTs, adjacent facility garage, metal berm under roof or enclosed, valved area drain, operations/parking area runoff to oil/water separator to runoff ditch to #010
T-5	#1 Fuel Oil (kerosene)	1,000	<i>No. 1 Fuel Oil Tank (Kerosene for Portable Heaters, etc.)</i> Outside, steel double-wall AST, north of plant warehouse, area drains to #014 or overflows to main unit transformers runoff basin with valved drain to river (#001) <i>Weighted-rubber mat/drain plug stored at tank for loading/unloading operations or if req'd</i>
Contractors' Fuels Storage			
T-6	Diesel	2,000	<i>Gypsum Processing/Fly Ash Handling Area - Contractors Fuel Storage</i> Outside, adjacent contractor trailer area/steel AST, enclosed steel berm, valved drain/area runoff to Outfall #012
T-7 T-8 T-9	Gasoline Diesel Diesel	500 3,000 2,000	<i>Contractors Area- Ash Pond Operations</i> Outside, steel ASTs, skid-mounted w/ metal berms (1 enclosed), within ATB (#001-002)
T-10 T-11 T-12 T-13 T-14 T-15	Diesel Gasoline Gasoline Diesel Diesel Gasoline	90 90 550 550 250 250	<i>Contractor's Area - Railroad "WYE" Area</i> Outside, steel ASTs, with metal berms. All tanks drain through overland channels to Outfall 002. Outside, steel AST in metal berm with roofing, same drainage (as other tanks) <i>same</i>
Limestone Barge Unloader and Emergency Diesel Generators			
T-16	Diesel Fuel	3,500	<i>Limestone Barge Unloader Tank</i> Outside, steel AST, coal work barge fuel tank, non-point along river bank
T-17	Diesel Fuel	404	<i>Steam Turbines Turning Gear Emergency Generator</i> Outside, Unit 3 riverside turbine-transformer deck, steel double-wall AST, inside generator chassis housing, transformer deck drainage to Outfall #011
T-18	Diesel Fuel	450	<i>FGD Quenchwater Emergency Generator</i> Outside, Unit 3 riverside turbine-transformer deck, steel double-wall AST, inside generator chassis housing, transformer deck drainage to Outfall #011

1.a Oil Storage Tanks (T) and Portable Containers Storage Areas (PA) – cont'd

#	Material	Maximum Gallons	Location/Comments
Steam Units Building and Warehouse(#10) Storage			
T-19 T-20 T-21 T-22 T-23	Turbine Oil	6,000 6,000 6,000 12,000 12,000	<i>Units 1-2 and 3-4 Basement Oil Storage Rooms</i> Inside, steel ASTs & drums, east side Main Unit bldg basement, bldg sumps to ATB 1-A Unit 1-2 Clean Oil tank 1-B Unit 1-2 Dirty Oil Tank 1-C Unit 1-2 Spare Oil Tank 3-A Unit 3-4 Clean Oil tank 3-B Unit 3-4 Dirty Oil Tank
PA-1		10-15 drums	New Oil Drums for Clean Oil Make-up (on drum containment)
PA-2	Turbine Oil Gear Compound Machine/Motor Oil Propylene Glycol EHC Fluid	<50 drums	<i>Units 1-2 and 3-4 Basement Oil Storage Rooms – Adjacent Areas</i> Inside, steel drums, Main Unit building basement, adjacent oil-storage rooms, areas drain to building sumps to ATB (#001-002)
PA-3	EHC Fluid	3-6 drums	<i>Unit Building Warehouse (#10)</i> Inside, steel drums, warehouse with concrete floor
Coal Handling			
PA-4	Misc. Lube Oils	<12 drums	<i>Maintenance Building ("Little Garage")</i> Inside, steel drums, grating above concrete containment/berm
PA-5	Motor Oil Transmission Fluid Misc. Lube Oils	450 450 1-10 drums	<i>Large Maintenance Building</i> Inside, plastic totes, concrete curb/containment and concrete floor in building Same Inside, steel drums, same concrete curbed containment
Limestone Reactant Preparation			
PA-6	Grease/Gear lube Misc. Gear & Lube Oil, Degreaser	1-3 drums 10-20 drums	Inside, steel drum portable dispenser, concrete floor Inside, steel drums, storage area for equip. fluids & maintenance, enclosed building, containment pallets & curbing, concrete floor, area drains to coal pile runoff pond (#001- #002)
Flue Gas Desulphurization (SDRS) Buildings			
PA-7	New & Used Oil	1-10 drums	Inside, Unit 1-2 Absorber Bldg, steel drums on containment pallets, within an enclosed building & on a concrete floor, area drains to #010
PA-8	New & Used Oil	1-6 drums	Inside, Unit 3 Absorber Bldg, steel drums on containment pallets, within an enclosed building & on a concrete floor, area drains to #010
PA-9	New & Used Oil	5-15 drums	Inside, Unit 4 Absorber Bldg, steel drums on containment pallets, within an enclosed building & on a concrete floor, area drains to #010
PA-10	New & Used Oil	1-3 drums	<i>Units 1-3 FGD Forced Oxidation Air Compressor Building</i> Inside, steel drums on dispenser-containment pallets, within an enclosed building & on a concrete floor, area drains to #010
Gypsum Processing Plant & Flyash Silos			
PA-11	Misc. Machine & Lube Oil	5-15 drums	Inside, steel drums, storage area for equipment fluids & maintenance, building sump to emergency pond to construction runoff pond (#012)
River Water Intake Screen House			
PA-12	Misc. Oils	0-5 drums	Inside, steel drums, secondary containment pallet & spill kit,

1.a Oil Storage Tanks (T) and Portable Containers Storage Areas (PA) – cont'd

#	Material	Maximum Gallons	Location/Comments
Outside Maintenance –Garage Area & HazWaste/Used Oil Storage Building			
PA-13	Misc. Gear & Lube Oil	1-8 drums	<i>Vehicle Maintenance Garage</i> Inside, steel drums, storage area for equipment fluids & maintenance, containment pallets, enclosed building & concrete floor, area drains to oil/water separator to runoff ditch (#010)
T-24	Used Oil	250	Outside Covered Porch, steel double-wall AST, adjacent garage, (same drainage as above)
PA-14	Used Oil	<75 drums	Inside, steel drums, enclosed metal building with curbed concrete floor, area is within the ATB watershed drainage area (#001-002)
Turbine Maintenance-Pump Service Shop			
PA-15	New & Used Oil	1-10 drums	Inside, steel drums on containment pallets, within an enclosed building & on a concrete floor, area drains to #010

1.b Equipment Reservoirs/Oil-in-Use Containers (R)

In the unlikely event of a release, the contents of a tank may discharge at a rate between gradual & instantaneous depending on conditions at the time and the event which precipitated the release. Since all bulk storage includes containment berms, releases, regardless of volume/rate, shouldn't reach navigable water.

#	Material	Maximum Gallons	Location/Comments
Unit 1-4 – Process Equipment: Main Plant Building (Drains to Sumps, to ATB (#001-002))			
R-1 R-2 R-3 R-4	Turbine Oil	7,370 8,280 11,710 16,600	<i>Unit Turbine Oil Reservoirs</i> Inside, Unit 1, 2nd floor, main turbine oil reservoir Unit 2 Unit 3 Unit 4
R-5 R-6 R-7 R-8 R-9 R-10 R-11 R-12	Turbine Oil	1,700 1,700 1,950 3,500 750 x 2 750 x 2 750 x 2 750 x 2	<i>Unit Turbine Oil Systems (Filtration, Piping and H2 Seal Oil Systems)</i> Inside, Unit 1, main unit building, filtration-purification circulating systems Unit 2 Unit 3 Unit 4 Boiler Feedpump Turbine Reservoir-Systems – Unit 1 BFPs - Unit 2 BFPs - Unit 3 BFPs - Unit 4
R-13 R-14 R-15 R-16	Turbine-Machine Oil	3,150 3,150 2,850 2,400	<i>Unit Aux. Equipment – Fan Fluid Drives</i> Inside, Unit 1, Piping & System Reservoirs (Each Unit: 2 ID Fans Drives, 2 FD Fans Drives, @ FGD-Booster Fans Drives) Unit 2 Unit 3 Unit 4
R-17 R-18 R-19 R-20	EHC/Hydraulic Oil	358 358 358 358	<i>Misc. Unit Equipment Reservoirs (Controls, EHC Systems, etc.)</i> Inside, Unit 1, misc. equipment systems Unit 2 Unit 3 Unit 4
R-21 R-22 R-23 R-24	Gear Oil	1,100 1,100 1,100 1,675	<i>Misc. Unit Gear Boxes/Reservoirs</i> Inside, Unit 1, ground floor, 4 coal mills gear boxes Unit 2 – 4 coal mills Unit 3 – 4 coal mills Unit 4 – 5 coal mills
Coal Handling			
R-25	Gear Oil	1,000	Outside, steel reservoirs, misc. coal conveyors drive machinery, drains to coal pile runoff pond to ATB (#001-002)
Limestone Reactant Preparation			
R-26 R-27 R-28	Gear Oil	200 150 150	Outside, steel reservoirs, misc. limestone conveyors drive machinery (<i>barge unloader belt and ½ mill feeder belts</i>), drains to coal pile runoff pond to ATB (#001-002)
R-29 R-30	Lube Oil	250 250	Inside, steel, Units 1-4 Verti-mills lube oil piping & reservoirs (2 @ 250 gal/ea), drains to coal pile runoff pond (#001-002)
River Water Intake Screen House			
R-31 R-32	Hydraulic Oil	250 250	<i>Circulating Water Valve Actuator Oil Accumulator (A/B)</i> Inside, steel ASTs (supply & return accumulators @ 250 gal/each), containment within equipment room

1. Petroleum Products

c. Electrical Equipment – Di-Electric Mineral Oil

In the unlikely event of a release, the contents of a tank may discharge at a rate between gradual & instantaneous depending on conditions at the time and the event which precipitated the release. Since all bulk storage includes containment berms, releases, regardless of volume/rate, shouldn't reach navigable water.

#	Maximum Gallons	Company #	Identification & Comments
Transformers – Main Plant Areas			
E-1	5,170	Main TR-1-A	Unit 1 Main Generator Step-Up (GSU) Transformers, 3-phases (#7001644, #7001643, #7001642) riverside-west Unit 1, concrete decking & curb, drains to Area A runoff with valved drain to river (to #001)
E-2	5,170	Main TR-1-B	
E-3	5,170	Main TR-1-C	
E-4	5,170	Main TR-2-A	Unit 2 Main GSU, 3-phases, (#7001718, #7001719, #7001720), (same as above)
E-5	5,170	Main TR-2-B	
E-6	5,170	Main TR-2-C	
7	8,380	Main TR-3-A	Unit 3 Main GSU, 3-phases, (#M100359, #M100360, #M100361), (same as above)
8	8,380	Main TR-3-B	
9	8,380	Main TR-3-C	
10	8,950	Main TR-4-A	Unit 4 Main GSU, 3-phases, (#M100939, #M100938, #M100937), (same as above)
11	8,950	Main TR-4-B	
12	8,950	Main TR-4-C	
13	4,285	RGP-32661	Unit 1 Main Auxillary Transformer, (same as above)
14	5,215	RCP-38131	Unit 2 Main Auxiliary Transformer, (same as above)
15	4,160	H-882811	Unit 3-1 Main Auxiliary Transformer, (same as above)
16	4,160	H-882812	Unit 3-2 Main Auxiliary Transformer, (same as above)
17	4,320	50502-1	Unit 4-1 Main Auxiliary Transformer, (same as above)
18	5,400	70019-1	Unit 4-2 Main Auxiliary Transformer, (same as above)
19	4,237	RCP-32581	Plant Reserve Auxiliary Transformers (1-A and 1-B), east plant adjacent plant office, paved area drains to ATB (#001 - #002)
20	4,237	RCP-32582	
21	1,600	ESP-U1	Inside, Electrostatic Precipitator TR-sets within ESP penthouse (contained), 32 transformers @ 50 gal/each
22	1,600	ESP-U2	Inside, Electrostatic Precipitator TR-sets within ESP penthouse (contained), 32 transformers @ 50 gal/each
23	1,600	ESP-U3	Inside, Electrostatic Precipitator TR-sets within ESP penthouse (contained), 32 transformers @ 50 gal/each
24	1,600	ESP-U4	Inside, Electrostatic Precipitator TR-sets within ESP penthouse (contained), 32 transformers @ 50 gal/each
FGD Area			
25	3,880	L252533A	FGD Area Auxiliary Transformers (SDRS TR-A and TR-B), east FGD area, graveled, drains to garage maintenance area-O/W separator-river (#010)
26	3,880	L252533B	
Outside Operations Yard Area			
27	3,270	H880467A	Yard Auxiliary Transformers (A & B), northeast of Gypsum Processing Plant, strongwall-type containment with passive stormwater control, adjacent graveled area drains to emergency pond-construction runoff pond-river (#012)
28	3,270	H880467B	

1. Petroleum Products

c. Electrical Equipment – Di-Electric Mineral Oil - cont'd

#	Maximum Gallons	Company #	Identification & Comments
Switchyard Substation Transformers & Circuit Breakers			
1	3,420	1-35Y3976	138KV Bus Tie & Transformer, fenced & graveled area, runoff to river #012
2	2,799	18977	138 KV Transformer 5, (same)
3	23,295	D-596692	Main Tank – Transformer 5 (same)
4	3,420	1-33Y8132	138 KV Transformer 6, (same)
5	14,540	7002471	Main Tank – TR 6 (same)
6	5,170	B-360422	Spare – Main Tank TR 6 (same)
7	407	B-360422	Spare - Tap Changer TR 6 (same)
8	2,799	18978	138 KV Transformer 7-8, (same)
9	6,668	6538439	Main Tank – TR 7 (same)
10	176	6538439	Lower Select - TR 7 (same)
11	220	6538439	Upper Select - TR 7 (same)
12	9,050	C-255827	Main Tank – TR 8 (same)
13	450	C-255827	Tap Changer - TR 8 (same)
14	3,675	2-38Y3190	138 KV Transformer 9, (same)
15	5,970	G-860037	Main Tank – TR 9 (same)
16	430	G-860037	Tap Changer - TR 9 (same)
17	398	21602-2	Grounding Transformers (A & B), (same)
18	398	21602-1	
19	3,675	4-38Y3190	Motor Control Transformer MC-3834, (same)
20	3,675	3-38Y3190	MC-3838, (same)
21	2,715	1-38Y4232	MC-3855, (same)
22	3,000	1-38Y3830	MC-3857, (same)
23	3,675	1-38Y3190	MC-3866, (same)
24	556	21432	MC-6680-A, (same)
25	675	0139A9495-205	MC-6680-B, (same)
26	122	208/120-A	Station Service 208/120V – Transformer A, (same)
27	122	440-A	Station Service 440V – Transformer A, (same)
28	122	208/120-B	Station Service 208/120V – Transformer B, (same)
29	122	440-B	Station Service 440V – Transformer B, (same)
30	5,170	7001645	Spare Unit 1-2 GSU Transformer, (same)

2. Chemicals - Toxic, Hazardous, or Bulk Materials

In the unlikely event of a release, the contents of a tank may discharge at a rate between gradual & instantaneous depending on conditions at the time and the event which precipitated the release. Since all bulk storage includes containment berms, releases, regardless of volume/rate, shouldn't reach navigable water.

2.a Chemicals – Water Treatment (Boiler-Demineralizer-Service-Circulating)

#	Material	Maximum Amount	Location/Comments
Chemicals – Water Treatment (Boiler-Demineralizer-Service-Circulating-FGD)			
C-1 C-2	AD Benzyl Ammonium Chloride <i>Spectrus CT1300</i> (Molluscicide-Algaecide)	180 gal 180 gal 180 gal	Inside, plastic-metal totes (temporary usage & just-in-time delivery) Screenhouse Warehouse-RO Building (remainder after treatments)
C-3	Ammonium Hydroxide (19%) (<i>Aqua Ammonia</i>)	500 gal.	Outside, steel AST, near Unit 1-2 stack & #2 fan room, area drains to the ATB (#001-002)
C-4	Bentonite Clay (detoxicant) <i>Spectrus DT1401</i>	2,000 lbs (supersac)	Inside, supersac, warehouse with concrete floor
C-5	Bromo Chloro Dimethyl Hydantoin (BCDMH) <i>Spectrus OX1200</i>	30-40, 6-gal pails 150 gallon	Cooling Water Intake & Warehouse Inside, plastic pails, palletted, concrete floor areas Inside, plastic batch tank, concrete floor area
C-6	Foamrol AF3550	(0-6 drums)	Cooling Water Intake & Warehouse Inside (temporary use), concrete floor areas
C-7	HEDP <i>Depositrol BL5400</i> (Anti-scalant/Dispersion)	2,500 gal.	Unit 2 Cooling Tower Outside, plastic AST, insulated, area drains to the ATB (#001-002).
C-8		2,500 gal	Unit 3-4 Cooling Towers Outside, plastic AST, insulated, area drains to the construction runoff pond (#012).
C-9 C-10	Hydrazine (35%) <i>Cortrol OS5035</i>	110 gal. (2 drums) 180 gal.	Inside, semi-bulk/portable, Warehouse 10 (for outage layups), drains to sumps & pumped to the ATB (#001-002) Spare tote (for future relocation by Betz)
C-11	Hypersperse (RO Anti-Scalant) MDC700	350 gal	Reverse Osmosis Building Inside, plastic tote, concrete floor & trench drains to ATB-ash pond (#002)
C-12	Molybdate, Sodium- <i>Corroshield MD4105</i> <i>Continuum AT209</i>	180 gal.	Inside, semi-bulk/portable, NE basement (same drains)
C-13	Polymer/Coagulant <i>Depositrol PY5203</i> DISCONTINUED USE	2,500 gal.	DISCONTINUED & EMPTY Unit 2 Cooling Tower Outside, plastic AST, area drains to the coal pile runoff pond to ATB (#001-002).
C-14		2,500 gal.	Unit 3-4 Cooling Towers Inside, plastic AST, Limestone Pump Building with concrete floor, drains to the coal pile runoff pond to ATB (#001-002).
C-15	Sodium Bromide	4,000 gal.	Unit 2 Cooling Tower Outside, plastic AST, double-walled, area drains to the coal pile runoff pond to ATB (#001-002).
C-16		4,000 gal	Inside, plastic ASTs, double-walled, drains to the construction runoff pond (#012).
C-17	Sodium Formate (Replaced DBA-FGD Use)	18,000 gal	FGD-Unit 4 Area Outside, steel AST, insulated & heat traced, concrete bermed, valved drain, runoff to coal pile runoff pond & ATB (#001-002)
C-18 C-19	Sodium Hydroxide <i>Flake Caustic</i>	110 gal (2 drums)	Inside, drums, Unit 1-2 and 3-4 basement, drains to sumps & pumped to the ATB (#001-002)
C-20	Sodium Hydroxide (50%)	450 gal	Reverse Osmosis Building Inside, plastic tote, concrete floor & trench drains to ATB-ash pond (#002)
C-21 C-22	LARGE TANKS NOT IN USE	7,500 gal. 7,500 gal.	Inside, steel ASTs, Unit 1 mezzanine, concrete curbed, drains to the demineralizer waste sump & pumped to ATB. (C-9 is EMPTY)

2. Chemical and Bulk Materials – cont'd

	Material	Maximum Amount	Location/Comments
Chemicals – Water Treatment (Boiler-Demineralizer-Service-Circulating-FGD) – CONTINUED			
C-23	Sodium Hypochlorite (12.5%) <i>UNIVAR HITEST NaOCl</i>	4,000 gal.	<i>Unit 2 Cooling Tower</i> Outside, plastic AST, double-walled, area drains to the coal pile runoff pond to ATB (#001-002).
C-24		4,000 gal	<i>Unit 3-4 Cooling Towers</i> Inside, plastic ASTs, double-walled, drains to the construction runoff pond (#012).
C-25	Sulfuric Acid (93%)	450 gal	<i>Reverse Osmosis Building</i> Inside, plastic tote, concrete floor & trench drains to ATB-ash pond (#002)
C-26	LARGE TANKS NOT IN USE	6,000 gal.	Inside, steel ASTs, Unit 1 mezzanine, concrete curbed, drains to the demineralizer waste sump & pumped to ATB. (C-11 is EMPTY)
C-27		6,000 gal.	
C-28	Sulfuric Acid Electrolyte	1,500 gal	BATTERY ROOMS – Locations: Inside, ~5 gal/cell-battery housings, concrete floor rooms <i>Main Units Backup Power</i> – 5 banks @ 60 cells/bank <i>Coal Handling-Control House #3</i> – 60 cells <i>Limestone Prep Building</i> – 10 cells <i>Unit 1-2 FGD Distribution Room</i> – 60 cells <i>GPP 480V Room</i> – 10 cells <i>Substation Switchyard 345/138kV Control House</i> – 60 cells <i>COSMOS Feed 138kV (@GPP/coal handling area)</i> – 60 cells
C-29		300 gal	
C-30		50 gal	
C-31		300 gal	
C-32		50 gal	
C-33		300 gal	
C-34		300 gal	
C-35	Tri-Sodium Phosphate (TSP) <i>Optisperse HP9430</i>	600 gal	Inside, stainless steel day tank (batch w/ mixer), (same drainage)
C-36	Sodium Sulfite <i>Cortrol IS1050</i>	450 gal (tote)	<i>Reverse Osmosis Building</i> Inside, plastic tote (RO feed de-chlorination), concrete floor & trench drains to ash pond-ATB (#001-002)

Chemicals – Other

C-37	Anhydrous Ammonia	60,000 gal 60,000 gal	<i>Ammonia Storage Facility</i> Outside, steel ASTs, Shelter Building with concrete berm and water deluge system, area drain to coal pile runoff pond to ATB (#001-002)
C-38	Dust Suppressant <i>DusTreat DC9140</i>	300 gal 300 gal	Outside, plastic totes, adjacent crusher & unloader houses, graveled, drains to coal pile runoff pond to ATB (#001-002)
C-39	Hydrogen, Liquefied Gas	Gas (Kscf)	Outside, steel AST & heat exchanger, (runoff NA)
C-40	Fly Ash (Silos)	500 tons x 2	Outside, Flyash Handling Area, concrete, drains to E-Pond (#012)

Hazardous Waste and Oily Waste Storage Building

C-41	Drummed Oily Rags, Absorbent, etc,	<75 drums	<i>Oily Solid Wastes – Drum Storage Area</i> Inside, steel drums, concrete floor
C-42	Misc. Hazardous Wastes	1-3 drums	Inside, steel drums, on wood palettes, curbed building with concrete floor
C-43	Satellite Collection Area	≤1 drum	<i>Outside Unit 1-2 Basement Oil Storage Room</i> Containment Palette, enclosed, area drains to building sumps

APPENDIX D

Material Inventory

&

Tank Listing

(rev. 4-15-2010)

Organized by:

1. Oil/Petroleum Products
 - 1.a. Oil Storage Tanks (T) and Drum / Portable Containers Storage Areas (PA)
 - 1.b. Oil-Filled Equipment Reservoirs/Oil-in-Use Containers (R)
 - 1.c. Electrical Equipment (E) – (Mineral Oil-Filled)
2. Toxic, Hazardous or Bulk Materials/Chemicals Storage (C)
 - Chemicals – Water Treatment (*Boiler-Demineralizer-Service-Circulating*)
 - Chemicals – Other

PLANT AREAS:

- Outside Fuel Storage
- Material Handling & Emergency Firepump
- Synmat-Gypsum Processing Fuel Tank
- Steam Units Building
- Limestone Preparation
- FGD (SDRS) Building
- Ash Pond & Construction Contractors
- Steam Construction Contractors – Maintenance Fluids Storage Area
- Combustion Turbines & C-Warehouse Areas
- River Water Intake ScreenHouse
- Substation Area

Material Inventory & Tank Listing:

1. Oil/Petroleum Products
 - a. Oil Storage Tanks (T) and Portable Containers Storage Areas (PA)
 - b. Equipment Reservoirs/Oil-in-Use Containers (R)
 - c. Electrical Equipment (E)
2. Toxic, Hazardous or Bulk Materials/Chemicals Storage (C)

1.a Oil Storage Tanks (T) and Portable Containers Storage Areas (PA)

In the unlikely event of a release, the contents of a tank may discharge at a rate between gradual & instantaneous depending on conditions at the time and the event which precipitated the release. Since all bulk storage includes containment berms, releases, regardless of volume/rate, shouldn't reach navigable water.

#	Material	Maximum gallons	Location/Comments
Outside Fuel Storage			
T-1 T-2 T-3	#2 Fuel Oil	100,000 100,000 100	<i>Main Fuel Oil Storage Tanks</i> Outside, steel Aboveground Storage Tanks (AST), southeast plant site area, earthen bermed (each), valved area drains to sediment retention basin(#001) Outside, steel rectangular tank, concrete pad inside large tank berm area
T-4	#1 Fuel Oil (kerosene)	1,000	<i>No 1 Fuel Oil Tank</i> Outside, steel AST, double wall, adjacent the Steam Building Loading Dock Area, valved area drain to grass area to sediment retention basin (#001)
T-5	Diesel Fuel	250	<i>Emergency Fire Pumps Fuel Tank</i> Inside, steel AST, Firepump building, on sediment retention basin Inside Unit 1 main bldg, steel AST, drains to plant sumps (to ATB)
Material Handling			
T-6 T-7 T-8	Diesel (off-road) Unleaded Gasoline Diesel (on-road)	3,000 3,000 1,000	<i>Material Handling Equipment Fuel Tanks</i> Outside, steel ASTs, concrete bermed, valved area drain (to dredged spoil area #008), adjacent material handling maintenance garage & area runoff to coal pile runoff pond (to ATB)
PA-1 PA-2	Motor Oil 30W Transmission Fluid Hydraulic Oil Liquid Deicer Gear Compound Degreaser Fluid Used Oil New Antifreeze	450 330 450 450 x 3 6 drums 1 drum 2 drums 4 drums	<i>Material Handling Maintenance Building</i> Inside maintenance bldg, plastic tote, containment pallet, concrete floor <i>Same</i> <i>Same</i> <i>Same</i> Inside maint. bldg, steel drums, concrete floor, area drains to coal pile <i>Same</i> <i>Same</i> <i>Same</i>
Synmat – Gypsum Processing Fuel Tank			
T-9	Diesel	550	<i>SynMat Contractor's Vehicle Refueling Tank</i> Outside, Steel AST, metal secondary containment pan, adjacent Gypsum Dewatering Equipment building, area drains to sediment retention basin (#001)

1.a Oil Storage Tanks (T) and Portable Containers Storage Areas (PA) – cont'd

Steam Units Building			
T-10	Diesel Fuel	300	<i>Emergency Diesel Generator</i> Inside, steel AST, Main Unit building main floor (generator on turbine floor), southeast corner, area drains to sump pumps to ATB
T-11 T-12 T-13	Turbine Oil	12,300 12,300 12,300	<i>Unit 1 Oil Storage Room & Turbine Oil Purification Tanks</i> Inside, steel AST, SE corner Main bldg, bermed room with sump to ATB, Clean Oil tank, Dirty Oil Tank, Spare Oil Tank,
T-14 to T-18	Mixed Oils- Greases	200 x 6	Inside, steel dispenser tanks (five @ 200 gal/ea),
PA-3	" " "	1,375 (25 drums)	New Oil Drums, steel, inside bermed room (<i>typical inventory count</i>)
PA-4	Used Oil	275	Inside Unit 1, Plastic tote, adjacent to Oil Room; drains to sump & pumped to ATB
PA-5	Lubrication Oil (Mixed Grades) Electro-Hydraulic Fluid	10 drums	Inside, steel drums, palletized, concrete floor
		2 drums	same
Limestone Reactant Preparation			
PA-6	Grease/Gear lube	1 drum	Inside, steel drum portable dispenser, concrete floor
FGD Building (SDRS)			
PA-7	Motor Oil (Mixed Grades) Hydraulic Fluid Synthetic Oil	6 drums 1 drum 2 drums	Inside, steel drum, drum containment pallets, concrete floor
Ash Pond Contractors - Fuels Storage Areas			
T-19 T-20	Diesel Fuel	500 250	<i>ATB Ash Beneficiation Contractor Equipment</i> Outside, steel double-wall skid-mounted ASTs, level indication, interstitial monitored, valved drainage to area within ATB (zero discharge) watershed
T-21	Diesel Fuel	5,000	<i>ATB Construction Contractor Equipment</i> Outside, steel skid-mounted AST, double-wall, valved drainage to area within ATB (zero discharge) watershed
Steam Construction Contractors – Maintenance Fluids Storage Area			
T-22	Diesel Fuel	750	<i>South of CT Yard Oil Storage Area</i> Outside, steel portable-mounted ASTs, concrete pad & berm, (with drain), southwest CT site area, area runoff to grassy area & sed. pond (#002)
PA-8	Mixed Lube Oils	20-100 drums	Miscellaneous steel drums, concrete curbed area with valved drains, constructed wood/tarp rain enclosure, runoff to sed. Pond (002)
Combustion Turbine/C-Warehouse Storage			
PA-9	Turbine Oil Used Turbine Oil Gear Lubricant	3 drums 8 drums 12 drums	Inside, steel drums, C-Warehouse/west, palletized, concrete floor Same Same
River Water Intake ScreenHouse			
PA-10	Turbine Oil Grease/Gear lube	3 drums 3 drums	Inside, steel drums, secondary containment pallet

1.b Equipment Reservoirs/Oil-in-Use Containers (R)

In the unlikely event of a release, the contents of a tank may discharge at a rate between gradual & instantaneous depending on conditions at the time and the event which precipitated the release. Since all bulk storage includes containment berms, releases, regardless of volume/rate, shouldn't reach navigable water.

#	Material	Maximum Gallons	Location/Comments
Combustion Turbines - Process Equipment			
R-1	Turbine Oil	6,200	Inside, Unit 5; ground level reservoir, area drains to O/W separator, clean discharge to sediment retention basin (#001)
R-2	" "	6,200	Inside, Unit 6; ground level reservoir, area drains to O/W separator, clean discharge to sediment retention basin (#001)
R-3	" "	6,200	Inside, Unit 7; ground level reservoir, area drains to O/W separator, clean discharge to sediment retention basin (#001)
R-4	" "	6,200	Inside, Unit 8; ground level reservoir, area drains to O/W separator, clean discharge to sediment retention basin (#001)
R-5	" "	6,200	Inside, Unit 9; ground level reservoir, area drains to O/W separator, clean discharge to sediment retention basin (#001)
R-6	" "	6,200	Inside, Unit 10; ground level reservoir, area drains to O/W separator, clean discharge to sediment retention basin (#001)
Unit 1 - Process Equipment			
R-7	Turbine Oil	12,205	Inside, Unit 1, 2 nd floor, main turbine oil reservoir
R-8	" "	1,110	Inside, Unit 1, ground floor, turbine oil purification system volume
R-9	" "	6,600	Inside, Unit 1, ground floor, hydrogen seal oil reservoir
R-10 R-11	" "	100 100	Inside, Unit 1, Forced Draft Fan lube oil reservoirs (2 @ 100 gal)
R-12 R-13	" "	310 310	Inside, Unit 1, Primary Air Fan lube oil reservoirs (2 @ 310 gal)
R-14 R-15	" "	200 200	Inside, Unit 1, ground floor, motor-driven boiler feed pump turbine oil reservoirs (2 @ 200gal)
R-16 R-17	" "	310 310	Inside, Unit 1, Induced Draft Fan lube oil reservoirs (2 @ 310 gal)
R-18	EH Fluid	1,800	Inside, Unit 1, ground floor, Electro-Hydraulic control system reservoir
R-19 to R-22	Bearing Oil	100 x 4	Inside, Unit 1, Air Heater oil reservoirs (4 @ 100 gal)
R-23 to R-28	Gear Oil	200 x 6	Inside, Unit 1, ground floor, coal mills gear boxes (6@200 gal)
R-29 to R-34	Hydraulic Oil	60 x 6	Inside, Unit 1, ground floor, coal mills Hydraulic Power reservoirs (6@60 gal)

1.b Equipment Reservoirs/Oil-in-Use Containers (R) – cont'd

#	Material	Maximum Gallons	Location/Comments
Unit 2 - Process Equipment			
R-35	Turbine Oil	18,000	Inside, Unit 2, 2 nd floor, main turbine oil reservoir
R-36	" "	1,500	Inside, Unit 2, ground floor, turbine oil purification system volume
R-37	" "	10,000	Inside, Unit 2, ground floor, hydrogen seal oil reservoir
R-38	" "	150	Inside, Unit 2, Forced Draft Fan lube oil reservoirs (2 @ 150 gal)
R-39	" "	150	
R-40	" "	500	Inside, Unit 2, Primary Air Fan lube oil reservoirs (2 @ 500 gal)
R-41	" "	500	
R-42	" "	300	Inside, Unit 2, ground floor, motor-driven boiler feed pump turbine oil reservoirs (2 @ 400gal)
R-43	" "	300	
R-44	" "	500	Outside, Unit 2, Induced Draft Fan lube oil reservoirs (2 @ 500 gal) and hydraulic controls reservoirs (2 @ 400 gal)
R-45	" "	500	
R-46	" "	400	
R-47	" "	400	
R-48	EH Fluid	2,700	Inside, Unit 2, ground floor, Electro-Hydraulic control system reservoir
R-49 to R-52	Bearing Oil	150 x 4	Inside, Unit 2, Air Heater oil reservoirs (4 @ 150 gal)
R-53 to R-58	Gear Oil	300 x 6	Inside, Unit 2, ground floor, coal mills gear boxes (6@300 gal)
R-59 to R-64	Hydraulic Oil	90 x 6	Inside, Unit 2, ground floor, coal mills Hydraulic Power reservoirs (6@90 gal)
Outside Coal Handling Equipment			
R-65	Gear Oil	60	Outside, steel, "B" coal conveyor speed reducer reservoir, coal pile area
R-66	" "	65	Outside, steel, "C" coal conveyor speed reducer reservoir, coal pile area
R-67	" "	150	Outside, steel, "C" coal conveyor speed reducer reservoir, coal pile area
R-68	" "	60	Outside, steel, "F-1" coal conveyor speed reducer reservoir, coal pile area
R-69	" "	60	Outside, steel, "F-2" coal conveyor speed reducer reservoir, coal pile area
R-70	" "	600	Outside, steel, "E" coal conveyor speed reducer reservoir, coal pile area
Limestone Reactant Preparation			
R-71	Gear Oil	65	Outside, steel, "A" limestone conveyor speed reducer reservoir, limestone pile area
R-72 R-73	Lube Oil	250 250	Inside, steel, limestone grinding mills lube oil reservoirs, (2 @ 250 gal)

1.b Equipment Reservoirs/Oil-in-Use Containers (R) – cont'd

#	Material	Maximum Gallons	Location/Comments
Unit 2 - FGD			
R-74 to R-79	Turbine Oil	100 x 6	Inside, Absorber Recirculation Pump Drives/reservoirs, concrete floor (six @ 100 gal each)
R-80 R-81	Hydraulic Fluid	200 200	Inside, Recirculation Isolation Valves Hydraulic Control Power Unit, concrete floor with berm (2 @ 200 gal)
R-82 R-83	Turbine Oil	600 600	Inside, Forced Oxidation Blowers Lube Oil Cooling Units, concrete floor with berm (2 @ 600 gal)
River Water Intake ScreenHouse			
R-84 R-85	Turbine Oil	225 gal 225 gal	Inside, Service Water Pump (B and C pumps) Fluid Drives/coolers, concrete floor without direct drains to river (2 @ 225 gal)
Trash Compactor			
R-86	Hydraulic Oil	200 gal	Outside, Municipal Trash Compactor, south Unit 1 near loading dock, Concrete pad, area drainage to sedimentation pond (to #001)

1. Petroleum Products

c. Electrical Equipment – Di-Electric Mineral Oil

In the unlikely event of a release, the contents of a tank may discharge at a rate between gradual & instantaneous depending on conditions at the time and the event which precipitated the release. Since all bulk storage includes containment berms, releases, regardless of volume/rate, shouldn't reach navigable water.

#	Maximum Gallons	Company #	Identification & Comments
Unit 1 Transformers			
T-1	22,290	TR-1	Unit 1 Main GSU, east Unit 1, concrete berm & valved drains to sediment retention basin (#001)
T-2	9,174	MA-1	Unit 1 Main Auxiliary Trans. adjacent U1 GSU, concrete berm & valved drains to sediment retention basin (#001)
T-3	8,287	Res.Aux.-A	Reserve Auxiliary Transformer –A, southwest Unit Main Bldg, concrete berm & valved drains to sediment retention basin (#001)
T-4	8,287	Res.Aux.-B	Reserve Auxiliary Transformer –B, southwest Unit Main Bldg, (same)
T-5	1,200	CHWT-A	Aux. Transformer - Station Crusher House Water Treatment - A, concrete berm & valved drains to sediment retention basin (#001)
T-6	1,200	CHWT-B	Aux. Trans. - Crusher House Water Treatment – B, (same)
T-7	1,200	CDESB-A	Aux. Trans. – Coal Delivery Electrical System Bus - A, (same)
T-8	1,200	CDESB-B	Aux. Trans. – Coal Delivery Electrical System Bus - B, (same)
T-9	1,200	ASH-A	Aux. Trans. – Ash Pond MCC Bus - A, (same)
T-10	1,200	ASH-B	Aux. Trans. – Ash Pond MCC Bus - B, (same)
T-11	4,780	RP-A	Aux. Trans. – Reactant Preparation Bus - A, (same)
T-12	4,780	RP-B	Aux. Trans. – Reactant Preparation Bus - B, (same)
	2,485	REMOVED	Aux. Trans. – INDUCED Draft Fan - 1, (same)
	2,485	REMOVED	Aux. Trans. – INDUCED Draft Fan - 2, (same)
T-13	500		Mechanical Draft Cooling Tower A (7KV-480V), concrete diked, valved drain
T-14	500		Mechanical Draft Cooling Tower B, same
T-15	8,000	ESP#40	Inside, Electrostatic Precipitator TR-sets within ESP penthouse (contained), 40 transformers @ 200 gal/each
Unit 2 Transformers			
T-16	25,000		Unit 2 Main GSU, east Unit 2, concrete berm & valved drain, site drainage to sediment pond - Outfall #001
T-17	10,000		Unit 2 Main Auxiliary A, same
T-18	10,000		Unit 2 Main Auxiliary B, same
T-19	9,000		Unit 2 Reserve Auxiliary A, southeast Unit 1, concrete berm & valved drain
T-20	9,000		Unit 2 Reserve Auxiliary B, same
T-21	500		Fly Ash Equipment Auxilliary A, concrete berm & valved drain
T-22	500		Fly Ash Equipment Auxilliary B, same
Spare Unit 2 Transformer - GSU			
T-23	25,000		North of C Warehouse, concrete berm, valved drain

1.c Electrical Equipment – Di-Electric Mineral Oil – cont'd

Combustion Turbines			
T-24	18,385	CT-GSU-5	Unit 5 Generator Step-Up Transformer, Concrete Berm, drains to Oil/Water Separator & clean discharge to sediment retention basin (#001)
T-25	18,385	CT-GSU-6	Unit 6 (same)
T-26	18,385	CT-GSU-7	Unit 7 (same)
T-27	18,385	CT-GSU-8	Unit 8 (same)
T-28	18,385	CT-GSU-9	Unit 9 (same)
T-29	18,385	CT-GSU-10	Unit 10 (same)
T-30	397	CT-56-ExTran	Unit 5/6 Transformer, (same)
T-31	397	CT-78-ExTran	Unit 7/8 Transformer, (same)
T-32	397	CT-910-ExTran	Unit 9/10 Transformer, (same)
T-33	925	CT-56-LCI	Unit 5/6 Load Commutated Induction Transformer (same)
T-34	925	CT-78-LCI	Unit 7/8 (same)
T-35	925	CT-910-LCI	Unit 9/10 (same)
T-36	1,142	CT-56-Serv	Unit 5/6 Service Transformer (same)
T-37	1,142	CT-78-Serv	Unit 7/8 Service Transformer (same)
T-38	1,142	CT-910-Serv	Unit 9/10 Service Transformer (same)
T-39	534	CT-56-480A	Unit 5/6 480V A-Bus Transformer (same)
T-40	534	CT-78-480A	Unit 7/8 480V A-Bus Transformer (same)
T-41	534	CT-910-480A	Unit 9/10 480V A-Bus Transformer (same)
T-42	534	CT-56-480B	Unit 5/6 480V B-Bus Transformer (same)
T-43	534	CT-78-480B	Unit 7/8 480V B-Bus Transformer (same)
T-44	534	CT-910-480B	Unit 9/10 480V B-Bus Transformer (same)
Site/Construction Transformers			
T-45	350	Con-Main	Main Construction Feed Transformer, adjacent Unit 1 GSU, paved area with runoff to Sediment Retention Basin SRB (#001)
T-46	350	Con-2	Pad-mount, Construction Warehouse C, northside, gravel area to SRB (#001)
T-47	350	Con-3	Pad-mount, Equipment Unloading Dock (@ access road), gravel area (#009)
T-48	350	Con-4A/B	Pad-mount, south-adjacent to Potable Water Bldg, paved area to SRB (#001)
T-49	350	Con-5A/B	Pad-mount, west-adjacent Construction Warehouse A, (same drainage)
T-50	350	Con-6A	Pad-mount, between Construction Warehouses A & B, (same drainage)
T-51	350	Con-6B	Pad-mount, between Construction Warehouses A & B, (same drainage)
T-52	350	Con-7A	Pad-mount, between Construction Warehouses A & B, (same drainage)
T-53	350	Con-7B	Pad-mount, between Construction Warehouses A & B, (same drainage)
T-54	350	Con-ERT	Pad-mount, adjacent ERT building, gravel area to SRB (#001)
T-55	350	Con-Aux	Pad-mount, behind Aux.Boiler bldg, gravel area to SRB (#001)
T-56	350	Con-Admin	Pad-mount, behind Admin-Maintenance bldg, gravel area to SRB (#001)
T-57	250	Con-SynMat	Pad-mount, adjacent Syn-Mat.Dewatering Bldg, gravel area to SRB (#001)

1. Petroleum Products

c. Electrical Equipment – Di-Electric Mineral Oil - cont'd

#	Maximum Gallons	Company #	Identification & Comments
Substation Transformers & Circuit Breakers			
T-58	16,200	TR-5 Main Tank	Transformer -5, 138kV, fenced, graveled, area drains to sediment retention basin (#001)
T-59	6,595	TR-7	Transformer -7, Main Tank (same)
T-60	540	TR-7-SC	Transformer -7, Selector Compartment (same)
T-61	173	TR-7-TC	Transformer -7, Tap Changer Compartment (same)
T-62	5,470	TR-8	Transformer -8, Main Tank (same)
T-63	407	TR-8-SC	Transformer -8, Selector Compartment (same)
T-64	400	TR-8-TC	Transformer -8, Tap Changer Compartment (same)
T-65	4,600	TR-9	Transformer -9, Main Tank (same)
T-66	157	TR-9-TC	Transformer -9, Tap Changer Compartment (same)
T-67	188	GND-A	Grounding Transformer A, (same)
T-68	188	GND-B	Grounding Transformer B, (same)
T-69	3,420	TR-5 & 7	Circuit Breakers, 138kV, (same)
T-70	3,420	138kV Bus Tie	" " " (same)
T-71	3,420	138kV TR 8	" " " (same)
T-72	3,420	TC-3847	" " " (same)
T-73	3,420	Res.Aux.-A	" " " (same)
T-74	3,420	Res.Aux.-B	" " " (same)
T-75	220	CBL-Res-N	138kV Oil-Filled Cable Reservoirs (3 @ 73.3gal), north units (same)
T-76	220	CBL-Res-S	138kV Oil-Filled Cable Reservoirs (3 @ 73.3gal), south units (same)

2. Chemicals - Toxic, Hazardous, or Bulk Materials

In the unlikely event of a release, the contents of a tank may discharge at a rate between gradual & instantaneous depending on conditions at the time and the event which precipitated the release. Since all bulk storage includes containment berms, releases, regardless of volume/rate, shouldn't reach navigable water.

2.a Chemicals – Water Treatment (Boiler-Demineralizer-Service-Circulating)

#	Material	Maximum Amount	Location/Comments
Steam Units Building			
C-1	Ammonium Hydroxide (21%) (<i>Aqua Ammonia</i>)	300 gal	Unit 1 - inside, steel tote, Unit 1 building adjacent the water purity analysis room, area drains to sumps & pumped to the ATB
C-2		300 gal	Unit 2 – inside, same drainage (in Unit 2 area)
C-3	Hydrazine (35%) <i>Cortrol OS5035</i>	180 gal	Unit 1 - inside, semi-bulk/portable, adjacent water purity analysis room, drains to sumps & pumped to the ATB
C-4		180 gal	Unit 2 – inside, same drainage (in Unit 2 area)
C-5	Tri-Sodium Phosphate (TSP)	175	Unit 1 only - inside, stainless steel day tank (batch w/ mixer); (same drainage)
C-6	Molybdate <i>Corroshield MD4105</i>	300 gal	Unit 1 - inside, semi-bulk/portable, NE corner ground floor (same drains)
C-7		300 gal	Unit 2 – inside, same drainage (in Unit 2 area)
C-8	HEDP <i>Depositrol PY 5200</i> Anti-scalant/ Dispersant	300 gal	Unit 1 – na Unit 2 - inside, semi-bulk/portable, chemical feed area, drains to unit sumps and to ATB
C-9	Sodium Hydroxide (50%)	7,500 gal	Unit 2 – Condensate Polisher DM System Storage Bay (rain protected), concrete bermed, drain valves
C-10	Sulfuric Acid (93%)	7,500 gal	same
C-11	Ethyl/Propylene Glycol	110 gal	Inside warehouse area, steel drums, palletized, concrete floor
Auxiliary Boiler			
C-12	Ammonium Hydroxide (21%) (<i>Aqua Ammonia</i>)	300 gal	Inside, steel tote, Auxiliary Boiler Building, area drains to sumps & pumped to the ATB
C-13	Sodium Sulfite <i>Cortrol IS102</i>	275 gal	Inside, plastic tote, Auxiliary Boiler Building, area drains to sumps & pumped to the ATB
Ammonia Storage Facility			
C-14	Anhydrous Ammonia	32,000 gal	<i>Units 1 and 2 Systems (pairs manifolded)</i> Outside Shelter Bldg, concrete berm with water deluge system, area drain to sediment retention basin (#001)
C-15		32,000 gal	
C-16		34,000 gal	
C-17		34,000 gal	
FGD – Unit 2			
C-18	DiBasic/Formic Acid	22,500 gal	Outside, steel tank, heat-traced/insulated, concrete containment, valved drains

2. Chemicals - Toxic, Hazardous, or Bulk Materials – cont'd

Cooling Towers			
C-19 C-20	HEDP <i>Depositrol BL 5400</i> Anti-scalant/ Dispersant	3,500 gal 3,500 gal	Unit 1 mech.draft – outside, concrete bermed including truck unload ramp w/ valved drain, aread drains to sedim.pond (#001) Unit 2 hyperbolic – outside & same features
C-21 C-22	Sodium Bromide	3,500 gal 3,500 gal	same
C-23 C-24	Sodium Hypochlorite	7,800 gal 7,800 gal	same
C-25 C-26	Sulfuric Acid (93%)	9,400 gal 9,400 gal	same
Water Treatment Building			
C-27 C-28	Sodium Hydroxide (50%)	13,900 gal. 880 gal.	Inside, steel ASTs, water treatment building, concrete curbed, drains to the demineralizer waste sump & pumped to ATB. Day tank adjacent DM unit (inside, same)
C-29 C-30	Sulfuric Acid (93%)	27,000 gal. 880 gal.	Outside, steel AST, adjacent-east of water treatment building, concrete berm, no drain, Inside, Day tank, adjacent DM unit, inside, curbed, drain to demineralizer waste sump & pumped to ATB
C-31	HEDP <i>Depositrol PY 5200</i> Anti-scalant/ Dispersant	3,000 gal.	Inside, plastic AST, water treatment building curbed, area drains to the demineralizer waste sump & pumped to the ATB.
C-32	NALCO Permatreat <i>RO System Anti-scalant</i>	265 gal	Inside, plastic AST, water treatment building curbed, area drains to the demineralizer waste sump & pumped to the ATB.
C-33	Polymer/Coagulant <i>(Klaraid CDP1302)</i>	850 gal.	Inside, plastic AST, water treatment building curbed, area drains to the demineralizer waste sump & pumped to the ATB.
C-34	Sodium BiSulfite <i>-Reducite (38%)</i> RO system use	300 gal	Inside, plastic AST, water treatment building curbed, area drains to the demineralizer waste sump & pumped to the ATB.
C-35	Sodium Hypochlorite (12.5%) for RO System	1,500 gal.	Inside, plastic AST, water treatment building curbed, area drains to the Sediment Retention Basin.
C-36	Sodium Hypochlorite (12.5%)	3,000 gal.	DRAINED, CLEANED, NO LONGER USED (or connected) Outside, plastic AST, water treatment building curbed, area drains to the Sediment Retention Basin.
C-37	Sodium Bicarbonate (Soda Ash)	2400 lbs	Inside, palletized 50 # bags, “ “ “
C-38	Calcium Hypochlorite (bleach)	200 lbs	Inside, plastic 100# pails, “ “ “
C-39	Sodium Sulfite	1,200 lbs	Inside, palletized 50 # bags, “ “ “
C-40	Trisodium Phosphate	350 lbs	Inside, palletized 50 # bags, “ “ “

2. Chemicals - Toxic, Hazardous, or Bulk Materials – cont'd

B/C Coal Transfer House Area			
C-41	Anti-Freeze (ethylene glycol)	55	Inside, steel drum, B/C transfer house, area drains to coal pile/ATB
C-42		55	" " " Crusher house (same)
C-43		55	" " " Sample House (same)
C-44		55	" " " Stacker/Reclaimer Boom Belt (same)
Coal Crusher House			
C-45	BT-205W Surfactant Dust Suppressant	500 gal	Outside, within coal pile area, drains to coal/limestone ponds and to ATB <i>(supply to both crusherhouse & coal barge unloader)</i>
Limestone Prep Building			
C-46	BT-205W Surfactant Dust Suppressant	500 gal	Outside, adjacent limestone Prep Bldg, drains to coal/limestone ponds and to ATB <i>(supplies limestone barge unloader)</i>
C Warehouse Building			
C-47	Soda ash	50# bags	Inside, palletized, concrete floor
C-48	Sodium sulfite	50# bags	" " " "
C-49	Sodium bicarbonate	50# bags	" " " "
Bulk Material Silos			
C-50	Hydrated Lime	300 tons	Unit 1 – outside, steel silo, rain protection
C-51		300 tons	same
C-52		300 tons	Unit 2 - same
Fly Ash Silo			
C-53	Fly Ash (dry)	500 tons	Units 1 & 2 combined, outside, rain protected, truck loading area with area runoff sump to ash pond

Current Inspections at TC (4-5-10)

Operators

- | | | |
|------------------------------------|------|------|
| 1. Fuel Oil #1(kerosene) Tank | | |
| 2. 110 Kgal Fuel Oil #2 Tank – A | | |
| 3. 110 Kgal Fuel Oil #2 Tank – A | | |
| 4. Anhydrous Ammonia | CHEM | |
| 5. Diesel Synmat | | |
| 6. Diesel Emergency Fire Pump | | |
| 7. Limestone Pile | | AREA |
| 8. Oil Room | | |
| 9. Diesel Emergency Generator Tank | | |
| 10. Unit 1 Used Oil Tank | | |
| 11. C-Warehouse | | AREA |
| 12. Shed South of CTs | | AREA |
| 13. Reactant Prep | | AREA |
| 14. SDRS (FGD) Pump Bay | | AREA |
| 15. Unit Building Ground Floor | | AREA |
| 16. Unit Building Warehouse | | AREA |
| 17. Screen House | | |

Material Handling

- | | | |
|---|------|------|
| 18. CBU Dust Suppressant | CHEM | |
| 19. LBU Dust Suppressant | CHEM | |
| 20. Crusher House Dust Suppressant | CHEM | |
| 21. Unleaded Gas (3000gal) | | |
| 22. Diesel Fuel on-road (1000gal) | | |
| 23. Diesel Fuel off-road (3000gal) | | |
| 24. Coal pile | | AREA |
| 25. Sulfuric acid (mech draft cooling tower) | CHEM | |
| 26. Anti-scalant (mech draft cooling tower) | CHEM | |
| 27. Sodium Bromide (mech draft cooling tower) | CHEM | |
| 28. Bleach (mech draft cooling tower) | CHEM | |
| 29. Sulfuric acid (water treatment) | CHEM | |
| 30. Coal Maintenance Building | | |
| 31. Water Treatment Building | CHEM | |

Lab Staff Personnel

- | | | |
|---|------|------|
| 18. Sulfuric Acid – condensate polisher | CHEM | |
| 19. Caustic – condensate polisher | CHEM | |
| 20. Sulfuric acid (natural draft cooling tower) | CHEM | |
| 21. Anti-scalant (natural draft cooling tower) | CHEM | |
| 22. Sodium Bromide (natural draft cooling tower) | CHEM | |
| 23. Bleach (natural draft cooling tower) | CHEM | |
| 24. Sulfuric Acid (mechanical draft cooling tower) | CHEM | |
| 25. Anti-scalant (mechanical draft cooling tower) | CHEM | |
| 26. Sodium Bromide (mechanical draft cooling tower) | CHEM | |
| 27. Bleach (mechanical draft cooling tower) | CHEM | |
| 28. Sulfuric Acid (water treatment) | CHEM | |
| 29. Water Treatment | | AREA |

Crescente, Angela

From: Crescente, Angela
Sent: Friday, August 27, 2010 6:20 PM
To: Arbough, Dan
Cc: Wiseman, Sara
Subject: Inflation Rates and Discount Rates for the GAAP ARO revaluation

Dan,

We are in the process of performing a GAAP revaluation of our AROs for the first time. When we did this on an IFRS basis, you always provided us with the inflation rate to use based on the information in the email below. Would you please provide me with an inflation rate that I could use for the GAAP revaluation as of September 30, 2010? I understand that you won't probably know for sure until the last day of September, but I wanted to let you know that this is coming up in the near future so I wouldn't surprise you.

Also, I have attached a spreadsheet that Germany used to send us for the IFRS revaluation that detailed the discount rate/effective rate (since it is yearly) that we should use. The rates highlighted in yellow represents the ones that they wanted us to use for that particular year. The rates in between were an incremental version that I calculated for AROs that were expected to retire in the years in between. Would you be able to provide me with some version of this so that I can come up with a rate for each year even if you can only provide me every 10 years or so? I would need this information along with the inflation rate by **COB October 1, 2010** in order to meet the deadline of the revaluation and book it for the September close.



Interest Rates for
Provisions ...

I really appreciate all of your help! Please let me know if I can help in any way, and feel free to call if you have any questions.

Thanks,
Angela

From: Arbough, Dan
Sent: Monday, January 04, 2010 8:09 AM
To: Crescente, Angela
Subject: RE: Inflation Rates for use with IFRS ARO revaluation

Angela,

The long-term treasury (20 year) bonds have a yield as of the close on December 30 of 4.54% and the inflation adjusted 20 year bonds had a yield of 2.02%. This suggests long-term inflation of 2.52%.

FYI – the bond market was closed for trading on Dec 31

Dan

From: Crescente, Angela
Sent: Tuesday, December 29, 2009 3:08 PM
To: Arbough, Dan
Subject: RE: Inflation Rates for use with IFRS ARO revaluation

Maybe it would be best to wait until January 4th. Would you be able to provide them to me on that day if I send you another email?

From: Arbough, Dan
Sent: Tuesday, December 29, 2009 3:02 PM
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Subject: RE: Inflation Rates for use with IFRS ARO revaluation

Are rates as of today acceptable or do you need rates as of year-end?

Dan

From: Crescente, Angela
Sent: Tuesday, December 29, 2009 1:39 PM
To: Arbough, Dan
Subject: RE: Inflation Rates for use with IFRS ARO revaluation

Dan,

We are having another revaluation as we normally do for year ended December. Please provide an updated inflation rate. I attached the email you sent me in July in hopes that it might help.

Thanks,
Angela

From: Arbough, Dan
Sent: Wednesday, July 01, 2009 8:01 PM
To: Crescente, Angela
Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra
Subject: RE: Inflation Rates for use with IFRS ARO revaluation

The TIPS are trading at 2.12% while the long-term treasuries are trading at 4.30% suggesting an inflation rate of 2.18%. These rates are as of the June 30 closing.

Dan

From: Crescente, Angela
Sent: Wednesday, July 01, 2009 2:14 PM
To: Arbough, Dan
Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra
Subject: RE: Inflation Rates for use with IFRS ARO revaluation

Dan,

Do you think that the 2.24% is still the expected inflation rate or has it changed since our last email a couple of weeks ago? We just wanted to be sure we had to most up to date information as the entry will be booked on Monday, Day 3.

Thanks for your help,
Angela

From: Arbough, Dan
Sent: Wednesday, June 17, 2009 10:43 AM
To: Crescente, Angela
Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra
Subject: RE: Inflation Rates for use with IFRS ARO revaluation

Using the same methodology as last year, the TIPS are trading at 2.44% while long-term treasuries are yielding 4.68% suggesting an expected inflation rate of 2.24%.

I know of no reason to use more than one rate, but am not familiar with the details of the accounting requirements.

Dan

From: Crescente, Angela
Sent: Tuesday, June 16, 2009 11:19 AM
To: Arbough, Dan
Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra
Subject: RE: Inflation Rates for use with IFRS ARO revaluation

Dan:

We are getting ready to do a mid-year IFRS ARO revaluation and needed to check with you about what inflation rate/rates we should be using in order to proceed. Just for clarification, we have assets that were identified as AROs under FAS 143 (ex: Ash Ponds) and assets that were identified under FIN 47 (ex: Asbestos).

For the 2007 revaluation, we used 2.10% for all assets that qualified under FAS 143 and 1.90% for all assets that qualified under FIN 47. For the 2008 revaluation, we used 0.47% for all assets regardless of whether they were identified under FAS 143 or FIN 47.

Please let us know if we need to use two different rates as we have done before or if we should use just the one rate as we did in 2008 and provide the rate/rates that we should be using. We will be needing this information by **July 2, 2009** in order to meet our closing deadlines. We appreciate your help.

Please contact me if you have any questions.

Thanks!

Angela Crescente

Accounting Analyst II
Property Accounting
(502) 627-2524
(502) 217-2721 Fax

From: Arbough, Dan
Sent: Wednesday, December 31, 2008 2:08 PM
To: Leenerts, Patricia
Cc: Crescente, Angela
Subject: RE: Inflation Rates for use with IFRS ARO revaluation

Currently the long-term treasury yield is 2.68% and the Inflation Protected Security has a yield of 2.21% suggesting an expected inflation rate of .47%.

Dan

From: Leenerts, Patricia
Sent: Wednesday, December 31, 2008 10:22 AM
To: Arbough, Dan
Cc: Crescente, Angela
Subject: Inflation Rates for use with IFRS ARO revaluation

Dan,

Angela will be the ARO contact in the future. Do we need to adjust the inflation rates for 2008 year end? We are currently using 1.9%.

In 2003 & 2004 2.1% was used. In 2005 - 2007 1.9% was used.

We need to know whether to continue using 1.9% or a new rate if applicable. Please let us know as soon as you can get it to us, but no later than noon Day 3, Jan 6 in order to meet our closing schedule.

Thanks,

Pat
502-627-3811

IFRS interest rates for provisions as of December 2009

USD

Term	Year	Pricing Bench Yield p.a.
1	2010	1.190
2	2011	1.190
3	2012	1.190
4	2013	1.650
5	2014	2.110
6	2015	2.475
7	2016	2.840
8	2017	3.017
9	2018	3.193
10	2019	3.370
11	2020	3.418
12	2021	3.465
13	2022	3.513
14	2023	3.560
15	2024	3.608
16	2025	3.655
17	2026	3.703
18	2027	3.750
19	2028	3.798
20	2029	3.845
21	2030	3.893
22	2031	3.940
23	2032	3.988
24	2033	4.035
25	2034	4.083
26	2035	4.130
27	2036	4.178
28	2037	4.225
29	2038	4.273
30	2039	4.320
31+	2040	4.320

Crescente, Angela

From: Crescente, Angela
Sent: Friday, August 27, 2010 6:45 PM
To: Metts, Heather
Cc: Wiseman, Sara
Subject: RE: Regulatory Asset and Regulatory Liability

Heather,

I'm sorry. I just realized I left a digit off of the monthly KU Depreciation Expense. It is \$24,745.

Thanks,
Angela

From: Crescente, Angela
Sent: Friday, August 27, 2010 4:38 PM
To: Metts, Heather
Cc: Wiseman, Sara
Subject: Regulatory Asset and Regulatory Liability

Heather,

I have attached the spreadsheet of forecasted accretion expense (highlighted in peach) that I sent to Bill.

<< File: ARO Liability 2011-2013 for Heather.xlsx >>

Depreciation Expense for KU per month is \$24,74 and Depreciation Expense for LGE per month is \$14,640.

The Regulatory Asset (182 account) is made up of the total expenses for depreciation and accretion.

The Regulatory Liability (254 account) is the reclassified cost of removal for parent assets. LGE increases monthly by \$7,710 and KU increases monthly by \$19,909.

Thanks,
Angela

Crescente, Angela

From: Crescente, Angela
Sent: Monday, August 30, 2010 8:58 AM
To: Neal, Susan
Subject: Capitalized Interest and ARO Accretion

Susan:

Just to confirm with you so I have support to put in my files.....

Capitalized Interest should be calculated for the MTP on projects that are over \$70M.
Capitalized Interest and ARO Accretion was projected monthly for 2011-2013 and annually for 2014-2020.

Thanks,
Angela

Crescente, Angela

From: Neal, Susan
Sent: Monday, August 30, 2010 8:59 AM
To: Crescente, Angela
Subject: RE: Capitalized Interest and ARO Accretion

yes

Thank you,
Susan Neal
Manager, Financial Analysis
E.ON U.S. Services, Inc.
220 W. Main St.
Louisville, KY 40202
(502) 627-3447
susan.neal@eon-us.com

From: Crescente, Angela
Sent: Monday, August 30, 2010 8:58 AM
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Thanks,
Angela

Crescente, Angela

From: Joseph Holt <jholt@pwrplan.com>
Sent: Monday, August 30, 2010 12:50 PM
To: Crescente, Angela
Cc: 'Jim Ogilvie'; 'Jim Dahlby'
Subject: RE: GAAP Revaluation

Angela,

That's not a problem at all. Feel free to send me any questions you have.

In revaluing AROs under GAAP, I have seen a mix of the weighted average and standard rate(layered) approaches. The weighted average rate has the advantage of having only one active layer at any given time, which greatly simplifies future re-estimations and settlements.

Is this the first time you have re-estimated the GAAP AROs?

Thanks,
Joe

Joseph Holt
PowerPlan Consultants
(770) 618 - 2291
1600 Parkwood Circle
Atlanta, GA 30339

From: Crescente, Angela [<mailto:Angela.Crescente@eon-us.com>]
Sent: Monday, 30 August, 2010 12:30 PM
To: Joseph Holt
Subject: GAAP Revaluation

Hey Joe,

We are in process of trying to revalue our GAAP AROs and I was wondering, which method do you see most companies using? The new layer approach or the weighted average approach? I am trying to go through my binder that I got when I went to training in Atlanta and first met you. Of course, I was just starting with AROs and was very confused. Quite frankly, AROs are still confusing but I'm trying to get a handle on how to do this for the first time. If it's OK with you, I may send you a few questions from time to time if I run into a snag.

Thanks,

Angela

Crescente, Angela

From: Metts, Heather
Sent: Tuesday, August 31, 2010 10:32 AM
To: Crescente, Angela
Cc: Wiseman, Sara; Kuhl, Megan
Subject: RE: Regulatory Asset and Regulatory Liability

Angela,

See questions below.

Heather Metts
Manager of Financial Planning
(502) 627-3419

From: Crescente, Angela
Sent: Friday, August 27, 2010 4:38 PM
To: Metts, Heather
Cc: Wiseman, Sara
Subject: Regulatory Asset and Regulatory Liability

Heather,

I have attached the spreadsheet of forecasted accretion expense (highlighted in peach) that I sent to Bill.

<< File: ARO Liability 2011-2013 for Heather.xlsx >> So is this the accretion for the 182 reg ARO asset accounts? I only ask because its about \$11k lower than what was in the file for last year (per month)?

Depreciation Expense for KU per month is \$24,74 and Depreciation Expense for LGE per month is \$14,640. Which account(s) is this depreciation for? The depreciation for the 182 accounts for LGE last year was about \$68k per month so this would be much lower???

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Thanks,
Angela

Crescente, Angela

From: Crescente, Angela
Sent: Tuesday, August 31, 2010 1:09 PM
To: Metts, Heather
Cc: Wiseman, Sara; Kuhl, Megan
Subject: RE: Regulatory Asset and Regulatory Liability

Tracking:	Recipient	Read
	Metts, Heather	
	Wiseman, Sara	
	Kuhl, Megan	Read: 8/31/2010 1:09 PM

Heather,

The reason for the change is because we had settlements on several AROs last year which would decrease both accretion and depreciation.

Thanks,
Angela

From: Metts, Heather
Sent: Tuesday, August 31, 2010 10:32 AM
To: Crescente, Angela
Cc: Wiseman, Sara; Kuhl, Megan
Subject: RE: Regulatory Asset and Regulatory Liability

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Crescente, Angela

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Sent: Tuesday, August 31, 2010 1:26 PM
To: Metts, Heather
Cc: Wiseman, Sara; Kuhl, Megan
Subject: RE: Regulatory Asset and Regulatory Liability

Tracking:	Recipient	Read
	Metts, Heather	
	Wiseman, Sara	
	Kuhl, Megan	Read: 8/31/2010 1:31 PM

Heather,

I also checked on your number for LGE Depreciation for last year and I am averaging \$20K a month instead of the \$68K. The accounts on LGE are 403111-403115, 403211-403212, and 403311. Looks like you are pulling in too many accounts.

Thanks,
Angela

From: Metts, Heather
Sent: Tuesday, August 31, 2010 10:32 AM
To: Crescente, Angela
Cc: Wiseman, Sara; Kuhl, Megan
Subject: RE: Regulatory Asset and Regulatory Liability

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Manager of Financial Planning
(502) 627-3419

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From: Arbough, Dan
Sent: Tuesday, August 31, 2010 3:58 PM
To: Crescente, Angela
Cc: Wiseman, Sara
Subject: RE: Inflation Rates and Discount Rates for the GAAP ARO revaluation

We should be able to provide you with the required information on October 1.

Dan

From: Crescente, Angela
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<< File: Interest Rates for Provisions Q4-2009 - Final.XLS >>

I really appreciate all of your help! Please let me know if I can help in any way, and feel free to call if you have any questions.

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To: Crescente, Angela
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FYI – the bond market was closed for trading on Dec 31

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Dan

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To: Arbough, Dan
Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra
Subject: RE: Inflation Rates for use with IFRS ARO revaluation

Dan:

We are getting ready to do a mid-year IFRS ARO revaluation and needed to check with you about what inflation rate/rates we should be using in order to proceed. Just for clarification, we have assets that were identified as AROs under FAS 143 (ex: Ash Ponds) and assets that were identified under FIN 47 (ex: Asbestos).

For the 2007 revaluation, we used 2.10% for all assets that qualified under FAS 143 and 1.90% for all assets that qualified under FIN 47. For the 2008 revaluation, we used 0.47% for all assets regardless of whether they were identified under FAS 143 or FIN 47.

Please let us know if we need to use two different rates as we have done before or if we should use just the one rate as we did in 2008 and provide the rate/rates that we should be using. We will be needing this information by **July 2, 2009** in order to meet our closing deadlines. We appreciate your help.

Please contact me if you have any questions.

Thanks!

Angela Crescente
Accounting Analyst II
Property Accounting
(502) 627-2524
(502) 217-2721 Fax

From: Arbough, Dan

Sent: Wednesday, December 31, 2008 2:08 PM
To: Leenerts, Patricia
Cc: Crescente, Angela
Subject: RE: Inflation Rates for use with IFRS ARO revaluation

Currently the long-term treasury yield is 2.68% and the Inflation Protected Security has a yield of 2.21% suggesting an expected inflation rate of .47%.

Dan

From: Leenerts, Patricia
Sent: Wednesday, December 31, 2008 10:22 AM
To: Arbough, Dan
Cc: Crescente, Angela
Subject: Inflation Rates for use with IFRS ARO revaluation

Dan,

Angela will be the ARO contact in the future. Do we need to adjust the inflation rates for 2008 year end? We are currently using 1.9%.

In 2003 & 2004 2.1% was used. In 2005 - 2007 1.9% was used.

We need to know whether to continue using 1.9% or a new rate if applicable. Please let us know as soon as you can get it to us, but no later than noon Day 3, Jan 6 in order to meet our closing schedule.

Thanks,

Pat
502-627-3811

Crescente, Angela

From: Wiseman, Sara
Sent: Wednesday, September 01, 2010 2:56 PM
To: Crescente, Angela
Subject: FW: ARO Asbestos Estimates - FW: LG&E 2010 Est Cost Sheet for 100 MW Unit

From: Legler, Steve
Sent: Wednesday, September 01, 2010 2:46 PM
To: Wiseman, Sara
Subject: RE: ARO Asbestos Estimates - FW: LG&E 2010 Est Cost Sheet for 100 MW Unit

Yes. The removal estimates for Ohio Falls and Zorn are sufficient for 2010.

From: Wiseman, Sara
Sent: Wednesday, September 01, 2010 2:41 PM
To: Legler, Steve
Cc: Crescente, Angela
Subject: FW: ARO Asbestos Estimates - FW: LG&E 2010 Est Cost Sheet for 100 MW Unit

Hi Steve:

Your file also includes Zorn and Ohio Falls numbers. Are they also up to date? Just checking as your email below does not specifically address them.

Thanks!

From: Legler, Steve
Sent: Thursday, July 29, 2010 9:50 AM
To: Wiseman, Sara
Cc: Byrd, Larry
Subject: ARO Asbestos Estimates - FW: LG&E 2010 Est Cost Sheet for 100 MW Unit

Sara,

National Environmental Contracting has reviewed the abatement budget estimates provided in 2005 for FIN-47 ARO purposes. Attached is their updated response for 2010.

I have reviewed and updated the Cane Run, Paddy's Run, and Canal facility removal estimates. I have recent removal abatement costs for PR and Canal that are significantly lower than the 2005 estimates. I have only slightly changed Cane Run Unit 6 pricing due to recent large scale asbestos removal work.

Let me know if you need anything else.

Steve

From: Neil Stamp [<mailto:NeilS@necontracting.com>]
Sent: Wednesday, July 28, 2010 3:28 PM

To: Legler, Steve
Cc: Rick Fleischer
Subject: LG&E 2010 Est Cost Sheet for 100 MW Unit

Steve....See the attached. I updated the date for your records but Rick and I both agree that these \$\$ are still good for a few years as a budget! No change!

Neil J. Stamp, VP of Construction
National Environmental Contracting, Inc.
2660 Technology Drive
Louisville, KY 40299-6424
(502) 261-0800
(502) 261-0828 Fax
(800) 650-8893 Toll Free
(502) 553-3850 Cell
Neils@NEContracting.com

Crescente, Angela

From: Wiseman, Sara
Sent: Monday, September 06, 2010 4:28 PM
To: Crescente, Angela
Subject: FW: ARO for Nuclear Decommissioning
Attachments: PPL Corp Nuclear ARO Questionnaire for EEI Members.doc

This is from my counterpart at PPL. Just thought you might be interested.

From: Harmon, Isetta [<mailto:IHarmon@eei.org>]
Sent: Monday, September 06, 2010 4:01 PM
To: Harmon, Isetta; jpnitsche@pplweb.com
Subject: ARO for Nuclear Decommissioning

To: EEI Property Accounting & Valuation Members,

PPL Corporation is in the process of updating the ARO for decommissioning its nuclear plant. A new decommissioning study is being prepared, and we are reviewing and updating our initial assumptions from when this ARO was first recorded in 2003. For those companies that have a nuclear decommissioning ARO, we would appreciate your responses to the brief questionnaire attached. Please reply by September 14, 2010.

Thank you for your for your assistance,

John Nitsche
Manager - Asset Management
PPL Corporation
Phone: (610)774-6964
jpnitsche@pplweb.com

Isetta E. Harmon, CPA
Manager, Accounting
Edison Electric Institute
(202) 508-5423 Fax (202) 508-5542
email: iharmon@eei.org

Please register -
EEI-AGA Accounting/Auditing Training Courses
<http://www.eei.org/meetings>

Crescente, Angela

From: Wiseman, Sara
Sent: Tuesday, September 07, 2010 7:30 AM
To: Arbough, Dan
Cc: Crescente, Angela
Subject: FW: Asset Impairments / AROs

Dan:

Would you know the answer to the E&Y's question highlighted below? This came up during some policy reviews in connection with the PPL acquisition.

Thanks!

From: Brett.Wemer@ey.com [mailto:Brett.Wemer@ey.com]
Sent: Tuesday, August 31, 2010 11:43 AM
To: Wiseman, Sara
Subject: Asset Impairments / AROs

Sara,

Hope you are doing well today. I had one more follow-up question from the meeting's last week if you don't mind. Regarding the testing for impairment of long-lived assets and the recording of ARO amounts, I know we were not entirely sure how the discount rates are determined at E.ON. I wanted to follow up and see if you had any additional information regarding these rates.

We had the same question for Heather Metts regarding goodwill and she confirmed that the rate used is a WACC. Therefore I was hoping you would be able to confirm how the rates are determined for the long-lived asset impairment (probably a similar WACC rate) as well as the ARO discount rate (possibly some type of credit-adjusted risk-free rate).

If you need any further information regarding what I am looking for, please let me know. Also, if there is somewhere better to contact regarding these questions, please let me know that as well. Once again, thank you for all your assistance in getting our questions answered, it is very much appreciated.

Thanks,
Brett



Brett M. Wemer | Assurance Services

Ernst & Young, LLP
2001 Market Street, Suite 4000, Philadelphia, PA 19103, United States of America
Office: 215.841.0644 | Fax: 866.672.6541 | brett.wemer@ey.com
EY/Comm: 5129363
Website: www.ey.com

From: "Wiseman, Sara" <Sara.Wiseman@eon-us.com>
To: <Brett.Wemer@ey.com>
Date: 08/30/2010 03:08 PM
Subject: RE: PPE questions

Brett:

I don't really have the answers to your questions, but could forward your email to our Energy Efficiency Department, if you would like me to.

From: Brett.Wemer@ey.com [mailto:Brett.Wemer@ey.com]
Sent: Monday, August 30, 2010 10:39 AM
To: Wiseman, Sara
Subject: PPE questions

Sara,

I wanted to thank you and your colleagues for all the valuable information you were able to provide Jennifer and me last week. Being able to learn more about your processes and procedures will be a huge benefit to us and hopefully your team as well going forward. If possible, I was hoping to ask a couple follow-up questions. Most of these relate to smart grid-type PPE areas. I am not sure how much smart grid investments E.ON has currently made, but it is a growing area for PPL so we just wanted to get a flavor for the breadth of its impact and how you guys are treating any investments. If you are familiar with any of the below questions, any information would be great. If you are unsure about these areas, do not worry about it, as we were just trying to get some additional information if available.

To what extent has E.ON U.S. made investments in "smart grid" technology? Has E.ON U.S. received any federal funding for smart technology? Does this source of funding have any impact on the recognition of expenses? For any smart grid assets, how does E.ON U.S. determine the asset life of different investments?

As I said, do not worry if you are not sure of the answers to any of the above. Any available information would definitely be a bonus. If you would like to discuss any of the items, I can be reached at PPL at 610-774-3588. Thanks again for all your help.

Thanks,
Brett



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Office: 215.841.0644 | Fax: 866.672.6541 | brett.wemer@ey.com
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Crescente, Angela

From: Arbough, Dan
Sent: Tuesday, September 07, 2010 8:05 AM
To: Wiseman, Sara
Cc: Crescente, Angela; Horne, Elliott
Subject: RE: Asset Impairments / AROs

Sara,

With respect to the inflation rates we determine it by taking the difference between standard treasury bond rates and TIPS which are adjusted regularly with inflation.

E.ON AG has determined the other rates previously. Angela recently sent us the past E.ON rates and Elliott has been looking into how they were calculated. I have copied Elliott on this response and would ask him to respond to you once he has determined how they were determined.

Dan

From: Wiseman, Sara
Sent: Tuesday, September 07, 2010 7:30 AM
To: Arbough, Dan
Cc: Crescente, Angela
Subject: FW: Asset Impairments / AROs

Dan:

Would you know the answer to the E&Y's question highlighted below? This came up during some policy reviews in connection with the PPL acquisition.

Thanks!

From: Brett.Wemer@ey.com [mailto:Brett.Wemer@ey.com]
Sent: Tuesday, August 31, 2010 11:43 AM
To: Wiseman, Sara
Subject: Asset Impairments / AROs

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If you need any further information regarding what I am looking for, please let me know. Also, if there is somewhere better to contact regarding these questions, please let me know that as well. Once again, thank you for all your assistance in getting our questions answered, it is very much appreciated.

Thanks,
Brett



Brett M. Wemer | Assurance Services

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2001 Market Street, Suite 4000, Philadelphia, PA 19103, United States of America
Office: 215.841.0644 | Fax: 866.672.6541 | brett.wemer@ey.com
EY/Comm: 5129363
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From: "Wiseman, Sara" <Sara.Wiseman@eon-us.com>
To: <Brett.Wemer@ey.com>
Date: 08/30/2010 03:08 PM
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I don't really have the answers to your questions, but could forward your email to our Energy Efficiency Department, if you would like me to.

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As I said, do not worry if you are not sure of the answers to any of the above. Any available information would definitely be a bonus. If you would like to discuss any of the items, I can be reached at PPL at 610-774-3588. Thanks again for all your help.

Thanks,
Brett



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Crescente, Angela

From: Crescente, Angela
Sent: Wednesday, September 08, 2010 3:34 PM
To: 'Brett.Wemer@ey.com'
Cc: Wiseman, Sara
Subject: RE: Asset Impairments / AROs

Brett,

With respect to the inflation rates and discount rates, we ask our Treasury Department to provide them to us. The Treasury Department determines the inflation rate by taking the difference between standard treasury bond rates and TIPS which are adjusted regularly with inflation. They are looking into the calculation of the discount rate to provide us since this is the first time we are revaluing our GAAP AROs. The discount rate is also known as the credit-adjusted risk-free rate according to the standard.

We plan to use the Weighted Average Rate Type within the PowerPlant System. The cumulative weighted average rate is the actual rate (in the case where there is an upward revision) which is used for determining the new liability and monthly accretion. This rate is calculated using a combination of the prior and current layer cash flows and prior and current layer discount rates. In the event of a downward revision, the prior layer discount rate is used for the calculation.

Thanks,
Angela

From: Brett.Wemer@ey.com [mailto:Brett.Wemer@ey.com]
Sent: Tuesday, August 31, 2010 11:43 AM
To: Wiseman, Sara
Subject: Asset Impairments / AROs

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Thanks,
Brett



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Website: www.ey.com

From: "Wiseman, Sara" <Sara.Wiseman@eon-us.com>
To: <Brett.Wemer@ey.com>
Date: 08/30/2010 03:08 PM
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Crescente, Angela

From: Crescente, Angela
Sent: Wednesday, September 08, 2010 3:35 PM
To: Wiseman, Sara
Subject: RE: Asset Impairments / AROs

I answered the ARO discount rate stuff, but it looks like he is also asking for some rates for a long-lived impairment asset. I couldn't answer that, have you already done so?

From: Wiseman, Sara
Sent: Wednesday, September 08, 2010 12:58 PM
To: Crescente, Angela
Subject: FW: Asset Impairments / AROs

I need your help to respond to Brett.

From: Arbough, Dan
Sent: Tuesday, September 07, 2010 8:05 AM
To: Wiseman, Sara
Cc: Crescente, Angela; Horne, Elliott
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Subject: PPE questions

Sara,

I wanted to thank you and your colleagues for all the valuable information you were able to provide Jennifer and me last week. Being able to learn more about your processes and procedures will be a huge benefit to us and hopefully your team as well going forward. If possible, I was hoping to ask a couple follow-up questions. Most of these relate to smart grid-type PPE areas. I am not sure how much smart grid investments E.ON has currently made, but it is a growing area for PPL so we just wanted to get a flavor for the breadth of its impact and how you guys are treating any investments. If you are familiar with any of the below questions, any information would be great. If you are unsure about these areas, do not

worry about it, as we were just trying to get some additional information if available.

To what extent has E.ON U.S. made investments in "smart grid" technology? Has E.ON U.S. received any federal funding for smart technology? Does this source of funding have any impact on the recognition of expenses? For any smart grid assets, how does E.ON U.S. determine the asset life of different investments?

As I said, do not worry if you are not sure of the answers to any of the above. Any available information would definitely be a bonus. If you would like to discuss any of the items, I can be reached at PPL at 610-774-3588. Thanks again for all your help.

Thanks,
Brett



Brett M. Wemer | Assurance Services

Ernst & Young, LLP

2001 Market Street, Suite 4000, Philadelphia, PA 19103, United States of America

Office: 215.841.0644 | Fax: 866.672.6541 | brett.wemer@ey.com

EY/Comm: 5129363

Website: www.ey.com

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Crescente, Angela

From: Crescente, Angela
Sent: Friday, September 24, 2010 9:46 AM
To: Elmore, Barry; McDaniels, Jason
Cc: Wiseman, Sara
Subject: Draft of ARO Revaluation Disclosure

Please see the attached disclosure draft for your review that we will be discussing in Monday's meeting.



3Q Disclosure -
Revised.docx

Thanks,
Angela

ASC – 820 (Formerly known as SFAS No. 157) Disclosure

In September 2010, a revaluation of AROs was performed and an expected present value technique was used. The new layers were treated as separate units of accounts due to the change in expected cash flows. The original discount rate was used to discount the revised cash flow estimate when a change in estimate resulted in a downward adjustment. Downward adjustments cause a reduction of the obligation. A new discount rate was applied when the change in estimate resulted in an upward adjustment which causes an increase in the obligation. An upward revision is considered a new fair value measurement.

ASC – 820 (Formerly known as SFAS No. 157) Disclosure

In September 2010, a revaluation of AROs was performed and an expected present value technique was used. The new layers were treated as separate units of accounts due to the change in expected cash flows. The original discount rate was used to discount the revised cash flow estimate when a change in estimate resulted in a downward adjustment. Downward adjustments cause a reduction of the obligation. A new discount rate was applied when the change in estimate resulted in an upward adjustment which causes an increase in the obligation. An upward revision is considered a new fair value measurement.

Crescente, Angela

From: Crescente, Angela
Sent: Friday, September 24, 2010 1:53 PM
To: Arbough, Dan
Cc: Horne, Elliott; Wiseman, Sara
Subject: RE: Asset Impairments / AROs

Dan,

I don't know if this helps, but I have documentation saying that the discount rates provided by EON Corporate Center came from Bloomberg as the source of data. I just thought I would pass that information on in hopes that it would help.

Thanks,
Angela

From: Arbough, Dan
Sent: Tuesday, September 07, 2010 8:05 AM
To: Wiseman, Sara
Cc: Crescente, Angela; Horne, Elliott
Subject: RE: Asset Impairments / AROs

Sara,

With respect to the inflation rates we determine it by taking the difference between standard treasury bond rates and TIPS which are adjusted regularly with inflation.

E.ON AG has determined the other rates previously. Angela recently sent us the past E.ON rates and Elliott has been looking into how they were calculated. I have copied Elliott on this response and would ask him to respond to you once he has determined how they were determined.

Dan

From: Wiseman, Sara
Sent: Tuesday, September 07, 2010 7:30 AM
To: Arbough, Dan
Cc: Crescente, Angela
Subject: FW: Asset Impairments / AROs

Dan:

Would you know the answer to the E&Y's question highlighted below? This came up during some policy reviews in connection with the PPL acquisition.

Thanks!

From: Brett.Wemer@ey.com [mailto:Brett.Wemer@ey.com]
Sent: Tuesday, August 31, 2010 11:43 AM
To: Wiseman, Sara
Subject: Asset Impairments / AROs

Sara,

Hope you are doing well today. I had one more follow-up question from the meeting's last week if you don't mind. Regarding the testing for impairment of long-lived assets and the recording of ARO amounts, I know we were not entirely sure how the discount rates are determined at E.ON. I wanted to follow up and see if you had any additional information regarding these rates.

We had the same question for Heather Metts regarding goodwill and she confirmed that the rate used is a WACC. Therefore I was hoping you would be able to confirm how the rates are determined for the long-lived asset impairment (probably a similar WACC rate) as well as the ARO discount rate (possibly some type of credit-adjusted risk-free rate).

If you need any further information regarding what I am looking for, please let me know. Also, if there is somewhere better to contact regarding these questions, please let me know that as well. Once again, thank you for all your assistance in getting our questions answered, it is very much appreciated.

Thanks,
Brett



Brett M. Wemer | Assurance Services

Ernst & Young, LLP
2001 Market Street, Suite 4000, Philadelphia, PA 19103, United States of America
Office: 215.841.0644 | Fax: 866.672.6541 | brett.wemer@ey.com
EY/Comm: 5129363
Website: www.ey.com

From: "Wiseman, Sara" <Sara.Wiseman@eon-us.com>
To: <Brett.Wemer@ey.com>
Date: 08/30/2010 03:08 PM
Subject: RE: PPE questions

Brett:

I don't really have the answers to your questions, but could forward your email to our Energy Efficiency Department, if you would like me to.

From: Brett.Wemer@ey.com [<mailto:Brett.Wemer@ey.com>]
Sent: Monday, August 30, 2010 10:39 AM
To: Wiseman, Sara
Subject: PPE questions

Sara,

I wanted to thank you and your colleagues for all the valuable information you were able to provide Jennifer and me last week. Being able to learn more about your processes and procedures will be a huge benefit to us and hopefully your team as well going forward. If possible, I was hoping to ask a couple follow-up questions. Most of these relate to smart grid-type PPE areas. I am not sure how much smart grid investments E.ON has currently made, but it is a growing area for PPL so we just wanted to get a flavor for the breadth of its impact and how you guys are treating any investments. If you are familiar with any of the below questions, any information would be great. If you are unsure about these areas, do not worry about it, as we were just trying to get some additional information if available.

To what extent has E.ON U.S. made investments in "smart grid" technology? Has E.ON U.S. received any federal funding

Charnas

for smart technology? Does this source of funding have any impact on the recognition of expenses? For any smart grid assets, how does E.ON U.S. determine the asset life of different investments?

As I said, do not worry if you are not sure of the answers to any of the above. Any available information would definitely be a bonus. If you would like to discuss any of the items, I can be reached at PPL at 610-774-3588. Thanks again for all your help.

Thanks,
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Crescente, Angela

From: Crescente, Angela
Sent: Friday, September 24, 2010 3:35 PM
To: Heun, Jeff
Cc: Wiseman, Sara
Subject: RE: ARO Ashpond Landfill Gypsum

Jeff,

I would assume this \$120 per acre would also qualify for the Brown Auxiliary Ash Transfer Basin that was put into service in July 2008. I was hoping you could tell me how many acres there are for the Transfer Basin. I'm sorry for the short notice, but if you could let me know by **Tuesday, September 28th**, that would be so helpful.

Thanks so much,
Angela

From: Heun, Jeff
Sent: Tuesday, September 14, 2010 12:02 PM
To: Wiseman, Sara
Subject: RE: ARO Ashpond Landfill Gypsum

Sara,

I looked over the Stantec(FMSM) closure cost estimate and updated it based on pricing attained from current ongoing projects as well as escalating the 2002 numbers to 2010 numbers. I came up with an estimate of \$120K per acre to close a pond using Tyrone as the basis, see attached spreadsheet. Also looking over the list of active Ash Pond a new one needs to be added for Brown as the Aux Pond was placed into service in 2008 and is approximately 40 acres in size. I would double check with David Millay to make sure all the CCP storage ponds are accounted for as I believe the Aux Pond was the only one missing.

JBH

<< File: Pond Closure Costs.xlsx >>

From: Wiseman, Sara
Sent: Friday, June 25, 2010 8:26 AM
To: Heun, Jeff
Subject: FW: ARO Ashpond Landfill Gypsum

Hi Jeff: FYI This is information for our meeting on Monday morning. This is how we valued our AROs in 2003.

From: Wiseman, Sara
Sent: Wednesday, June 23, 2010 4:25 PM
To: Cosby, David; Welsh, Elaine; Dowd, Deborah
Cc: Crescente, Angela; Rose, Bruce
Subject: ARO Ashpond Landfill Gypsum

Hi all:

Here is the information we have for the ashpond, landfill and gypsum stacker.

From: Hilbert, Debbie
Sent: Wednesday, June 23, 2010 3:45 PM
To: Wiseman, Sara
Subject: Ashpond

<< File: Ashpond.pdf >>

Debbie Hilbert, CPS
Senior Secretary
E.ON U.S. LLC
502-627-4676

Crescente, Angela

From: Heun, Jeff
Sent: Saturday, September 25, 2010 2:52 PM
To: Crescente, Angela
Cc: Wiseman, Sara
Subject: Re: ARO Ashpond Landfill Gypsum

The \$120k per acre should be good for all of the ponds in our system. I am not aware of the Brown Auxiliary Ash Transfer Basin as we have an Auxiliary Ash Pond. To double check all of the ponds in our system get with David Millay as he keeps a list of all of their ponds and their sizes.

From: Crescente, Angela
To: Heun, Jeff
Cc: Wiseman, Sara
Sent: Fri Sep 24 15:35:07 2010
Subject: RE: ARO Ashpond Landfill Gypsum

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Debbie Hilbert, CPS

Senior Secretary

E.ON U.S. LLC

502-627-4676

Crescente, Angela

From: Wiseman, Sara
Sent: Sunday, September 26, 2010 10:46 AM
To: Bush, Tom
Cc: Wacker, Diana; Crescente, Angela
Subject: FW: GLAFF Change Request Form - ARO ST ACCOUNTS.xlsm

Tom:

We may need to set up new ARO 230 accounts due to PPL reporting requirements. I am attaching a GLAFF request to accomplish this. Please note that adding these accounts will entail setting up a new financial statement line item in the short term liabilities section.

Would you please look these over and let us know if you have any questions/suggestion? I think by the end of the day on Monday I should know whether we will need them or not. If we do need them, it will be for the September close.

From: Crescente, Angela
Sent: Thursday, September 23, 2010 8:33 AM
To: Wiseman, Sara
Subject: FW: GLAFF Change Request Form - ARO ST ACCOUNTS.xlsm

From: Wacker, Diana
Sent: Thursday, September 23, 2010 8:25 AM
To: Crescente, Angela
Subject: GLAFF Change Request Form - ARO ST ACCOUNTS.xlsm



GLAFF Change
Request Form - A...

Crescente, Angela

From: Crescente, Angela
Sent: Monday, September 27, 2010 9:04 AM
To: Millay, David
Cc: Wiseman, Sara
Subject: RE: ARO Ashpond Landfill Gypsum

David,

Would you be able to tell me the acreage of the Brown Auxiliary Ash Pond/Transfer Basin that was put into service in July 2008? I'm sorry for the short notice, but if you could let me know by **Wednesday, September 29, 2010**, I would appreciate it.

Thanks so much for your help,
Angela

From: Heun, Jeff
Sent: Saturday, September 25, 2010 2:52 PM
To: Crescente, Angela
Cc: Wiseman, Sara
Subject: Re: ARO Ashpond Landfill Gypsum

The \$120k per acre should be good for all of the ponds in our system. I am not aware of the Brown Auxiliary Ash Transfer Basin as we have an Auxiliary Ash Pond. To double check all of the ponds in our system get with David Millay as he keeps a list of all of their ponds and their sizes.

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Cc: Wiseman, Sara
Sent: Fri Sep 24 15:35:07 2010
Subject: RE: ARO Ashpond Landfill Gypsum

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Thanks so much,

Angela

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Sent: Tuesday, September 14, 2010 12:02 PM
To: Wiseman, Sara
Subject: RE: ARO Ashpond Landfill Gypsum

Sara,

Charnas

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JBH

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To: Wiseman, Sara
Subject: Ashpond

<< File: Ashpond.pdf >>

Debbie Hilbert, CPS

Senior Secretary

E.ON U.S. LLC

502-627-4676

Crescente, Angela

From: Wiseman, Sara
Sent: Monday, September 27, 2010 10:41 AM
To: Crescente, Angela; Riggs, Eric
Subject: FW: TANK ARO Lists

fyi

From: Wacker, Diana
Sent: Monday, September 27, 2010 10:32 AM
To: Wiseman, Sara
Subject: FW: TANK ARO Lists

FYI....

From: Winkler, Michael
Sent: Monday, September 27, 2010 10:26 AM
To: Wacker, Diana
Subject: Re: TANK ARO Lists

Yes. The silos are like large tanks.

Michael

From: Wacker, Diana
To: Winkler, Michael
Sent: Mon Sep 27 09:21:15 2010
Subject: TANK ARO Lists

Michael,

I am working on the ARO lists that you had provided to Sara. I am finding "silos" on the listing. Should they be considered an ARO? We are not sure whether to include them or not.

Thanks,

Diana

X4054

Crescente, Angela

From: Wiseman, Sara
Sent: Monday, September 27, 2010 10:46 AM
To: Wacker, Diana; Kinder, Debra; Riggs, Eric
Cc: Crescente, Angela
Subject: FW: Policy Review -Update 9_22
Attachments: Policy Review -Update 9_22.xls

You might find this interesting. This is what Angela and I met with Shannon and Valerie on this morning....More working will be coming...none imminent..

From: Charnas, Shannon
Sent: Sunday, September 26, 2010 2:21 PM
To: Wiseman, Sara
Subject: FW: Policy Review -Update 9_22

Sara –

Attached has policy summaries, several of which will be covered in our meeting on Monday, sorry I didn't send this earlier. You don't need to prepare anything, I just thought this would be good for you to have.

Thanks,

Shannon Charnas
Director, Utility Accounting & Reporting
E.ON U.S.
(502) 627-4978

From: Coldren, Ann R [<mailto:arcoldren@pplweb.com>]
Sent: Wednesday, September 22, 2010 4:50 PM
To: Muller, Kerry L; Nitsche, John P; Sunder, George R; Charnas, Shannon; Scott, Valerie; Walker, Kindra S; Woods, Mark D; Cole, Scott A; Benfield, Jonathan E
Subject: Policy Review -Update 9_22

Updated summary of policy comparisons with notes from our meeting today. I made the policy "red" if we discussed them today. We will continue our discussions on Monday. John Nitsche will attend at 8 AM so I hoping to look at the asset and ARO policies first. Then, George Sunder will attend at 8:30 so I hoping to review the pension one. After that, we can continue with the remaining policies.

Thank you. Please let me know if you questions or concerns.

Ann

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Charnas										
Accounting Area	Policy Difference	Recommendation	Day 1	2010	1Q 2011	Purchase accounting	Day 1 Item addressed through	Priority level in 2011	Notes	
Pensions	PPL uses a five-year smoothing in the determination of the market value of plan assets; E.ON U.S. uses a standard valuation method	Assess the fair value approach used by E.ON U.S. for the valuation of plan assets and implement market-related (five-year smoothing) method if necessary		x			revalue in purchase acctg		Day 1 - FV is equivalent to market value ; need for 10k disclosure 1/1/11 issue	
	The amortization approach taken by the two companies is not consistent for the purposes of unrecognized gains and losses (accelerated at PPL and standard for E.ON U.S.)	Consider implementing PPL's accelerated amortization method in E.ON U.S.'s plans for the recognition of actuarial gains and losses		x					Day 1 - FV is equivalent to market value ; need for 10k disclosure 1/1/11 issue	
	The companies operate in different regulatory environments which may have different rate recovery mechanisms for pension costs.	Assess E.ON U.S.'s pension requirements for regulatory reporting purposes and the ability to implement PPL methods described above within E.ON U.S.'s regulatory reporting		x					Eon uses separate calc for regulatory - 1Q item	
	The companies utilize different actuaries and assess assumptions separately for each plan.	PPL will need to ensure that all assumptions used by E.ON U.S. and Mercer are appropriate; Differences may exist in assumptions, but should be reviewed to ensure they are reasonable					x		done through purch acct - Mercer will be used for 12/31/10 - will not follow same approach but will be reviewed for reasonableness	
	The companies use different yield curves to determine the discount rate (PPL uses a "carve out" method of the top 10% and bottom 40% of bonds	Evaluate the yield curve from Mercer used in the discount rate and assess appropriateness of applying "carve out" method					x		done through purch acct	
	E.ON's footnote does not contain information regarding other changes in plan assets and benefit obligations or amounts charged to operating expense	Will need to ensure that E.ON U.S. and its actuary (Mercer) are able to provide all necessary information for disclosure as of disclosure date		x					2010- Disclosure	
	The companies' health care cost trend rates differ in that the companies are trending the rates down to different end years	A review should be performed of the health care cost trend rates at both companies to ensure the approaches are consistent					x		through purch acct 2010	
Emission Allowances	PPL accounts for its emission allowances as intangible assets; E.ON U.S. accounts for its emission allowances as inventory	PPL should consider adopting a consistent manner of accounting for balance sheet presentation of emission allowances at PPL and E.ON U.S.	x				mapping - shown as intangible		how to reflect in 144A filing? 12/31/10 or 1/1/11? Eon plans to change their account presentation 1/1/2011	
	As E.ON U.S. accounts for its emission allowances as inventory, the company does not perform an impairment analysis and does not record impairment losses, while PPL tests for impairment whenever indicators of impairment occur	After purchase accounting considerations have been made, PPL will need to assess process for subsequent valuation of the newly acquired allowances if the intangible asset accounting method is elected at both companies					x		low	through purch acct 2010; will not test for impairment until 2011
	PPL records its consumption expense to fuel expense on its financial statements while E.ON records it to other operation and maintenance expense. Also, PPL recognizes an estimate of annual expense on a monthly basis, while E.ON's recognition is based on actual consumption of EA's	PPL should consider adopting a consistent manner of accounting for income statement presentation of emission allowances at PPL and E.ON U.S.		x		x		mapping - shown as fuel expense	low	For Day 1 - mapped to PPL accts. EonUS will decide when the best time to make changes on their side. Eon plans to change their account presentation 1/1/2011
	PPL makes an assessment of short-term vs. long-term treatment for the balance sheet presentation of its emission allowances; E.ON U.S. records all emission allowances as short-term due to inventory treatment	If E.ON U.S.'s emission allowances are accounted for as intangible assets, an assessment will be required to determine amounts to be classified as short-term and long-term		x				mapping - reporting pack item		per Shannon, in forward years, these would come from EPA so no cost assigned. All are currently ST but they would consider LT if situation changes
	E.ON U.S. does not record separate weighted average costs by vintage years and as such has a uniform cost by utility whereas PPL records weighted average cost by vintage year	A consistent weighted-average approach should be considered for both companies, whereby a weighted-average cost is determined for each vintage year					x		low	through purch acctg; EonUS plans to use same approach.
	PPL includes more information in its disclosures related to emission allowances due to the accounting treatment which requires PPL to disclose fair value measurements	If E.ON adopts PPL's policy of accounting for EA's, the fair value measurement and any subsequent impairments on EON's allowances will be included in a disclosure.		x				mockup/disclosure		
	Differences in disclosures exist due to the companies' differing accounting treatment of RECs	REC disclosures related to E.ON should be considered based on the accounting treatment elected for RECs with the acquisition		x				mockup/disclosure		

		Page 824 of 1591				Purchasing		Priority level			
Accounting Area	Policy Difference	Recommendation	Day 1	2010	1Q 2011	Charnas	Day 1 item addressed through	in 2011	Notes		
Short-term vs. Long-term Classification	E.ON currently does not have a documented short-term vs. long-term classification policy and instead relies on the journal entry review and account analysis process to identify reclassifications.	The companies should consider adopting a consolidated short-term vs. long-term classification policy to ensure that accounts at both companies are similarly being assessed for appropriate classification			x			low	policy issue for 2011 - EUS plans to adopt policy		
Contingencies	PPL's materiality threshold for the recording of loss contingencies is \$100,000; E.ON U.S.'s is set at \$25,000	PPL should assess the appropriateness of contingency materiality threshold at E.ON U.S. (currently \$25,000) and either increase threshold to amount used at PPL (\$100,000) or set lower amount based on scope of E.ON U.S. relative to PPL			x			low	threshold - Eon to discuss if they will change threshold; per EUS, they may consider changing 2011 by Q1.		
	PPL does not net probable insurance reimbursements; E.ON will record a net liability (contingency less known insurance recovery amount)	Assess PPL and E.ON U.S.'s treatment of accounting for insurance claims and ensure methods used are appropriate and consistent						low	Not an issue. Their procedure on insurance recoveries is similar to PPL's. Record benefit when agreed with insurance co.		
	PPL's policy is more detailed regarding conditions for contingencies to be disclosed	Consider revising E.ON U.S.'s policy to provide more detailed disclosure requirements			x			low	policy issue; per EUS, they can add some language to their policy in 2011 by Q1.		
	PPL conducts quarterly litigation and environmental meetings and makes inquiries of multiple departments to identify contingencies; E.ON U.S. maintains a quarterly contingency assessment report and has quarterly meetings with legal and accounting to identify potential contingencies	Consider integrating E.ON U.S. and PPL's quarterly contingency review process by sending appropriate individuals inquiries and including E.ON U.S. personnel in the quarterly litigation and environmental meetings			x			medium	Include EonUS personnel in ye contingency meetings in 2010 ; per EUS, they will participate in meetings.		
Subsequent Events	Both companies have procedures in place to identify and disclose subsequent events, however, E.ON does not have a formally documented policy to describe the procedures performed to identify them	The companies should consider adopting a consolidated sub events policy to ensure that individuals at both companies are actively involved in ensuring that all material subsequent events are appropriately identified and communicated			x			low	policy issue ; per EUS, they may consider by Q1 2011.		
	It appears that the scope of information included in the subsequent events footnote for E.ON may be lower than PPL's assessment for the disclosure.	A consolidated disclosure should be prepared for subsequent events at both companies with consideration given to the scope of information to be included within the subsequent events footnote		x			disclosure - thresholds by differ				
Environmental Contingencies	The companies are using different thresholds for the materiality of accruals (\$100,000 for PPL vs. \$25,000 for E.ON)	PPL should assess the appropriateness of contingency materiality threshold at E.ON U.S. (currently \$25,000) and either increase threshold to amount used at PPL (\$100,000) or set lower amount based on scope of E.ON U.S. relative to PPL			x			low	threshold - Eon to discuss if they will change threshold; Eon personnel will be in PPL's ye meetings for 2010.;per EUS, they will consider changing 2011 by Q1. They will participate in meetings beginning at ye.		
	Disclosures will differ based on the types of environmental requirements faced at each company based on differing regulations	Based on assessment of environmental contingencies existing at E.ON U.S., PPL will have to include information relating to these newly acquired contingencies within its Commitments and Contingencies footnote. May need to adjust volume of included contingencies in disclosure, based on materiality assessment	x				mockup/disclosure				
	PPL's policy defines types of costs that can be included in an accrual for an environmental obligation while E.ON U.S.'s does not	Consider refining E.ON U.S.'s policy to provide guidelines for costs to be included within an environmental contingency			x			low	policy issue - per EUS will consider by Q1 2011.		
Variable Interest Entities	PPL utilizes a comprehensive VIE log to assess the potential for a VIE within all types of contracts; E.ON U.S. currently has a formal review log only for the area of fuels contracts	Consider implementing PPL's current VIE review procedures (analysis steps, VIE log) at E.ON U.S. to ensure consistent procedure is in place at both companies			x			medium	No VIE's currently. E&Y does not expect full 167 review. Eon US should conform to PPL process 1/1/2011.; per EUS, they will have similar process by end of Q1 2011. They will continue to discuss through ye.		
Guarantees	PPL has a formal policy to review for potential guarantees including designating Guarantee Reviewers in different departments and maintaining a guarantees review log; E.ON U.S. has a more informal process to review for guarantees through legal review	Consider implementing PPL's current procedures (procedures to identify guarantees, guarantee log) at E.ON U.S. to ensure consistent procedure is in place at both companies			x	x		medium	Eon US should conform to PPL process 1/1/2011.; per EUS, they will have similar process by end of Q1 2011. They will continue to discuss through ye.		

Accounting Area	Policy Difference	Recommendation	Day 1	2010	1Q 2011	Purchasing	Charnas	Day 1 item addressed through	Priority level in 2011	Notes
Accounting For Leases	Both companies make determination of a lease as capital or operating in a consistent manner with reviews being performed by individuals in related business lines	Adopt a unified policy to review leases for capital vs. operating treatment to ensure consistent treatment across all business lines. Unified policy should also ensure that the evaluations are being performed by similar individuals across business lines			x				low	per EUS, they will have similar process by end of Q1 2011. They will continue to discuss through ye.
Leases	Companies use separate lease review procedures to survey for potential leases on a quarterly basis; PPL's process includes a lease determination flowchart	Consider integrating PPL and E.ON U.S.'s procedures to identify leases through use of a shared contract review template and lease determination flowchart			x				medium	Eon US should conform to PPL process 1/1/2011.; per EUS, they will have similar process by end of Q1 2011. They will continue to discuss through ye.
Regulation	Due to the size of regulated operations in comparison to the group, E.ON's regulatory accounting disclosures are in more detail than those of PPL's.	PPL should consider creating a separate regulatory footnote to include regulatory information involving rate cases and other matters within its disclosure	x					mockup/disclosure - PPL to add separate regulatory footnote		
	PPL does not record current portion of reg assets/liabilities. E.ON records current portion of each reg asset/liability	Consideration should be given to more consistent classification	x					currently mapped to non current		Kindra talk with Gary B.
	PPL does not classify over/under-recoveries on rate mechanisms as reg assets/liabilities. E.ON classifies such over/under-recoveries as reg assets/liabilities.	Consideration should be given to more consistent classification	x							Kindra talk with Gary B.
AFUDC	EON and PPL have slightly different methodologies for applying AFUDC due to the different regulatory bodies under which they operate.	Consideration should be given to including a description of the differences in AFUDC for both companies.	x					mockup/disclosure		
Asset Impairments	In determining the cash flows for the impairment test, PPL typically uses a single set of cash flows while E.ON U.S. typically uses a probability-weighted estimate of multiple potential cash flows	Consideration should be given to evaluate whether conforming methods to develop cash flows in a similar manner would be appropriate			x				low	policy
	E.ON currently does not have a disclosure relating to asset impairments.	PPL should determine if the current disclosure used for PPL is appropriate for the procedures performed at E.ON and incorporate E.ON within the disclosure	x					mockup/disclosure		
	PPL tests all long-lived assets for impairment every three years; E.ON does not perform the test with this frequency and relies on triggering events to signal the need for testing	Consider the need for more consistent testing of impairment at E.ON U.S., absent of triggering events (consistent with PPL's policy)								
Fixed Assets	PPL's threshold for capitalization is \$50,000 compared to E.ON U.S.'s threshold of \$2,000; PPL considers the lease term when assessing the period of depreciation while E.ON U.S. does not	Assess need to implement unified policy on leasehold improvements regarding threshold for capitalization and period of depreciation			x				low	threshold - Eon to discuss if they will change threshold capitalization based on retirement units at both companies. Not significant for Eon
	The companies use different reports and different timelines to assess when projects should be placed in service and ultimately unitized	Consider implementing a unified policy at both companies for identifying projects to be placed in service and unitized (use same reports with same timeline)								not an issue
	PPL's balance sheet presentation is more detailed as electric plant is broken down by specific type	Balance sheet presentation will need to be converged so both companies are providing the same level of detail	x					mockup/disclosure - no longer separate T&D		
	PPL has defined four stages of production and has set guidelines for each stage to assist in the determination of capital vs. expense treatment; E.ON U.S. takes a less formal approach and relies on the reviews performed by the project managers and the property accounting analyst	Consider including documentation regarding four stages of production for capitalization determination in E.ON U.S.'s policy so both companies are consistent in assessment				x			medium	regulatory issue/policy issue for 2011
Investment in Debt & Equity Securities	EON does not currently have a formally documented policy for investments in debt and equity securities	A consolidated policy should be adopted to ensure consistent procedures are being performed so securities are appropriately classified and are assessed for impairment in the same manner.			x				low	policy issue for 2011 - EUS plans to adopt policy by Q1 2011

		Page 826 of 1591					Charnas			
Accounting Area	Policy Difference	Recommendation	Day 1	2010	1Q 2011	Purchase accounting	Day 1 item addressed through	Priority level in 2011	Notes	
Journal Entry Review	E.ON has a process to require the review of an Accounting Manager for all non-standard journal entries but does not have a documented policy of thresholds for higher levels of review (i.e. controller review)	Consider aligning the two company policies regarding the non-standard journal entry review process (using the same threshold for designating different level of entries requiring certain levels of review)			x			medium	EonUS should conform to PPL's policy begin 1/1/2011.	
	E.ON's policy does not require an executive summary for each manual journal entry, while PPL's does.	Consider including executive summaries within E.ON's journal entry review process similar to PPL's process			x			medium	EonUS should conform to PPL's policy begin 1/1/2011.	
Fixed Asset Depreciation	While both companies have similar footnote disclosures, PPL provided additional information in the form of ranges of asset lives.	E.ON will need to provide additional disclosure information regarding the range of asset lives and weighted-average rates of depreciation by asset class.	x				mockup/disclosure			
Compensated Absences	PPL has guidelines for accruing for future compensated absences documented while E.ON does not have formally documented guidelines. In addition, PPL has a formally documented process for recorded the associated vacation liability based on actual vacation balances and payroll rates per employee.	Consider implementing a unified policy at both companies to account for compensated absences with consideration given for differences due to companies' vacation policies.						low	not an issue due to materiality	
	Based on EON's burdening process, its unclear if any additional vacation calculation occurs or if the burdening rate is designed to fully account for any required vacation amounts.	Assess the vacation component within E.ON's burdening process and determine if any additional calculations are required to align process with PPL's.						low	not an issue due to materiality	
Materiality	Both companies are using qualitative and quantitative factors to determine materiality for a given item. E.ON typically uses 0.5% of pre-tax income as a preliminary assessment while PPL's policy does not provide any typical percentage. Other minor differences exist in documentation (thresholds, prior period treatment, etc.) between companies.	Given the consolidated reporting requirements, PPL should consider adopting a unified materiality policy that defines the procedures to be performed to ensure materiality is assessed at all appropriate levels for all appropriate items.	x	x					needs to be in place 12/31/10 - discuss with Valerie on Monday 12/20	
Reserve for Uncollectible Accounts	PPL's historical write-off percentage is calculated as a percentage of A/R balances by aging bucket; E.ON's historical write-off percentage is calculated as a percentage of revenue and applied to recent revenue	Assess need to adjust E.ON U.S.'s required reserve for uncollectible accounts based on differences in calculation used at PPL and E.ON U.S. if allowable under respective regulatory environments.							regulatory environments different - E&Y to let us know if in agreement	
	E.ON does not currently disclose a rollforward of the allowance for doubtful accounts.	E.ON U.S. will need to provide necessary information for rollforward of activity within the allowance for doubtful accounts balance	x				reporting package			
	Both companies have a process in place to record receivable reserves for amounts other than normal customer billings, however the methods to determine the reserve differ with PPL fully reserving amounts in excess of 360 days and E.ON fully reserving amounts in excess of 120 day. E.ON has a procedure to specifically identify any items requiring a reserve in addition to the items in excess of 120 days; PPL historically has used a blanket reserve	Consider developing uniform policy for other A/R reserves to ensure consistency							100% reserve for cust rec "in excess of 120 days" - PPL uses 360 days - linked to rate making process.; no reserve on unbilled - same for both	
	PPL utilizes a third-party (Accenture) to determine the reserve requirement for regulated customer receivables. E.ON has a procedure to specifically identify any items requiring a reserve in addition to the items in excess of 120 days; PPL historically has used a blanket reserve	Consider including E.ON U.S.'s receivables as part of Accenture's annual accounts receivable reserve requirement calculation, with consideration given to regulatory requirements (if any)							low regulatory environments different - not an issue	

Accounting Area	Policy Difference	Recommendation	Day 1	2010	1Q 2011	PurchSharnas accounting	Day 1 Item addressed through	Priority level in 2011	Notes
Material and Supplies Inventory	PPL performs quarterly field surveys to assist in identifying obsolete inventory; E.ON U.S. relies on reviews of annual reports and procedures during inventory counts	PPL should consider including E.ON U.S.'s inventory within its inventory obsolescence procedures (quarterly surveys)			x			low	policy issue
	PPL currently discloses the materials and supplies balance separately within its footnote disclosure while E.ON includes the balance separately on the face of the balance sheet.	A consistent approach will need to be adopted for the presentation of both companies in the consolidated financial statements.	x				mockup/disclosure		
	PPL uses cycle counts for all of its inventory counts; E.ON U.S.'s procedures vary by inventory location	PPL should consider aligning the inventory counting methods (e.g. cycle counts) elected at both companies to allow for more consistent and accurate inventory verification			x			low	would be 2011 if were to align policies
Cost Allocations	Both companies have documentation pertaining to how cost allocations will occur for various shared services. Due to the regulated nature of each company, specific requirements are in place from each company's applicable regulatory bodies to ensure that costs are appropriately allocated and therefore, differences will exist in the actual method used to allocate costs for various charges.	Consideration should be given to each companies' cost allocation manual and the continued applicability post-acquisition as well as the development of a consolidated cost allocation manual including the determination of how costs will be allocated from either companies' Servco (if both continue to exist) to other affiliates.							not an issue - regulatory will need to determine what costs should be allocated to KY once decisions are made.
	The companies' disclosures provide different levels of information regarding the methods to allocate amongst affiliates and the actual balances of allocations	Consideration should be given to the treatment of the presentation for a consolidated cost allocations footnote. Information will be necessary regarding each company's treatment of cost allocations based on the requirements of different regulatory bodies and the cost allocation methods elected for the overall consolidated entity	x				mockup/disclosure		
Interunit Settlements	PPL has an integrated intercompany settlements policy, where all intercompany settlements are settled on a monthly basis while E.ON's policy requires different treatment for settlements between different types of affiliates (as a result of a PSC Service Agreement in line with the E.ON merger)	Consideration should be given to the E.ON U.S.'s intercompany settlement requirements post-acquisition (i.e. which portions of the policy previously mandated by the PSC Service Agreement are still applicable)							not an issue
	PPL's settlements are performed on the 20th of each month, while E.ON's settlements are performed on the 13th of each month or the end of each month, based on affiliates involved in the settlement and does not require settlements on a monthly basis between non-regulated affiliates.	Consideration should be given to the process to settle intercompany amounts amongst PPL entities and former E.ON U.S. entities							not an issue
	Net settlements of under \$100,000 are typically not included in PPL's monthly interunit settlement while E.ON does not have similar thresholds for settlements.	Consideration should be given to setting a consistent threshold for net settlement amounts that do not need to be settled through the intercompany settlement process on a monthly basis							not an issue
	The companies' disclosures provide different levels of information regarding the intercompany amounts allocated and actual balances	A consolidated disclosure should be considered to include information regarding the intercompany settlement process within all entities and a summary of the balances for the various entities.	x				mockup/disclosure		no disclosure in the PPL 10K but may need in Eon F/S
	For unregulated companies, E.ON will expense debt issuance costs as they are incurred, while PPL will not expense these costs until an early redemption occurs	Assess E.ON U.S.'s treatment of expensing debt issuance costs for unregulated companies and consider the need to amortize these costs in line with PPL's treatment	x						EON looking into their approach (talked with Shannon) - very little unregulated - immaterial
	For the amortization of debt expense, PPL uses the effective interest method with consideration to the straight-line method if no material differences would exist) while E.ON uses the straight-line method	Consider need to align PPL and E.ON's policies to amortize debt expense (PPL uses the effective interest method and E.ON U.S. uses the straight-line method)	x						not an issue. We use same approach. Confirmed with Shannon

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Accounting Area	Policy Difference	Recommendation	Day 1	2010	1Q 2011	Purchase accounting	Charnas Day 1 item addressed through	Priority level in 2011	Notes
Debt Issuance and Retirements	E.ON does not have a documented policy to determine the amortization period for convertible debt	Consider the need to implement components of PPL's policy within E.ON U.S.'s policy relating to the treatment of convertible debt							not an issue - no convertible debt
	E.ON disclosure includes information regarding the fair value of the bonds. This information is disclosed in a separate footnote for PPL (Fair Value Measurements footnote)	The fair value measurement information should be removed from E.ON U.S.'s debt disclosure and included in a fair value measurement disclosure	x				mockup/disclosure		
	EUS accounted for the buyback of \$163M of its debt as an extinguishment. PPL did not view itself as the primary obligor and so kept debt and recorded investment in debt security on its balance sheet.	Need to further research if there's a problem in fact pattern. Jon to work with Steve Wanner and discuss with EUS.							
Capitalized Software	The companies have set different thresholds for capitalization: PPL's is set at software with costs in excess of \$50,000 and an expected life of at least five years (or 1 year for software used as a service), E.ON's is set at software with costs in excess of \$2,000 and an expected life of at least one year	Consider the need to align the companies' thresholds for capitalizing software (same cost threshold and amortization period)				x		low	threshold - Eon to discuss if they will change threshold ; regulatory impacts
	E.ON U.S. does not currently have a disclosure for capitalized software	E.ON will need to provide information including the carrying amount, accumulated amortization, and amortization expense recorded for its capitalized software				x	reporting package		policy in 2011
Unbilled Revenue	When performing the calculation for unbilled revenue, PPL uses historical data to estimate the percentage of load included in each billing cycle; E.ON uses heating and cooling degree days to adjust its unbilled revenue calculation	Consider applying a consistent approach for the calculation at both companies whereby the same calculation is used at both companies drawing upon the appropriate inputs						medium	Kindra will discuss with Gary and look at comparing approaches not considered in proformas - would consider in purch acctg if material.
Account Analyses	Companies have separate policies to determine which accounts are considered key and the timing to perform the account analyses	In the long-term, consideration should be given to fully aligning the account analysis procedures at both companies so that both companies are using the same thresholds for key accounts and are performing the analyses over the same time period (same threshold of accounts are being analyzed prior to closing each month)				x		high	EonUS should conform to PPL's policy begin 1/1/2011. F/S analytic needed at year end 12/31/2010.

Please note: this summary does not include Income tax policies or Price risk mgmt/derivatives policies.

Crescente, Angela

From: Wiseman, Sara
Sent: Monday, September 27, 2010 10:52 AM
To: Crescente, Angela; Riggs, Eric
Subject: FW: TANK ARO Lists

From: Wacker, Diana
Sent: Monday, September 27, 2010 10:51 AM
To: Wiseman, Sara
Subject: FW: TANK ARO Lists

From: Winkler, Michael
Sent: Monday, September 27, 2010 10:50 AM
To: Wacker, Diana
Subject: Re: TANK ARO Lists

Depends on what was in it. Solids would be less than one percent of tank volume. Oils would be one to two percent of volume. Acids and bases might be up to five percent because they create more sludge in the tank.
Michael

From: Wacker, Diana
To: Winkler, Michael
Sent: Mon Sep 27 10:31:09 2010
Subject: RE: TANK ARO Lists

Michael, Sorry to bother you, but in calculating our estimates, what would you say the 'average amount' would be for the sludge/or remainder left to be cleaned out of each tank? We really appreciate your help.
Thanks,
Diana

From: Winkler, Michael
Sent: Monday, September 27, 2010 10:26 AM
To: Wacker, Diana
Subject: Re: TANK ARO Lists

Yes. The silos are like large tanks.

Michael

From: Wacker, Diana
To: Winkler, Michael
Sent: Mon Sep 27 09:21:15 2010
Subject: TANK ARO Lists

Michael,

Charnas

I am working on the ARO lists that you had provided to Sara. I am finding "silos" on the listing. Should they be considered an ARO? We are not sure whether to include them or not.

Thanks,

Diana

X4054

Crescente, Angela

From: Bush, Tom
Sent: Monday, September 27, 2010 3:17 PM
To: Neal, Susan; Elmore, Barry; Erskine, Greg; Metts, Heather; Pienaar, Lesley; Raible, Eric; Shultz, Cathy; Strange, Vicki
Cc: Wiseman, Sara; Wacker, Diana; Crescente, Angela
Subject: New Accounts 230022, 230023, 230025, 230026, 230027

Please see the attached request to create new accounts 230022, 230023, 230025, 230026, and 230027.

From: Wiseman, Sara
Sent: Sunday, September 26, 2010 10:46 AM
To: Bush, Tom
Cc: Wacker, Diana; Crescente, Angela
Subject: FW: GLAFF Change Request Form - ARO ST ACCOUNTS.xlsm

Tom:

We may need to set up new ARO 230 accounts due to PPL reporting requirements. I am attaching a GLAFF request to accomplish this. Please note that adding these accounts will entail setting up a new financial statement line item in the short term liabilities section.

Would you please look these over and let us know if you have any questions/suggestion? I think by the end of the day on Monday I should know whether we will need them or not. If we do need them, it will be for the September close.

From: Crescente, Angela
Sent: Thursday, September 23, 2010 8:33 AM
To: Wiseman, Sara
Subject: FW: GLAFF Change Request Form - ARO ST ACCOUNTS.xlsm

From: Wacker, Diana
Sent: Thursday, September 23, 2010 8:25 AM
To: Crescente, Angela
Subject: GLAFF Change Request Form - ARO ST ACCOUNTS.xlsm



GLAFF Change
Request Form - A...

Crescente, Angela

From: Wiseman, Sara
Sent: Monday, September 27, 2010 4:33 PM
To: Billiter, Delbert
Cc: Heun, Jeff; Crescente, Angela
Subject: Coal pile retention pond--ARO

Delbert:

Another question for you regarding the coal pile. Our records show a coal pile retention pond at Brown. Do the other plants have one as well? Also, what has to be done in order to remediate these ponds. I'm copying Jeff just for the heck of it since he has given us some coal information in the past.

We're on a tight time frame so a quick answer would be great. Thanks for all of your help on this.

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

Crescente, Angela

From: Billiter, Delbert
Sent: Tuesday, September 28, 2010 8:16 AM
To: Wiseman, Sara
Cc: Heun, Jeff; Crescente, Angela
Subject: RE: Coal pile retention pond--ARO

Sara,

Ghent, Tyrone and Cane Run have retention ponds in addition to Brown that do not lie within the boundary of the coal pile. Mill Creek, Trimble and Green River do not. I'm not sure what the permit requires to reclaim these ponds. This would be a questions for environmental or maybe Jeff would know.

Delbert

From: Wiseman, Sara
Sent: Monday, September 27, 2010 4:33 PM
To: Billiter, Delbert
Cc: Heun, Jeff; Crescente, Angela
Subject: Coal pile retention pond--ARO

Delbert:

Another question for you regarding the coal pile. Our records show a coal pile retention pond at Brown. Do the other plants have one as well? Also, what has to be done in order to remediate these ponds. I'm copying Jeff just for the heck of it since he has given us some coal information in the past.

We're on a tight time frame so a quick answer would be great. Thanks for all of your help on this.

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

Crescente, Angela

From: Crescente, Angela
Sent: Tuesday, September 28, 2010 8:34 AM
To: Billiter, Delbert
Cc: Heun, Jeff; Wiseman, Sara; Winkler, Michael
Subject: RE: Coal pile retention pond--ARO

Delbert,

We have documentation showing that Tyrone's Coal pile retention pond is stocked with fish and there is nothing about it that would facilitate an ARO. I don't know about Ghent and Cane Run. Who would be able to tell me?

Mike or Jeff,

Would you be able to tell me how much it would cost to remediate Ghent and Cane Run if they have any legal obligation to do so?

Thanks,
Angela

From: Billiter, Delbert
Sent: Tuesday, September 28, 2010 8:16 AM
To: Wiseman, Sara
Cc: Heun, Jeff; Crescente, Angela
Subject: RE: Coal pile retention pond--ARO

Sara,

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Delbert

From: Wiseman, Sara
Sent: Monday, September 27, 2010 4:33 PM
To: Billiter, Delbert
Cc: Heun, Jeff; Crescente, Angela
Subject: Coal pile retention pond--ARO

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Sara Wiseman
Manager, Property Accounting
Office 502.627.3189
Cell 502.338.0886

Crescente, Angela

From: Winkler, Michael
Sent: Tuesday, September 28, 2010 8:53 AM
To: Crescente, Angela; Billiter, Delbert
Cc: Heun, Jeff; Wiseman, Sara
Subject: Re: Coal pile retention pond--ARO

There should not be any ARO issues for coalpile runoff ponds at any facility. It will be exactly the same as the coalpile itself.
Wink

From: Crescente, Angela
To: Billiter, Delbert
Cc: Heun, Jeff; Wiseman, Sara; Winkler, Michael
Sent: Tue Sep 28 08:34:05 2010
Subject: RE: Coal pile retention pond--ARO

Delbert,

We have documentation showing that Tyrone's Coal pile retention pond is stocked with fish and there is nothing about it that would facilitate an ARO. I don't know about Ghent and Cane Run. Who would be able to tell me?

Mike or Jeff,

Would you be able to tell me how much it would cost to remediate Ghent and Cane Run if they have any legal obligation to do so?

Thanks,

Angela

From: Billiter, Delbert
Sent: Tuesday, September 28, 2010 8:16 AM
To: Wiseman, Sara
Cc: Heun, Jeff; Crescente, Angela
Subject: RE: Coal pile retention pond--ARO

Sara,

Ghent, Tyrone and Cane Run have retention ponds in addition to Brown that do not lie within the boundary of the coal pile. Mill Creek, Trimble and Green River do not. I'm not sure what the permit requires to reclaim these ponds. This would be a questions for environmental or maybe Jeff would know.

Delbert

From: Wiseman, Sara
Sent: Monday, September 27, 2010 4:33 PM
To: Billiter, Delbert
Cc: Heun, Jeff; Crescente, Angela
Subject: Coal pile retention pond--ARO

Delbert:

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We're on a tight time frame so a quick answer would be great. Thanks for all of your help on this.

Sara Wiseman

Manager, Property Accounting

Office 502.627.3189

Cell 502.338.0886

Crescente, Angela

From: Wacker, Diana
Sent: Tuesday, September 28, 2010 12:41 PM
To: Heun, Jeff; Winkler, Michael; Smith, Timothy
Cc: Wiseman, Sara; Crescente, Angela
Subject: FW: Coal/Storage Pile, etc.

Importance: High

Good Afternoon:

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I appreciate your help – Thanks, Diana Wacker – x4054

From: Crescente, Angela
Sent: Tuesday, September 28, 2010 10:37 AM
To: Wacker, Diana
Subject: FW: Coal/Storage Pile, etc.

From: Wiseman, Sara
Sent: Friday, September 17, 2010 3:35 PM
To: Billiter, Delbert; Heun, Jeff; Crescente, Angela
Cc: Riggs, Eric
Subject: Re: Coal/Storage Pile, etc.

I think that Jeff's numbers are what we need based on conversations we had with Wink. Thanks, Jeff.
Sent from my BlackBerry!

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Cc: Wiseman, Sara; Riggs, Eric
Sent: Fri Sep 17 15:23:21 2010
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I would ask mike Winkler (environmental) if he knows what the permit requires. I'm out of the office or I would walk over and ask him.

Delbert

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Subject: RE:

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If you need any additional information please let me know.

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502-627-4668 -Office
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From: Wiseman, Sara
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Subject: FW:

Delbert:

Here is a new file to replace the one I sent you yesterday. This one has an email with acreage that I think you can provide. Will you be able to work up some numbers by Wednesday, July 7?

From: Hillbert, Debbie
Sent: Tuesday, June 29, 2010 7:58 AM
To: Wiseman, Sara
Subject:

Sara,

There are 2 pages now.

<< File: Coal Pile Remediation.pdf >>

Debbie Hilbert, CPS

Senior Secretary

E.ON U.S. LLC

502-627-4676

Crescente, Angela

From: Wacker, Diana
Sent: Tuesday, September 28, 2010 1:19 PM
To: Heun, Jeff
Cc: Wiseman, Sara; Crescente, Angela
Subject: FW: ARO Ashpond Landfill Gypsum

Jeff: Sara had forwarded me your email on the Ashpond (see below). She is out of the office today, and I can't seem to find any info on the Landfill closure costs. If you sent, I am sorry to be asking, but could you please resend to me?

Also, another question – are all the landfills still the same as in 2003? Same size/location, etc?

I appreciate your help – Diana Wacker x4054

From: Heun, Jeff
Sent: Tuesday, September 14, 2010 12:02 PM
To: Wiseman, Sara
Subject: RE: ARO Ashpond Landfill Gypsum

Sara,

I looked over the Stantec(FMSM) closure cost estimate and updated it based on pricing attained from current ongoing projects as well as escalating the 2002 numbers to 2010 numbers. I came up with an estimate of \$120K per acre to close a pond using Tyrone as the basis, see attached spreadsheet. Also looking over the list of active Ash Pond a new one needs to be added for Brown as the Aux Pond was placed into service in 2008 and is approximately 40 acres in size. I would double check with David Millay to make sure all the CCP storage ponds are accounted for as I believe the Aux Pond was the only one missing.

JBH



Pond Closure
Costs.xlsx

From: Wiseman, Sara
Sent: Friday, June 25, 2010 8:26 AM
To: Heun, Jeff
Subject: FW: ARO Ashpond Landfill Gypsum

Hi Jeff: FYI This is information for our meeting on Monday morning. This is how we valued our AROs in 2003.

From: Wiseman, Sara
Sent: Wednesday, June 23, 2010 4:25 PM
To: Cosby, David; Welsh, Elaine; Dowd, Deborah

Cc: Crescente, Angela; Rose, Bruce
Subject: ARO Ashpond Landfill Gypsum

Hi all:

Here is the information we have for the ashpond, landfill and gypsum stacker.

From: Hilbert, Debbie
Sent: Wednesday, June 23, 2010 3:45 PM
To: Wiseman, Sara
Subject: Ashpond

<< File: Ashpond.pdf >>

Debbie Hilbert, CPS
Senior Secretary
E.ON U.S. LLC
502-627-4676

Activity	2002	2010			Units	Total Cost
	Cost	Escalated Cost	Actual Cost	Adjusted Costs		
Engineering	\$0	\$0	\$250,000	\$250,000	1	\$250,000
Construction						
<i>Mobilization</i>	\$21,000	\$33,471		\$33,471	1	\$33,471
<i>Site Grading</i>	\$225,000	\$358,616		\$358,616	1	\$358,616
<i>1' Clay Cover</i>	\$0	\$0	\$8	\$8	18000	\$144,000
<i>1' Vegetative Cover</i>	\$0	\$0	\$6	\$6	18000	\$108,000
<i>Drainage Ditches</i>	\$25	\$40		\$40	3500	\$139,462
<i>Seeding & Mulching</i>	\$0	\$0	\$2,000	\$2,000	11	\$22,000
<i>Demolition</i>	\$20,000	\$31,877		\$31,877	1	\$31,877
Post Closure Care						
<i>Ground Water Monitoring</i>	\$2,480	\$3,953		\$3,953	1	\$3,953
<i>Maintenace</i>	\$3,000	\$4,782		\$4,782	1	\$4,782

Sub-Total \$1,096,160

Bond \$8,221

Contingency 20% \$219,232

Total for 11 acres \$1,323,613

Total Per Acre \$120,328.43

Crescente, Angela

From: Heun, Jeff
Sent: Tuesday, September 28, 2010 1:29 PM
To: Wacker, Diana
Cc: Wiseman, Sara; Crescente, Angela
Subject: RE: ARO Ashpond Landfill Gypsum

I do not have any information on the closure on the landfills as the cost for the closure should be part of the permit attained from the state. I would check with Mike Winkler or Paul Puckett as they would have a copy of the permit and the closure costs.

From: Wacker, Diana
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Cc: Wiseman, Sara; Crescente, Angela
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Crescente, Angela

From: Smith, Timothy
Sent: Tuesday, September 28, 2010 2:14 PM
To: Wacker, Diana; Heun, Jeff; Winkler, Michael
Cc: Wiseman, Sara; Crescente, Angela
Subject: RE: Coal/Storage Pile, etc.

The number that I had included was the same as what was used in the previous estimate. If someone has updated information that would be more accurate then I am fine with using that.

Thanks
Tim

From: Wacker, Diana
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Cc: Wiseman, Sara; Crescente, Angela
Subject: FW: Coal/Storage Pile, etc.
Importance: High

Good Afternoon:

Please see the string of emails below. I am working on the revaluation of the ARO associated with the Coal/Storage Piles at all of our facilities.

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502-627-4676

Crescente, Angela

From: Heun, Jeff
Sent: Tuesday, September 28, 2010 2:52 PM
To: Crescente, Angela; Smith, Timothy; Wacker, Diana; Winkler, Michael
Cc: Wiseman, Sara
Subject: RE: Coal/Storage Pile, etc.

A 3% per year increase is acceptable.

From: Crescente, Angela
Sent: Tuesday, September 28, 2010 2:50 PM
To: Smith, Timothy; Wacker, Diana; Heun, Jeff; Winkler, Michael
Cc: Wiseman, Sara
Subject: RE: Coal/Storage Pile, etc.

I spoke with Mike on the phone and he said he believed that Pineville was the last coal pile that we have remediated. Since this is the one we have an invoice for from PMR, it seems to be a good estimate to use. However, does anyone know what the escalated price would be in today's dollars? In some instances we have seen a 3% increase per year, does that seem reasonable?

Thanks,
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<< File: Coal Pile Remediation.pdf >>

Debbie Hilbert, CPS

Senior Secretary

E.ON U.S. LLC

502-627-4676

Crescente, Angela

From: Billiter, Delbert
Sent: Tuesday, September 28, 2010 4:28 PM
To: Crescente, Angela; Millay, David
Cc: Wiseman, Sara; Winkler, Michael; Heun, Jeff
Subject: RE: ARO Coal Piles and Coal Pile Runoff Ponds

For Ghent, Mill Creek, Trimble County and Green River it is the same since the original area included the settle area. You can add the following approximate area for ponds to the previous areas provided:

Brown – 1.25 ac.
Cane Run – 1 ac.
Brown – 0.75 ac.

The original areas did not include the ponds for these plants.

From: Crescente, Angela
Sent: Tuesday, September 28, 2010 2:32 PM
To: Millay, David; Billiter, Delbert
Cc: Wiseman, Sara; Winkler, Michael; Heun, Jeff
Subject: ARO Coal Piles and Coal Pile Runoff Ponds

David and Delbert,

One more thing, would the acreage that we were provided for the coal piles include the coal pile runoff ponds? Would you be able to go ahead and provide me the total original footprint acreage of each coal pile that we have including the coal pile runoff ponds since they tend to be right next to each other? Mike says that the remediation works the same way for both we should probably call them one ARO. For some reason, Brown was the only one that had a coal pile runoff pond listed by itself.

Thanks,
Angela

Crescente, Angela

From: Winkler, Michael
Sent: Tuesday, September 28, 2010 4:35 PM
To: Crescente, Angela
Subject: RE: Pineville Ash Pond

That is correct.

From: Crescente, Angela
Sent: Tuesday, September 28, 2010 4:30 PM
To: Winkler, Michael
Subject: Pineville Ash Pond

Mike,

Per our conversation, even though the Pineville Plant has been retired, we are still using the ash pond for low volume waste waters generated at the plant site. Therefore, the plan is to retire the Pineville Ash Pond around the same time as the Tyrone Ash Pond.

Thanks,
Angela

Crescente, Angela

From: Leenerts, Patricia
Sent: Wednesday, April 21, 2010 3:02 PM
To: Kinder, Debra
Cc: Crescente, Angela
Subject: ARO 2352.50 AROP listing

Well-ARO project file (I wasn't sure if the links are working yet, so I listed the full address):

I:\Gas Projects\well - ARO project.xlsx

File:///\\fs2\propacct\Gas Projects\well - ARO project.xlsx

Thanks,

Pat
502-627-3811

Crescente, Angela

From: Wacker, Diana
Sent: Friday, April 30, 2010 2:36 PM
To: Crescente, Angela
Subject: ARO GROUPS.xls
Attachments: ARO GROUPS.xls

Crescente, Angela

From: Neal, Susan
Sent: Monday, May 17, 2010 5:26 PM
To: Wiseman, Sara; Duce, John; Richardson, Ralph; Brumbeloe, David; 'Cliff Robinson'
Cc: Wacker, Diana; Kinder, Debra; Crescente, Angela; Charnas, Shannon
Subject: RE: Monday Open issues

Can someone send me the list from Item 3 – I suspected this would be a problem because there were a lot of projects without plant accounts. David did run the script from the list I had sent him which I had the budget coordinators update. I think I will find a lot of these projects were not on the original list I sent to the budget coordinators because of the program David was asked to run that defaulted the plant accounts. The list I had only had the errors resulting from the combo of major and asset location plus plant account causing a depreciation problem. I will need to get my list updated so David can correct his script. Also, Debbie told me she got the list from the projects that failed in the Depreciation forecast run so if it passed the validation for depreciation with just a plant account, it was never on my list to need the location data. It is hard for David to give me a list because of the default that is occurring on the major location behind the scenes when he runs the SQL for me.

I have the IFRS ARO error ready to send him. I believe this is an org problem due to the validation table he is pointing to in Oracle.

Thank you,
Susan Neal
Manager, Financial Analysis
E.ON U.S. Services, Inc.
220 W. Main St.
Louisville, KY 40202
(502) 627-3447
susan.neal@eon-us.com

From: Wiseman, Sara
Sent: Monday, May 17, 2010 5:09 PM
To: Neal, Susan; Duce, John; Richardson, Ralph; Brumbeloe, David; 'Cliff Robinson'
Cc: Wacker, Diana; Kinder, Debra; Crescente, Angela; Charnas, Shannon
Subject: Monday Open issues

Issues specifically identified today (also see Excel file which contains testing log):
<< File: Capital project test data.xlsx >>

1. Headers and Elements: Have to be run twice back to back in order to get all of the new tasks and WOs swept in.
2. Storms interface: Failing, need to have David troubleshoot the error log on Tuesday. No estimates came across.
3. Depr forecast: Need David to run script to populate plant accounts for project that failed in the forecast stage process. Verify all major and asset locations are also populated.

4. IFRS projects: When setting up a project with an IFRS org an error is being created. Testing on IFRS AROs can proceed until this is corrected. (Angela will send a screen shot if need be, please let her know if needed).
5. No task information coming from Oracle on new tasks on created on existing project. See project 130109 on attached document.

Successfully completed today:

1. Projects created, workorders created.
2. Charges on workorders.
3. AIP document check box defaults automatically.
4. No longer any O&M workorders coming across
5. Modified CWIP charge so that it no longer fails
6. Ralph has modified AMG several times to run

Items still need to see completed successfully:

1. Run 106 to see charges on newly created projects are included.
2. See ARO processing complete
3. Unitizations/Retirement processing for newly created projects.
4. Testing of closing and in-service dates
5. Get through stage and verify process without error in order to run reports to verify that the budget activity is included in the budget calculations.
6. Still wanting on depr forecast reports from Cliff.

Sara Wiseman
Manager, Property Accounting
Office 502.627.3189
Cell 502.338.0886

Crescente, Angela

From: Neal, Susan
Sent: Monday, May 17, 2010 8:37 PM
To: Crescente, Angela; Wiseman, Sara
Cc: Brumbeloe, David; Charnas, Shannon; 'Cliff Robinson'
Subject: FW: Monday Open issues

Angela

I have turned in the ticket on the org issue on the ARO projects. Help me understand why this is preventing you from testing because I don't fully understand the ARO process. Granted the org issue will prevent this project from being set up on the correct company in Oracle but as long as you set up the projects correctly, does the org matter for your purposes? I noticed two projects that went through the approval process today – 130137 and 130140 – which looked like ARO projects. Can you not use these to finish out your testing on ARO? These projects definitely were not created on the IFRS companies in Oracle but do you need data from the IFRS companies now and that is why you can't proceed?

I am trying to help David with priorities. While this is an important issue I am trying to determine if this needs to be done first in order for you to continue testing or does the interface work with Ralph take a higher precedence. Either way this will be fixed it is just a matter of what order now.

Thank you,
Susan Neal
Manager, Financial Analysis
E.ON U.S. Services, Inc.
220 W. Main St.
Louisville, KY 40202
(502) 627-3447
susan.neal@eon-us.com

From: Wiseman, Sara
Sent: Monday, May 17, 2010 5:09 PM
To: Neal, Susan; Duce, John; Richardson, Ralph; Brumbeloe, David; 'Cliff Robinson'
Cc: Wacker, Diana; Kinder, Debra; Crescente, Angela; Charnas, Shannon
Subject: Monday Open issues

Issues specifically identified today (also see Excel file which contains testing log):



Capital project test
data.xlsx...

1. Headers and Elements: Have to be run twice back to back in order to get all of the new tasks and WOs swept in.
2. Storms interface: Failing, need to have David troubleshoot the error log on Tuesday. No estimates came across.
3. Depr forecast: Need David to run script to populate plant accounts for project that failed in the forecast stage process. Verify all major and asset locations are also populated.

4. IFRS projects: When setting up a project with an IFRS org an error is being created. Testing on IFRS AROs can proceed until this is corrected. (Angela will send a screen shot if need be, please let her know if needed).
5. No task information coming from Oracle on new tasks on created on existing project. See project 130109 on attached document.

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4. Testing of closing and in-service dates
5. Get through stage and verify process without error in order to run reports to verify that the budget activity is included in the budget calculations.
6. Still wanting on depr forecast reports from Cliff.

Sara Wiseman
Manager, Property Accounting
Office 502.627.3189
Cell 502.338.0886

Crescente, Angela

From: Wacker, Diana
Sent: Tuesday, May 18, 2010 1:27 PM
To: Wiseman, Sara
Cc: Kinder, Debra; Crescente, Angela
Subject: NOON UPDATE

Holding since Monday evening 5/17

1. When tasks are added to preexisting funding projects in PowerPlant, the task Information does not carry over to the task information on the WorkOrder in PowerPlant. This occurs when Task = WorkOrder. (This will affect CWIP/RWIP subledgers and reporting by state and function.)
2. When a Completion Date is entered on a Task on Funding Project, the Completion date moves to Oracle on the Task. However, the completion date did not come back to Work Order. This completion date should be populated as 'in service' date and completion date on the details screen and a completion date on the task information on the work order. (This will affect 106 depreciation calculations as these charges will move to 106 during month end close.)

Issue from Tuesday morning 5/18/10

1. While testing close processing in PowerPlant, ARO Processing did not work. Error messages sent to Susan N. and David B.

*Diana Wacker
Sr. Accounting Analyst
Property Accounting
502-627-4054*

Crescente, Angela

From: Wiseman, Sara
Sent: Tuesday, May 18, 2010 1:31 PM
To: Neal, Susan; 'David Brumbeloe'; Richardson, Ralph; Duce, John
Cc: Wacker, Diana; Kinder, Debra; Crescente, Angela; Charnas, Shannon
Subject: Powerplant Testing update

Hi all:

I wanted to send out an update in advance of our meeting later today. We are essentially in a holding pattern in our testing due to the issues outlined below. We've not made appreciable progress today on the first 2 issues.

Holding since Monday evening 5/17

1. When tasks are added to preexisting funding projects in PowerPlant, the task information does not carry over to the task information on the WorkOrder in PowerPlant. This occurs when Task = WorkOrder. (This will affect CWIP/RWIP subledgers and reporting by state and function.)
2. When a Completion Date is entered on a Task on Funding Project, the Completion date moves to Oracle on the Task. However, the completion date did not come back to Work Order. This completion date should be populated as 'in service' date and completion date on the details screen and a completion date on the task information on the work order. (This will affect 106 depreciation calculations as these charges will move to 106 during month end close.)

Issue from Tuesday morning 5/18/10

1. While testing close processing in PowerPlant, ARO Processing did not work. Error messages sent to Susan N. and David B.

Diana Wacker
Sr. Accounting Analyst
Property Accounting
502-627-4054

Crescente, Angela

From: Neal, Susan
Sent: Tuesday, May 18, 2010 3:46 PM
To: Wacker, Diana; Richardson, Ralph; Brumbeloe, David; 'Cliff Robinson'
Cc: Kinder, Debra; Crescente, Angela
Subject: RE: POWERPLANT CLOSE TESTING - ARO ERROR

Just to be sure before we go into our meeting – someone in Property did confirm that this was tied to the correct set of books – I assume in this case Financial since this was the GAAP ARO closing.

Not sure how this works so bear with me if I am asking a dumb question.

Thank you,
Susan Neal
Manager, Financial Analysis
E.ON U.S. Services, Inc.
220 W. Main St.
Louisville, KY 40202
(502) 627-3447
susan.neal@eon-us.com

From: Wacker, Diana
Sent: Tuesday, May 18, 2010 10:02 AM
To: Neal, Susan; Richardson, Ralph; Brumbeloe, David; 'Cliff Robinson'
Cc: Kinder, Debra; Crescente, Angela
Subject: POWERPLANT CLOSE TESTING - ARO ERROR

We are testing Close Processing. When I tried to close using 'ARO PROCESSING' – I got the attached error message. I got this when I tried processing both LG&E and KU.

Thanks,
Diana

<< File: Doc1.docx >>

Crescente, Angela

From: Wacker, Diana
Sent: Tuesday, May 18, 2010 10:02 AM
To: Neal, Susan; Richardson, Ralph; Brumbeloe, David; 'Cliff Robinson'
Cc: Kinder, Debra; Crescente, Angela
Subject: POWERPLANT CLOSE TESTING - ARO ERROR

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Thanks,
Diana



Doc1.docx

PowerPlant - DT/STAG Database

File Edit Subsystem Batch Admin Preferences Window Activity Help

Unit Co. Projects Asset

Report CPR Logs Balance

Begin ARO Processing: 09:56:30

Processing Company 110 - KENTUCKY UTILITIES COMPANY
 Company Id: 110 09:56:31
 Updating Remaining Life on CPR Depr...
 Successfully Updated CPR Depr on 0 ARC assets.
 Processing Settlements... 09:56:31

Print OK

Interface (Date Last) TRMS Vehicle Data

HWIP Allocation

Error
 The book summary for ARO ID: 16031990 is not related to any Set Of Books!

Close CPR

ARO Processing						
ARO Approval			4/7/10 13:16	3/4/10 11:54		Audits
Depreciation Calculation			4/7/10 13:17	3/4/10 11:58		Mortality Memo
Depreciation Approval			4/7/10 13:19	3/4/10 12:00		CPR Balance
Release Journal Entries			4/7/10 13:24	3/4/10 12:02		
G/L Reconciliation			4/7/10 13:24	3/4/10 12:02		
Close PowerPlant			4/8/10 14:17	3/5/10 12:18		Cancel
Balance PowerPlant						

Ready

Start | Inbo... | Int... | Power | Maro... | 97% | 9:56 AM

PowerPlant - D:\MSTG\Deliverables

File Edit Subsystem Batch Admin Preferences Window Activity Help

Link Col: Projects Asset

Report: CPR Logs Balance

System Administrator

Continuing Pro

E.ON U.S. SERVICE
 KENTUCKY UTILITY
 LOUISVILLE GAS
 IFRS - KENTUCKY
 IFRS - Louisville G
 E.ON U.S. CAPITAL

Interface (Date Last
 TRMS Vehicle Data
 RWIP Allocation

ARO Processing

Processing Company 110 - 'KENTUCKY UTILITIES COMPANY'
 Company Id: 110 09:56:31
 Updating Remaining Life on CPR Depr...
 Successfully Updated CPR Depr on 0 ARC assets.
 Processing Settlements... 09:56:31
 Error During Settlement Process for ARO's
 End ARO Processing: 09:57:01
 After Checking for Error Messages, Hit OK to Continue

Print OK

Auto Transactions

New Month

Close CPR			4/7/10 13:15	3/4/10 11:54	
ARO Processing			4/7/10 13:12	3/4/10 11:46	
ARO Approval			4/7/10 13:16	3/4/10 11:54	Audits
Depreciation Calculation			4/7/10 13:17	3/4/10 11:58	
Depreciation Approval			4/7/10 13:19	3/4/10 12:00	Mortality Memory
Release Journal Entries			4/7/10 13:24	3/4/10 12:02	CPR Balance
G/L Reconciliation			4/7/10 13:24	3/4/10 12:02	
Close PowerPlant			4/8/10 14:17	3/5/10 12:18	Cancel
Balance PowerPlant					

Ready

97% 9:57 AM

PowerPlant
 File Edit Subsystem Batch Admin Preferences Window Activity Help

Unit Cost Projects Asset

Report: CPR Logs Balance

System Administrator

Continuing Pro

E.ON U.S. SERV
 KENTUCKY UTIL
 LOUISVILLE GAS
 IFRS - KENTUCKY
 IFRS - Louisville G
 E.ON U.S. CAPITAL

Interface (Date Last
 TRMS Vehicle Data
 RWIP Allocation

AROProcessing

Begin ARO Processing: 09:58:05

Processing Company 100: 'LOUISVILLE GAS & ELECTRIC COMPANY'
 Company Id: 100 09:58:06
 Updating Remaining Life on CPR Depr...
 Successfully Updated CPR Depr on 0 ARC assets.
 Processing Settlements... 09:58:06

Print OK

face Audits

Error

The book summary for ARO ID: 10002125 is not related to any Set Of Books!

Close CPR
 ARO Processing
 ARO Approval
 Depreciation Calculation
 Depreciation Approval
 Release Journal Entries
 G/L Reconciliation
 Close PowerPlant
 Balance PowerPlant

OK

			4/7/10 13:19	3/4/10 11:54	Audits
			4/7/10 13:20	3/4/10 11:56	
			4/7/10 13:22	3/4/10 12:00	Mortality Memory
			4/7/10 13:24	3/4/10 12:03	CPR Balance
			4/8/10 14:34	3/5/10 12:03	Cancel

Ready

97% 9:58 AM

PowerPlant - PPLWSYAO Database

File Edit Subsystem Batch Admin Preferences Window Activity Help

Unit Cost Projects Asset

Report CPR Logs Balance

Systems Administration

Continuing Pro

E.ON U.S. SERVI
 KENTUCKY UTIL
 LOUISVILLE GAS
 IFRS - KENTUCKY
 IFRS - Louisville G
 E. ON U.S. CAPITAL

Interface (Date Last
 YRMS Vehicle Data
 RWIP Allocation

ARO Processing

Processing Company 100-'LOUISVILLE GAS & ELECTRIC COMPANY'
 Company Id: 100 09:58:06
 Updating Remaining Life on CPR Depr...
 Successfully Updated CPR Depr on 0 ARC assets.
 Processing Settlements... 09:58:06
 Error During Settlement Process for ARO's
 End ARO Processing: 09:58:26
 After Checking for Error Messages, Hit OK to Continue

Print OK

Auto Transactions

New Month

Close CPR			4/7/10 13:19	3/4/10 11:53	
ARO Processing			4/7/10 13:13	3/4/10 11:47	
ARO Approval			4/7/10 13:19	3/4/10 11:54	Audits
Depreciation Calculation			4/7/10 13:20	3/4/10 11:56	
Depreciation Approval			4/7/10 13:22	3/4/10 12:00	Mortality Memory
Release Journal Entries			4/7/10 13:24	3/4/10 12:03	CPR Balance
G/L Reconciliation			4/7/10 13:24	3/4/10 12:03	
Close PowerPlant			4/8/10 14:34	3/5/10 12:03	Cancel
Balance PowerPlant					

Ready

9:58 AM

Crescente, Angela

From: Wacker, Diana
Sent: Tuesday, May 18, 2010 1:27 PM
To: Wiseman, Sara
Cc: Kinder, Debra; Crescente, Angela
Subject: NOON UPDATE

Holding since Monday evening 5/17

1. When tasks are added to preexisting funding projects in PowerPlant, the task information does not carry over to the task information on the WorkOrder in PowerPlant. This occurs when Task = WorkOrder. (This will affect CWIP/RWIP subledgers and reporting by state and function.)
2. When a Completion Date is entered on a Task on Funding Project, the Completion date moves to Oracle on the Task. However, the completion date did not come back to Work Order. This completion date should be populated as 'in service' date and completion date on the details screen and a completion date on the task information on the work order. (This will affect 106 depreciation calculations as these charges will move to 106 during month end close.)

Issue from Tuesday morning 5/18/10

1. While testing close processing in PowerPlant, ARO Processing did not work. Error messages sent to Susan N. and David B.

*Diana Wacker
Sr. Accounting Analyst
Property Accounting
502-627-4054*

Crescente, Angela

From: Wacker, Diana
Sent: Tuesday, May 18, 2010 3:55 PM
To: Neal, Susan; Richardson, Ralph; Brumbeloe, David; 'Cliff Robinson'
Cc: Kinder, Debra; Crescente, Angela
Subject: RE: POWERPLANT CLOSE TESTING - ARO ERROR

Susan, This is a process where we 'push' a button during close(this is the process where accretion journals are created). Since we have not made any changes to ARO's in Production, and this process did work in production during April close.

Diana Wacker
Sr. Accounting Analyst
Property Accounting
502-627-4054

From: Neal, Susan
Sent: Tuesday, May 18, 2010 3:46 PM
To: Wacker, Diana; Richardson, Ralph; Brumbeloe, David; 'Cliff Robinson'
Cc: Kinder, Debra; Crescente, Angela
Subject: RE: POWERPLANT CLOSE TESTING - ARO ERROR

Just to be sure before we go into our meeting – someone in Property did confirm that this was tied to the correct set of books – I assume in this case Financial since this was the GAAP ARO closing.

Not sure how this works so bear with me if I am asking a dumb question.

Thank you,
Susan Neal
Manager, Financial Analysis
E.ON U.S. Services, Inc.
220 W. Main St.
Louisville, KY 40202
(502) 627-3447
susan.neal@eon-us.com

From: Wacker, Diana
Sent: Tuesday, May 18, 2010 10:02 AM
To: Neal, Susan; Richardson, Ralph; Brumbeloe, David; 'Cliff Robinson'
Cc: Kinder, Debra; Crescente, Angela
Subject: POWERPLANT CLOSE TESTING - ARO ERROR

We are testing Close Processing. When I tried to close using 'ARO PROCESSING' – I got the attached error message. I got this when I tried processing both LG&E and KU.

Thanks,

Crescente, Angela

From: Wiseman, Sara
Sent: Wednesday, May 19, 2010 1:27 PM
To: Neal, Susan; 'David Brumbeloe'; Richardson, Ralph
Cc: Wacker, Diana; Kinder, Debra; Crescente, Angela; Charnas, Shannon
Subject: Wednesday afternoon update

Here is our current status. No progress has been made today on getting Tasks and completion dates on existing projects over to WO on WO=Task projects. Ralph is currently trying to fix errors in AMG interface.

Remaining Items to be resolved:

- Adding Tasks to EXISTING Projects in PowerPlant Funding Project:
 - Added tasks to existing project afternoon of 5/18 – tasks DID NOT go to Oracle nor come back to WorkOrders – still an issue with AMG.
- Completion dates on TASK in funding Project, when TASK = WO:
 - This date should be populated in the “in service” and “completion” dates in WORKORDER, so charges move to 106 and begin depreciation.
 - At this point, the date is not moving to Oracle, nor to WORKORDER.
- Monthly Close Issues – we can NOT close the books for May until these items are corrected:
 - ARO Processing Errors
 - Depreciation Errors (Set of books – KU)
- Still testing:
 - ARO Processing/Settlements
 - IFRS Projects
 - Depr forecast: Need David to run script to populate plant accounts for project that failed in the forecast stage process. Verify all major and asset locations are also populated.
 - Run 106 to see charges on Task = WorkOrder after date issue is resolved.
 - Unitizations/Retirement processing for newly created projects.
- Items needed after Cut Over:
 - AMG in PowerPlant Logs – with error messages for troubleshooting
 - Detailed documentation of ALL interfaces and their functions to support efficient troubleshooting in the future.
 - Depr Forecast reports - we have been waiting for 3 weeks for these
 - Storms interface: Failing - will need to test in production.

*Diana Wacker
Sr. Accounting Analyst
Property Accounting
502-627-4054*

Crescente, Angela

From: Neal, Susan
Sent: Wednesday, May 19, 2010 7:15 PM
To: Wiseman, Sara; 'David Brumbeloe'; Richardson, Ralph
Cc: Wacker, Diana; Kinder, Debra; Crescente, Angela; Charnas, Shannon; Garrett, Chris; Duce, John; Moore, Aaron
Subject: RE: Wednesday afternoon update

I get bits and pieces of what is going on with all these things so see my comments in red below on the status of the items I know about from this afternoon. There has been a tremendous amount of work done in the last two days and I want to thank everyone involved for your diligence, patience and sacrifice of your personal time as we move forward.

Thank you,
Susan Neal
Manager, Financial Analysis
E.ON U.S. Services, Inc.
220 W. Main St.
Louisville, KY 40202
(502) 627-3447
susan.neal@eon-us.com

From: Wiseman, Sara
Sent: Wednesday, May 19, 2010 1:27 PM
To: Neal, Susan; 'David Brumbeloe'; Richardson, Ralph
Cc: Wacker, Diana; Kinder, Debra; Crescente, Angela; Charnas, Shannon
Subject: Wednesday afternoon update

Here is our current status. **No progress has been made today on getting Tasks and completion dates on existing projects over to WO on WO=Task projects. Ralph is currently trying to fix errors in AMG interface.**

Remaining Items to be resolved:

- Adding Tasks to EXISTING Projects in PowerPlant Funding Project: **RESOLVED**
 - Added tasks to existing project afternoon of 5/18 – tasks DID NOT go to Oracle nor come back to WorkOrders – still an issue with AMG.
- Completion dates on TASK in funding Project, when TASK = WO: **RESOLVED – THERE WILL BE CODE MOVED TO CITRIX ON THURSDAY AM**
 - This date should be populated in the “in service” and “completion” dates in WORKORDER, so charges move to 106 and begin depreciation.
 - At this point, the date is not moving to Oracle, nor to WORKORDER.
- Monthly Close Issues – we can NOT close the books for May until these items are corrected:
 - ARO Processing Errors – **JIM OGLIVIE STILL INVESTIGATING**
 - Depreciation Errors (Set of books – KU) – **CONSULTANT BELIEVES THEY HAVE FOUND THE ISSUE AND WILL MEET WITH PROPERTY THURSDAY AM**

- Still testing:
 - ARO Processing/Settlements
 - IFRS Projects – **IS THIS RELATED TO ARO? STILL NEED DECISION ON WHETHER WE NEED IFRS FUNDING PROJECT TYPES. MY UNDERSTANDING FROM ANGELA IS THAT SHE WILL NOT BE USING THESE FUNDING PROJECT TYPES FOR IFRS ARO – IF WE LEAVE THESE FUNDING PROJECT TYPES IN PP, I AM CONCERNED THAT END USERS WILL PICK THEM BY MISTAKE AND CAUSE PROCESSING PROBLEMS DOWN THE ROAD**
 - Depr forecast: Need David to run script to populate plant accounts for project that failed in the forecast stage process. Verify all major and asset locations are also populated. – **NOT A GO LIVE ISSUE BUT STILL ON THE LIST**
 - Run 106 to see charges on Task = WorkOrder after date issue is resolved.
 - Unitizations/Retirement processing for newly created projects.

- Items needed after Cut Over:
 - AMG in PowerPlant Logs – with error messages for troubleshooting – **RALPH HAS CREATED AN AMG LOG – SHOULD BE AVAILABLE THURSDAY AM**
 - Detailed documentation of ALL interfaces and their functions to support efficient troubleshooting in the future.
 - Depr Forecast reports - we have been waiting for 3 weeks for these
 - Storms interface: Failing - will need to test in production. – **PP LOGS INDICATE THAT THIS IS NOW RUNNING SUCCESSFULLY – VERIFY ON THURSDAY**

Diana Wacker
Sr. Accounting Analyst
Property Accounting
502-627-4054

Crescente, Angela

From: Neal, Susan
Sent: Thursday, May 20, 2010 2:06 PM
To: Wiseman, Sara; 'David Brumbeloe'; Richardson, Ralph
Cc: Wacker, Diana; Kinder, Debra; Crescente, Angela; Charnas, Shannon; Garrett, Chris
Subject: RE: Thursday afternoon update

Just to confirm – you have been able to successfully run 106 for WO = Project and it sounds like you are in the process of testing of WO = task, correct?

Thank you,
Susan Neal
Manager, Financial Analysis
E.ON U.S. Services, Inc.
220 W. Main St.
Louisville, KY 40202
(502) 627-3447
susan.neal@eon-us.com

From: Wiseman, Sara
Sent: Thursday, May 20, 2010 1:52 PM
To: Neal, Susan; 'David Brumbeloe'; Richardson, Ralph
Cc: Wacker, Diana; Kinder, Debra; Crescente, Angela; Charnas, Shannon
Subject: Thursday afternoon update

Updates from yesterday's email are in red. We have still not been able to successfully run 106 and see results for WO=Task projects. We believe we have a fix for not being able to close KU's books, but have not seen it successfully implemented yet. Additionally, the storms interface is not populating estimates (which is required to process 106).

Remaining Items to be resolved:

- Adding Tasks to EXISTING Projects in PowerPlant Funding Project:
 - Added tasks to existing project afternoon of 5/18 – tasks DID NOT go to Oracle nor come back to WorkOrders – still an issue with AMG. - **COMPLETED**
- Completion dates on TASK in funding Project, when TASK = WO:
 - This date should be populated in the “in service” and “completion” dates in WORKORDER, so charges move to 106 and begin depreciation.
 - At this point, the date is not moving to Oracle, nor to WORKORDER. **COMPLETED**
- Monthly Close Issues – we can NOT close the books for May until these items are corrected:
 - ARO Processing Errors - **COMPLETED**
 - Depreciation Errors (Set of books – KU) – **FIX HAS BEEN IDENTIFIED – WILL BE PUT IN AND TESTED THURSDAY AFTERNOON.**

- Still testing:
 - ARO Processing/Settlements – **CAN NOT SUCCESSFULLY SET UP AN IFRS PROJECT.**
 - IFRS Projects – **CAN NOT SUCCESSFULLY SET UP AN IFRS PROJECT.**
 - Depr forecast: Need David to run script to populate plant accounts for project that failed in the forecast stage process. Verify all major and asset locations are also populated.
 - Run 106 to see charges on Task = WorkOrder after date issue is resolved. **TESTING THURSDAY AFTERNOON**
 - Unitizations/Retirement processing for newly created projects. **COMPLETED**

- Items needed after Cut Over:
 - AMG in PowerPlant Logs – with error messages for troubleshooting **COMPLETED**
 - Detailed documentation of ALL interfaces and their functions to support efficient troubleshooting in the future.
 - Depr Forecast reports - we have been waiting for 3 weeks for these
 - Storms interface: Failing - will need to test in production. **INTERFACE RAN WITHOUT ERRORS AFTER 'CLEANING/SYNCING' DATABASE. INFO CAME TO POWERPLANT, BUT DID NOT POPULATE UNIT ESTIMATE SCREEN.**

SECURITY ISSUES TO BE RESOLVED – CAPITAL PROJECT/TASK RE-OPEN?

WILL POWERPLANT PERSONNEL BE ON SITE AFTER CUT-OVER – AND FOR HOW LONG?

Diana Wacker
Sr. Accounting Analyst
Property Accounting
502-627-4054

Crescente, Angela

From: Wacker, Diana
Sent: Thursday, May 20, 2010 2:06 PM
To: Neal, Susan; Wiseman, Sara; 'David Brumbeloe'; Richardson, Ralph
Cc: Kinder, Debra; Crescente, Angela; Charnas, Shannon; Garrett, Chris
Subject: RE: Thursday afternoon update

Yes.

*Diana Wacker
Sr. Accounting Analyst
Property Accounting
502-627-4054*

From: Neal, Susan
Sent: Thursday, May 20, 2010 2:06 PM
To: Wiseman, Sara; 'David Brumbeloe'; Richardson, Ralph
Cc: Wacker, Diana; Kinder, Debra; Crescente, Angela; Charnas, Shannon; Garrett, Chris
Subject: RE: Thursday afternoon update

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From: Wiseman, Sara
Sent: Thursday, May 20, 2010 1:52 PM
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Remaining Items to be resolved:

- Adding Tasks to EXISTING Projects in PowerPlant Funding Project:
 - Added tasks to existing project afternoon of 5/18 – tasks DID NOT go to Oracle nor come back to WorkOrders – still an issue with AMG. - **COMPLETED**
- Completion dates on TASK in funding Project, when TASK = WO:
 - This date should be populated in the “in service” and “completion” dates in WORKORDER, so charges move to 106 and begin depreciation.
 - At this point, the date is not moving to Oracle, nor to WORKORDER. **COMPLETED**
- Monthly Close Issues – we can NOT close the books for May until these items are corrected:
 - ARO Processing Errors - **COMPLETED**
 - Depreciation Errors (Set of books – KU) – **FIX HAS BEEN IDENTIFIED – WILL BE PUT IN AND TESTED THURSDAY AFTERNOON.**
- Still testing:
 - ARO Processing/Settlements – **CAN NOT SUCCESSFULLY SET UP AN IFRS PROJECT.**
 - IFRS Projects – **CAN NOT SUCCESSFULLY SET UP AN IFRS PROJECT.**
 - Depr forecast: Need David to run script to populate plant accounts for project that failed in the forecast stage process. Verify all major and asset locations are also populated.
 - Run 106 to see charges on Task = WorkOrder after date issue is resolved. **TESTING THURSDAY AFTERNOON**
 - Unitizations/Retirement processing for newly created projects. **COMPLETED**
- Items needed after Cut Over:
 - AMG in PowerPlant Logs – with error messages for troubleshooting **COMPLETED**
 - Detailed documentation of ALL interfaces and their functions to support efficient troubleshooting in the future.
 - Depr Forecast reports - we have been waiting for 3 weeks for these
 - Storms interface: Failing - will need to test in production. **INTERFACE RAN WITHOUT ERRORS AFTER 'CLEANING/SYNCING' DATABASE. INFO CAME TO POWERPLANT, BUT DID NOT POPULATE UNIT ESTIMATE SCREEN.**

SECURITY ISSUES TO BE RESOLVED – CAPITAL PROJECT/TASK RE-OPEN?

WILL POWERPLANT PERSONNEL BE ON SITE AFTER CUT-OVER – AND FOR HOW LONG?

Diana Wacker
Sr. Accounting Analyst
Property Accounting
502-627-4054

Crescente, Angela

From: Williams, Scott
Sent: Thursday, May 27, 2010 3:07 PM
To: Crescente, Angela
Subject: FW: Book2.xlsx

Angela,

On page 13 of LG&E Dec year to date financials Electric Dep for ARO is \$222,211 and the gas amount on page 15 is \$13,457. The total of the two is \$235,668. This agrees with the net change in the file you send me below. Should this amount equal only the reserve column of the spreadsheet?

Thanks
Scott

From: Crescente, Angela
Sent: Wednesday, May 26, 2010 6:24 PM
To: Williams, Scott
Cc: Wiseman, Sara
Subject: FW: Book2.xlsx

Sorry....I forgot to add the spreadsheet....



ARO Net for
Scott.xlsx

From: Crescente, Angela
Sent: Wednesday, May 26, 2010 6:23 PM
To: Williams, Scott
Cc: Wiseman, Sara
Subject: RE: Book2.xlsx

Scott,

Your numbers were fine except for Dec 2009-131707 Reserve. I fixed it, and I also split the accounts like they are on the plant report (by the last 2 digits) in order to help me remember for next year how I checked this for you so I don't have to bother you with questions again. So, you can add them back together if you want.

Thanks,
Angela

From: Williams, Scott
Sent: Thursday, May 20, 2010 2:14 PM
To: Crescente, Angela
Subject: Book2.xlsx

<< File: Book2.xlsx >>

Angela,

Attached is a schedule I did for LG&E AROs at 12/31 2008 and 2009. Could you look at this and let me know if what I have is correct. Is there any accounts I need to add for AROs? I need the items that go into the 101 and 108 accounts.

Thanks

Scott

LG&E AROs

Account Number	12/31/2008			12/31/2009		
	Asset	Reserve	Net	Asset	Reserve	Net
131707	5,697,179	(2,382,767)	3,314,412	5,688,169	(2,543,437)	3,144,732
133707	31,163	(17,314)	13,849	31,163	(17,810)	13,353
134705	2,046	(814)	1,232	2,046	(837)	1,209
134707	295,170	(117,406)	177,764	216,263	(88,481)	127,782
135915	1,687	(649)	1,038	1,687	(667)	1,020
135917	4,000	(2,381)	1,619	0	0	0
137405	37,674	(12,797)	24,877	37,674	(13,163)	24,511
235805	4,595	(1,917)	2,678	4,595	(1,969)	2,626
235807	536,538	(407,368)	129,170	516,398	(400,304)	116,094
238805	364	(172)	192	364	(177)	187
238807	30,405	(19,888)	10,517	30,405	(20,203)	10,202
339915	3,735	(1,200)	2,535	3,735	(1,234)	2,501
	<u>6,644,556</u>	<u>(2,964,673)</u>	<u>3,679,883</u>	<u>6,532,499</u>	<u>(3,088,282)</u>	<u>3,444,217</u>
Change				(112,057)	(123,609)	(235,666)

This information was provided by the LGE Plant Reports.

Crescente, Angela

From: Williams, Scott
Sent: Wednesday, June 09, 2010 9:46 AM
To: Crescente, Angela
Subject: RE: KU ARO

Thanks Angela, I will have a couple of other questions.
Scott

From: Crescente, Angela
Sent: Tuesday, June 08, 2010 2:36 PM
To: Williams, Scott
Cc: Wiseman, Sara
Subject: RE: KU ARO

Scott,

Here is the KU spreadsheet. I agree with your numbers, but I did go ahead and carry out the account numbers further.

<< File: ARO Net for Scott KU.xlsx >>

Thanks,
Angela

From: Williams, Scott
Sent: Thursday, June 03, 2010 11:36 AM
To: Crescente, Angela
Subject: KU ARO

<< File: Book2.xlsx >>

Angela,

I prepared a similar schedule for KU AROs like I did for LG&E. Could you look at this and see if you agree. The account numbers probably need to be carried out further.

Thanks

Scott

Crescente, Angela

From: Metts, Heather
Sent: Tuesday, June 15, 2010 10:22 AM
To: Wiseman, Sara; Crescente, Angela; Wacker, Diana
Cc: Pienaar, Lesley
Subject: FW: Interest Rates under IFRS for Q2 2010
Attachments: Interest Rates under IFRS for Year End 2009

FYI

Heather Metts
Manager of Financial Planning
(502) 627-3419

From: Weichert, Sven Dr. [<mailto:sven.weichert@eon.com>]
Sent: Tuesday, June 15, 2010 10:19 AM
To: Cosson, Simon; 'Mark.T.Nutter@eon-uk.com'; Banting, Darren; Vout, Will; Metts, Heather; 'Ulf.Kendrup@eon.se'; Kutlesovski, Slobodan; Mazidowski, Mario; Adam, Kay; "Wallbaum, Jörg Dr."; "Bunte, Stefan"; Schlegel, Christoph; Telemetro, Maurizio; Druyen, Klaus; "Böhnke, Thomas"; Gahlen, Christian; Rosa, Adriana
Cc: EAG EON-FAC1; EAG EON Group_Reporting_BPM; EAG EON-FAC3; Toure, Aissata
Subject: Interest Rates under IFRS for Q2 2010

Dear all,

the interest rates for the discounting of long-term provisions including non-nuclear ARO (or Decommissioning, Restoration and Similar Liabilities (DRL)) for Q2/2010 remain unchanged.

Please find the last update on interest rates below:

If you have any questions please contact Steffen Schnabel or me

Freundliche Grüße/Kind regards
Dr. Sven Weichert

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Vorstand/Board of Management: Dr. Johannes Teyssen (Vorsitzender/Chairman), Jørgen Kildahl, Prof. Dr. Klaus-Dieter Maubach, Dr. Marcus Schenck

Crescente, Angela

From: Wiseman, Sara
Sent: Wednesday, June 23, 2010 4:27 PM
To: Cosby, David; Welsh, Elaine; Dowd, Deborah
Cc: Riggs, Eric; Crescente, Angela; Rose, Bruce
Subject: ARO conversations

David:

Just wanted to let you know, Eric and I have been working on some of the smaller AROs such as transformers, etc since we have a lot of work to do and not so much time. We will copy your group on the emails.

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

Crescente, Angela

From: Leenerts, Patricia
Sent: Thursday, June 24, 2010 5:59 PM
To: Kinder, Debra; Crescente, Angela
Subject: ARO Gas Well project.xlsx

Debbie/Angela

Below is my file so that you may have groups to test on. Angela and I spoke to Eric and he suggested that I do the transfers after the depr groups are setup. I am on vacation tomorrow. Hopefully your testing will be complete so that I can start working on the transfers on Monday.

There are three colored tabs, these are the ones which have changes.

Yellow tab – Eric has changed the RU name to be CASINGS (07505). The only change is transfer the old RU from WELLHEADS to CASINGS (07505). Others are in the correct RU.

Bronze tab – Need to transfer depr group and Utility account from 2352.50 to 2352.55. Also various RUs need to be corrected (from column AC to AD). States are shown in first column.

Midnight tab – Need to transfer depr group and Utility account from 2352.50 to 2353.00. Also various RUs need to be corrected (from column AC to AD). States are shown in first column.

If the new RU is blank, then the RU does not need to change.



ARO Gas Well
project.xlsx

Crescente, Angela

From: Leenerts, Patricia
Sent: Tuesday, June 29, 2010 4:25 PM
To: Kinder, Debra; Crescente, Angela; Riggs, Eric
Subject: Transfers for ARO Plant Account / Retirement Unit project

We had discussed that I would correct/transfer all of the Retirement Units prior to correcting/transferring the Plant Accounts. This was decided so that we could see each step of the way.

I need to transfer some assets from 232.50 to 2353.00, but the retirement unit I need is unique to 2353.00 so I will need to do them at the same time.

I'll wait for direction tomorrow.

Thanks,

Pat
502-627-3811

Crescente, Angela

From: Kinder, Debra
Sent: Tuesday, June 29, 2010 5:36 PM
To: Wiseman, Sara; Crescente, Angela; Leenerts, Patricia
Subject: Gas Well New Account

The new account 235255 for Non ARO Gas Well Equipment has been added to Production along with the related new Depreciation Groups.

Deb

Crescente, Angela

From: Wiseman, Sara
Sent: Wednesday, June 30, 2010 12:59 PM
To: Dowd, Deborah; Cosby, David; Welsh, Elaine; Winkler, Michael
Cc: Crescente, Angela; Rose, Bruce
Subject: Coal Pile Remediation ARO info

Hi all:

Here is the information that was used originally to value the coal pile remediation ARO. We can talk about this in our meeting next week.



Coal Pile
Remediation.pdf

Crescente, Angela

From: Crescente, Angela
Sent: Monday, July 19, 2010 1:01 PM
To: Baker, Bryan
Cc: Cosby, David; Wiseman, Sara
Subject: Asbestos ARO Follow-up from Commercial Managers Meeting

Bryan:

Please forward this information to all who need this to gather information for the ARO asbestos re-estimates.

There is no need to update anything other than the asbestos AROs. Jeff Heun is taking care of the ash ponds and landfills and it is our understanding that someone in fuels will be updating the coal piles, coal storage areas, storage pile remediation, all of which are actually the same just with different names. Oil and batteries were not set up as AROs and will not need new estimates.

Please keep in mind, we will need this information **by August 13th**.

Thanks so much for your help and let me know if you have any questions.

Angela

Crescente, Angela

From: Dowdell, Richard
Sent: Tuesday, July 27, 2010 1:17 PM
To: Crescente, Angela
Subject: ARO Activity 1/1/10 through 6/30/10

Angela - During my earlier testing, it was mentioned that there weren't any new ARO assets for the first 6 months of 2010. Is this true? I am looking for something to test for the ARO calculations.

Thanks,
Rich

Richard Dowdell CPA, CIA
Financial and Contract Auditor
E.ON U.S., LLC
Phone: 502.627.2823 Fax: 502.217.4001

 Please consider the environment before printing this e-mail

Crescente, Angela

From: Baker, Bryan
Sent: Tuesday, August 03, 2010 8:24 AM
To: Crescente, Angela
Subject: RE: ARO Asbestos Estimates - FW: LG&E 2010 Est Cost Sheet for 100 MW Unit

Done. Thanks!

From: Crescente, Angela
Sent: Monday, August 02, 2010 1:27 PM
To: Baker, Bryan
Subject: FW: ARO Asbestos Estimates - FW: LG&E 2010 Est Cost Sheet for 100 MW Unit

Here are the actual attachments. I forgot to send them in my first email. I'm sorry.

From: Legler, Steve
Sent: Thursday, July 29, 2010 9:50 AM
To: Wiseman, Sara
Cc: Byrd, Larry
Subject: ARO Asbestos Estimates - FW: LG&E 2010 Est Cost Sheet for 100 MW Unit

Sara,

National Environmental Contracting has reviewed the abatement budget estimates provided in 2005 for FIN-47 ARO purposes. Attached is their updated response for 2010.

I have reviewed and updated the Cane Run, Paddy's Run, and Canal facility removal estimates. I have recent removal abatement costs for PR and Canal that are significantly lower than the 2005 estimates. I have only slightly changed Cane Run Unit 6 pricing due to recent large scale asbestos removal work.

Let me know if you need anything else.

Steve

From: Neil Stamp [<mailto:NeilS@necontracting.com>]
Sent: Wednesday, July 28, 2010 3:28 PM
To: Legler, Steve
Cc: Rick Fleischer
Subject: LG&E 2010 Est Cost Sheet for 100 MW Unit

Steve....See the attached. I updated the date for your records but Rick and I both agree that these \$\$ are still good for a few years as a budget! No change!

Neil J. Stamp, VP of Construction
National Environmental Contracting, Inc.
2660 Technology Drive
Louisville, KY 40299-6424

(502) 261-0800
(502) 261-0828 Fax
(800) 650-8893 Toll Free
(502) 553-3850 Cell
Neils@NEContracting.com

Crescente, Angela

From: Jim Ogilvie <jogilvie@pwrplan.com>
Sent: Wednesday, August 11, 2010 11:02 AM
To: Crescente, Angela
Subject: RE: Setting up work order types

OK... I'm not sure what you're asking/telling me. Was this just an FYI email? Or did you need something from me?

- Jim

From: Crescente, Angela [<mailto:Angela.Crescente@eon-us.com>]
Sent: Wednesday, 11 August, 2010 10:58 AM
To: Jim Ogilvie
Subject: Setting up work order types

Jim,

I had to set up a new WO Type for the AROs in TEST. The ones we set up the other day in PROD show up in the drop down box, but the one I set up today is not showing up in TEST. The one I set up in TEST is called IFRS ARO KU GENERATION. I have not asked Lisa to set up a security for this yet in TEST, so it should be available for everyone to see.

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.

Crescente, Angela

From: Carr, Sam
Sent: Friday, August 13, 2010 9:40 AM
To: Crescente, Angela
Cc: Baker, Bryan
Subject: RE: Asbestos ARO Follow-up from Commercial Managers Meeting



Fin 47 - EWB - TYR
- 8-4-10.xlsx

Angela,

Attached are the revised estimates for asbestos ARO at Brown, Tyrone, Dix, and Pineville. I have updated our 2005 submittal and highlighted in blue the applicable sections on the FIN 47 tab. I did not update the info on ash ponds, batteries, etc. from the prior submittal. Backup info on asbestos for each station included is shown on their respective tabs in the spreadsheet.

If you have questions, please let me know.

Thanks,

Sam Carr

Manager Commercial Operations
KU EW Brown Station
859-748-4424 office
859-265-0583 cell

sam.carr@eon-us.com

From: Baker, Bryan
Sent: Monday, July 19, 2010 1:36 PM
To: Byrd, Larry; Carr, Sam; Kremer, Dan; Smith, Timothy
Subject: FW: Asbestos ARO Follow-up from Commercial Managers Meeting

Gentlemen,

Please see below. Info on the ARO updates.

From: Crescente, Angela
Sent: Monday, July 19, 2010 12:01 PM
To: Baker, Bryan
Cc: Cosby, David; Wiseman, Sara
Subject: Asbestos ARO Follow-up from Commercial Managers Meeting

Bryan:

Please forward this information to all who need this to gather information for the ARO asbestos re-estimates.

There is no need to update anything other than the asbestos AROs. Jeff Heun is taking care of the ash ponds and landfills and it is our understanding that someone in fuels will be updating the coal piles, coal storage areas, storage pile remediation, all of which are actually the same just with different names. Oil and batteries were not set up as AROs and will not need new estimates.

Please keep in mind, we will need this information **by August 13th**.

Thanks so much for your help and let me know if you have any questions.

Angela

Asset Retirement Obligations			(\$000's)					
Asset Description	Location	Legal Requirement	Quantity by year of Installation	Removal Cost per Asset (\$'s)	Incremental Cost of Disposal (\$'s)	Estimated Retirement	Comments	Support
Ash Pond	BROWN BR ST	Resource Conservation and Recovery Act		\$10,440			Not unit specific - Steam units only 1,2,3	\$90k/acre per 2002 FMSM estimate of \$83k/acre for 116 acres inflated 3% per year. Closure requires 2 ft. cover soil, monitoring wells, and permitting pond as a landfill per FMSM. Acreage verified by Paul Puckett-Environmental Dept.
Asbestos Abatement - BR1	BR1			\$1,781			BR1 penthouse, external furnace, high energy piping, misc. piping and equipment, ductwork, testing, air monitoring, permits, and contingency.	Cost estimate provided by NEC for 100 MW unit. Assumed multiplier of 15% per each 25 MW increase above 100 MW. Adjustments made for abatement completed on BR1 penthouse and external furnace.
Asbestos Abatement - BR2	BR2			\$3,586			BR2 penthouse, external furnace, high energy piping, misc. piping and equipment, ductwork, testing, air monitoring, permits, and contingency.	Cost estimate provided by NEC for 100 MW unit. Assumed multiplier of 15% per each 25 MW increase above 100 MW. Adjustments made for abatement completed on BR2 penthouse, external furnace, and high energy piping.
Asbestos Abatement - BR3	BR3			\$8,158			BR3 penthouse, external furnace, high energy piping, misc. piping and equipment, ductwork, coal handling equipment, office areas, testing, air monitoring, permits, and contingency.	Cost estimate provided by NEC for 100 MW unit. Assumed multiplier of 15% per each 25 MW increase above 100 MW. Adjustments made for abatement completed on BR3 penthouse, external furnace, and high energy piping.
Radiation Sources - BR3	BR3	The Cabinet for Human Resources - KRS 211.844, regulation 902 KAR Chapter 100		\$16			Sources located with the following 10 assets w/UOP 5678: 3-1,3-2,3-3,3-4,&3-5 Feeders Upper & Lower. Also, the assets with UOP 5025: Hoppers A26,A22,A25,A21,A24,A20,A23,A19,B26,B22,B25,B21,B24,B20,B23,B19	Radiation Sources at \$870 per 18 sources. Cost based on conversations with vendors (Seccol, contract supplier of radiation sources, 12/02) and physical counts. Supported by OHMART email
GSU, transformer oil, lubricating oils, ohc fluid	BR ST	Clean Water Act Toxic Substances Control Act					Not unit specific - include BR 1, 2,3. Transformers only. This oil has no PCBs (non-hazardous). Should be able to sell for reuse. Tie to BR3	Supported by internal email from Shannon Charnas. American Enviro Services will take oil at no cost
GSU, transformer oil, lubricating oils, ohc fluid	BR CT	Clean Water Act Toxic Substances Control Act					Not unit specific - include BR 5, 6, 7, 8, 9, 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
Removal of Fuel Oil Tanks - BR Steam units 1, 2, 3	BR ST	Clean Water Act, Comprehensive Emergency Response and Liability Act		\$141			Tanks are not unit specific - for BR 1, 2, 3 - flat fee paid to contractor for removal. ESTIMATE	Supported by email from Somerset Environmental
Removal of Fuel Oil Tanks - BR CTs	BR CT	Clean Water Act		\$281			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
Remediation of underground fuel oil piping - Steam	BR ST	Clean Water Act, Comprehensive Emergency Response and Liability Act		\$17			Estimate - Not unit specific - include BR 1, 2,3.	Supported by engineering estimate provided by Barry Currens
Remediation of underground fuel oil piping - CTs	BR CT	Clean Water Act		\$32			Not unit specific - include BR 5, 6, 7, 8, 9, 10,11.	Supported by engineering estimate provided by Barry Currens
Mercury Removal	BR ST/CT	Resource Conservation and Recovery Act					Due to immaterial costs of \$305 no ARO is being established	Per Miko Winkler in Environmental \$4.50/lb. Supported by ENSCO quote. 15 bs per Shannon Charnas email

Asset Retirement Obligations		(\$000's)				Estimated Retirement	Comments	Support
Asset Description	Location	Legal Requirement	Quantity by year of Installation	Removal Cost Per Asset (\$'s)	Incremental Cost of Disposal (\$'s)			
Lab Chemical disposal	BR	Resource Conservation and Recovery Act					BR1 - Lab Equipment UOP 5389.	Supported by estimate from GE Betz Inc.
				\$18				
Sewage Plant	BR	Clean Water Act					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 BMR invoice.
				\$10				
Coal Yard covering	BR ST	Clean Water Act					Not unit specific - Steam units 1, 2,3.	Based on Pineville estimate - \$15k/acre for 4 acres. Acreage verified by Delbert Billiter-Fuels Dept.
				\$60				
Coal pile retention pond closing	BR ST	Clean Water Act					Estimate - Not unit specific - Steam units 1, 2,3.	Supported by engineering estimate provided by Barry Currons
				\$185				
Station Batteries - BR1	BR1	Toxic Substance Control Act	60	\$2			BR1 - Batteries UOP 05049.	Estimate from Bob Webb - \$40 per station battery for removal and disposal.
Station Batteries - BR2	BR2	Toxic Substance Control Act	60	\$2			BR2 - Batteries UOP 05049.	Estimate from Bob Webb - \$40 per station battery for removal and disposal.
Station Batteries - BR3	BR2	Toxic Substance Control Act	60	\$2			BR3 - Batteries UOP 05049.	Estimate from Bob Webb - \$40 per station battery for removal and disposal.
Station Batteries - Dix	Dix	Toxic Substance Control Act	60	\$2			Dix - Batteries UOP 05049.	Estimate from Bob Webb - \$40 per station battery for removal and disposal.
Batteries - West Cliff	BR ST	Toxic Substance Control Act	60	\$2			BR ST - Batteries UOP 05049.	Estimate from Bob Webb - \$40 per station battery for removal and disposal.
Batteries - North Sub	BR ST	Toxic Substance Control Act	60	\$2			BR ST - Batteries UOP 05049.	Estimate from Bob Webb - \$40 per station battery for removal and disposal.
Computer Batteries - BR3	BR3	Toxic Substance Control Act	20	\$0.48			BR 3 - Batteries UOP 05049.	Estimate from Bob Webb - \$24 per computer battery for removal and disposal.
Computer Batteries - BR1	BR1	Toxic Substance Control Act	10	\$0.24			BR1 - Batteries UOP 05049.	Estimate from Bob Webb - \$24 per computer battery for removal and disposal.
Computer Batteries - Slurry Room	BR ST	Toxic Substance Control Act	20	\$0.48			BR ST - Batteries UOP 05049.	Estimate from Bob Webb - \$24 per computer battery for removal and disposal.
Location	TYRONE							
Ash Pond	TY	Resource Conservation and Recovery Act					Not unit specific.	\$90k/acre per 2002 FMSM estimate of \$63k/acre for 9 acres inflated 3% per year. Closure requires 2 ft. cover soil, monitoring wells, and permitting pond as a landfill per FMSM. Acreage verified by Paul Puckett-Environmental Dept.
				\$181			2 structures which have asbestos and lead paint issues - Not unit specific.	Flat fee for contractor removal. Supported by estimate from Evans Construction Co
Demoition Service Water Pump structures	TY	Corps of Engineers						
				\$0			Not unit specific - Tie to transformer on TY3. This oil has no PCBs (non-hazardous). Should be able to sell for reuse.	8 oil-field transformers at \$5,000. Based upon estimate from Somerset Environmental (contractor) received on 12/23/02.

Asset Retirement Obligations		(\$000's)				Estimated Retirement	Comments	Support
Asset Description	Location	Legal Requirement	Quantity by year of Installation	Removal Cost per Asset (\$'s)	Incremental Cost of Disposal (\$'s)			
Removal of Fuel Oil Tanks	TY	Clean Water Act, Comprehensive Emergency Response and Liability Act		\$101			One underground and one above ground - Not unit specific.	Flat fee for contractor removal. Based upon estimate from Somerset Environmental (contractor) received on 12/23/02.
Remediation of underground fuel oil piping	TY	Clean Water Act, Comprehensive Emergency Response and Liability Act		\$14			Not unit specific.	Engineering estimate provided by Barry Currens
Mercury Removal	TY	Resource Conservation and Recovery Act		\$3			Not unit specific - allocable among units. UOP 5373 - Instrument or measuring device (Instrumentation). Tie to TY3	Supported by ENSCO quote provided by Mike Wlnkler
Sewage Plant	TY	Clean Water Act		\$5			Estimated cost to pump out tank, fill tank with soil, and grade land.	Based on Pineville estimate of \$1k for 50 people and additional fee for equipment use. Supported by PMR Invoice
Coal Yard covering	TY	Clean Water Act		\$30			Assuming that we would be required to close similar to the ash pond - Not unit specific	2 acres at \$15k per acre Pineville estimate Acreage verified by Delbert Billiter-Fuels Dept.
Batteries	TY	Toxic Substance Control Act	60	2.7			TY ST - Batteries UOP 05049.	Estimate from Barry Currens - \$45 per station battery for removal and disposal.
Batteries	Haefling	Toxic Substance Control Act	60	2.7			Haefling - Batteries UOP 05049.	Estimate from Barry Currens - \$45 per station battery for removal and disposal.
Asbestos Abatement - TY1	TY1						TY1 penthouse, external furnace, high energy piping, misc. piping and equipment, ductwork, testing, air monitoring, permits, and contingency.	Cost estimate provided by NEC for 100 MW unit. Assumed multiplier of (15%) per 25 MW reduced unit capacity below 100 MW.
Asbestos Abatement - TY2	TY2			\$1,604			TY2 penthouse, external furnace, high energy piping, misc. piping and equipment, ductwork, testing, air monitoring, permits, and contingency.	Cost estimate provided by NEC for 100 MW unit. Assumed multiplier of (15%) per 25 MW reduced unit capacity below 100 MW.
Asbestos Abatement - TY3	TY3			\$1,579			TY3 penthouse, external furnace, high energy piping, misc. piping and equipment, ductwork, testing, air monitoring, permits, and contingency.	Cost estimate provided by NEC for 100 MW unit. Assumed multiplier of (15%) per 25 MW reduced unit capacity below 100 MW. Adjustment for boiler #5 penthouse internal abatement completed.
				\$2,173				
Location	PINEVILLE							
Asbestos Abatement - Pineville Station	Pineville			\$1,534			Pineville Unit 1 penthouse, external furnace, high energy piping, misc. piping and equipment, ductwork, testing, air monitoring, permits, and contingency.	Cost estimate provided by NEC for 100 MW unit. Assumed multiplier of (15%) per 25 MW reduced unit capacity below 100 MW.
Station Batteries - Pineville Station	Pineville	Toxic Substance Control Act	30	\$1			Pineville - Batteries UOP 05049.	\$45 per station battery for removal and disposal.
Location	DIX							
Asbestos Abatement	Dix			\$345			3 Windings, ductwork lot, ceiling tiles lot, and 3 wickette gate packing.	Cost estimator and scope of work provided by Dave Beck 11/09/05.
Batteries	Dix	Toxic Substance Control Act	20	\$0.8			Dix - Batteries UOP 05049.	Estimate from Dave Beck - \$40 per station battery for removal and disposal.
Lead Paint	Dix			\$629			Turbine shutoff valves, machines, wickette gates, oil pumps, tanks, window frames, and hand rails.	Estimate from Dave Beck 11/09/05.

8/4/2010

Assumption: multiplier factor of 15% per 25MW of increased unit capacity above
100 MW**Brown Unit 1 - 108 MW**

108

	Base Cost	MW		Total
		Multiplier	Adjustment:	
		1.048		
Penthouse	365	382.52	-17.52	38.3 Abatement completed internally. Roof penetrations remain.
External Furnace	750	786	-36	78.6 Extensive furnace abatement completed. Misc at main floor and buckstay remains.
Piping, External - Operating Floor up	250	262	-12	248.9 Partial abatement on high energy piping completed.
Pipe and Equipment, below Operating floor	400	419.2	-19.2	398.2 Partial abatement on high energy piping completed.
Ductwork, Equipment, Operating floor up	300	314.4	-14.4	283.0 Some abatement completed on economizer hoppers.
Ductwork, under Operating floor	200	209.6	-9.6	209.6
Survey, Air Testing, Permits, etc.	100	104.8	-4.8	104.8
Contingency	400	419.2	-19.2	419.2
Coal Handling	0	0	0	0.0
Total:	\$ 2,765.0	\$ 2,897.7	\$ (132.7)	1,780.6

Brown Unit 2 - 178 MW

178

	Base Cost	MW		Total
		Multiplier	Adjustment:	
		1.468		
Penthouse	365	535.82	-170.82	267.9 Abatement completed internally. Roof area remains.
External Furnace	750	1101	-351	990.9 Misc. furnace wall areas abated (backpass).
Piping, External - Operating Floor up	250	367	-117	330.3 Partial abatement on high energy piping completed.
Pipe and Equipment, below Operating floor	400	587.2	-187.2	528.5 Partial abatement on high energy piping completed.
Ductwork, Equipment, Operating floor up	300	440.4	-140.4	440.4
Ductwork, under Operating floor	200	293.6	-93.6	293.6
Survey, Air Testing, Permits, etc.	100	146.8	-46.8	146.8
Contingency	400	587.2	-187.2	587.2
Coal Handling	0	0	0	0.0
Total:	\$ 2,765.0	\$ 4,059.0	\$ (1,294.0)	3,585.6

Brown Unit 3 - 454 MW

454

	Base Cost (100MW)	MW		Total
		Multiplier	Adjustment:	
		3.124		
Penthouse	365	1140.26	-775.26	\$798.2 Abatement completed internally. Wall area remains.
External Furnace	750	2343	-1593	\$2,225.9 Misc. furnace wall areas abated.
Piping, External - Operating Floor up	250	781	-531	\$742.0 Partial abatement on high energy piping completed.
Pipe and Equipment, below Operating floor	400	1249.6	-849.6	\$1,187.1 Partial abatement on high energy piping completed.
Ductwork, Equipment, Operating floor up	300	937.2	-637.2	\$918.5 Partial abatement of ductwork above econ hoppers completed.
Ductwork, under Operating floor	200	624.8	-424.8	\$624.8
Survey, Air Testing, Permits, etc.	100	312.4	-212.4	\$312.4
Contingency	400	1249.6	-849.6	\$1,249.6
Coal Handling	0	0	0	\$100.0
Total:	\$ 2,765.0	\$ 8,637.9	\$ (5,872.9)	\$8,158.4

Revised 8-5-10

Assumption: multiplier factor of 15% per 25MW of reduced unit capacity below 100 MW

Tyrone Unit 1 - 30 MW

30

	Base Cost	MW Multiplier	Adjustments	Total
		0.58		
Penthouse	365	211.7	153.3	211.7
External Furnace	750	435	315	435.0
Piping, External - Operating Floor up	250	145	105	145.0
Pipe and Equipment, below Operating floor	400	232	168	232.0
Ductwork, Equipment, Operating floor up	300	174	126	174.0
Ductwork, under Operating floor	200	116	84	116.0
Survey, Air Testing, Permits, etc.	100	58	42	58.0
Contingency	400	232	168	232.0
Coal Handling	0	0	0	0.0
Total:	\$ 2,765.0	\$ 1,603.7	\$ 1,161.3	1603.7

Tyrone Unit 2 - 30 MW

30

	Base Cost	MW Multiplier	Adjustments	Total
		0.58		
Penthouse	365	211.7	153.3	211.7
External Furnace	750	435	315	435.0
Piping, External - Operating Floor up	250	145	105	145.0
Pipe and Equipment, below Operating floor	400	232	168	207.0 LP heater abatement/conversion and Misc removal
Ductwork, Equipment, Operating floor up	300	174	126	174.0
Ductwork, under Operating floor	200	116	84	116.0
Survey, Air Testing, Permits, etc.	100	58	42	58.0
Contingency	400	232	168	232.0
Coal Handling	0	0	0	0.0
Total:	\$ 2,765.0	\$ 1,603.7	\$ 1,161.3	1578.7

Tyrone Unit 3 - 75 MW

75

	Base Cost (100MW)	MW Multiplier	Adjustments	Total
		0.85		
Penthouse	365	310.25	54.75	279.2 Boiler #5 penthouse internals abated.
External Furnace	750	637.5	112.5	491.7 Eco./dead air space/furnace wall abatement
Piping, External - Operating Floor up	250	212.5	37.5	212.5
Pipe and Equipment, below Operating floor	400	340	60	340.0
Ductwork, Equipment, Operating floor up	300	255	45	255.0
Ductwork, under Operating floor	200	170	30	170.0
Survey, Air Testing, Permits, etc.	100	85	15	85.0
Contingency	400	340	60	340.0
Coal Handling	0	0	0	0.0
Total:	\$ 2,765.0	\$ 2,350.3	\$ 414.8	2173.4

Assumption: multiplier factor of 15% per 25MW of reduced unit capacity below 100 MW

8/4/2010

Pineville Unit 1 - 38 MW

35

	Base Cost	MW Multiplier	Adjustments	Total	No change since 2005 estimate.
		0.61			
Penthouse	365	222.65	142.35	222.7	
External Furnace	750	457.5	292.5	457.5	
Piping, External - Operating Floor up	250	152.5	97.5	152.5	
Pipe and Equipment, below Operating floor	400	244	156	244.0	
Ductwork, Equipment, Operating floor up	300	183	117	183.0	
Ductwork, under Operating floor	200	122	78	122.0	
Survey, Air Testing, Permits, etc.	100	61	39	61.0	
Contingency	400	244	156	244.0	
Coal Handling	0	0	0	0.0	
Total:	\$ 2,765.0	\$ 1,686.7	\$ 1,078.4	1686.7	

Dix Dam

Lead Paint Abatement	\$/Each	Quantity	Total	
Turbine Shut Off Valve(s)	\$25,000	2	\$50,000	
Machines	\$50,000	3	\$150,000	
Wicket Gates	\$17,000	3	\$51,000	
Oil Pumps	\$10,000	2	\$20,000	
Tanks	\$7,500	3	\$22,500	
Bldg Window Frames	\$300,000	1 Lot	\$300,000	
Hand Rails	\$35,000	1 Lot	\$35,000	\$628,500
Asbestos Abatement				
Windings	\$80,000	3	\$240,000	
Duck Work	\$25,000	1 Lot	\$25,000	
Ceiling Tiles	\$50,000	1 Lot	\$50,000	
Wicket Gate Packing	\$10,000	3	\$30,000	\$345,000
Batteries	40	20	\$800	\$800
				\$974,300

Ref. - Dave Beck 11/9/05

Comments

One Valve Completed in 10/2005
Main and Generator Floors

Dix Dam

Lead Paint Abatement	\$/Each	Quantity	Total	Comments
Turbine Shut Off Valve(s)	\$25,000	2	\$50,000	One Valve Completed in 10/2005
Machines	\$50,000	3	\$150,000	Main and Generator Floors
Wicket Gates	\$17,000	3	\$51,000	
Oil Pumps	\$10,000	2	\$20,000	
Tanks	\$7,500	3	\$22,500	
Bldg Window Frames	\$300,000	1 Lot	\$300,000	
Hand Rails	\$35,000	1 Lot	\$35,000	
				\$628,500
Asbestos Abatement				
Windings	\$80,000	3	\$240,000	
Duck Work	\$25,000	1 Lot	\$25,000	
Ceiling Tiles	\$50,000	1 Lot	\$50,000	
Wicket Gate Packing	\$10,000	3	\$30,000	
				\$345,000
Batteries	40	20	\$800	
				\$800
			\$974,300	

Ref. - Dave Beck 11/9/05

Crescente, Angela

From: Wiseman, Sara
Sent: Tuesday, August 17, 2010 2:36 PM
To: Heun, Jeff
Cc: Crescente, Angela; Rose, Bruce; Cosby, David; Welsh, Elaine; Dowd, Deborah
Subject: ARO for ashponds and landfills, etc

Jeff:

I don't believe we have received the information you were going to provide to us regarding the revaluation of the AROs associated with the landfills, ashponds ,etc. As I recall from our meeting, you were going to provide that information by mid August. Would you please send that information to us by **August 20**?

Thanks.

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

Crescente, Angela

From: Wiseman, Sara
Sent: Tuesday, August 17, 2010 3:01 PM
To: Crescente, Angela
Cc: Riggs, Eric
Subject: FW: Asbestos ARO

From: Hennekes, Lisa
Sent: Monday, August 16, 2010 7:49 AM
To: Wiseman, Sara
Cc: Raible, Eric
Subject: FW: Asbestos ARO

Sara,
See information below.

Lisa

From: Woodworth, Steve
Sent: Monday, August 16, 2010 7:42 AM
To: Hennekes, Lisa
Subject: FW: Asbestos ARO

I'm not sure if we are needing to send this to Sara or yourself, but below is an estimated cost for remediating asbestos in our vaults. Please let me know if I need to do anything else with this information.

Thanks,

-Steve

From: Archer, Jamie
Sent: Friday, August 13, 2010 2:20 PM
To: Woodworth, Steve
Subject: Asbestos ARO

WR 2548064: \$25,019.80 (typical 2-unit vault)
WR 2548074: \$30,225.02 (typical 4-unit vault)

Average = \$27,622.41 (assuming equal number of 2-unit and 4-unit vaults)

Total Cost = \$4,668,187 (\$27,622.41/vault)*(169 vaults)

Crescente, Angela

From: Kremer, Dan
Sent: Tuesday, August 17, 2010 3:31 PM
To: Wiseman, Sara
Cc: Cosby, David; Crescente, Angela
Subject: RE: ARO Asbestos Estimates - FW: LG&E 2010 Est Cost Sheet for 100 MW Unit
Attachments: FIN-47-Mill Creek.xls

Sara, I apologize but I thought that I had sent this. There are few changes to what was submitted a few year back but nothing significant. Let me know if you have any questions.

Dan Kremer
Manager Commercial Operations
Mill Creek Station
dan.kremer@eon-us.com
Office 502-933-6519
Cell 502-939-6056

From: Wiseman, Sara
Sent: Tuesday, August 17, 2010 3:06 PM
To: Kremer, Dan
Cc: Cosby, David; Crescente, Angela
Subject: FW: ARO Asbestos Estimates - FW: LG&E 2010 Est Cost Sheet for 100 MW Unit

Dan:

Have you sent us the updated file for Mill Creek? If so, would you please forward it to us again? If not, would you please send it by COB, Friday, August 20?

Thanks.

From: Legler, Steve
Sent: Thursday, July 29, 2010 9:50 AM
To: Wiseman, Sara
Cc: Byrd, Larry
Subject: ARO Asbestos Estimates - FW: LG&E 2010 Est Cost Sheet for 100 MW Unit

Sara,

National Environmental Contracting has reviewed the abatement budget estimates provided in 2005 for FIN-47 ARO purposes. Attached is their updated response for 2010.

I have reviewed and updated the Cane Run, Paddy's Run, and Canal facility removal estimates. I have recent removal abatement costs for PR and Canal that are significantly lower than the 2005 estimates. I have only slightly changed Cane Run Unit 6 pricing due to recent large scale asbestos removal work.

Let me know if you need anything else.

Steve

From: Neil Stamp [<mailto:Neils@necontracting.com>]

Sent: Wednesday, July 28, 2010 3:28 PM

To: Legler, Steve

Cc: Rick Fleischer

Subject: LG&E 2010 Est Cost Sheet for 100 MW Unit

Steve....See the attached. I updated the date for your records but Rick and I both agree that these \$\$ are still good for a few years as a budget! No change!

Neil J. Stamp, VP of Construction
National Environmental Contracting, Inc.
2660 Technology Drive
Louisville, KY 40299-6424
(502) 261-0800
(502) 261-0828 Fax
(800) 650-8893 Toll Free
(502) 553-3850 Cell
Neils@NEContracting.com

Assumption: Adjustment factor of 15% per 25MW of additional unit capacity

Mill Creek Unit 1

356 MW

	Base Cost	Multiplier	Adjustments	Total	
		2.536			
Penthouse	150	380	(380)	0	No Asbestos
External Furnace	750	1,902	(1,902)	0	No Asbestos
Deareator Heater & Storage Tank	0	0	225	225	Full enclosure of vessels. Connecting pipe also requires abatement
Piping, External - Operating Floor up	250	634	(259)	375	High energy, sootblower, heater extraction, downcomers, etc.
Pipe and Equipment, below Operating floor	150	380	220	600	Covers all FW heaters, turbine, service water piping, condenser, etc.
Ductwork, Equipment, Operating floor up	300	761	(461)	300	Expansion joints throughout ductwork.
Ductwork, under Operating floor	200	507	(307)	200	Expansion joints throughout ductwork.
Survey, Air Testing, Permits, etc.	100	254	(154)	100	
Contingency	400	1,014	(614)	400	Bunker room piping, turbine/boiler room roofs, boiler dead air spaces
Drum and Lower Drum	0	0	300	300	Extensive scaffolding and multi-floor enclosures required.
Plant Wiring and Electrical Devices	0	0	600	600	Approx. 40% of remaining wiring.
HVAC Air Handling Room	0	0	75	75	
Scrubber	0	0	200	200	Various piping systems.
Coal Handling	0	0	180	180	Common system for all units.
Total:	2,300	5,833	(2,278)	3,555	

Mill Creek Unit 2

356 MW

	Base Cost	Multiplier	Adjustments	Total	
		2.536			
Penthouse	150	380	(380)	0	No Asbestos
External Furnace	750	1,902	(1,902)	0	No Asbestos
Deareator Heater & Storage Tank	0	0	225	225	Full enclosure of vessels. Connecting pipe also requires abatement
Piping, External - Operating Floor up	250	634	(259)	375	High energy, sootblower, heater extraction, downcomers, etc.
Pipe and Equipment, below Operating floor	150	380	220	600	Covers all FW heaters, turbine, service water piping, condenser, etc.
Ductwork, Equipment, Operating floor up	300	761	(461)	300	Expansion joints throughout ductwork.
Ductwork, under Operating floor	200	507	(307)	200	Expansion joints throughout ductwork.
Survey, Air Testing, Permits, etc.	100	254	(154)	100	
Contingency	400	1,014	(614)	400	Bunker room piping, turbine/boiler room roofs, boiler dead air spaces
Drum and Lower Drum	0	0	300	300	Extensive scaffolding and multi-floor enclosures required.
Plant Wiring and Electrical Devices	0	0	400	400	Approx. 20% of remaining wiring.
Scrubber	0	0	200	200	Various piping systems.
Cooling Tower	0	0	0	0	Already abated.
Coal Handling	0	0	0	0	See unit 1
Total:	2,300	5,833	(2,733)	3,100	

Mill Creek Unit 3

463 MW

	Base Cost	Multiplier	Adjustments	Total	
		3.178			
Penthouse	150	477	(477)	0	No Asbestos
External Furnace	750	2,384	(2,384)	0	No Asbestos
Piping, External - Operating Floor up	250	795	(695)	100	Some power house mud will require abatement.
Pipe and Equipment, below Operating floor	150	477	(377)	100	Some power house mud will require abatement.
Ductwork, Equipment, Operating floor up	300	953	(653)	300	Expansion joints throughout ductwork.
Ductwork, under Operating floor	200	636	(436)	200	Expansion joints throughout ductwork.
Survey, Air Testing, Permits, etc.	100	318	(218)	100	
Contingency	400	1,271	(821)	450	Bunker room piping, turbine/boiler room roofs, boiler dead air spaces
Plant Wiring and Electrical Devices	0	0	300	300	Approx. 10% of remaining wiring.
Cooling Tower	0	0	0	0	Fill and drift eliminators. Removed during the 2007 unit outage.
Scrubber	0	0	200	200	Various piping systems
Coal Handling	0	0	0	0	See unit 1
Total:	2,300	7,309	(5,559)	1,750	

Mill Creek Unit 4

543 MW

	Base Cost	Multiplier	Adjustments	Total	
		3.658			
Penthouse	150	549	(549)	0	No Asbestos
External Furnace	750	2,744	(2,744)	0	No Asbestos
Piping, External - Operating Floor up	250	915	(765)	150	Some power house mud will require abatement.
Pipe and Equipment, below Operating floor	150	549	(399)	150	Some power house mud will require abatement.
Ductwork, Equipment, Operating floor up	300	1,097	(697)	400	Expansion joints throughout ductwork.
Ductwork, under Operating floor	200	732	(482)	250	Expansion joints throughout ductwork.
Survey, Air Testing, Permits, etc.	100	366	(266)	100	
Contingency	400	1,463	(1,013)	450	Bunker room piping, turbine/boiler room roofs, boiler dead air spaces
Plant Wiring and Electrical Devices	0	0	300	300	Approx. 10% of remaining wiring.
Cooling Tower	0	0	600	600	Fill and drift eliminators. Estimate from 2005 Mill Creek bids.
Scrubber	0	0	200	200	Various piping systems
Coal Handling	0	0	0	0	See unit 1
Total:	2,300	8,413	(5,813)	2,600	

Crescente, Angela

From: Wiseman, Sara
Sent: Tuesday, August 17, 2010 3:31 PM
To: Crescente, Angela
Subject: FW: Revaluation of AROs - Well Plugging

From: Leenerts, Patricia
Sent: Tuesday, August 17, 2010 3:30 PM
To: Sundheimer, Glenn
Cc: Wiseman, Sara
Subject: FW: Revaluation of AROs - Well Plugging

Glenn, Did you do the revaluation in July or are you still working on it? Please send me the information when it is ready. If it isn't ready do you have a date that you expect to have it completed?

Thanks,

Pat
502-627-3811

From: Sundheimer, Glenn
Sent: Wednesday, June 23, 2010 4:53 PM
To: Leenerts, Patricia
Subject: Re: Revaluation of AROs - Well Plugging

July or August.

From: Leenerts, Patricia
To: Sundheimer, Glenn
Sent: Wed Jun 23 16:35:33 2010
Subject: RE: Revaluation of AROs - Well Plugging

Glenn, when do you normally prepare the re-estimation of plugging the wells?

Thanks,

Pat
502-627-3811

From: Sundheimer, Glenn
Sent: Wednesday, August 19, 2009 10:11 AM
To: Leenerts, Patricia
Subject: RE: Revaluation of AROs - Well Plugging

To Ryan Daugherty.

From: Leenerts, Patricia

Sent: Wednesday, August 19, 2009 10:08 AM

To: Sundheimer, Glenn

Subject: RE: Revaluation of AROs - Well Plugging

You give the cost? Where does that go?

Thanks,

Pat

502-627-3811

From: Sundheimer, Glenn

Sent: Wednesday, August 19, 2009 10:07 AM

To: Leenerts, Patricia

Subject: RE: Revaluation of AROs - Well Plugging

I give updates on the plugging every year.

From: Leenerts, Patricia

Sent: Wednesday, August 19, 2009 9:16 AM

To: Sundheimer, Glenn

Subject: Revaluation of AROs - Well Plugging

Glenn,

Please be working on a re-estimation of plugging wells. I believe that your multiple case scenario will serve us well as we finally have the instructions and are beginning to book the permanent plugging of the various wells. I don't know how long this will take you. I'm not exactly sure when I will need this. I'm going to guess that this would be needed by the end of October. This request will be annual request. The estimates should be in current dollars for the costs to permanently plug the wells.

I don't believe that you gave any other estimates, besides well plugging, in 2003 or in 2005, correct?

Thanks,

Pat

502-627-3811

Crescente, Angela

From: Baker, Bryan
Sent: Tuesday, August 17, 2010 5:48 PM
To: Wiseman, Sara
Cc: Crescente, Angela; Cosby, David
Subject: Re: ARO Asbestos Estimates - FW: LG&E 2010 Est Cost Sheet for 100 MW Unit

No I have not. I had another gentleman at GR reviewing the information. His comments to me were to keep the same estimates. After reviewing the misc abatement, both small repairs and outage work, we feel that the relatively minor difference in total work has been offset by inflation. Therefore, we would like to keep our estimates as is.

Please let me know if you need anything else. I'm traveling at the moment but I will have access to email.

B. Baker

On Aug 17, 2010, at 3:34 PM, "Wiseman, Sara" <Sara.Wiseman@eon-us.com> wrote:

Bryan:

Have you sent us the updated file for Green River? If so, would you please forward it to us again? If not, would you please send it by COB, **Friday, August 20?**

Thanks.

From: Legler, Steve
Sent: Thursday, July 29, 2010 9:50 AM
To: Wiseman, Sara
Cc: Byrd, Larry
Subject: ARO Asbestos Estimates - FW: LG&E 2010 Est Cost Sheet for 100 MW Unit

Sara,

National Environmental Contracting has reviewed the abatement budget estimates provided in 2005 for FIN-47 ARO purposes. Attached is their updated response for 2010.

I have reviewed and updated the Cane Run, Paddy's Run, and Canal facility removal estimates. I have recent removal abatement costs for PR and Canal that are significantly lower than the 2005 estimates. I have only slightly changed Cane Run Unit 6 pricing due to recent large scale asbestos removal work.

Let me know if you need anything else.

Steve

From: Neil Stamp [mailto:NeilS@necontracting.com]
Sent: Wednesday, July 28, 2010 3:28 PM
To: Legler, Steve
Cc: Rick Fleischer
Subject: LG&E 2010 Est Cost Sheet for 100 MW Unit

Steve....See the attached. I updated the date for your records but Rick and I both agree that these \$\$ are still good for a few years as a budget! No change!

Neil J. Stamp, VP of Construction
National Environmental Contracting, Inc.
2660 Technology Drive
Louisville, KY 40299-6424
(502) 261-0800
(502) 261-0828 Fax
(800) 650-8893 Toll Free
(502) 553-3850 Cell
NeilS@NEContracting.com

<LG&E 2010 Est. Cost Sheet.pdf>
<FIN-47 Abatement Methodolgy - 2010.docx>
<Fin 47 Template - 2010 (3).xls>

Crescente, Angela

From: Wright, Sharon
Sent: Thursday, August 19, 2010 2:33 PM
To: Crescente, Angela
Subject: RE: AROs

I need the forecast for 2010. Then I will also need the MTP 2011-2013. Thanks!

Sharon K. Wright
Financial Planning & Budgeting
E.ON U.S.
(502) 627-2270
sharon.wright@eon-us.com

From: Crescente, Angela
Sent: Thursday, August 19, 2010 1:47 PM
To: Wright, Sharon
Subject: RE: AROs

MTP is 2010-2012, right?

From: Wright, Sharon
Sent: Wednesday, August 18, 2010 5:13 PM
To: Crescente, Angela
Cc: Neal, Susan
Subject: AROs

Will the 7&5 change for the AROs? Please let me know. Thanks!

Sharon K. Wright
Financial Planning & Budgeting
E.ON U.S.
(502) 627-2270
sharon.wright@eon-us.com

Crescente, Angela

From: Metts, Heather
Sent: Monday, August 23, 2010 11:41 AM
To: Crescente, Angela
Subject: question on ARO reg assets and liabilities

Angela,

I am working on forecasting the ARO depreciation and amortization. Where can I go to find out how much those items should be going forward? Also, Chris asked me to break out depreciation from payments for cost of removal and salvage. Can you help me find out the info as well?

Thanks,

Heather Metts
Manager of Financial Planning
heather.metts@eon-us.com
(502) 627-3419 ph
(502) 627-3820 fax

Crescente, Angela

From: Crescente, Angela
Sent: Thursday, August 26, 2010 2:32 PM
To: Wiseman, Sara
Subject: KU and LGE AROs with Retirement Date.xlsx

Sara:

Take a look at this and see if you are OK with it.



KU and LGE AROs
with Retirement...

Thanks!

Company	ARO Description	Month/Year
KENTUCKY UTILITIES COMPANY	Big Stone Gap Substation - ASB-Dist	12/1/2075
KENTUCKY UTILITIES COMPANY	BR-Ash Pond	12/1/2018
KENTUCKY UTILITIES COMPANY	BR-Br 1 Coal Storage	12/1/2019
KENTUCKY UTILITIES COMPANY	BR-BR 3 Fuel Oil Tanks	12/1/2019
KENTUCKY UTILITIES COMPANY	BR-BR3 Sewage Treatment Plant	12/1/2019
KENTUCKY UTILITIES COMPANY	BR-Coal Pile Retention Pond	12/1/2019
KENTUCKY UTILITIES COMPANY	BR-CT Fuel Oil Piping - OP	12/1/2025
KENTUCKY UTILITIES COMPANY	BR-CT9 Fuel Oil Tanks - OP	12/1/2024
KENTUCKY UTILITIES COMPANY	BR-Lab	12/1/2019
KENTUCKY UTILITIES COMPANY	Brown Unit 1 - ASB	12/1/2069
KENTUCKY UTILITIES COMPANY	Brown Unit 2 - ASB	12/1/2069
KENTUCKY UTILITIES COMPANY	Brown Unit 3 - ASB	12/1/2069
KENTUCKY UTILITIES COMPANY	BR-Radiation Sources	12/1/2019
KENTUCKY UTILITIES COMPANY	BR-Station Fuel Oil Piping	12/1/2019
KENTUCKY UTILITIES COMPANY	Dix Dam - ASB - Hydro	12/1/2069
KENTUCKY UTILITIES COMPANY	GH-Ash Pond GH4	12/1/2031
KENTUCKY UTILITIES COMPANY	GH-Chemical Tanks GH4	12/1/2031
KENTUCKY UTILITIES COMPANY	GH-Coal Storage	12/1/2020
KENTUCKY UTILITIES COMPANY	Ghent Unit 1 - ASB	12/1/2069
KENTUCKY UTILITIES COMPANY	Ghent Unit 2 - ASB	12/1/2069
KENTUCKY UTILITIES COMPANY	Ghent Unit 3 - ASB	12/1/2069
KENTUCKY UTILITIES COMPANY	Ghent Unit 4 - ASB	12/1/2069
KENTUCKY UTILITIES COMPANY	GH-Gypsum Stack-GH 1 Scrubber	12/1/2018
KENTUCKY UTILITIES COMPANY	GH-Radiation Sources	12/1/2031
KENTUCKY UTILITIES COMPANY	GH-Sewage Treatment Plant GH1	12/1/2020
KENTUCKY UTILITIES COMPANY	GH-Station Fuel Oil Piping GH2	12/1/2024
KENTUCKY UTILITIES COMPANY	GH-trn-GH Spare GSU Transformer	12/1/2031
KENTUCKY UTILITIES COMPANY	GH-trn-GH1 GSU Transformer	12/1/2020
KENTUCKY UTILITIES COMPANY	GH-trn-GH2 GSU Transformer	12/1/2024
KENTUCKY UTILITIES COMPANY	GH-trn-GH3 GSU Transformer	12/1/2028
KENTUCKY UTILITIES COMPANY	GH-trn-GH4 GSU Transformer	12/1/2031
KENTUCKY UTILITIES COMPANY	GH-Underground Tank Coal Yard GH1	12/1/2020
KENTUCKY UTILITIES COMPANY	GR-Ash Pond	12/1/2016
KENTUCKY UTILITIES COMPANY	GR-Coal Storage	12/1/2016
KENTUCKY UTILITIES COMPANY	Green River Unit 1 - ASB	12/1/2069
KENTUCKY UTILITIES COMPANY	Green River Unit 2 - ASB	12/1/2069
KENTUCKY UTILITIES COMPANY	Green River Unit 3 - ASB	12/1/2069
KENTUCKY UTILITIES COMPANY	Green River Unit 4 - ASB	12/1/2069
KENTUCKY UTILITIES COMPANY	GR-GR4 Oil Storage tanks	12/1/2017
KENTUCKY UTILITIES COMPANY	GR-Hazardous Material Tanks	12/1/2017
KENTUCKY UTILITIES COMPANY	GR-Limestone Silo	12/1/2016
KENTUCKY UTILITIES COMPANY	GR-Mercury Sources	12/1/2017
KENTUCKY UTILITIES COMPANY	GR-Nuclear Source	12/1/2017

KENTUCKY UTILITIES COMPANY	GR-Sewage Treatment Plant	12/1/2017
KENTUCKY UTILITIES COMPANY	GR-trn-G1-2 GSU Transformer	12/1/2016
KENTUCKY UTILITIES COMPANY	GR-trn-GR3 GSU Transformer	12/1/2016
KENTUCKY UTILITIES COMPANY	GR-trn-GR4 GSU Transformer	12/1/2017
KENTUCKY UTILITIES COMPANY	GR-trn-GSU Spare Transformer	12/1/2017
KENTUCKY UTILITIES COMPANY	GR-Underground Tanks 1&2	12/1/2016
KENTUCKY UTILITIES COMPANY	KU - Various Substations - ASB-Dist	12/1/2075
KENTUCKY UTILITIES COMPANY	KU Distrib Subs (478) - ASB-Dist	12/1/2075
KENTUCKY UTILITIES COMPANY	KU Transmission Subs (69) - ASB	12/1/2074
KENTUCKY UTILITIES COMPANY	Pineville - ASB	12/1/2069
KENTUCKY UTILITIES COMPANY	TY-Ash Pond	12/1/2016
KENTUCKY UTILITIES COMPANY	TY-Coal Storage	12/1/2016
KENTUCKY UTILITIES COMPANY	TY-Fuel Oil Tanks	12/1/2016
KENTUCKY UTILITIES COMPANY	TY-Fuel Oil Tanks Unit 1	12/1/2016
KENTUCKY UTILITIES COMPANY	TY-Mercury Sources	12/1/2016
KENTUCKY UTILITIES COMPANY	Tyronne Unit 1 (Retired) - ASB	12/1/2044
KENTUCKY UTILITIES COMPANY	Tyronne Unit 2 (Retired) - ASB	12/1/2044
KENTUCKY UTILITIES COMPANY	Tyronne Unit 3 - ASB	12/1/2069
KENTUCKY UTILITIES COMPANY	TY-Service Water Pump Structure	12/1/2016
KENTUCKY UTILITIES COMPANY	TY-Sewage Treatment Plant	12/1/2016
KENTUCKY UTILITIES COMPANY	TY-Station Fuel Oil Piping	12/1/2016
LOUISVILLE GAS & ELECTRIC COMPANY	Canal (Retired) - ASB	12/1/2036
LOUISVILLE GAS & ELECTRIC COMPANY	Cane Run Unit 1 (Retired) - ASB	12/1/2036
LOUISVILLE GAS & ELECTRIC COMPANY	Cane Run Unit 2 (Retired) - ASB	12/1/2036
LOUISVILLE GAS & ELECTRIC COMPANY	Cane Run Unit 3 (Retired) - ASB	12/1/2036
LOUISVILLE GAS & ELECTRIC COMPANY	Cane Run Unit 4 - ASB	12/1/2061
LOUISVILLE GAS & ELECTRIC COMPANY	Cane Run Unit 5 - ASB	12/1/2061
LOUISVILLE GAS & ELECTRIC COMPANY	Cane Run Unit 6 - ASB	12/1/2061
LOUISVILLE GAS & ELECTRIC COMPANY	Center Gas Storage Field - UGS	12/1/2022
LOUISVILLE GAS & ELECTRIC COMPANY	City Gate Doe Run 237900 - Gas Dist	12/1/2058
LOUISVILLE GAS & ELECTRIC COMPANY	City Gate Preston 237900 - Gas Dist	12/1/2058
LOUISVILLE GAS & ELECTRIC COMPANY	CR-Ash Pond	12/1/2017
LOUISVILLE GAS & ELECTRIC COMPANY	CR-Coal Pile	12/1/2017
LOUISVILLE GAS & ELECTRIC COMPANY	CR-Land Fill	12/1/2017
LOUISVILLE GAS & ELECTRIC COMPANY	CR-Mercury Sources	12/1/2017
LOUISVILLE GAS & ELECTRIC COMPANY	CR-Nuclear Sources	12/1/2017
LOUISVILLE GAS & ELECTRIC COMPANY	CR-Sewage Treatment Plant	12/1/2017
LOUISVILLE GAS & ELECTRIC COMPANY	Distribution Substations (66) - ASB	12/1/2062
LOUISVILLE GAS & ELECTRIC COMPANY	Doe Run 235300 - UGS	12/1/2052
LOUISVILLE GAS & ELECTRIC COMPANY	Doe Run Gas Storage Field - UGS	12/1/2022
LOUISVILLE GAS & ELECTRIC COMPANY	Gas Main & Serv Abandons - Gas Dist	12/1/2041
LOUISVILLE GAS & ELECTRIC COMPANY	LGE Transmission Subs (11) - ASB	12/1/2064
LOUISVILLE GAS & ELECTRIC COMPANY	Magnolia 235120 - UGS	12/1/2059

LOUISVILLE GAS & ELECTRIC COMPANY	Magnolia 235300 - UGS	12/1/2052
LOUISVILLE GAS & ELECTRIC COMPANY	Magnolia 235600 - UGS	12/1/2059
LOUISVILLE GAS & ELECTRIC COMPANY	Magnolia Gas Storage Field - UGS	12/1/2022
LOUISVILLE GAS & ELECTRIC COMPANY	Manholes - ASB	12/1/2096
LOUISVILLE GAS & ELECTRIC COMPANY	MC-Ash Pond	12/1/2023
LOUISVILLE GAS & ELECTRIC COMPANY	MC-Chemical Tanks	12/1/2017
LOUISVILLE GAS & ELECTRIC COMPANY	MC-Hazardous Material Storage	12/1/2028
LOUISVILLE GAS & ELECTRIC COMPANY	MC-Lab Chemical Disposal	12/1/2028
LOUISVILLE GAS & ELECTRIC COMPANY	MC-Landfill	12/1/2028
LOUISVILLE GAS & ELECTRIC COMPANY	MC-Radiation Sources	12/1/2028
LOUISVILLE GAS & ELECTRIC COMPANY	MC-Storage Pile	12/1/2018
LOUISVILLE GAS & ELECTRIC COMPANY	MC-Storage Tanks	12/1/2023
LOUISVILLE GAS & ELECTRIC COMPANY	Mill Creek Unit 1 - ASB	12/1/2061
LOUISVILLE GAS & ELECTRIC COMPANY	Mill Creek Unit 2 - ASB	12/1/2061
LOUISVILLE GAS & ELECTRIC COMPANY	Mill Creek Unit 3 - ASB	12/1/2061
LOUISVILLE GAS & ELECTRIC COMPANY	Mill Creek Unit 4 - ASB	12/1/2061
LOUISVILLE GAS & ELECTRIC COMPANY	Muldraugh 235120 - UGS	12/1/2059
LOUISVILLE GAS & ELECTRIC COMPANY	Muldraugh 235300 - UGS	12/1/2052
LOUISVILLE GAS & ELECTRIC COMPANY	Muldraugh 235600 - UGS	12/1/2059
LOUISVILLE GAS & ELECTRIC COMPANY	Muldraugh 237510 - Gas Dist	12/1/2047
LOUISVILLE GAS & ELECTRIC COMPANY	Muldraugh Gas Storage Field - UGS	12/1/2022
LOUISVILLE GAS & ELECTRIC COMPANY	Ohio Falls - ASB	12/1/2036
LOUISVILLE GAS & ELECTRIC COMPANY	Paddy's (Unit 11) - ASB	12/1/2061
LOUISVILLE GAS & ELECTRIC COMPANY	Riggs Junction 235120 - UGS	12/1/2059
LOUISVILLE GAS & ELECTRIC COMPANY	Seventh and Ormsby - ComGeneralPlnt	12/1/2082
LOUISVILLE GAS & ELECTRIC COMPANY	TR-Ash Pond	12/1/2033
LOUISVILLE GAS & ELECTRIC COMPANY	TR-Coal Storage	12/1/2033
LOUISVILLE GAS & ELECTRIC COMPANY	TR-Hazardous Material Disposal	12/1/2033
LOUISVILLE GAS & ELECTRIC COMPANY	Trn- CR Spare GSU	12/1/2017
LOUISVILLE GAS & ELECTRIC COMPANY	Trn-CR4 GSU	12/1/2017
LOUISVILLE GAS & ELECTRIC COMPANY	Trn-CR5 GSU	12/1/2017
LOUISVILLE GAS & ELECTRIC COMPANY	Trn-CR6 GSU	12/1/2017
LOUISVILLE GAS & ELECTRIC COMPANY	Trn-MC 3 GSU	12/1/2023
LOUISVILLE GAS & ELECTRIC COMPANY	Trn-MC Spare GSU	12/1/2028
LOUISVILLE GAS & ELECTRIC COMPANY	Trn-MC1 GSU	12/1/2018
LOUISVILLE GAS & ELECTRIC COMPANY	Trn-MC2 GSU	12/1/2019
LOUISVILLE GAS & ELECTRIC COMPANY	Trn-MC4 GSU	12/1/2028
LOUISVILLE GAS & ELECTRIC COMPANY	TR-Nuclear Sources	12/1/2033
LOUISVILLE GAS & ELECTRIC COMPANY	TR-Sewage Plant	12/1/2033
LOUISVILLE GAS & ELECTRIC COMPANY	Zorn - ASB	12/1/2061
FCD LLC	SEBREE DOCK	2/1/2041
FCD LLC	SEBREE DOCK	2/1/2041

Crescente, Angela

From: Crescente, Angela
Sent: Friday, August 27, 2010 11:07 AM
To: Wacker, Diana; Crescente, Angela
Subject: FW: FCD ARO
Attachments: FCD.doc

From: Crescente, Angela
Sent: Tuesday, September 01, 2009 2:06 PM
To: 'Jim Dahlby'; 'Joseph Holt'; 'Jim Ogilvie'
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: RE: FCD ARO

Jim:

I have attached the ARO Details and the Depr Group activity. Let me know if there is anything else I can do to help.

Thanks,
Angela

From: Jim Dahlby [<mailto:jdahlby@pwrplan.com>]
Sent: Tuesday, September 01, 2009 1:29 PM
To: Crescente, Angela; 'Joseph Holt'; 'Jim Ogilvie'
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: RE: FCD ARO

This should be on the Regulatory Entries screen. Can you send a screen shot of the ARO in question?

Jim Dahlby
PowerPlan Consultants
jdahlby@pwrplan.com
(678) 269-7950

From: Crescente, Angela [<mailto:Angela.Crescente@eon-us.com>]
Sent: Thursday, 27 August, 2009 02:36 PM
To: Joseph Holt; Jim Dahlby; Jim Ogilvie
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: FCD ARO

Joe, Jim, and Jim:

We have discovered that the FCD ARO that was set up as a transition ARO in April has been calculating/reversing depreciation on the IFRS offset. The Financial (GAAP) depreciation is working correctly. The FCD is not supposed to have an IFRS offset and since there was no accounting set up for it, it was just doing the reversal on the same accounting line. We need to stop this activity and we need to know how to correct the information in PowerPlant. We can do a journal entry to correct GL, but we figured it would be best to also correct the depreciation information in PowerPlant. Please advise on how to do this.

Thanks,
The ARO Gang

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PowerPlant DEV Database

File Edit Subsystem Batch Admin Preferences Window Help

Unit Calc Projects Assets Depr CR Admin MyPlant Help Calc Print Win

PowerPlant Depreciation Ledger

Select Criteria: Monthly Start Date: July 2009 Quarterly End Date: July 2009 Annually Set of Books: Financial

Orientation: Time Group Life Reserve COR Reserve Combined Reserve

Pick Display: FCD-NR317.00

Buttons: Select Refresh View Rates View Factors Cancel

Period Comparison	Depreciation Basis	Reserve Activity	Reserve History
	July 2009		
Beginning Plant in Service	\$30,341.11		
Additions	\$0.00		
Retirements	\$0.00		
Transfers In	\$0.00		
Transfers Out	\$0.00		
Adjustments	\$0.00		
Ending Plant in Service	\$30,341.11		
Beginning Reserve Balance (Less COR)	\$6,339.54		
Depreciable Base	\$24,001.57		
Annual Provision Rate	0.000000%		
Depreciation Provision	\$63.08		
Depreciation Input Adjustment	\$0.00		
Depreciation Calculated Adjustment	\$0.00		
Estimated Annual Net Additions	\$0.00		
Ending Reserve Impairment	\$0.00		
Salvage Rate	0.000000%		
Salvage Base	\$0.00		
Salvage Provision	\$0.00		
Salvage Input Adjustment	\$0.00		

Rows Retrieved 0

PowerPlant DEV Database

File Edit Subsystem Batch Admin Preferences Window Help

Unit Calc Projects Assets Depr CR Admin MyPlant Help Calc Print Win

PowerPlant Depreciation Ledger

Select Criteria: Monthly Start Date: July 2009 Quarterly End Date: July 2009 Annually Set of Books: IFRS Offset

Orientation: Time Group Life Reserve COR Reserve Combined Reserve

Pick Display: FCD-NR317.00

Buttons: Select Refresh View Rates View Factors Cancel

Period Comparison	Depreciation Basis	Reserve Activity	Reserve History
	July 2009		
Beginning Plant in Service	\$0.00		
Additions	\$0.00		
Retirements	\$0.00		
Transfers In	\$0.00		
Transfers Out	\$0.00		
Adjustments	\$0.00		
Ending Plant in Service	\$0.00		
Beginning Reserve Balance (Less COR)	\$6,141.49		
Depreciable Base	(\$6,141.49)		
Annual Provision Rate	0.000000%		
Depreciation Provision	(\$16.14)		
Depreciation Input Adjustment	\$0.00		
Depreciation Calculated Adjustment	\$0.00		
Estimated Annual Net Additions	\$0.00		
Ending Reserve Impairment	\$0.00		
Salvage Rate	0.000000%		
Salvage Base	\$0.00		
Salvage Provision	\$0.00		
Salvage Input Adjustment	\$0.00		

Rows Retrieved 0

PowerPlant DEV Database

File Edit Subsystem Back Admin Preferences Window Help

Link Calc Projects Assets Depr CR Admin MyPlant Help Calc Print Win

ARO Details

ARO Details		ARO Asset Details	
Description:	SEBREE DOCK	Asset Id:	14839843
Company:	FCD LLC	Description:	SEBREE DOCK
ARO Type:	Site ARC Auto Ret: no	Business Segment:	Ion Regulated
ARO Status:	Active Rate Type:	Asset GI Account:	101 - Plant In Service - PowerPlant
Status Date:	4/27/2009	Utility Account:	NR317.89-ARO Costs for Steam Plant
Liability Account:	230012-ASSET RETIREMENT OB	Sub Account:	None
Accretion Acct:	411159-ACCRETION EXPENSE	Retirement Unit:	ARO - CHILD
Gain Account:	421181-GAIN-PROPERTY DISP	Property Group:	EOH Default Property Group
Loss Account:	421281-LOSS-PROPERTY DISP	Asset Location:	101REG - Louisville
Long Description:	SEBREE DOCK	Subledger Type:	ARO
Settle Cost Elmnt:	0899: CORPORATE DEFAULT	End of Life:	02/28/11
ARO Rollup:	<none>	Asset Dollars:	\$30,341.11
Ext ARO Code:		Long Description:	SEBREE DOCK - ARO

Update
Layers/St
Depr
Audits

Underlying Related Locations

Related Asset Locations

Relate
UnRelate
Cancel

Ready

start

PowerPlant DEV Database

File Edit Subsystem Back Admin Preferences Window Help

Link Calc Projects Assets Depr CR Admin MyPlant Help Calc Print Win

Layers Add New Delete Settings Docs Lib Adj Mkt Est Mass YE Quit Help

ARO Selection

Choose One or More Search Criteria...

Company	ARO Type	ARO Status
FCD LLC	Component	Setup
E.ON US CAPITAL CORP	Component	Setup
FCD LLC	Mass	Pending
LG&E ENERGY MARKETING	Site	Active

Description Filter:

Description	End Liability	Last Est. Estimate	ARO Status	Status Date	ARO Type	Comp	Find AROs
SEBREE DOCK	\$53,898.88	4/27/2009	Active	4/27/2009	Site	FCD LLC	Refresh
	\$53,898.88						Audits

Select All
Cancel

Rows 1 to 1 of 1. Rows Selected: 1

start

100%

2:03 PM

Crescente, Angela

From: Metts, Heather
Sent: Friday, August 27, 2010 4:57 PM
To: Crescente, Angela
Cc: Wiseman, Sara
Subject: RE: Regulatory Asset and Regulatory Liability

Thanks

Heather Metts
Manager of Financial Planning
(502) 627-3419

From: Crescente, Angela
Sent: Friday, August 27, 2010 4:38 PM
To: Metts, Heather
Cc: Wiseman, Sara
Subject: Regulatory Asset and Regulatory Liability

Heather,

I have attached the spreadsheet of forecasted accretion expense (highlighted in peach) that I sent to Bill.

<< File: ARO Liability 2011-2013 for Heather.xlsx >>

Depreciation Expense for KU per month is \$24,74 and Depreciation Expense for LGE per month is \$14,640.

The Regulatory Asset (182 account) is made up of the total expenses for depreciation and accretion.

The Regulatory Liability (254 account) is the reclassified cost of removal for parent assets. LGE increases monthly by \$7,710 and KU increases monthly by \$19,909.

Thanks,
Angela

Crescente, Angela

From: Hannagan, Peter (US - Washington D.C.) <phannagan@deloitte.com>
Sent: Thursday, November 18, 2010 9:24 AM
To: Wiseman, Sara; Motyka, Marlene (US - New York)
Cc: Crescente, Angela; Horne, Elliott; Jim Ogilvie
Subject: RE: ARO adjustment
Attachments: 7.EVII ARO Decommissioning Cost - annualized discount rates v10.xlsx

Hi Sara

Does this work? To get the additional month of discounting, I made the decommissioning dates a month later (ie end of December each year rather than beginning of December). Costs are inflated based on rounded yrs also

Regards
Peter

Peter Hannagan
Deloitte Financial Advisory Services, LLP

Tel: +1 202 378 5057
Fax: +1 202 661 1113
Mobile: + 1 202 368 0417
phannagan@deloitte.com
www.deloitte.com

From: Wiseman, Sara [mailto:Sara.Wiseman@lge-ku.com]
Sent: Thursday, November 18, 2010 9:00 AM
To: Hannagan, Peter (US - Washington D.C.); Motyka, Marlene (US - New York)
Cc: Crescente, Angela; Horne, Elliott; Jim Ogilvie
Subject: FW: ARO adjustment

Peter:

Per our voicemail:

- Please add another month when discounting the future expected cash flow. This is because we essentially have to load October 2010 ending balances and will need to accrete those values for X years plus 2 months for settlement in December of a future year. This means accretion will be calculated in the expected settlement month. Settlement is normally an end of month activity, so I think this makes sense.
- Please calculate the future decommissioning cost using the rounded years (per your original submission) and continue to calculate the PV of the decommissioning cost using the fraction of year (per your current version).

Thanks for your help.

From: Hannagan, Peter (US - Washington D.C.) [mailto:phannagan@deloitte.com]
Sent: Wednesday, November 17, 2010 3:07 PM
To: Wiseman, Sara; Motyka, Marlene (US - New York)
Cc: Horne, Elliott; Crescente, Angela
Subject: RE: ARO adjustment

Sara

Charnas

I think the attached should address what we discussed but please let me know if there are still disconnects with what the Power Plant system estimates.

thanks

Peter Hannagan

Deloitte Financial Advisory Services, LLP

Tel: +1 202 378 5057

Fax: +1 202 661 1113

Mobile: + 1 202 368 0417

phannagan@deloitte.com

www.deloitte.com

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

Sent: Wednesday, November 17, 2010 12:41 PM

To: Hannagan, Peter (US - Washington D.C.); Motyka, Marlene (US - New York)

Cc: Horne, Elliott; Crescente, Angela

Subject: RE: ARO adjustment

Peter:

Thanks for agreeing on such short notice. I just sent a meeting notice, but in case you did not receive it here is the call in information:

This conference is scheduled to begin on November 17 2010 at 02:00 PM EST + DST (Eastern US).

This conference is scheduled to last for 60 minutes.

To access this conference via telephone, please call a number from the list below;

2526, LG&E Internal.

7-627-2526, KU On-net 7+seven.

627-2526, Louisville area local call.

502-627-2526, North America Long Distance.

when prompted for your conference code, please enter **6724** on your telephone keypad.

From: Hannagan, Peter (US - Washington D.C.) [mailto:phannagan@deloitte.com]

Sent: Wednesday, November 17, 2010 11:45 AM

To: Wiseman, Sara; Motyka, Marlene (US - New York)

Cc: Horne, Elliott; Crescente, Angela

Subject: RE: ARO adjustment

Sara - I can talk before 1pm or between 2-3pm.

Peter Hannagan

Deloitte Financial Advisory Services, LLP

Tel: +1 202 378 5057

Fax: +1 202 661 1113

Mobile: + 1 202 368 0417

phannagan@deloitte.com

www.deloitte.com

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

Sent: Wednesday, November 17, 2010 11:42 AM

To: Hannagan, Peter (US - Washington D.C.); Motyka, Marlene (US - New York)
Cc: Horne, Elliott; Crescente, Angela
Subject: ARO adjustment

Hi Peter/Marlene:

We still have some questions we would like to talk over with you this afternoon regarding AROs . Are you available at 3 or before? I know this is short notice, but we are working hard to try to finalize the numbers.

Sara Wiseman

Manager, Property Accounting

Office 502.627.3189

Cell 502.338.0886

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Exhibit VII, Page 2 of 3
Valuation of Kentucky Utilities Company Asset Retirement Obligations
As of November 1, 2010

DRAFT-These materials are for discussion and information-gathering purposes only.
They do not and are not intended to present any advice to, recommendations, options
or conclusions of Deloitte Financial Advisory Services LLP.

Description	Decommissioning Costs (in 2010 \$) [1]	Estimated Decommissioning Date (in 2010 \$) [1]	Time Until Decommissioning (Years)	Time Until Decommissioning (Months)	Inflated Decommissioning Cost [2]	Discount Rate (in %) [3]	PV of Inflated Decommissioning Cost
Big Stone Gap Substation - ASB-Dist	\$ 34,000.00	12/31/77	67.2	806.0	\$ 177,819	5.5	\$ 4,460
BR-Ash Pond	15,183,000.00	12/31/26	16.2	194.0	22,539,249	4.9	10,223,658
BR-Auxiliary Pond	3,615,000.00	12/31/26	16.2	194.0	5,366,488	4.9	2,434,204
BR-Coal Storage	92,500.00	12/31/26	16.2	194.0	137,317	4.9	62,286
BR-Nuclear Sources	22,840.00	12/31/26	16.2	194.0	33,906	4.9	15,380
BR-Oil Storage	10,092.44	12/31/26	16.2	194.0	14,982	4.9	6,796
BR-Oil Storage CT - OP	38,340.43	12/31/36	26.2	314.0	72,858	5.4	17,791
Brown Unit 1 - ASB	1,781,000.00	12/31/59	49.2	590.0	5,972,186	5.5	402,172
Brown Unit 2 - ASB	3,586,000.00	12/31/59	49.2	590.0	12,024,851	5.5	809,763
Brown Unit 3 - ASB	8,158,000.00	12/31/59	49.2	590.0	27,355,032	5.5	1,842,178
Dix Dam - ASB - Hydro	345,000.00	12/31/69	59.2	710.0	1,480,905	5.5	57,609
GH-Ash Pond	30,968,500.00	12/31/36	26.2	314.0	58,849,215	5.4	14,370,079
GH-Chemical Storage	24,547.05	12/31/36	26.2	314.0	46,647	5.4	11,390
GH-Coal Storage	869,500.00	12/31/36	26.2	314.0	1,652,305	5.4	403,468
Ghent Unit 1 - ASB	8,318,000.00	12/31/59	49.2	590.0	27,892,556	5.5	1,878,308
Ghent Unit 2 - ASB	11,023,000.00	12/31/60	50.2	602.0	37,887,249	5.5	2,415,127
Ghent Unit 3 - ASB	1,955,000.00	12/31/69	59.2	710.0	8,391,794	5.5	326,450
Ghent Unit 4 - ASB	1,955,000.00	12/31/69	59.2	710.0	8,391,794	5.5	326,450
GH-Environmental Ponds	843,500.00	12/31/36	26.2	314.0	1,602,897	5.4	391,403
GH-Gypsum Stack-GH 1 Scrubber	6,025,000.00	12/31/26	16.2	194.0	8,944,146	4.9	4,057,007
GH-Nuclear Sources	264,100.00	12/31/36	26.2	314.0	501,867	5.4	122,548
GH-Oil Storage	12,624.05	12/31/26	16.2	194.0	18,740	4.9	8,501
GH-Sewage Treatment Plant	26,155.00	12/31/26	16.2	194.0	38,827	4.9	17,612
GR-Ash Pond	6,627,500.00	12/31/18	8.2	98.0	8,074,965	3.7	5,971,910
GR-Chemical Storage	703.83	12/31/18	8.2	98.0	858	3.7	634
GR-Coal Storage	222,000.00	12/31/18	8.2	98.0	270,485	3.7	200,040
Green River Unit 1 - ASB	1,850,000.00	12/31/51	41.2	494.0	5,091,552	5.5	531,841
Green River Unit 2 - ASB	1,700,000.00	12/31/51	41.2	494.0	4,678,724	5.5	488,719
Green River Unit 3 - ASB	1,855,000.00	12/31/51	41.2	494.0	5,105,313	5.5	533,278
Green River Unit 4 - ASB	2,175,000.00	12/31/51	41.2	494.0	5,986,014	5.5	625,272
GR-Limestone Silo	1,631.25	12/31/18	8.2	98.0	1,988	3.7	1,470
GR-Oil Storage	1,000.00	12/31/18	8.2	98.0	1,218	3.7	901
GR-Sewage Treatment Plant	9,200.00	12/31/18	8.2	98.0	11,209	3.7	8,290
KU - General Facilities - ASB	1,130,000.00	12/31/73	63.2	758.0	5,354,044	5.5	167,231
KU Distribution Subs (478) - ASB	882,000.00	12/31/77	67.2	806.0	4,612,831	5.5	115,685
KU Transmission Subs (69) - ASB	704,181.00	12/31/79	69.2	830.0	3,869,288	5.5	86,951
Pineville - ASB	1,686,700.00	12/31/43	33.2	398.0	3,810,004	5.5	617,319
Pineville-Ash Pond	1,205,000.00	12/31/18	8.2	98.0	1,468,175	3.7	1,085,802
TY-Ash Pond	1,084,500.00	12/31/18	8.2	98.0	1,321,358	3.7	977,222
TY-Chemical Storage	456.75	12/31/18	8.2	98.0	557	3.7	412
TY-Coal Storage	74,000.00	12/31/18	8.2	98.0	90,162	3.7	66,680
TY-Oil Storage	10,805.40	12/31/18	8.2	98.0	13,165	3.7	9,737
Tyrone Unit 1 (Retired) - ASB	1,604,000.00	12/31/51	41.2	494.0	4,414,513	5.5	461,120
Tyrone Unit 2 (Retired) - ASB	1,579,000.00	12/31/51	41.2	494.0	4,345,709	5.5	453,933
Tyrone Unit 3 - ASB	2,173,000.00	12/31/51	41.2	494.0	5,980,510	5.5	624,697
TY-Service Water Pump Structure	221,524.88	12/31/18	8.2	98.0	269,907	3.7	199,612
TY-Sewage Treatment Plant	60,000.00	12/31/18	8.2	98.0	73,104	3.7	54,065
BR-Lab	18,000.00	12/31/19	9.2	110.0	22,480	3.9	15,732
GH-trn-GH1 GСУ Transformer	2,400.00	12/31/20	10.2	122.0	3,072	4.1	2,026
GH-trn-GH2 GСУ Transformer	2,400.00	12/31/24	14.2	170.0	3,391	4.7	1,745
GH-trn-GH3 GСУ Transformer	2,400.00	12/31/28	18.2	218.0	3,743	5.1	1,485
GH-trn-GH4 GСУ Transformer	2,400.00	12/31/31	21.2	254.0	4,031	5.4	1,289
GH-trn-GH Spare GСУ Transformer	2,400.00	12/31/31	21.2	254.0	4,031	5.4	1,289
GR-trn-G1-2 GСУ Transformer	6,250.00	12/31/16	6.2	74.0	7,248	2.9	6,062
GR-trn-GR3 GСУ Transformer	6,250.00	12/31/16	6.2	74.0	7,248	2.9	6,062
GR-trn-GR4 GСУ Transformer	6,250.00	12/31/17	7.2	86.0	7,429	3.3	5,866
GR-trn-GSU Spare Transformer	6,250.00	12/31/17	7.2	86.0	7,429	3.3	5,866

Estimated Fair Value of AROs (Rounded) \$ 53,500,000

Notes

1. Estimated decommissioning costs and dates provided by E.ON Management
2. Rate of inflation assumption: 2.50%
3. Discount rate based on yield on BBB+ rated debt deemed to be reflective of a typical market participant in the electric utility space. Assumes monthly compounding.

Crescente, Angela

From: Wiseman, Sara
Sent: Thursday, November 18, 2010 11:18 AM
To: 'Hannagan, Peter (US - Washington D.C.); Motyka, Marlene (US - New York)
Cc: Crescente, Angela; Horne, Elliott; Jim Ogilvie
Subject: RE: ARO adjustment

Peter:

Thanks for the quick turnaround. Yes, I do think this is going to work for us.

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Subject: RE: ARO adjustment

Hi Sara

Does this work? To get the additional month of discounting, I made the decommissioning dates a month later (ie end of December each year rather than beginning of December). Costs are inflated based on rounded yrs also

Regards
Peter

Peter Hannagan
Deloitte Financial Advisory Services, LLP

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Peter:

Per our voicemail:

- Please add another month when discounting the future expected cash flow. This is because we essentially have to load October 2010 ending balances and will need to accrete those values for X years plus 2 months for settlement in December of a future year. This means accretion will be calculated in the expected settlement month. Settlement is normally an end of month activity, so I think this makes sense.
- Please calculate the future decommissioning cost using the rounded years (per your original submission) and continue to calculate the PV of the decommissioning cost using the fraction of year (per your current version).

Thanks for your help.

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Cc: Horne, Elliott; Crescente, Angela
Subject: RE: ARO adjustment

Sara

I think the attached should address what we discussed but please let me know if there are still disconnects with what the Power Plant system estimates.

thanks

Peter Hannagan
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Peter:

Thanks for agreeing on such short notice. I just sent a meeting notice, but in case you did not receive it here is the call information:

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This conference is scheduled to last for 60 minutes.

To access this conference via telephone, please call a number from the list below;

2526, LG&E Internal.
7-627-2526, KU On-net 7+seven.
627-2526, Louisville area local call.
502-627-2526, North America Long Distance.

when prompted for your conference code, please enter **6724** on your telephone keypad.

From: Hannagan, Peter (US - Washington D.C.) [mailto:phannagan@deloitte.com]
Sent: Wednesday, November 17, 2010 11:45 AM
To: Wiseman, Sara; Motyka, Marlene (US - New York)
Cc: Horne, Elliott; Crescente, Angela
Subject: RE: ARO adjustment

Sara - I can talk before 1pm or between 2-3pm.

Peter Hannagan
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Sent: Wednesday, November 17, 2010 11:42 AM
To: Hannagan, Peter (US - Washington D.C.); Motyka, Marlene (US - New York)
Cc: Horne, Elliott; Crescente, Angela
Subject: ARO adjustment

Hi Peter/Marlene:

We still have some questions we would like to talk over with you this afternoon regarding AROs . Are you available at 3 or before? I know this is short notice, but we are working hard to try to finalize the numbers.

Sara Wiseman

Manager, Property Accounting

Office 502.627.3189

Cell 502.338.0886

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Crescente, Angela

From: Hannagan, Peter (US - Washington D.C.) <phannagan@deloitte.com>
Sent: Thursday, November 18, 2010 11:19 AM
To: Wiseman, Sara; Motyka, Marlene (US - New York)
Cc: Crescente, Angela; Horne, Elliott; Jim Ogilvie
Subject: RE: ARO adjustment

Thanks Sara. Good to hear

Peter Hannagan
Deloitte Financial Advisory Services, LLP

Tel: +1 202 378 5057
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Sent: Thursday, November 18, 2010 9:00 AM

Charnas

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Cc: Crescente, Angela; Horne, Elliott; Jim Ogilvie

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Sara Wiseman

Manager, Property Accounting

Office 502.627.3189

Cell 502.338.0886

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Crescente, Angela

From: Wiseman, Sara
Sent: Thursday, November 18, 2010 1:31 PM
To: Pienaar, Lesley
Cc: Charnas, Shannon; Scott, Valerie; Crescente, Angela
Subject: Purchase Accounting Critical Issue ARO.docx



Purchase
Accounting Critic...

Lesley:

Here is the latest draft of the my memo.

Shannon: I changed the entry in the Background section rather dramatically to reflect the actual entry we are making on the books. Not sure if you will agree exactly with the presentation—I will change it somehow if you want me to.

LG&E and KU Energy LLC

Purchase Accounting Critical Issue – Asset Retirement Obligations

November 15, 2010

Background:

A purchase accounting adjustment has been proposed to fair value the Company's asset retirement obligations (AROs). The adjustment proposed by Deloitte is the result of the use of different inflation and discount rates used by Deloitte compared to the rates used by the Company for the ARO revaluation recorded as of September 30, 2010. The Company performed the September 30, 2010 revaluation of its AROs because of recently proposed environmental legislation and improved ability to forecast asset retirement costs due to recent construction and retirement activity.

The purchase accounting adjustment proposed by Deloitte is as follows:

Debit: Property & Equipment (ARO child-account 101)	\$33.5 million
Debit: Accumulated Depreciation (ARO child-account 108)	\$9.6 million
Debit: ARO Liability	\$18.9 million
Credit: Regulatory Assets	\$62.0 million

This adjustment fair values the AROs and as a result the accumulated depreciation of the ARO "child" asset along with the regulatory asset is reset to zero.

LKE Assumptions:

LKE used the following assumptions in the revaluation performed at September 30, 2010:

Cash flows:	updated at 9/30/2010 based on new estimates obtained from field personnel
Settlement dates:	updated at 9/30/2010 based on new information from various sources such as the MTP
Inflation rate:	2.06 % provided by Treasury Department—difference between the 30 year Treasury rate and the 30 year TIPS trading/Treasury inflation adjusted rate.
Discount rate:	based on Treasury Yield Curve consistent with E.ON past guidance

November 15, 2010

Page 2

Purchase Accounting Critical Issue – Asset Retirement Obligations

Deloitte Assumptions:

Deloitte used the following assumptions in the revaluation performed at September 30, 2010:

Cash flows:	updated at 9/30/2010 (agreed to amounts provided by LKE)
Settlement dates:	updated at 9/30/2010 (agreed to dates provided by LKE)
Inflation rate:	2.50 % (standard 20 year CPI)
Discount rate:	BBB+ Swap Curve

Differences in Assumptions:

Differences between LKE's revaluation as of September 30, 2010 and Deloitte's adjustment as of November 1, 2010:

	<u>LKE</u>	<u>Deloitte</u>
Inflation rate:	2.06%	2.50%
Discount rate:	Treasury Yield Curve	BBB+ Swap Curve

The 2.06% inflation rate listed above was used by LKE in the September 30, 2010 revaluation and was based on the difference between the 30 year Treasury and the 30 year TIPs. A comparable rate calculated on the same basis at October 29, 2010 is 2.58%. For the November 1, 2010 adjustment Deloitte is using a 2.50% inflation which is based on the standard 20 year CPI. The rate being used by Deloitte is not materially different from the Company's rate and therefore is considered reasonable.

The discount rates for LKE's September 30, 2010 revaluation were based on the Treasury Yield Curve. Use of these rates was consistent with E.ON's prior guidance for discount rates. Deloitte has used the BBB+ Swap Curve for the purchase accounting adjustment. The BBB+ Swap Curve is considered appropriate as LKE's unsecured bonds have a BBB+ rating and therefore the rates on the curve closely match the yield on bonds recently priced by the Company.

Conclusion:

November 15, 2010

Page 3

Purchase Accounting Critical Issue – Asset Retirement Obligations

The purchase accounting calculation for AROs is appropriate. The differences in assumptions between the September 30, 2010 revaluation performed by LKE and the November 1, 2010 ARO purchasing accounting adjustment calculated by Deloitte are reasonable.

As a result of the differences in the assumptions (different inflation and discount rates), ARO accounts will have a different value under purchasing accounting vs. the ARO amounts recorded on the “normal” ledger. As previously mentioned in the **Background** paragraph, the accumulated depreciation and regulatory asset accounts under purchase accounting will be reset to zero. The differences could result in having to maintain two separate, differently valued sets of AROs. Keeping two separately valued sets of AROs creates an administrative burden. The ARO purchase accounting adjustment was booked on the “normal” ledger, since AROs do not have an impact on ratepayers as all ARO related accounts are removed for rate making purposes. This is reasonable since the fair value of the AROs calculated for purchase accounting adjustments are not inconsistent with what had been previously booked on the “normal” ledger.

Crescente, Angela

From: Hannagan, Peter (US - Washington D.C.) <phannagan@deloitte.com>
Sent: Thursday, November 18, 2010 2:54 PM
To: Crescente, Angela
Subject: RE: ARO adjustment
Attachments: 7.EVII ARO Decommissioning Cost - annualized discount rates v11.xlsx

Sorry Angela. My mistake. Please see attached

Peter Hannagan
Deloitte Financial Advisory Services, LLP

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phannagan@deloitte.com
www.deloitte.com

From: Crescente, Angela [mailto:Angela.Crescente@lge-ku.com]
Sent: Thursday, November 18, 2010 2:48 PM
To: Hannagan, Peter (US - Washington D.C.)
Subject: RE: ARO adjustment

Peter:

I know this is small, but for auditing purposes, could you please resend the file with the last few LGE ones with the updated date? Those just got missed somehow. Thanks so much for your help.

Angela

From: Hannagan, Peter (US - Washington D.C.) [mailto:phannagan@deloitte.com]
Sent: Thursday, November 18, 2010 9:24 AM
To: Wiseman, Sara; Motyka, Marlene (US - New York)
Cc: Crescente, Angela; Horne, Elliott; Jim Ogilvie
Subject: RE: ARO adjustment

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Does this work? To get the additional month of discounting, I made the decommissioning dates a month later (ie end of December each year rather than beginning of December). Costs are inflated based on rounded yrs also

Regards
Peter

Peter Hannagan
Deloitte Financial Advisory Services, LLP

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Sent: Thursday, November 18, 2010 9:00 AM
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Sara Wiseman

Manager, Property Accounting

Office 502.627.3189

Cell 502.338.0886

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Exhibit VII, Page 3 of 3

Valuation of Louisville Gas and Electric Company Asset Retirement Obligations (ARO)

As of November 1, 2010

**DRAFT-These materials are for discussion and information-gathering purposes only.
They do not and are not intended to present any advice to, recommendations, options
or conclusions of Deloitte Financial Advisory Services LLP.**

Description	Decommissioning Costs (in 2010 \$) [1]	Estimated Decommissioning Date (in 2010 \$) [1]	Time Until Decommissioning (Years)	Time Until Decommissioning (Months)	Inflated Decommissioning Cost [2]	Discount Rate (in %) [3]	PV of Inflated Decommissioning Cost
Canal (Retired) - ASB	\$ 1,575,000.00	12/31/15	5.2	62.0	\$ 1,781,968	2.6	\$ 1,558,198
Cane Run Unit 1 (Retired) - ASB	2,760,000.00	12/31/51	41.2	494.0	7,596,046	5.5	793,449
Cane Run Unit 2 (Retired) - ASB	2,600,000.00	12/31/51	41.2	494.0	7,155,695	5.5	747,452
Cane Run Unit 3 (Retired) - ASB	2,930,000.00	12/31/51	41.2	494.0	8,063,918	5.5	842,321
Cane Run Unit 4 - ASB	3,115,000.00	12/31/51	41.2	494.0	8,573,073	5.5	895,505
Cane Run Unit 5 - ASB	2,540,000.00	12/31/55	45.2	542.0	7,716,274	5.5	647,161
Cane Run Unit 6 - ASB	2,920,000.00	12/31/56	46.2	554.0	9,092,445	5.5	721,862
Center Gas Storage Field - UGS	4,052,250.00	12/31/33	23.2	278.0	7,150,644	5.4	2,052,398
City Gate DR 237900-ASB-Dist	13,974.00	12/31/66	56.2	674.0	55,700	5.5	2,555
CR-Ash Pond	6,627,500.00	12/31/23	13.2	158.0	9,136,082	4.5	5,057,336
CR-Coal Storage	333,000.00	12/31/23	13.2	158.0	459,044	4.5	254,107
CR-Environmental Ponds	843,500.00	12/31/23	13.2	158.0	1,162,774	4.5	643,661
CR-Land Fill	1,809,686.40	12/31/23	13.2	158.0	2,494,673	4.5	1,380,942
CR-Nuclear Sources	53,970.00	12/31/23	13.2	158.0	74,398	4.5	41,184
CR-Sewage Treatment Plant	15,300.00	12/31/23	13.2	158.0	21,091	4.5	11,675
Doe Run 235300-ASB-UGS	192,000.00	12/31/66	56.2	674.0	765,311	5.5	35,099
Doe Run Gas Storage Field - UGS	2,749,410.00	12/31/33	23.2	278.0	4,851,638	5.4	1,392,531
Gas Main & Serv Abandons-Dist	40,500,665.00	12/31/50	40.2	482.0	108,746,871	5.5	11,999,962
LGE Distribution Subs (66) - ASB	901,000.00	12/31/78	68.2	818.0	4,830,006	5.5	114,664
LGE Transmission Subs (11) - ASB	111,442.00	12/31/79	69.2	830.0	612,344	5.5	13,761
Magnolia 235120-ASB-UGS	67,000.00	12/31/75	65.2	782.0	333,523	5.5	9,335
Magnolia 235300-ASB-UGS	201,000.00	12/31/66	56.2	674.0	801,184	5.5	36,744
Magnolia 235600-ASB-UGS	26,000.00	12/31/69	59.2	710.0	111,604	5.5	4,342
Magnolia Gas Storage Field - UGS	2,832,367.00	12/31/33	23.2	278.0	4,998,025	5.4	1,434,547
Manholes - ASB	4,668,187.00	12/31/94	84.2	1010.0	37,149,497	5.5	366,543
MC-Ash Pond	10,122,000.00	12/31/36	26.2	314.0	19,234,763	5.4	4,696,835
MC-Chemical Storage	17,595.75	12/31/36	26.2	314.0	33,437	5.4	8,165
MC-Coal Storage	370,000.00	12/31/36	26.2	314.0	703,108	5.4	171,688
MC-Environmental Ponds	964,000.00	12/31/36	26.2	314.0	1,831,882	5.4	447,318
MC-Landfill	1,818,426.28	12/31/36	26.2	314.0	3,455,542	5.4	843,791
MC-Nuclear Sources	26,890.00	12/31/36	26.2	314.0	51,099	5.4	12,478
MC-Oil Storage	1,286.45	12/31/36	26.2	314.0	2,445	5.4	597
Mill Creek Unit 1 - ASB	3,555,000.00	12/31/59	49.2	590.0	11,920,899	5.5	802,763
Mill Creek Unit 2 - ASB	3,100,000.00	12/31/59	49.2	590.0	10,395,158	5.5	700,019
Mill Creek Unit 3 - ASB	1,750,000.00	12/31/69	59.2	710.0	7,511,836	5.5	292,219
Mill Creek Unit 4 - ASB	2,500,000.00	12/31/69	59.2	710.0	11,160,442	5.5	434,154
Muldrough 235120-ASB-UGS	95,000.00	12/31/75	65.2	782.0	472,906	5.5	13,236
Muldrough 235300-ASB-UGS	151,000.00	12/31/66	56.2	674.0	601,885	5.5	27,604
Muldrough 235600-ASB-UGS	115,000.00	12/31/69	59.2	710.0	493,635	5.5	19,203
Muldrough 237520-ASB-Gas Dist	10,000.00	12/31/50	40.2	482.0	26,851	5.5	2,963
Muldrough Gas Storage Field - UGS	1,109,029.00	12/31/33	23.2	278.0	1,957,004	5.4	561,705
Ohio Falls - ASB	620,000.00	12/31/69	59.2	710.0	2,661,336	5.5	103,529
Paddy's (Unit 11) - ASB	4,600,000.00	12/31/15	5.2	62.0	5,204,478	2.6	4,550,929
Riggs Junction 235120-ASB-UGS	70,603.05	12/31/75	65.2	782.0	351,459	5.5	9,837
Seventh&Ormsby - ComGenPin-ASB	449,000.00	12/31/59	49.2	590.0	1,505,621	5.5	101,390
TC-Ash Pond	14,339,500.00	12/31/36	26.2	314.0	27,249,247	5.4	6,653,850
TC-Chemical Storage	23,797.98	12/31/36	26.2	314.0	45,223	5.4	11,043
TC-Coal Storage	573,500.00	12/31/36	26.2	314.0	1,089,818	5.4	266,117
TC-Environmental Ponds	723,000.00	12/31/36	26.2	314.0	1,373,912	5.4	335,488
TC-Nuclear Sources	32,620.00	12/31/36	26.2	314.0	61,988	5.4	15,136
TC-Sewage Treatment Plant	26,155.00	12/31/36	26.2	314.0	49,702	5.4	12,137
Zorn - ASB	105,000.00	12/31/43	33.2	398.0	237,179	5.5	38,429
City Gate Prest 237900-ASB-Dist	16,000.00	12/31/58	48.2	578.0	52,344	5.5	3,724

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Tm-CR4 GSU	3,000.00	12/31/17	7.2	86.0	3,566	3.3	2,816
Tm-CR5 GSU	3,000.00	12/31/17	7.2	86.0	3,566	3.3	2,816
Tm-CR6 GSU	3,000.00	12/31/17	7.2	86.0	3,566	3.3	2,816
Tm-CR Spare GSU	3,000.00	12/31/17	7.2	86.0	3,566	3.3	2,816
Tm-MC1 GSU	3,000.00	12/31/2018	8.2	98.0	3,655	3.7	2,703
Tm-MC2 GSU	3,000.00	12/31/2019	9.2	110.0	3,747	3.9	2,622
Tm-MC3 GSU	3,000.00	12/31/2023	13.2	158.0	4,136	4.5	2,289
Tm-MC4 GSU	3,000.00	12/31/2028	18.2	218.0	4,679	5.1	1,856
Tm-MC Spare GSU	3,000.00	12/31/2028	18.2	218.0	4,679	5.1	1,856

Estimated Fair Value of AROs (Rounded) \$ 52,200,000

Notes
 1. Estimated decommissioning costs and dates provided by E.ON Management
 2. Rate of Inflation assumption: 2.50%
 3. Discount rate based on yield on BBB+ rated debt deemed to be reflective of a typical market participant in the electric utility space. Assumes monthly compounding.

Crescente, Angela

From: Hannagan, Peter (US - Washington D.C.) <phannagan@deloitte.com>
Sent: Thursday, November 18, 2010 2:57 PM
To: Crescente, Angela
Subject: RE: ARO adjustment

Completely understand. It was my fault anyway. Thanks for being nice about it!

Peter Hannagan
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Thanks Peter. I'm sorry to have bothered you with something so minor since the dollars turned out to be so small, but thought it would be a good idea to make everything right from the start for our support.

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Sent: Thursday, November 18, 2010 2:54 PM
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Sorry Angela. My mistake. Please see attached

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Manager, Property Accounting

Office 502.627.3189

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Crescente, Angela

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Sent: Thursday, November 18, 2010 5:03 PM
To: Crescente, Angela
Subject: RE: aro accretion script results

The fix for the bug made it into Prod and the ARO's will calculate accretion correctly going forward. Josh sent you a file that shows what should have booked vs what actually got booked. Below I was referencing the script that Josh corrected and then sent the results to you.

From: Crescente, Angela [<mailto:Angela.Crescente@lge-ku.com>]
Sent: Thursday, 18 November, 2010 04:54 PM
To: Ann Koch
Subject: RE: aro accretion script results

Is this the fix script or the just the one that tells us how much October and November is different from what should have booked? I guess what I'm asking is did the correct accretion fix script make it to Production? I'm confused.....please help.☺

From: Ann Koch [<mailto:akoch@pwrplan.com>]
Sent: Monday, November 15, 2010 5:35 PM
To: Crescente, Angela
Subject: aro accretion script results

I sent the results to Josh and he indicated he sent the wrong sql. He is going to look at it tonight and then send you the results. Sorry for not letting you know sooner.

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Crescente, Angela

From: Hannagan, Peter (US - Washington D.C.) <phannagan@deloitte.com>
Sent: Thursday, November 18, 2010 6:05 PM
To: Wiseman, Sara; Charnas, Shannon; Scott, Valerie; Crescente, Angela; tjhenninger@pplweb.com; Wiedmar, John; Skaggs, Jennifer; Elmore, Barry; Strange, Vicki
Cc: Motyka, Marlene (US - New York); Francis, Omar (US - New York); Schaeffer, Joshua B (US - New York); Ziglar, Jim (US - New York)
Subject: RE: Revised draft schedules
Attachments: DRAFT PPL Schedules 11.18.10.pdf

All

Please see attached the most recent complete set of schedules reflecting minor changes to ARO valuation.

thanks

Peter Hannagan
Deloitte Financial Advisory Services, LLP

Tel: +1 202 378 5057
Fax: +1 202 661 1113
Mobile: + 1 202 368 0417
phannagan@deloitte.com
www.deloitte.com

From: Hannagan, Peter (US - Washington D.C.)
Sent: Wednesday, November 17, 2010 11:21 AM
To: Schaeffer, Joshua B (US - New York); Wiseman, Sara; Charnas, Shannon; Scott, Valerie; Crescente, Angela; tjhenninger@pplweb.com; Wiedmar, John; 'Skaggs, Jennifer'; Elmore, Barry
Cc: Motyka, Marlene (US - New York); Francis, Omar (US - New York); vicki.strange@eon-us.com
Subject: RE: Revised draft schedules

All

Based on discussions with Jenny Skaggs, we updated OVEC. I am attaching a full set of revised exhibits that include this update, as well as the updated Century analysis from yesterday.

Peter

Peter Hannagan
Deloitte Financial Advisory Services, LLP

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Fax: +1 202 661 1113
Mobile: + 1 202 368 0417
phannagan@deloitte.com
www.deloitte.com

From: Schaeffer, Joshua B (US - New York)
Sent: Tuesday, November 16, 2010 4:42 PM
To: Hannagan, Peter (US - Washington D.C.); Wiseman, Sara; Charnas, Shannon; Scott, Valerie; Crescente, Angela; tjhenninger@pplweb.com; Wiedmar, John; 'Skaggs, Jennifer'; Elmore, Barry
Cc: Motyka, Marlene (US - New York); Francis, Omar (US - New York); vicki.strange@eon-us.com
Subject: RE: Revised draft schedules

All,

We just spoke with Vicki Strange and made a small change to the Century exhibit based on the credit support payment.

Please find the latest exhibit 10 attached.

Josh

From: Hannagan, Peter (US - Washington D.C.)

Sent: Tuesday, November 16, 2010 4:31 PM

To: Wiseman, Sara; Charnas, Shannon; Scott, Valerie; Crescente, Angela; tjhenninger@pplweb.com; Wiedmar, John; 'Skaggs, Jennifer'; Elmore, Barry

Cc: Motyka, Marlene (US - New York); Schaeffer, Joshua B (US - New York); Francis, Omar (US - New York)

Subject: RE: Revised draft schedules

All

Please see a slightly revised set of schedules that have been updated for a minor change to the ARO schedules.

Peter

Peter Hannagan

Deloitte Financial Advisory Services, LLP

Tel: +1 202 378 5057

Fax: +1 202 661 1113

Mobile: + 1 202 368 0417

phannagan@deloitte.com

www.deloitte.com

From: Hannagan, Peter (US - Washington D.C.)

Sent: Tuesday, November 16, 2010 3:13 PM

To: 'Wiseman, Sara'; Charnas, Shannon; Scott, Valerie; Crescente, Angela; tjhenninger@pplweb.com; Wiedmar, John; 'Skaggs, Jennifer'; 'Elmore, Barry'

Cc: Motyka, Marlene (US - New York); Andy Chu; Francis, Omar (US - New York)

Subject: Revised draft schedules

All

With the revisions to various schedules over the last few days, we wanted to send out a full set of the latest schedules.

Please see attached and let us know if you have any questions.

Regards

Peter

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Mobile: + 1 202 368 0417

phannagan@deloitte.com

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Crescente, Angela

From: Wiseman, Sara
Sent: Thursday, November 18, 2010 8:06 PM
To: Charnas, Shannon; Scott, Valerie
Cc: Crescente, Angela; Wacker, Diana
Subject: FW: Revised draft schedules
Attachments: DRAFT PPL Schedules 11.18.10.pdf

Valerie and Shannon:

As of right now, we are OK with this adjustment. We have been entering the info into PowerPlant **DEV** and are feeling good about coming back to the same numbers in the system. We are expecting a script from PowerPlant on Friday to help make the change over from the "old" ARO amounts to the new purchase accounting amounts. We plan to run a close tomorrow in Dev to see what comes out. DEV will be refreshed over the weekend so we can run a close again next week and possibly even the week after that to get as close as we can in the time that we have.

Sara

From: Hannagan, Peter (US - Washington D.C.) [<mailto:phannagan@deloitte.com>]
Sent: Thursday, November 18, 2010 6:05 PM
To: Wiseman, Sara; Charnas, Shannon; Scott, Valerie; Crescente, Angela; tjhenninger@pplweb.com; Wiedmar, John; Skaggs, Jennifer; Elmore, Barry; Strange, Vicki
Cc: Motyka, Marlene (US - New York); Francis, Omar (US - New York); Schaeffer, Joshua B (US - New York); Ziglar, Jim (US - New York)
Subject: RE: Revised draft schedules

All

Please see attached the most recent complete set of schedules reflecting minor changes to ARO valuation.

thanks

Peter Hannagan
Deloitte Financial Advisory Services, LLP

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Peter

Peter Hannagan
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To: Hannagan, Peter (US - Washington D.C.); Wiseman, Sara; Charnas, Shannon; Scott, Valerie; Crescente, Angela; tjhenninger@pplweb.com; Wiedmar, John; 'Skaggs, Jennifer'; Elmore, Barry
Cc: Motyka, Marlene (US - New York); Francis, Omar (US - New York); vicki.strange@eon-us.com
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From: Hannagan, Peter (US - Washington D.C.)
Sent: Tuesday, November 16, 2010 4:31 PM
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Cc: Motyka, Marlene (US - New York); Schaeffer, Joshua B (US - New York); Francis, Omar (US - New York)
Subject: RE: Revised draft schedules

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Peter

Peter Hannagan
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To: 'Wiseman, Sara'; Charnas, Shannon; Scott, Valerie; Crescente, Angela; tjhenninger@pplweb.com; Wiedmar, John; 'Skaggs, Jennifer'; 'Elmore, Barry'
Cc: Motyka, Marlene (US - New York); Andy Chu; Francis, Omar (US - New York)
Subject: Revised draft schedules

All

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Regards
Peter

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Crescente, Angela

From: erin.m.schroering@us.pwc.com
Sent: Friday, November 19, 2010 10:26 AM
To: Wiseman, Sara; Crescente, Angela
Subject: PPE controls question - AROs

Hi Sara and Angela,

I had a quick question regarding a couple of the acquisition of PP&E controls and thought one of you may be able to help me out.

I am looking at controls C.04.02.01.21 and C.04.02.01.22, which I have included below. I believe these controls occur on an "event-driven" basis. Do you know how many times these event-driven controls has occurred?

C.04.02.01.21

During the AIP review 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 and if appropriate, contacts the E.ON U.S. 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.

C.04.02.01.22

If an ARO is required, information regarding the amount is gathered by the Property Accounting Analyst from the appropriate company personnel (operating units, Legal, Environmental, etc.) and the present value of the future retirement obligation is calculated in accordance with the guidelines under Statement of Financial Accounting Standards No. 143 and FASB Interpretation No. 47.

Please let me know at your earliest convenience. Thank you for your help!

Erin M Schroering
Assurance Associate

PricewaterhouseCoopers LLP (pwc.com)
500 West Main Street Suite 1800
Louisville, KY 40202-4264
Telephone: +1 502 585 7743
Facsimile: +1 813 281 6504
Mobile: +1 502 419 0288

erin.m.schroering@us.pwc.com

Print less, think more.

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Crescente, Angela

From: Crescente, Angela
Sent: Friday, November 19, 2010 1:11 PM
To: 'Josh Hirschel'
Cc: 'Jim Ogilvie'; Wiseman, Sara; Kinder, Debra
Subject: RE: ARO adjustment

Tracking:	Recipient	Read
	'Josh Hirschel'	
	'Jim Ogilvie'	
	Wiseman, Sara	Read: 11/19/2010 2:04 PM
	Kinder, Debra	Read: 11/19/2010 2:48 PM

Josh,

Thanks for your help. I'm going to be closing the month in a little bit to see how all of this looks. The PTAXDEV database is set to refresh this weekend, so we will get IT to run the adjustment script again on Monday.

I think you can test the re-input of the transition AROs in our PTAXTEST environment. Let me know if that works.

Thanks,
Angela

From: Josh Hirschel [mailto:jhirschel@pwrplan.com]
Sent: Friday, November 19, 2010 11:57 AM
To: 'Jim Ogilvie'; Wiseman, Sara
Cc: Crescente, Angela
Subject: RE: ARO adjustment

Sara/Angela –

I wrote and ran a script to modify all non-transition ARO/ARC's in the TAXDEV environment. The script performs these steps:

- 1) Creates Liability Adjustment on AROs to Zero liability
- 2) Changes the ARO Status to "inactive"
- 3) Creates Asset adjustment to 0 out the ARC Asset values.
- 4) Creates offset Regulatory Adjustment to 0 out all accounts in the regulatory transactions screen.

This script does not currently make any reserve adjustments. I am envisioning problems due to the mid-period convention (half month activity) that you guys calculate your ARO Depr Groups with. We may just need to make a reserve adjustment to 0 the reserve through the application and then reverse this months depreciation expense for the AROs. The plant balance will be updated to 0 dollars next month for these ARO assets and if a reserve adjustment is made then the reserve = 0. Starting next month the system will not produce any depreciation, but this month is the problem where we may need to make manual journals in the GL to reverse it.

Let me know if you have any questions.

Charnas

Attached is the script that needs to run if the Database is refreshed and we want to implement the above changes again.

Lastly, attached is another script that will re-input your setup for the transition AROs in case your database gets refreshed. Is there a place where I can run this script to test it?

Thanks,

Josh

From: Jim Ogilvie [mailto:jogilvie@pwrplan.com]

Sent: Wednesday, 17 November, 2010 8:59 PM

To: 'Wiseman, Sara'

Cc: 'Crescente, Angela'; 'Josh Hirschel'

Subject: RE: ARO adjustment

Sara,

Here is the plan:

- Peter needs to add another month when discounting the future expected cash flow. This is because we essentially have to load October 2010 ending balances and will need to accrete those values for X years plus 2 months for settlement in December of a future year. This means accretion will be calculated in the expected settlement month. Settlement is normally an end of month activity, so I think this makes sense.
- On the cash flows, you have two options:
 - Take Peter's expected future cash flow and plug it directly into PP (no today's cost or inflation rate)
 - Make Peter change his method for calculating future cash flow to match PP (annual compounding & no fractional years)
- When you post the transition ARO's, it will create an ending liability balance (just in PP) for October 2010 and book that entry in November 2010, along with November accretion.
- You will need to make the reg entries for this activity manually (you can use the manual reg entry tool).
- Josh will be working later this week on the SQL script to disable the existing ARO's.

--

Jim Ogilvie

jogilvie@pwrplan.com

678-421-4809

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

Sent: Wednesday, 17 November, 2010 3:58 PM

To: Jim Ogilvie

Subject: FW: ARO adjustment

From: Hannagan, Peter (US - Washington D.C.) [mailto:phannagan@deloitte.com]

Sent: Wednesday, November 17, 2010 3:07 PM

To: Wiseman, Sara; Motyka, Marlene (US - New York)

Cc: Horne, Elliott; Crescente, Angela

Subject: RE: ARO adjustment

Sara

I think the attached should address what we discussed but please let me know if there are still disconnects with what the Power Plant system estimates.

thanks

Peter Hannagan
Deloitte Financial Advisory Services, LLP

Tel: +1 202 378 5057
Fax: +1 202 661 1113
Mobile: + 1 202 368 0417
phannagan@deloitte.com
www.deloitte.com

From: Wiseman, Sara [mailto:Sara.Wiseman@lge-ku.com]
Sent: Wednesday, November 17, 2010 12:41 PM
To: Hannagan, Peter (US - Washington D.C.); Motyka, Marlene (US - New York)
Cc: Horne, Elliott; Crescente, Angela
Subject: RE: ARO adjustment

Peter:

Thanks for agreeing on such short notice. I just sent a meeting notice, but in case you did not receive it here is the call in information:

This conference is scheduled to begin on November 17 2010 at 02:00 PM EST + DST (Eastern US).

This conference is scheduled to last for 60 minutes.

To access this conference via telephone, please call a number from the list below;

2526, LG&E Internal.
7-627-2526, KU On-net 7+seven.
627-2526, Louisville area local call.
502-627-2526, North America Long Distance.

when prompted for your conference code, please enter **6724** on your telephone keypad.

From: Hannagan, Peter (US - Washington D.C.) [mailto:phannagan@deloitte.com]
Sent: Wednesday, November 17, 2010 11:45 AM
To: Wiseman, Sara; Motyka, Marlene (US - New York)
Cc: Horne, Elliott; Crescente, Angela
Subject: RE: ARO adjustment

Sara - I can talk before 1pm or between 2-3pm.

Peter Hannagan
Deloitte Financial Advisory Services, LLP

Tel: +1 202 378 5057
Fax: +1 202 661 1113
Mobile: + 1 202 368 0417
phannagan@deloitte.com
www.deloitte.com

From: Wiseman, Sara [mailto:Sara.Wiseman@lge-ku.com]
Sent: Wednesday, November 17, 2010 11:42 AM
To: Hannagan, Peter (US - Washington D.C.); Motyka, Marlene (US - New York)

Cc: Horne, Elliott; Crescente, Angela
Subject: ARO adjustment

Hi Peter/Marlene:

We still have some questions we would like to talk over with you this afternoon regarding AROs . Are you available at 3 or before? I know this is short notice, but we are working hard to try to finalize the numbers.

Sara Wiseman

Manager, Property Accounting

Office 502.627.3189

Cell 502.338.0886

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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.

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Crescente, Angela

From: Kinder, Debra
Sent: Friday, November 19, 2010 4:51 PM
To: Neal, Susan; Wiseman, Sara; Wacker, Diana
Cc: Shultz, Cathy; Duce, John; Crescente, Angela
Subject: RE: Update with actuals issue

This entry was only intended to set up unitization on an ARO. The project and task were charged correctly in Oracle, the purpose of this entry was to move the charges to a unique **work order** for ARO processing. We have done this many times, and we never allow the CR entry to be booked to the General Ledger. We don't see the connection between work order activity and the grid estimates. Is this because of conversion activity loading actuals for the budget implementation? It still seems like work orders would have no relationship to your CR reporting.

Deb and Angela

From: Neal, Susan
Sent: Friday, November 19, 2010 2:20 PM
To: Kinder, Debra; Wiseman, Sara; Wacker, Diana
Cc: Shultz, Cathy; Duce, John
Subject: FW: Update with actuals issue

I am out next week but when I get back the following week, I will like to discuss what these entries mean and how they affect the grid estimate window.

Thank you,
Susan Neal
Manager, Financial Analysis
LG&E and KU Services Company
220 W. Main St.
Louisville, KY 40202
(502) 627-3447
susan.neal@lge-ku.com

From: David Brumbeloe [mailto:dbrumbeloe@pwrplan.com]
Sent: Friday, November 19, 2010 12:07 PM
To: Neal, Susan
Cc: Duce, John; Shultz, Cathy
Subject: RE: Update with actuals issue

If this needs to zero out, then the work order value needs to be on both sides of the journal entry. It is the work order value that determines whether transactions are loaded to the CWIP Charge table. The Update with Actuals processing only uses that CWIP Charge table. It is base functionality to use this table and cannot be changed.

Therefore, if a transaction in the CR does not have a work order value, it does not get to the CWIP Charge table and does not get loaded through the Update with Actuals processing at the funding project level.

-- David

From: Neal, Susan [mailto:Susan.Neal@lge-ku.com]
Sent: Friday, 19 November, 2010 10:28 AM
To: David Brumbeloe
Cc: Duce, John; Shultz, Cathy
Subject: RE: Update with actuals issue

So is the update with actual program looking at the work orders to do the summing? It seems to me if it was summing tasks, this would net to zero. If it is summing work orders, then it would show the spend since the work orders do not net. It should be summing tasks not work orders.

PowerPlant ----- **PTAXPROD Database**

File Edit Subsystem Batch Admin Preferences Window Activity Help

Unit Cat Projects Budgets Tables CR Admin MyPPlant Help Calc Print Win

DrillDo... Quit

Cost Repository - CR - Summary

CR_COST_REPOSITORY

Project	Task	Work Order	Quantity	Amount
112767	70A	112767	0.00	\$66,950.00
112767	CP ARO2007		0.00	(\$180,534.55)
112767	CP ARO2007	112767-CP ARO2007	0.00	\$180,534.55
112767	CP ARO2008		0.00	(\$246,987.67)
112767	CP ARO2008	112767-CP ARO2008	0.00	\$246,987.67
112767	CP ARO2008A		0.00	(\$104,408.02)
112767	CP ARO2008A	112767-CP ARO2008A	0.00	\$104,408.02
112767	CP ARO2009		0.00	\$0.00
112767	CP ARO2009	112767-CP ARO2009	0.00	\$0.00
			0.00	\$66,950.00

Rows 1 to 5 of 9

start | [Icons] | [Inbox - Microsoft] | [RE: Update with actio] | PowerPlant -----

Thank you,
Susan Neal
Manager, Financial Analysis
LG&E and KU Services Company
220 W. Main St.
Louisville, KY 40202
(502) 627-3447
susan.neal@lge-ku.com

From: David Brumbeloe [mailto:dbrumbeloe@pwrplan.com]
Sent: Friday, November 19, 2010 8:55 AM
To: Neal, Susan
Cc: Duce, John; Shultz, Cathy
Subject: RE: Update with actuals issue

I found the charges in the CWIP Charge table (used for the Update with Actuals) and the primary CR table (i.e., CR_COST_REPOSITORY). It appears that these transactions were Manual JE's input into the CR. They have a CR Source = 14 (Journal Lines) and the Expenditure Type = CORPORATE DEFAULT. I have attached a spreadsheet with the charge transactions in question from both of these tables.

Since this is a manual JE entered through the CR, it will not be in Oracle Projects. However, it should have been loaded to the Oracle GL. You may be having trouble finding it in the CR because of the Source, since you may not include the Journal Entry source in your CR queries.

Let me know if you have any other questions.

-- David

From: Neal, Susan [mailto:Susan.Neal@lge-ku.com]
Sent: Thursday, 18 November, 2010 05:10 PM
To: David Brumbeloe
Cc: Duce, John; Shultz, Cathy
Subject: Update with actuals issue

On project 112767, we found an actuals charge in January 2010 on the grid estimate window that is not in the CR and is not in Oracle. Can you find out what it is and where it came from? It is the charge for \$531,930 on the retireesum task. See attached.

Thank you,
Susan Neal
Manager, Financial Analysis
LG&E and KU Services Company
220 W. Main St.
Louisville, KY 40202
(502) 627-3447
susan.neal@lge-ku.com

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Crescente, Angela

From: Josh Hirschel <jhirschel@pwrplan.com>
Sent: Friday, November 19, 2010 4:55 PM
To: Crescente, Angela
Cc: Kinder, Debra
Subject: RE: Scanned Document
Attachments: eon_remove_aros.sql

This issue is that the Plant Balance was not 0 on CPR Depr. My script did not update CPR Depr, but it should have. That is a little tricky as I would also need to summarize into DEPR Ledger and it could cause issues with the other AROs that you are posting in the same month. Unfortunately, I think that this would be cleaner if you made the asset adjustments in the system. The Post program will ensure to update all the subsidiary tables that could be missed with a manual script. Do you think that would be possible?

I have attached a change to the script I sent this morning to remove the asset adjustment it was attempting to make. The ARO liability and the Regulatory entries will still be updated to 0.

Thanks,
Josh

From: Crescente, Angela [<mailto:Angela.Crescente@lge-ku.com>]
Sent: Friday, 19 November, 2010 4:44 PM
To: Josh Hirschel
Cc: Kinder, Debra
Subject: FW: Scanned Document

From: Hilbert, Debbie
Sent: Friday, November 19, 2010 4:05 PM
To: Crescente, Angela
Subject: Scanned Document

<<Depreciation Adjustment0001.pdf>>

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Crescente, Angela

From: Crescente, Angela
Sent: Friday, November 19, 2010 6:06 PM
To: 'Jim Ogilvie'
Cc: 'Josh Hirschel'; Kinder, Debra
Subject: FW: ARO adjustment
Attachments: eon_remove_aros.sql; eon_reconvert_aros.txt

Jim,

Our IT people have left the building so I was wondering if you could run the second script to re-input our transition setup in PTAXTEST if you have are still available.

Thanks,
Angela

From: Josh Hirschel [mailto:jhirschel@pwrplan.com]
Sent: Friday, November 19, 2010 11:57 AM
To: 'Jim Ogilvie'; Wiseman, Sara
Cc: Crescente, Angela
Subject: RE: ARO adjustment

Sara/Angela –

I wrote and ran a script to modify all non-transition ARO/ARC's in the TAXDEV environment. The script performs these steps:

- 1) Creates Liability Adjustment on AROs to Zero liability
- 2) Changes the ARO Status to "inactive"
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- 4) Creates offset Regulatory Adjustment to 0 out all accounts in the regulatory transactions screen.

This script does not currently make any reserve adjustments. I am envisioning problems due to the mid-period convention (half month activity) that you guys calculate your ARO Depr Groups with. We may just need to make a reserve adjustment to 0 the reserve through the application and then reverse this months depreciation expense for the AROs. The plant balance will be updated to 0 dollars next month for these ARO assets and if a reserve adjustment is made then the reserve = 0. Starting next month the system will not produce any depreciation, but this month is the problem where we may need to make manual journals in the GL to reverse it.

Let me know if you have any questions.

Attached is the script that needs to run if the Database is refreshed and we want to implement the above changes again.

Lastly, attached is another script that will re-input your setup for the transition AROs in case your database gets refreshed. Is there a place where I can run this script to test it?

Thanks,
Josh

From: Jim Ogilvie [mailto:jogilvie@pwrplan.com]
Sent: Wednesday, 17 November, 2010 8:59 PM
To: 'Wiseman, Sara'
Cc: 'Crescente, Angela'; 'Josh Hirschel'
Subject: RE: ARO adjustment

Sara,

Here is the plan:

- Peter needs to add another month when discounting the future expected cash flow. This is because we essentially have to load October 2010 ending balances and will need to accrete those values for X years plus 2 months for settlement in December of a future year. This means accretion will be calculated in the expected settlement month. Settlement is normally an end of month activity, so I think this makes sense.
- On the cash flows, you have two options:
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 - Make Peter change his method for calculating future cash flow to match PP (annual compounding & no fractional years)
- When you post the transition ARO's, it will create an ending liability balance (just in PP) for October 2010 and book that entry in November 2010, along with November accretion.
- You will need to make the reg entries for this activity manually (you can use the manual reg entry tool).
- Josh will be working later this week on the SQL script to disable the existing ARO's.

--

Jim Ogilvie
jogilvie@pwrplan.com
678-421-4809

From: Wiseman, Sara [mailto:Sara.Wiseman@lge-ku.com]
Sent: Wednesday, 17 November, 2010 3:58 PM
To: Jim Ogilvie
Subject: FW: ARO adjustment

From: Hannagan, Peter (US - Washington D.C.) [mailto:phannagan@deloitte.com]
Sent: Wednesday, November 17, 2010 3:07 PM
To: Wiseman, Sara; Motyka, Marlene (US - New York)
Cc: Horne, Elliott; Crescente, Angela
Subject: RE: ARO adjustment

Sara

I think the attached should address what we discussed but please let me know if there are still disconnects with what the Power Plant system estimates.

thanks

Peter Hannagan
Deloitte Financial Advisory Services, LLP

Tel: +1 202 378 5057
Fax: +1 202 661 1113
Mobile: + 1 202 368 0417
phannagan@deloitte.com
www.deloitte.com

From: Wiseman, Sara [mailto:Sara.Wiseman@lge-ku.com]
Sent: Wednesday, November 17, 2010 12:41 PM
To: Hannagan, Peter (US - Washington D.C.); Motyka, Marlene (US - New York)
Cc: Horne, Elliott; Crescente, Angela
Subject: RE: ARO adjustment

Peter:

Thanks for agreeing on such short notice. I just sent a meeting notice, but in case you did not receive it here is the call information:

This conference is scheduled to begin on November 17 2010 at 02:00 PM EST + DST (Eastern US).

This conference is scheduled to last for 60 minutes.

To access this conference via telephone, please call a number from the list below;

2526, LG&E Internal.

7-627-2526, KU On-net 7+seven.

627-2526, Louisville area local call.

502-627-2526, North America Long Distance.

when prompted for your conference code, please enter **6724** on your telephone keypad.

From: Hannagan, Peter (US - Washington D.C.) [mailto:phannagan@deloitte.com]
Sent: Wednesday, November 17, 2010 11:45 AM
To: Wiseman, Sara; Motyka, Marlene (US - New York)
Cc: Horne, Elliott; Crescente, Angela
Subject: RE: ARO adjustment

Sara - I can talk before 1pm or between 2-3pm.

Peter Hannagan
Deloitte Financial Advisory Services, LLP

Tel: +1 202 378 5057
Fax: +1 202 661 1113
Mobile: + 1 202 368 0417
phannagan@deloitte.com
www.deloitte.com

From: Wiseman, Sara [mailto:Sara.Wiseman@lge-ku.com]
Sent: Wednesday, November 17, 2010 11:42 AM
To: Hannagan, Peter (US - Washington D.C.); Motyka, Marlene (US - New York)
Cc: Horne, Elliott; Crescente, Angela
Subject: ARO adjustment

Hi Peter/Marlene:

We still have some questions we would like to talk over with you this afternoon regarding AROs . Are you available at 3 or before? I know this is short notice, but we are working hard to try to finalize the numbers.

Sara Wiseman

Manager, Property Accounting

Office 502.627.3189

Cell 502.338.0886

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eon_remove_aros.sql

```
insert into aro_liability_adj (aro_id, layer_id, month_yr, accretion_adjust,  
liability_adjust, notes, settlement_Adjust, Layer_Stream_date)  
select aro_id, layer_id, to_date(201011, 'yyyymm'), 0, (beg_liability + new_incurred  
+ settled + accreted + revised + gain_loss + input_gain_loss + accretion_adjust +  
liability_adjust) * -1,  
'Remove AROs for Revaluation', 0, to_Date(190001, 'yyyymm')  
from aro_liability  
where aro_id in (  
    select aro_id  
    from aro  
    where nvl(transition_indicator, 0) <> 1)  
and layer_id > 0  
and month_yr = to_date(201011, 'yyyymm')  
and beg_liability + new_incurred + settled + accreted + revised + gain_loss +  
input_gain_loss + accretion_adjust + liability_adjust <> 0;
```

```
update aro_liability a  
set liability_adjust =  
    (select liability_adjust  
    from aro_liability_adj b  
    where a.aro_id = b.aro_id  
    and a.layer_id = b.layer_id  
    and b.month_yr = to_Date(201011, 'yyyymm')  
    and a.month_yr = b.month_yr)  
where month_yr = to_Date(201011, 'yyyymm')  
and aro_id in (select aro_id from aro where nvl(transition_indicator, 0) <> 1)  
and exists  
    (select 1  
    from aro_liability_adj b  
    where a.aro_id = b.aro_id  
    and a.layer_id = b.layer_id  
    and b.month_yr = to_Date(201011, 'yyyymm')  
    and a.month_yr = b.month_yr);
```

```
update aro_liability  
set end_liability = beg_liability + new_incurred + settled + accreted + revised +  
gain_loss + input_gain_loss + accretion_adjust + liability_adjust  
where month_yr = to_date(201011, 'yyyymm')  
and aro_id in (select aro_id from aro where nvl(transition_indicator, 0) <> 1);
```

```
update aro  
set aro_status_id = 4  
where nvl(transition_indicator, 0) <> 1;
```

```
update aro_layer  
set aro_status_id = 4  
where aro_id in (select aro_id from aro where nvl(transition_indicator, 0) <> 1)  
and layer_id > 0;
```

```
insert into cpr_activity (asset_id, asset_Activity_id, gl_posting_mo_yr,  
cpr_posting_mo_yr, work_order_number, description,  
long_description, activity_code, activity_status, activity_quantity, activity_cost,  
ferc_Activity_code, month_number, activity_cost_2)  
select asset_id, max(asset_activity_id) + 1, to_date(201011, 'yyyymm'),  
to_date(201011, 'yyyymm'), 'Conversion', 'ARO Asset Re-valuation adjustment',  
'ARO Asset Re-valuation adjustment', 'UADD', 47, 0, sum(activity_cost) * -1, 1,  
201011, 0  
from cpr_activity a  
where asset_id in  
    (select asset_id from aro where nvl(transition_indicator, 0) <> 1)
```

eon_remove_aros.sql

```
group by asset_id;
```

```
insert into cpr_act_basis (asset_id, asset_activity_id, basis_10, basis_17)
select asset_id, max(asset_activity_id) + 1, sum(basis_10) * -1, sum(basis_17) * -1
from cpr_act_basis a
where asset_id in
      (select asset_id from aro where nvl(transition_indicator, 0) <> 1)
group by asset_id;
```

```
update cpr_ldg_basis
set basis_10 = 0, basis_17 = 0
where asset_id in
      (select asset_id from aro where nvl(transition_indicator, 0) <> 1);
```

```
update cpr_ledger
set accum_cost = 0
where asset_id in
      (select asset_id from aro where nvl(transition_indicator, 0) <> 1);
```

```
insert into regulatory_transactions (entry_trans_id, entry_id, depr_Group_id,
aro_id, company_id, offset_ind, adj_flag, gl_je_Code, gl_posting_mo_Yr,
gl_Account_id, amount,
gl_acct_string, processing_month, status)
select pwrplant1.nextval, entry_id, depr_Group_id, aro_id, company_id, offset_ind,
0, 'ARO', to_date(201011, 'yyyymm'), gl_Account_id, amount,
'ARO Re-Valuation', to_date(201010, 'yyyymm'), 2
from
      (select entry_id, depr_Group_id, aro_id, company_id, offset_ind,
gl_Account_id, (sum(amount) * -1) amount
      from regulatory_transactions
      where aro_id in (select aro_id from aro where nvl(transition_indicator, 0)
<> 1)
      group by entry_id, depr_Group_id, aro_id, company_id, offset_ind,
gl_Account_id);
commit;
```

Crescente, Angela

From: Crescente, Angela
Sent: Friday, November 19, 2010 6:06 PM
To: 'Jim Ogilvie'
Cc: 'Josh Hirschel'; Kinder, Debra
Subject: FW: ARO adjustment
Attachments: eon_remove_aros.sql; eon_reconvert_aros.txt

Jim,

Our IT people have left the building so I was wondering if you could run the second script to re-input our transition setup in PTAXTEST if you have are still available.

Thanks,
Angela

From: Josh Hirschel [mailto:jhirschel@pwrplan.com]
Sent: Friday, November 19, 2010 11:57 AM
To: 'Jim Ogilvie'; Wiseman, Sara
Cc: Crescente, Angela
Subject: RE: ARO adjustment

Sara/Angela –

I wrote and ran a script to modify all non-transition ARO/ARC's in the TAXDEV environment. The script performs these steps:

- 1) Creates Liability Adjustment on AROs to Zero liability
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Let me know if you have any questions.

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Thanks,
Josh

From: Jim Ogilvie [mailto:jogilvie@pwrplan.com]
Sent: Wednesday, 17 November, 2010 8:59 PM
To: 'Wiseman, Sara'
Cc: 'Crescente, Angela'; 'Josh Hirschel'
Subject: RE: ARO adjustment

Sara,

Here is the plan:

- Peter needs to add another month when discounting the future expected cash flow. This is because we essentially have to load October 2010 ending balances and will need to accrete those values for X years plus 2 months for settlement in December of a future year. This means accretion will be calculated in the expected settlement month. Settlement is normally an end of month activity, so I think this makes sense.
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--

Jim Ogilvie
jogilvie@pwrplan.com
678-421-4809

From: Wiseman, Sara [mailto:Sara.Wiseman@lge-ku.com]
Sent: Wednesday, 17 November, 2010 3:58 PM
To: Jim Ogilvie
Subject: FW: ARO adjustment

From: Hannagan, Peter (US - Washington D.C.) [mailto:phannagan@deloitte.com]
Sent: Wednesday, November 17, 2010 3:07 PM
To: Wiseman, Sara; Motyka, Marlene (US - New York)
Cc: Horne, Elliott; Crescente, Angela
Subject: RE: ARO adjustment

Sara

I think the attached should address what we discussed but please let me know if there are still disconnects with what the Power Plant system estimates.

thanks

Peter Hannagan
Deloitte Financial Advisory Services, LLP

Tel: +1 202 378 5057
Fax: +1 202 661 1113
Mobile: + 1 202 368 0417
phannagan@deloitte.com
www.deloitte.com

From: Wiseman, Sara [mailto:Sara.Wiseman@lge-ku.com]
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627-2526, Louisville area local call.

502-627-2526, North America Long Distance.

when prompted for your conference code, please enter **6724** on your telephone keypad.

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Cc: Horne, Elliott; Crescente, Angela
Subject: RE: ARO adjustment

Sara - I can talk before 1pm or between 2-3pm.

Peter Hannagan
Deloitte Financial Advisory Services, LLP

Tel: +1 202 378 5057
Fax: +1 202 661 1113
Mobile: + 1 202 368 0417
phannagan@deloitte.com
www.deloitte.com

From: Wiseman, Sara [mailto:Sara.Wiseman@lge-ku.com]
Sent: Wednesday, November 17, 2010 11:42 AM
To: Hannagan, Peter (US - Washington D.C.); Motyka, Marlene (US - New York)
Cc: Horne, Elliott; Crescente, Angela
Subject: ARO adjustment

Hi Peter/Marlene:

We still have some questions we would like to talk over with you this afternoon regarding AROs . Are you available at 3 or before? I know this is short notice, but we are working hard to try to finalize the numbers.

Sara Wiseman

Manager, Property Accounting

Office 502.627.3189

Cell 502.338.0886

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Crescente, Angela

From: Wiseman, Sara
Sent: Monday, November 22, 2010 5:00 AM
To: Crescente, Angela
Subject: FW: BBB Curve for AROs
Attachments: Book1.xlsx

Was this one of the emails you were looking for?

From: Scott, Valerie
Sent: Thursday, November 11, 2010 8:23 AM
To: Charnas, Shannon; Wiseman, Sara; Pienaar, Lesley
Subject: FW: BBB Curve for AROs

FYI

Valerie


From: Motyka, Marlene (US - New York) [<mailto:mmotyka@deloitte.com>]
Sent: Wednesday, November 10, 2010 10:10 PM
To: Henninger, Tadd J; Scott, Valerie
Cc: Hannagan, Peter (US - Washington D.C.); Schaeffer, Joshua B (US - New York)
Subject: BBB Curve for AROs

Attached please find the curve we were using the AROs.

Marlene M Motyka
Principal
Valuation Services
Deloitte Financial Advisory Services LLP

Tel: +1 212 436 5605
Fax: +1 212 653 3343
mmotyka@deloitte.com
www.deloitte.com

Two World Financial Center
New York, NY 10281-1414
USA

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	Quoted Yld	CC Yld
3 mo	1.1125	0.011094
6 mo	1.1536	0.011503
1 y	1.4144	0.014094
2	1.601	0.015946
3	2.0289	0.020187
4	2.4809	0.024656
5	2.7162	0.026979
7	3.5715	0.0354
8	3.9687	0.039298
9	4.2091	0.041654
10	4.4107	0.043628
15	4.9371	0.048771
20	5.5525	0.054768
25	5.7221	0.056418
30	5.8704	0.057859

Crescente, Angela

From: Richardson, Ralph
Sent: Monday, November 22, 2010 10:25 AM
To: Crescente, Angela; Duce, John
Subject: RE: ARO adjustment

Angela,

I'm having to fix the script that was sent. I'll let you know when I'm done. The syntax isn't correct and places where there is a "&" causes SQL issues.

-Ralph

From: Crescente, Angela
Sent: Monday, November 22, 2010 8:42 AM
To: Duce, John; Richardson, Ralph
Subject: FW: ARO adjustment

John or Ralph,

Please run this script in PTAXDEV when you get a chance.

Thanks,
Angela

Crescente, Angela

From: Wiseman, Sara
Sent: Tuesday, November 16, 2010 5:36 AM
To: Scott, Valerie; Charnas, Shannon
Cc: Crescente, Angela
Subject: RE: ARO purchase accounting

Angela and Elliott are looking at the calculations. It seems there is a problem with them. I'll know more this morning and let me you know what are our findings are.

From: Scott, Valerie
Sent: Monday, November 15, 2010 6:23 PM
To: Wiseman, Sara; Charnas, Shannon
Subject: FW: ARO purchase accounting

I wasn't expecting it to go down. Do we know why it did?

Valerie

From: Hannagan, Peter (US - Washington D.C.) [<mailto:phannagan@deloitte.com>]
Sent: Monday, November 15, 2010 1:02 PM
To: Motyka, Marlene (US - New York); Wiseman, Sara; Schaeffer, Joshua B (US - New York)
Cc: Charnas, Shannon; Scott, Valerie; Crescente, Angela; Henninger, Tadd J
Subject: RE: ARO purchase accounting

Sara

Please see updated ARO analysis attached

thanks

Peter Hannagan
Deloitte Financial Advisory Services, LLP

Tel: +1 202 378 5057
Fax: +1 202 661 1113
Mobile: + 1 202 368 0417
phannagan@deloitte.com
www.deloitte.com

From: Motyka, Marlene (US - New York)
Sent: Monday, November 15, 2010 1:01 PM
To: Wiseman, Sara; Schaeffer, Joshua B (US - New York); Hannagan, Peter (US - Washington D.C.)
Cc: Charnas, Shannon; Scott, Valerie; Crescente, Angela
Subject: RE: ARO purchase accounting

Peter,
Can you send the ARO schedules out?


Thanks

Marlene

Marlene M Motyka
Principal
Valuation Services
Deloitte Financial Advisory Services LLP

Tel: +1 212 436 5605
Fax: +1 212 653 3343
mmotyka@deloitte.com
www.deloitte.com

Two World Financial Center
New York, NY 10281-1414
USA

 Please consider the environment before printing

From: Wiseman, Sara [<mailto:Sara.Wiseman@lge-ku.com>]
Sent: Monday, November 15, 2010 12:26 PM
To: Motyka, Marlene (US - New York); Schaeffer, Joshua B (US - New York)
Cc: Charnas, Shannon; Scott, Valerie; Crescente, Angela
Subject: FW: ARO purchase accounting

Hi Marlene:

When can we expect a new calculation for AROs? We need to begin work on our computer system as well as book the entries. We really need to have the calculation back by close of business tomorrow (Tuesday) or sooner if you can.

Thanks for your help.

From: Wiseman, Sara
Sent: Friday, November 12, 2010 2:10 PM
To: 'Motyka, Marlene (US - New York)'
Cc: Scott, Valerie; Charnas, Shannon; Crescente, Angela; Arbough, Dan; Pienaar, Lesley
Subject: ARO purchase accounting

<<Purchase Accounting discount rates (2).xlsx>>

Hi Marlene:

We have been reviewing the inflation rate and discount rates used for the ARO purchasing accounting adjustment.

We are now comfortable with the use of the inflation rate at 2.5%.

Regarding the discount rate, we believe that the use of the BBB+ swap curve (from Bloomberg as of November 1) is a more appropriate rate to use as that is our rating for unsecured bonds. It more closely matches the yield on our bonds priced this past Monday. I have attached a file with these rates. We would like to see the ARO calculations re-performed with the use of these rates. Please let me know when you think the new calculations will be available for our review.

Sara Wiseman

Manager, Property Accounting

Office 502.627.3189

Cell 502.338.0886

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.

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Crescente, Angela

From: Wiseman, Sara
Sent: Tuesday, November 16, 2010 5:46 AM
To: Bixler, Charles; Clark, Ed; Clark, Lynda; Crescente, Angela; Daly, Karen; Griffin, Sharon; Kinder, Debra; Leenerts, Patricia; Riggs, Eric; Rose, Bruce; Wacker, Diana; Wilson, Prevonne
Subject: FW: ARO revaluation
Attachments: ARO revaluation memo clean 11-15-10.docx; ARO revaluation memo tracked 11-15-10.docx

Hi all;

Attached is a technical memo regarding the ARO revaluation in September. I thought you might find it interesting as ARO accounting is a critical issue for our department.

From: Charnas, Shannon
Sent: Monday, November 15, 2010 9:19 PM
To: 'george.w.carlin@us.pwc.com'; 'lindsey.prather@us.pwc.com'; 'jeffrey.m.zoglmann@us.pwc.com'
Cc: Scott, Valerie; Wiseman, Sara; Crescente, Angela
Subject: ARO revaluation

All –

Attached is a revised version of the ARO revaluation memo based on the comments from PwC and some further information from PPL. I have included a tracked changes and clean version of the document. Please let me know if you have any further questions.

Thanks,

Shannon Charnas
Director, Utility Accounting & Reporting
LG&E and KU
(502) 627-4978



LG&E and KU Energy LLC
220 West Main Street
P.O. Box 32030
Louisville, Kentucky 40232

Memo

November 15, 2010

To: Valerie Scott, Controller
Shannon Charnas, Director, Utility Accounting & Reporting
PricewaterhouseCoopers
Workpapers

From: Angela Crescente, Accounting Analyst II, Property Accounting
Sara Wiseman, Manager, Property Accounting

Re: Asset Retirement Obligation (ARO) revaluation as of 9/30/2010

Background

As of September 30, 2010, the Company performed a revaluation of its AROs as a result of recently proposed environmental legislation and improved ability to forecast asset retirement costs due to recent construction and retirement activity.

In June 2010, the EPA issued new proposed environmental regulations impacting the use of ash ponds. It was the Company's view, as expressed by many members of management, that the proposed regulations would result in the closure of many of the Company's ash ponds. At that time, the Company determined that the ARO estimates for these assets should be reviewed and updated. Additionally, as a result of the gas main explosion event in California, the Company determined it was also prudent to revisit gas main estimates at the Company. Coincidentally, the Company has been involved with a large scale main replacement program for several years. Management determined that enough consistent retirement history had been established to determine a good estimate in order to properly revalue the gas main ARO. Since these AROs represented a significant portion of the AROs on the books, the Company undertook a full scale revaluation of all AROs recorded.

Research – U.S. GAAP

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 410-20-35-8, states "Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows shall be recognized as an increase or a decrease in the carrying amount of the liability for an asset retirement obligation and the related asset retirement cost capitalized as part of the carrying amount of the related long-lived asset. Upward revisions

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in the amount of undiscounted estimated cash flows shall be discounted using the current credit-adjusted risk-free rate. Downward revisions in the amount of undiscounted estimated cash flows shall be discounted using the credit-adjusted risk-free rate that existed when the original liability was recognized. If an entity cannot identify the prior period to which the downward revision relates, it may use a weighted-average credit-adjusted risk-free rate to discount the downward revision to estimated future cash flows. When asset retirement costs change as a result of a revision to estimated cash flows, an entity shall adjust the amount of asset retirement cost allocated to expense in the period of change if the change affects that period only or in the period of change and future periods if the change affects more than one period as required by paragraph 250-10-45-17 for a change in estimate.”

ASC 250-10-45-17 states: “A change in accounting estimate shall be accounted for in the period of change if the change affects that period only or in the period of change and future periods if the change affects both. A change in accounting estimate shall not be accounted for by restating or retrospectively adjusting amounts reported in financial statements of prior periods or by reporting pro forma amounts for prior periods.”

Accounting guidance for AROs was originally contained in Statement of Financial Accounting Standards (SFAS) No.143, *Accounting for Asset Retirement Obligations* and has been compiled under ASC 410-20 as noted in the preceding paragraphs. *Appendix B: Background Information and Basis for Conclusions* of SFAS No. 143, Paragraph B42 states “Capitalized asset retirement costs are not a separate asset because there is no specific and separate future economic benefit that results from those costs. In other words, the future economic benefit of those costs lies in the productive asset that is used in the entity’s operations.” This paragraph was not incorporated in the ASC, however, there is nothing in the ASC that contradicts the information in B42.

ASC 980-410-25-2 states: “Many rate-regulated entities currently provide for the costs related to the retirement of certain long-lived assets in their financial statements and recover those amounts in rates charged to their customers. Some of those costs result from asset retirement obligations within the scope of Subtopic 410-20; others result from costs that are not within the scope of that Subtopic. The amounts charged to customers for the costs related to the retirement of long-lived assets may differ from the period costs recognized in accordance with that Subtopic and, therefore, may result in a difference in the timing of recognition of period costs for financial reporting and rate-making purposes. If the requirements of this Topic are met, a regulated entity also shall recognize a regulatory asset or liability for differences in the timing of recognition of the period costs associated with asset retirement obligations for financial reporting pursuant to that Subtopic and rate-making purposes.”

Analysis – U.S. GAAP

ASC 410-20-35-8 indicates that changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows should be recognized as an increase or a decrease in the amount of the ARO liability with an offsetting increase or decrease (as

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Page 3

appropriate) to the related ARO child asset. Upward revisions shall be discounted using the current credit-adjusted risk-free rate while downward revisions will continue to be discounted using the original rate. ASC 250-10-45-17 indicates that revisions will be treated as a change in estimate and not require restating of prior period financial statements, but rather will be accounted for in the current period.

Guidance provided in Paragraph B42 of SFAS No. 143 suggests that an asset retirement cost or ARO "child" cannot be recorded if the related long-lived asset no longer exists. This suggests that any offset to changes in an ARO liability where the associated long-lived asset no longer exists should be charged to the income statement instead. However, ASC 980-410-25-2 indicates that differences in the timing of ARO costs which are recoverable from rate payers may be recognized as a regulatory asset or liability. The Company does have some assets which are fully retired, and have been removed from the financial records, for which asbestos AROs have been recorded. These assets include Canal and Paddy's Run Generating Stations for LG&E, as well as Pineville Generating Station for KU.

Under group depreciation similar assets are grouped and depreciated together, not individually. Per FERC guidance, depreciation reserves (life, cost of removal and salvage) for assets are kept at a functional (group) level and a reserve is established at this functional level. It is only for reporting purposes, such as calculating estimated net book value, that the depreciation reserves have been allocated to specific locations. Cost of removal has always been a component of depreciation and, accordingly, was collected from ratepayers for the retired assets listed above. However, remaining reserves for these retired locations were reallocated to locations with existing in-service assets to accomplish the reporting requirements mentioned previously. Even though no active locations exist for Canal and Paddy's Run, the reserve which existed at the time of retirement is still a part of the "theoretical" depreciation reserve, but has been reallocated to a location with in-service assets. Therefore, any cost of removal incurred for these retired generating locations should be charged to the overall depreciation reserve. At the time of the next depreciation study, the depreciation consultant will reallocate the remaining reserves over active assets and adjust the depreciable lives as needed. This results in the appropriate inclusion of the entire reserve amount in the depreciation rates, which are intended to recover the complete costs of the assets as well as the costs of removal, net of any salvage. Without this adjustment, the complete costs of the assets would not be recovered.

In addition to those locations that are fully retired (Canal, Paddy's Run, and Pineville), there are a few generating stations (Cane Run, Green River, and Tyrone) that have had specific units retired but also still have active, in-service units. The retired units have common assets (still on the financial records) that are shared with the remaining active units. While the retired units have no direct in-service generating assets and the depreciation rate is zero, the remaining active units benefit from these common assets. Replacements or additions to these common assets are placed on the last unit in service (the unit with the longest remaining life) assuming that the common asset will last as long as that unit. While the generating unit itself is retired the common assets assigned to the newest unit are not fully depreciated. Therefore, the ARO

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liabilities should not be recorded in the income statement, but rather as a regulatory asset. This is consistent with the group depreciation methodology described above, and also supports that the depreciation reserve should encompass all assets that require removal costs, whether in-service or retired, and are actually demolished or disposed of in some future period. ASC 980-410-25-2 indicates that differences in the timing of ARO costs which are recoverable from rate payers may be recognized as a regulatory asset. Based on the fact that cost of removal has been previously collected from ratepayers as part of the depreciation rates (as explained in the preceding paragraph) for these retired assets, a regulatory asset should be recorded.

Discussions with Mark Heinemann, President of PowerPlan Consultants and vendor of our fixed asset software, confirmed that recording a regulatory asset would be proper accounting treatment based on his experiences in the industry. This approach was also confirmed by our depreciation consultant, John Spanos of Gannett Fleming, as acceptable. Both agree that the complete asset costs should be recovered through depreciation rates. Simply because some asset retirement costs may not be incurred until after the related asset has been retired from service, does not indicate that those costs should not be recovered.

Conclusion – U.S. GAAP

Any revisions to the cash flow estimates or settlement dates which would cause the ARO liability to increase should be recorded using current credit-adjusted risk-free rates. These rates are provided to Property Accounting by the Treasurer and are based on the Treasury Yield Curve rates. Any revisions to the cash flow estimates or settlement dates which would cause the ARO liability to decrease should be recorded using the original credit-adjusted risk-free rates used when the ARO was originally established.

Paragraph B42 of SFAS No. 143 suggests that any change to AROs where the underlying asset is no longer exists should not be recorded as ARO “child” but rather should be charged to the income statement. However, pursuant to regulatory treatment prescribed under the regulated operations guidance of ASC 980, these changes should be recorded as regulatory asset.

Any adjustments required will be made to the account 230—ARO liability, account 101—ARO child or account 182—Regulatory assets-ARO and will be accounted for in the current period.

Research – International Accounting

International Financial Reporting Interpretations Committee (IFRIC) 1, *Changes in Existing Decommissioning, Restoration and Similar Liabilities*, paragraph 1 states “This Interpretation provides guidance on how to account for the effect of changes in the measurement of existing decommissioning, restoration and similar liabilities.”

IFRIC 1, Paragraph 2 states “This Interpretation applies to changes in the measurement of any existing decommissioning, restoration or similar liability that is both:

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- (a) recognised as part of the cost of an item of property, plant and equipment in accordance with IAS 16; and
- (b) recognised as a liability in accordance with IAS 37.”

IFRIC 1, Paragraph 4 states “Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits required to settle the obligation, or a change in the discount rate.....

- (a) subject to (b), changes in the liability shall be added to, or deducted from, the cost of the related asset in the current period.”

To further clarify the reference in paragraph 2 (a) of IFRIC 1 mentioned above: International Accounting Standard (IAS) 16, *Property, plant and equipment*, paragraph 16, states “The cost of an item of property, plant and equipment comprises..... (c) the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

To further clarify the reference in paragraph 2 (b) of IFRIC 1 mentioned above: IFRIC 1, paragraph BC3 states “AS 37 *Provisions, Contingent Liabilities and Contingent Assets* requires that the measurement of the liability, both initially and subsequently, should be the estimated expenditure required to settle the present obligation at the end of the reporting period and should reflect a current market-based discount rate. It requires provisions to be reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Hence, when the effect of a change in estimated outflows of resources embodying economic benefits and/or the discount rate is material, that change should be recognized.”

Analysis – International Accounting

IFRIC 1 indicates that changes in the measurement of an existing decommissioning liability that result from changes in the estimated timing, the amount of the outflow of resources required to settle the obligation or a change in the discount rate should be recognized as an increase or a decrease in the amount of the ARO liability with an offsetting increase or decrease (as appropriate) to the related ARO child asset.

Conclusion – International Accounting

Any changes in estimates, settlement dates or discount rates which would cause the ARO liability to change should be recorded using current credit-adjusted risk-free rates. These rates are provided to Property Accounting by E.ON AG on a schedule listing interest rates for the discounting of long-term provisions.

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Any adjustments required will be made to the account 230—ARO liability and account 101—ARO child and will be accounted for in the current period.



LG&E and KU Energy LLC
220 West Main Street
P.O. Box 32030
Louisville, Kentucky 40232

Memo

November 3 15, 2010

To: Valerie Scott, Controller
Shannon Charnas, Director, Utility Accounting & Reporting
PricewaterhouseCoopers
Workpapers

From: Angela Crescente, Accounting Analyst II, Property Accounting
Sara Wiseman, Manager, Property Accounting

Re: Asset Retirement Obligation (ARO) revaluation as of 9/30/2010

Background

As of September 30, 2010, the Company performed a revaluation of its AROs as a result of recently proposed environmental legislation and improved ability to forecast asset retirement costs due to recent construction and retirement activity.

In June 2010, the EPA issued new proposed environmental regulations impacting the use of ash ponds. It was the Company's view, as expressed by many members of management, that the proposed regulations would result in the closure of many of the Company's ash ponds. At that time, the Company determined that the ARO estimates for these assets should be reviewed and updated. Additionally, as a result of the gas main explosion event in California, the Company determined it was also prudent to revisit gas main estimates at the Company. Coincidentally, the Company has been involved with a large scale main replacement program for several years. Management determined that enough consistent retirement history had been established to determine a good estimate in order to properly revalue the gas main ARO. Since these AROs represented a significant portion of the AROs on the books, the Company undertook a full scale revaluation of all AROs recorded.

Research – U.S. GAAP

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 410-20-35-8, states "Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows shall be recognized as an increase or a decrease in the carrying amount of the liability for an asset retirement obligation and the related asset retirement cost capitalized as part of the carrying amount of the related long-lived asset. Upward revisions

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in the amount of undiscounted estimated cash flows shall be discounted using the current credit-adjusted risk-free rate. Downward revisions in the amount of undiscounted estimated cash flows shall be discounted using the credit-adjusted risk-free rate that existed when the original liability was recognized. If an entity cannot identify the prior period to which the downward revision relates, it may use a weighted-average credit-adjusted risk-free rate to discount the downward revision to estimated cash flows. When asset retirement costs change as a result of a revision to estimated cash flows, an entity shall adjust the amount of asset retirement cost allocated to expense in the period of change if the change affects that period only or in the period of change and future periods if the change affects more than one period as required by paragraph 250-10-45-17 for a change in estimate.”

ASC 250-10-45-17 states: “A change in accounting estimate shall be accounted for in the period of change if the change affects that period only or in the period of change and future periods if the change affects both. A change in accounting estimate shall not be accounted for by restating or retrospectively adjusting amounts reported in financial statements of prior periods or by reporting pro forma amounts for prior periods.”

Accounting guidance for AROs was originally contained in Statement of Financial Accounting Standards (SFAS) No. 143, *Accounting for Asset Retirement Obligations* and has been compiled under ASC 410-20 as noted in the preceding paragraphs. *Appendix B: Background Information and Basis for Conclusions* of SFAS No. 143, Paragraph B42 states “Capitalized asset retirement costs are not a separate asset because there is no specific and separate future economic benefit that results from those costs. In other words, the future economic benefit of those costs lies in the productive asset that is used in the entity’s operations.” This paragraph was not incorporated in the ASC, however, there is nothing in the ASC that contradicts the information in B42.

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~~Thus, we have concluded that we cannot record an ARC if the related long-lived asset no longer exists. We have also reviewed this conclusion with E&Y, and they agree with our reasoning.~~

Page 11 of a PwC white paper entitled *Accounting for Asset Retirement Obligations: An Education & Nonprofit Perspective* reads “If the asset is fully depreciated, subsequent changes to the ARO will be recorded directly in the current year statement of activities.”

ASC 980-410-25-2 states: “Many rate-regulated entities currently provide for the costs related to the retirement of certain long-lived assets in their financial statements and recover those amounts in rates charged to their customers. Some of those costs result from asset retirement obligations within the scope of Subtopic 410-20; others result from costs that are not within the scope of that Subtopic. The amounts charged to customers for the costs related to the retirement of long-lived assets may differ from the period costs recognized in accordance with that Subtopic and, therefore, may result in a difference in the timing of recognition of period costs for financial reporting and rate-making purposes. If the requirements of this Topic are met, a regulated entity also shall recognize a regulatory asset or liability for differences in the timing of

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recognition of the period costs associated with asset retirement obligations for financial reporting pursuant to that Subtopic and rate-making purposes.”

Analysis – U.S. GAAP

ASC 410-20-35-8 indicates that changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows should be recognized as an increase or a decrease in the amount of the ARO liability with an offsetting increase or decrease (as appropriate) to the related ARO child asset. Upward revisions shall be discounted using the current credit-adjusted risk-free rate while downward revisions will continue to be discounted using the original rate. ASC 250-10-45-17 indicates that revisions will be treated as a change in estimate and not require restating of prior period financial statements, but rather will be accounted for in the current period.

Guidance provided in Paragraph B42 of SFAS No. 143 suggests that an asset retirement cost or ARO “child” cannot be recorded if the related long-lived asset no longer exists. This may suggest that any offset to changes in an ARO liability where the associated long-lived asset no longer exists should be charged to the income statement instead. The PwC whitepaper suggests that amounts due to the revaluation of ARO liabilities for assets which are fully depreciated should be recorded in the income statement. However, ASC 980-410-25-2 indicates that differences in the timing of ARO costs which are recoverable from rate payers may be recognized as a regulatory asset or liability. The Company does have some assets which are fully retired, and have been removed from the financial records, for which asbestos AROs have been recorded. These assets include Canal and Paddy’s Run Generating Stations for LG&E, as well as Pineville Generating Station for KU.

Under group depreciation similar assets are grouped and depreciated together, not individually. Per FERC guidance, depreciation reserves (life, cost of removal and salvage) for assets are kept at a functional (group) level and a reserve is established at this functional level. It is only for reporting purposes, such as calculating estimated net book value, that the depreciation reserves have been allocated to specific locations. Cost of removal has always been a component of depreciation and, accordingly, was collected from ratepayers for the retired assets listed above. However, remaining reserves for these retired locations were reallocated to locations with existing in-service assets to accomplish the reporting requirements mentioned previously. Even though no active locations exist for Canal and Paddy’s Run, the reserve which existed at the time of retirement is still a part of the “theoretical” depreciation reserve, but has been reallocated to a location with in-service assets. Therefore, any cost of removal incurred for these retired generating locations should be charged to the overall depreciation reserve. At the time of the next depreciation study, the depreciation consultant will reallocate the remaining reserves over active assets and adjust the depreciable lives as needed. This results in the appropriate inclusion of the entire reserve amount in the depreciation rates, which are intended to recover the complete costs of the assets as well as the costs of removal, net of any salvage. Without this adjustment, the complete costs of the assets would not be recovered.

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In addition to those locations that are fully retired (Canal, Paddy's Run, and Pineville), there are a few generating stations (Cane Run, Green River, and Tyrone) that have had specific units retired but also still have active, in-service units. The retired units have common assets (still on the financial records) that are shared with the remaining active units. While the retired units have no direct in-service generating assets and the depreciation rate is zero, the remaining active units benefit from these common assets. Replacements or additions to these common assets are placed on the last unit in service (the unit with the longest remaining life) assuming that the common asset will last as long as that unit. While the generating unit itself is retired the common assets assigned to the newest unit are not fully depreciated. Therefore, the ARO liabilities should not be recorded in the income statement, but rather as a regulatory asset. This is consistent with the group depreciation methodology described above, and also supports that the depreciation reserve should encompass all assets that require removal costs, whether in-service or retired, and are actually demolished or disposed of in some future period. ASC 980-410-25-2 indicates that differences in the timing of ARO costs which are recoverable from rate payers may be recognized as a regulatory asset. Based on the fact that cost of removal has been previously collected from ratepayers as part of the depreciation rates (as explained in the preceding paragraph) for these retired assets, a regulatory asset should be recorded.

Discussions with Mark Heinemann, President of PowerPlan Consultants and vendor of our fixed asset software, confirmed that recording a regulatory asset would be proper accounting treatment based on his experiences in the industry. This approach was also confirmed by our depreciation consultant, John Spanos of Gannett Fleming, as acceptable. Both agree that the complete asset costs should be recovered through depreciation rates. Simply because some asset retirement costs may not be incurred until after the related asset has been retired from service, does not indicate that those costs should not be recovered.

Conclusion – U.S. GAAP

Any revisions to the cash flow estimates or settlement dates which would cause the ARO liability to increase should be recorded using current credit-adjusted risk-free rates. These rates are provided to Property Accounting by the Treasurer and are based on the Treasury Yield Curve rates. Any revisions to the cash flow estimates or settlement dates which would cause the ARO liability to decrease should be recorded using the original credit-adjusted risk-free rates used when the ARO was originally established.

| Paragraph B42 of SFAS No. 143 ~~The PwC whitepaper suggests that any changes to AROs where the underlying asset is fully depreciated no longer exists should not be recorded as ARO "child" but rather~~ should be charged to the income statement. However, pursuant to regulatory treatment prescribed under the regulated operations guidance of ASC 980, these changes should be recorded as regulatory asset.

| November 15, 2010
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Any adjustments required will be made to the account 230—ARO liability, account 101—ARO child or account 182—Regulatory assets-ARO and will be accounted for in the current period.

Research – International Accounting

International Financial Reporting Interpretations Committee (IFRIC) 1, *Changes in Existing Decommissioning, Restoration and Similar Liabilities*, paragraph 1 states “This Interpretation provides guidance on how to account for the effect of changes in the measurement of existing decommissioning, restoration and similar liabilities.”

IFRIC 1, Paragraph 2 states “This Interpretation applies to changes in the measurement of any existing decommissioning, restoration or similar liability that is both:

- (a) recognised as part of the cost of an item of property, plant and equipment in accordance with IAS 16; and
- (b) recognised as a liability in accordance with IAS 37.”

IFRIC 1, Paragraph 4 states “Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits required to settle the obligation, or a change in the discount rate.....

- (a) subject to (b), changes in the liability shall be added to, or deducted from, the cost of the related asset in the current period.”

To further clarify the reference in paragraph 2 (a) of IFRIC 1 mentioned above: International Accounting Standard (IAS) 16, *Property, plant and equipment*, paragraph 16, states “The cost of an item of property, plant and equipment comprises..... (c) the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

To further clarify the reference in paragraph 2 (b) of IFRIC 1 mentioned above: IFRIC 1, paragraph BC3 states “AS 37 *Provisions, Contingent Liabilities and Contingent Assets* requires that the measurement of the liability, both initially and subsequently, should be the estimated expenditure required to settle the present obligation at the end of the reporting period and should reflect a current market-based discount rate. It requires provisions to be reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Hence, when the effect of a change in estimated outflows of resources embodying economic benefits and/or the discount rate is material, that change should be recognized.”

Analysis – International Accounting

IFRIC 1 indicates that changes in the measurement of an existing decommissioning liability that result from changes in the estimated timing, the amount of the outflow of resources required to

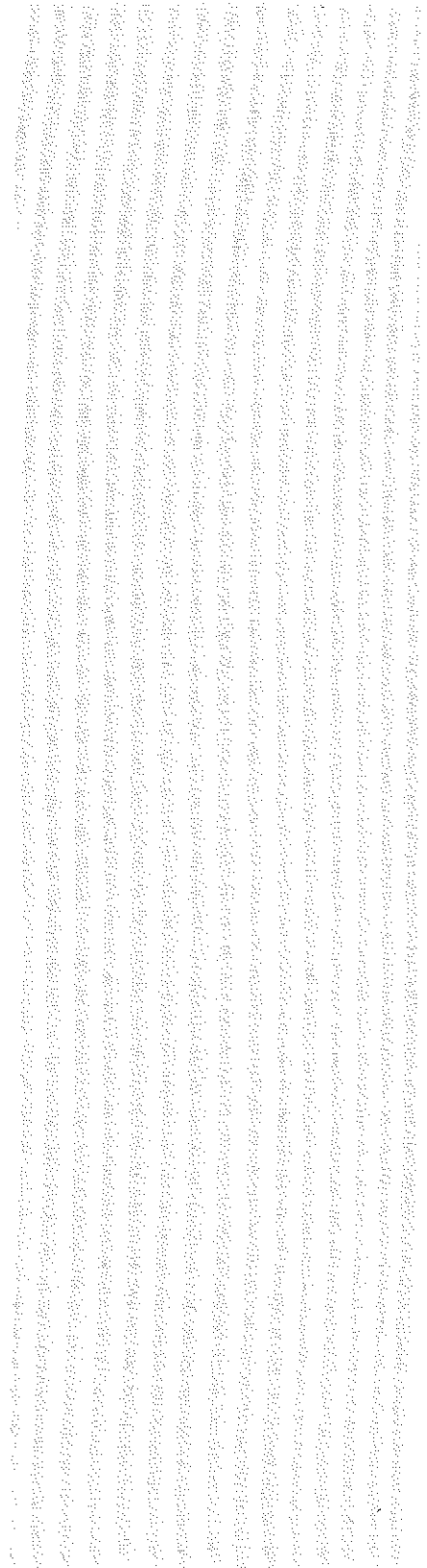
| November 15, 2010
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settle the obligation or a change in the discount rate should be recognized as an increase or a decrease in the amount of the ARO liability with an offsetting increase or decrease (as appropriate) to the related ARO child asset.

Conclusion – International Accounting

Any changes in estimates, settlement dates or discount rates which would cause the ARO liability to change should be recorded using current credit-adjusted risk-free rates. These rates are provided to Property Accounting by E.ON AG on a schedule listing interest rates for the discounting of long-term provisions.

Any adjustments required will be made to the account 230—ARO liability and account 101—ARO child and will be accounted for in the current period.



Crescente, Angela

From: Wiseman, Sara
Sent: Tuesday, November 16, 2010 5:56 AM
To: 'Josh Hirschel'; Crescente, Angela; 'Jim Dahlby'; jholt@pwrplan.com
Subject: RE: ARO work at LGE

Josh:

Would 9:30 AM be OK? We are flexible on the time. Thanks.

From: Josh Hirschel [mailto:jhirschel@pwrplan.com]
Sent: Monday, November 15, 2010 7:24 PM
To: Crescente, Angela; 'Jim Dahlby'; jholt@pwrplan.com
Cc: Wiseman, Sara
Subject: RE: ARO work at LGE

Angela – Could you be available for a call tomorrow to discuss this conversion? The morning would work better for me.

Thanks,
Josh

From: Crescente, Angela [mailto:Angela.Crescente@lge-ku.com]
Sent: Monday, November 15, 2010 11:01 AM
To: Josh Hirschel; Jim Dahlby; jholt@pwrplan.com
Cc: Wiseman, Sara
Subject: RE: ARO work at LGE

Hi everyone,

Sara wanted me to forward you this email to see if you have heard anything from Mark in regards to this.

Thanks,

Angela

From: Wiseman, Sara
Sent: Saturday, November 13, 2010 8:55 PM
To: 'Jim Ogilvie'; 'mheinemann@pwrplan.com'
Cc: Crescente, Angela; Wacker, Diana; 'akoch@pwrplan.com'
Subject: ARO work at LGE

Mark:

We need to move forward with loading new values for the ARC and ARO liabilities on the books for the next monthly close. I know Jim will help us to the extent that he can, but which ARO person (Jim, Josh or Joe) will be working with us? We'd like to get started as early as we can this coming week.

Thanks.

Sara Wiseman

Manager, Property Accounting

Office 502.627.3189

Cell 502.338.0886

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.

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Crescente, Angela

From: Josh Hirschel <jhirschel@pwrplan.com>
Sent: Tuesday, November 16, 2010 8:51 AM
To: Wiseman, Sara; Crescente, Angela
Subject: RE: ARO work at LGE

That's fine. EST, correct?

From: Wiseman, Sara [<mailto:Sara.Wiseman@lge-ku.com>]
Sent: Tuesday, November 16, 2010 5:56 AM
To: Josh Hirschel; Crescente, Angela; Jim Dahlby; jholt@pwrplan.com
Subject: RE: ARO work at LGE

Josh:

Would 9:30 AM be OK? We are flexible on the time. Thanks.

From: Josh Hirschel [<mailto:jhirschel@pwrplan.com>]
Sent: Monday, November 15, 2010 7:24 PM
To: Crescente, Angela; 'Jim Dahlby'; jholt@pwrplan.com
Cc: Wiseman, Sara
Subject: RE: ARO work at LGE

Angela – Could you be available for a call tomorrow to discuss this conversion? The morning would work better for me.

Thanks,
Josh

From: Crescente, Angela [<mailto:Angela.Crescente@lge-ku.com>]
Sent: Monday, November 15, 2010 11:01 AM
To: Josh Hirschel; Jim Dahlby; jholt@pwrplan.com
Cc: Wiseman, Sara
Subject: RE: ARO work at LGE

Hi everyone,

Sara wanted me to forward you this email to see if you have heard anything from Mark in regards to this.

Thanks,

Angela

From: Wiseman, Sara
Sent: Saturday, November 13, 2010 8:55 PM
To: 'Jim Ogilvie'; 'mheinemann@pwrplan.com'
Cc: Crescente, Angela; Wacker, Diana; 'akoch@pwrplan.com'
Subject: ARO work at LGE

Mark:

We need to move forward with loading new values for the ARC and ARO liabilities on the books for the next monthly close. I know Jim will help us to the extent that he can, but which ARO person (Jim, Josh or Joe) will be working with us? We'd like to get started as early as we can this coming week.

Thanks.

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Crescente, Angela

From: Horne, Elliott
Sent: Tuesday, November 16, 2010 9:54 AM
To: Crescente, Angela
Subject: EVII ARO Decommissioning Cost - Deloitte revised.xlsx



EVII ARO
Decommissioning ...

Angela,

In the example we were using earlier, we dropped in a rate of 5.5495 which was a 30 year rate. However, the asset that we were looking at was for 26 years. When I dropped in the rate for 26 years, the PV came out exactly to what I highlighted in yellow (using annual compounding). See attached file for detail. (That was bothering me and I had to research it.)☺

Kentucky Utility ARO
As of 9/30/2010

As of Date 11/1/2010

<u>Decommissioning Cost</u>	<u>Decommissioning Date</u>	<u>Years</u>	<u>Rate</u>	<u>PV of Inflated Cost</u>
\$ 177,819.00	12/1/2077	67.12877	5.586%	\$4,625.99
\$ 1,602,897.00	12/1/2036	26	5.482%	\$400,172.24 (Rate is from "Discount Rate" tab for 26 year - "Cell I30")
\$ 5,366,488.00	12/1/2026	16.09315	5.482%	\$2,273,338.67
\$ 137,317.00	12/1/2026	16.09315	5.482%	\$58,169.90
\$ 33,906.00	12/1/2026	16.09315	5.482%	\$14,363.18
\$ 14,982.00	12/1/2026	16.09315	5.482%	\$6,346.64
\$ 72,858.00	12/1/2036	26.10137	5.445%	\$18,258.67
\$ 5,972,186.00	12/1/2059	49.11507	5.581%	\$414,661.66
\$ 12,024,851.00	12/1/2059	49.11507	5.581%	\$834,911.87
\$ 27,356,032.00	12/1/2059	49.11507	5.581%	\$1,899,389.18
\$ 7,596,046.00	12/1/2051	41.10959	5.691%	\$780,620.00

Crescente, Angela

From: Hannagan, Peter (US - Washington D.C.) <phannagan@deloitte.com>
Sent: Tuesday, November 16, 2010 11:54 AM
To: Wiseman, Sara; Motyka, Marlene (US - New York)
Cc: Charnas, Shannon; Scott, Valerie; Crescente, Angela; tjhenninger@pplweb.com; Arbough, Dan; Horne, Elliott
Subject: RE: EVII ARO Decommissioning Cost - Deloitte v6.xlsx
Attachments: EVII ARO Decommissioning Cost - Deloitte v7.xlsx; ARO Decommissioning Cost - Deloitte v2.xlsx

Sara

Thanks for the email. Please see a revised analysis attached. Also, to address your points below:

1. Value increase and interest rates – the decrease is a bit less with the revised analysis but is driven by an increase in interest rates from 9/30 to 11/1. Also, we are using a BBB+ curve in the current analysis versus the BBB curve sent previously (that you attached to your email). Even though we went from BBB to BBB+, the interest rates went down a little.
2. Continuous versus annual compounding – in the original analysis, we were using an interest rate curve that had been adjusted to be on a continuous compounding basis. Therefore we correctly calculated PV factors using continuous compounding. However the BBB+ curve we used in the latest analysis assumed semi-annual compounding. We omitted to adjust those rates to continuous compounding rates. We have fixed this in the attached. The total ARO value increased by about \$2 million.
3. I have attached the excel version of the 9/30 ARO analysis also

Let me know if you have any questions. I will be available after about 1pm if phone is easier.

Thanks

Peter Hannagan
Deloitte Financial Advisory Services, LLP

Tel: +1 202 378 5057
Fax: +1 202 661 1113
Mobile: + 1 202 368 0417
phannagan@deloitte.com
www.deloitte.com

From: Wiseman, Sara [mailto:Sara.Wiseman@lge-ku.com]
Sent: Tuesday, November 16, 2010 11:04 AM
To: Hannagan, Peter (US - Washington D.C.); Motyka, Marlene (US - New York)
Cc: Charnas, Shannon; Scott, Valerie; Crescente, Angela; tjhenninger@pplweb.com; Arbough, Dan; Horne, Elliott
Subject: EVII ARO Decommissioning Cost - Deloitte v6.xlsx

Marlene/Peter:

Thank you for responding so quickly to our request. We were surprised that the overall estimated fair value was lower on this file than on the previous file.

We do have a few questions regarding the file. It appears that there is inconsistency in the methodology used to calculate the inflated decommissioning cost and the present value of the inflated decommissioning cost. In calculating the inflated decommissioning cost, this file assumes that there is annual compounding of interest (which we agree with). In calculating the present value of inflated decommissioning costs, this file assumes that interest is compounded continuously. We feel this methodology should be consistent for both calculations (both formulas should assume annual compounding). Elliott Horne of our Treasury Dept has added a column on the LG&E and KU tabs within the attached spreadsheet that calculates the PV assuming that there is annual compounding of interest (highlighted in yellow). Would you please take a look at the changes to the file and get back with concerns or questions you may have to this approach? Also, the formula that sums the PV of Inflated Decommissioning Cost does not include the last 10 projects. These have been added to the totals that include all projects (highlighted in yellow).

<<EVII ARO Decommissioning Cost - Deloitte revised.xlsx>>

We would also like to receive the Excel version of the ARO adjustment found in the PDF file below so that we can continue with our comparison work to the Excel file you most recently sent.

<<Combined Exhibits v2.pdf>>

Additionally, it appears that the interest rates sent to us in the email below do not agree to the ARO adjustment in the PDF file above. Please let us know why they are different.

<<FW: BBB Curve for AROs>>

Thanks for your help and we would appreciate a response at your earliest convenience since we are trying to get these calculations wrapped up.

Sara Wiseman

Manager, Property Accounting

Office 502.627.3189

Cell 502.338.0886

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Exhibit VII, Page 1 of 3

Valuation of Asset Retirement Obligations

As of November 1, 2010

**DRAFT-These materials are for discussion and information-gathering purposes only.
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or conclusions of Deloitte Financial Advisory Services LLP.**

Kentucky Utilities Company	\$	53,900,000	(1)
Louisville Gas and Electric Company		52,700,000	(2)
Total Fair Value of AROs	\$	106,600,000	

Notes

1. See Exhibit VII, Page 2 of 3
2. See Exhibit VII, Page 3 of 3

Exhibit VII, Page 1 of 3

Valuation of Asset Retirement Obligations

As of September 30, 2010

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or conclusions of Deloitte Financial Advisory Services LLP.**

Kentucky Utilities Company	\$	54,600,000	(1)
Louisville Gas and Electric Company		53,200,000	(2)
Total Fair Value of AROs	\$	107,800,000	

Notes

1. See Exhibit VII, Page 2 of 3
2. See Exhibit VII, Page 3 of 3

Crescente, Angela

From: Horne, Elliott
Sent: Tuesday, November 16, 2010 2:37 PM
To: Crescente, Angela
Subject: FW: EVII ARO Decommissioning Cost - Deloitte v6.xlsx
Attachments: EVII ARO Decommissioning Cost - annualized discount rates.xlsx

I will call you after my review. (About 30 minutes or so).

From: Hannagan, Peter (US - Washington D.C.) [mailto:phannagan@deloitte.com]
Sent: Tuesday, November 16, 2010 2:34 PM
To: Horne, Elliott
Subject: RE: EVII ARO Decommissioning Cost - Deloitte v6.xlsx

Thanks Elliot

As discussed, this version converts the interest rates into annualized rates and then calculates PV factors using the annualized rates.

Hope this helps. Just call again if you have questions.

Thanks
Peter

Peter Hannagan
Deloitte Financial Advisory Services, LLP

Tel: +1 202 378 5057
Fax: +1 202 661 1113
Mobile: + 1 202 368 0417
phannagan@deloitte.com
www.deloitte.com

From: Horne, Elliott [mailto:Elliott.Horne@lge-ku.com]
Sent: Tuesday, November 16, 2010 2:15 PM
To: Hannagan, Peter (US - Washington D.C.)
Subject: RE: EVII ARO Decommissioning Cost - Deloitte v6.xlsx

Peter,
My e-mail is as follows: elliott.horne@eon-us.com. My direct phone # is (502)627-3652.

From: Hannagan, Peter (US - Washington D.C.) [mailto:phannagan@deloitte.com]
Sent: Tuesday, November 16, 2010 11:54 AM
To: Wiseman, Sara; Motyka, Marlene (US - New York)
Cc: Charnas, Shannon; Scott, Valerie; Crescente, Angela; tjhenninger@pplweb.com; Arbough, Dan; Horne, Elliott
Subject: RE: EVII ARO Decommissioning Cost - Deloitte v6.xlsx

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1. Value increase and interest rates – the decrease is a bit less with the revised analysis but is driven by an increase in interest rates from 9/30 to 11/1. Also, we are using a BBB+ curve in the current analysis versus the BBB curve sent previously (that you attached to your email). Even though we went from BBB to BBB+, the interest rates went down a little.
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3. I have attached the excel version of the 9/30 ARO analysis also

Let me know if you have any questions. I will be available after about 1pm if phone is easier.

Thanks

Peter Hannagan
Deloitte Financial Advisory Services, LLP

Tel: +1 202 378 5057
Fax: +1 202 661 1113
Mobile: + 1 202 368 0417
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Sent: Tuesday, November 16, 2010 11:04 AM
To: Hannagan, Peter (US - Washington D.C.); Motyka, Marlene (US - New York)
Cc: Charnas, Shannon; Scott, Valerie; Crescente, Angela; tjhenninger@pplweb.com; Arbough, Dan; Horne, Elliott
Subject: EVII ARO Decommissioning Cost - Deloitte v6.xlsx

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<<EVII ARO Decommissioning Cost - Deloitte revised.xlsx>>

We would also like to receive the Excel version of the ARO adjustment found in the PDF file below so that we can continue with our comparison work to the Excel file you most recently sent.

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<<FW: BBB Curve for AROs>>

Thanks for your help and we would appreciate a response at your earliest convenience since we are trying to get these calculations wrapped up.

Sara Wiseman

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Exhibit VII, Page 1 of 3

Valuation of Asset Retirement Obligations

As of November 1, 2010

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Kentucky Utilities Company	\$	53,900,000	(1)
Louisville Gas and Electric Company		52,700,000	(2)
Total Fair Value of AROs	\$	106,600,000	

Notes

1. See Exhibit VII, Page 2 of 3
2. See Exhibit VII, Page 3 of 3

Exhibit VII, Page 2 of 3

Valuation of Kentucky Utilities Company Asset Retirement Obligations

As of November 1, 2010

DRAFT-These materials are for discussion and information-gathering purposes only.**They do not and are not intended to present any advice to, recommendations, options****or conclusions of Deloitte Financial Advisory Services LLP.**

Description	Decommissioning Costs (in 2010 \$) [1]	Estimated Decommissioning Date (in 2010 \$) [1]	Time Until Decommissioning (Years)	Inflated Decommissioning Cost [2]	Discount Rate (in %) [3]	PV of Inflated Decommissioning Cost
Big Stone Gap Substation - ASB-Dist	\$ 34,000.00	12/1/2077	67	\$ 177,819	5.6	\$ 4,541
BR-Ash Pond	15,183,000.00	12/1/2026	16	22,539,249	5.0	10,291,585
BR-Auxiliary Pond	3,615,000.00	12/1/2026	16	5,366,488	5.0	2,450,377
BR-Coal Storage	92,500.00	12/1/2026	16	137,317	5.0	62,700
BR-Nuclear Sources	22,840.00	12/1/2026	16	33,906	5.0	15,482
BR-Oil Storage	10,092.44	12/1/2026	16	14,982	5.0	6,841
BR-Oil Storage CT - OP	38,340.43	12/1/2036	26	72,858	5.6	17,856
Brown Unit 1 - ASB	1,781,000.00	12/1/2059	49	5,972,186	5.6	408,567
Brown Unit 2 - ASB	3,586,000.00	12/1/2059	49	12,024,851	5.6	822,640
Brown Unit 3 - ASB	8,158,000.00	12/1/2059	49	27,356,032	5.6	1,871,471
Dix Dam - ASB - Hydro	345,000.00	12/1/2069	59	1,480,905	5.6	58,604
GH-Ash Pond	30,968,500.00	12/1/2036	26	58,849,215	5.6	14,422,465
GH-Chemical Storage	24,547.05	12/1/2036	26	46,647	5.6	11,432
GH-Coal Storage	869,500.00	12/1/2036	26	1,652,305	5.6	404,938
Ghent Unit 1 - ASB	8,318,000.00	12/1/2059	49	27,892,556	5.6	1,908,175
Ghent Unit 2 - ASB	11,023,000.00	12/1/2060	50	37,887,249	5.6	2,453,862
Ghent Unit 3 - ASB	1,955,000.00	12/1/2069	59	8,391,794	5.6	332,090
Ghent Unit 4 - ASB	1,955,000.00	12/1/2069	59	8,391,794	5.6	332,090
GH-Environmental Ponds	843,500.00	12/1/2036	26	1,602,897	5.6	392,830
GH-Gypsum Stack-GH 1 Scrubber	6,025,000.00	12/1/2026	16	8,944,146	5.0	4,083,962
GH-Nuclear Sources	264,100.00	12/1/2036	26	501,867	5.6	122,995
GH-Oil Storage	12,624.05	12/1/2026	16	18,740	5.0	8,557
GH-Sewage Treatment Plant	26,155.00	12/1/2026	16	38,827	5.0	17,729
GR-Ash Pond	6,627,500.00	12/1/2018	8	8,074,965	3.8	6,013,249
GR-Chemical Storage	703.83	12/1/2018	8	858	3.8	639
GR-Coal Storage	222,000.00	12/1/2018	8	270,485	3.8	201,425
Green River Unit 1 - ASB	1,850,000.00	12/1/2051	41	5,091,552	5.6	539,713
Green River Unit 2 - ASB	1,700,000.00	12/1/2051	41	4,678,724	5.6	495,953
Green River Unit 3 - ASB	1,855,000.00	12/1/2051	41	5,105,313	5.6	541,172
Green River Unit 4 - ASB	2,175,000.00	12/1/2051	41	5,986,014	5.6	634,528
GR-Limestone Silo	1,631.25	12/1/2018	8	1,988	3.8	1,480
GR-Oil Storage	1,000.00	12/1/2018	8	1,218	3.8	907
GR-Sewage Treatment Plant	9,200.00	12/1/2018	8	11,209	3.8	8,347
KU - General Facilities - ASB	1,130,000.00	12/1/2073	63	5,354,044	5.6	170,213
KU Distribution Subs (478) - ASB	882,000.00	12/1/2077	67	4,612,831	5.6	117,811
KU Transmission Subs (69) - ASB	704,181.00	12/1/2079	69	3,869,288	5.6	88,574
Pineville - ASB	1,686,700.00	12/1/2043	33	3,810,004	5.6	625,779
Pineville-Ash Pond	1,205,000.00	12/1/2018	8	1,468,175	3.8	1,093,318
TY-Ash Pond	1,084,500.00	12/1/2018	8	1,321,358	3.8	983,986
TY-Chemical Storage	456.75	12/1/2018	8	557	3.8	414
TY-Coal Storage	74,000.00	12/1/2018	8	90,162	3.8	67,142
TY-Oil Storage	10,805.40	12/1/2018	8	13,165	3.8	9,804
Tyrone Unit 1 (Retired) - ASB	1,604,000.00	12/1/2051	41	4,414,513	5.6	467,946
Tyrone Unit 2 (Retired) - ASB	1,579,000.00	12/1/2051	41	4,345,709	5.6	460,652
Tyrone Unit 3 - ASB	2,173,000.00	12/1/2051	41	5,980,510	5.6	633,944
TY-Service Water Pump Structure	221,524.88	12/1/2018	8	269,907	3.8	200,993
TY-Sewage Treatment Plant	60,000.00	12/1/2018	8	73,104	3.8	54,439

Description	Decommissioning Costs (in 2010 \$) [1]	Estimated Decommissioning Date (in 2010 \$) [1]	Time Until Decommissioning (Years)	Inflated Decommissioning Cost [2]	Discount Rate (in %) [3]	PV of Inflated Decommissioning Cost
BR-Lab	18,000.00	12/1/2019	9	22,480	4.0	15,801
GH-trn-GH1 GSU Transformer	2,400.00	12/1/2020	10	3,072	4.2	2,032
GH-trn-GH2 GSU Transformer	2,400.00	12/1/2024	14	3,391	4.8	1,768
GH-trn-GH3 GSU Transformer	2,400.00	12/1/2028	18	3,743	5.3	1,487
GH-trn-GH4 GSU Transformer	2,400.00	12/1/2031	21	4,031	5.5	1,306
GH-trn-GH Spare GSU Transformer	2,400.00	12/1/2031	21	4,031	5.5	1,306
GR-trn-G1-2 GSU Transformer	6,250.00	12/1/2016	6	7,248	3.0	6,087
GR-trn-GR3 GSU Transformer	6,250.00	12/1/2016	6	7,248	3.0	6,087
GR-trn-GR4 GSU Transformer	6,250.00	12/1/2017	7	7,429	3.3	5,910
GR-trn-GSU Spare Transformer	6,250.00	12/1/2017	7	7,429	3.3	5,910

Estimated Fair Value of AROs (Rounded) \$ 53,900,000

Notes

1. Estimated decommissioning costs and dates provided by E.ON Management
2. Rate of inflation assumption: 2.50%
3. Discount rate based on yield on BBB+ rated debt deemed to be reflective of a typical market participant in the electric utility space.

Exhibit VII, Page 3 of 3

Valuation of Louisville Gas and Electric Company Asset Retirement Obligations (ARO)

As of November 1, 2010

DRAFT-These materials are for discussion and information-gathering purposes only.**They do not and are not intended to present any advice to, recommendations, options or conclusions of Deloitte Financial Advisory Services LLP.**

Description	Decommissioning Costs (in 2010 \$) [1]	Estimated Decommissioning Date (in 2010 \$) [1]	Time Until Decommissioning (Years)	Inflated Decommissioning Cost [2]	Discount Rate (in %) [3]	PV of Inflated Decommissioning Cost
Canal (Retired) - ASB	\$ 1,575,000.00	12/1/2015	5	1,781,968	2.6	\$ 1,568,417
Cane Run Unit 1 (Retired) - ASB	2,760,000.00	12/1/2051	41	7,596,046	5.6	805,194
Cane Run Unit 2 (Retired) - ASB	2,600,000.00	12/1/2051	41	7,155,695	5.6	758,516
Cane Run Unit 3 (Retired) - ASB	2,930,000.00	12/1/2051	41	8,063,918	5.6	854,789
Cane Run Unit 4 - ASB	3,115,000.00	12/1/2051	41	8,573,073	5.6	908,760
Cane Run Unit 5 - ASB	2,540,000.00	12/1/2055	45	7,716,274	5.6	657,096
Cane Run Unit 6 - ASB	2,920,000.00	12/1/2056	46	9,092,445	5.6	733,043
Center Gas Storage Field - UGS	4,052,250.00	12/1/2033	23	7,150,644	5.5	2,074,826
City Gate DR 237900-ASB-Dist	13,974.00	12/1/2066	56	55,700	5.6	2,598
CR-Ash Pond	6,627,500.00	12/1/2023	13	9,136,082	4.6	5,074,151
CR-Coal Storage	333,000.00	12/1/2023	13	459,044	4.6	254,952
CR-Environmental Ponds	843,500.00	12/1/2023	13	1,162,774	4.6	645,801
CR-Land Fill	1,809,686.40	12/1/2023	13	2,494,673	4.6	1,385,533
CR-Nuclear Sources	53,970.00	12/1/2023	13	74,398	4.6	41,321
CR-Sewage Treatment Plant	15,300.00	12/1/2023	13	21,091	4.6	11,714
Doe Run 235300-ASB-UGS	192,000.00	12/1/2066	56	765,311	5.6	35,691
Doe Run Gas Storage Field - UGS	2,749,410.00	12/1/2033	23	4,851,638	5.5	1,407,748
Gas Main & Serv Abandons-Dist	40,500,665.00	12/1/2050	40	108,746,871	5.6	12,175,939
LGE Distribution Subs (66) - ASB	901,000.00	12/1/2078	68	4,830,006	5.6	116,787
LGE Transmission Subs (11) - ASB	111,442.00	12/1/2079	69	612,344	5.6	14,017
Magnolia 235120-ASB-UGS	67,000.00	12/1/2075	65	333,523	5.6	9,504
Magnolia 235300-ASB-UGS	201,000.00	12/1/2066	56	801,184	5.6	37,364
Magnolia 235600-ASB-UGS	26,000.00	12/1/2069	59	111,604	5.6	4,417
Magnolia Gas Storage Field - UGS	2,832,367.00	12/1/2033	23	4,998,025	5.5	1,450,223
Manholes - ASB	4,668,187.00	12/1/2094	84	37,149,497	5.6	374,139
MC-Ash Pond	10,122,000.00	12/1/2036	26	19,234,763	5.6	4,713,957
MC-Chemical Storage	17,595.75	12/1/2036	26	33,437	5.6	8,195
MC-Coal Storage	370,000.00	12/1/2036	26	703,108	5.6	172,314
MC-Environmental Ponds	964,000.00	12/1/2036	26	1,831,882	5.6	448,948
MC-Landfill	1,818,426.28	12/1/2036	26	3,455,542	5.6	846,867
MC-Nuclear Sources	26,890.00	12/1/2036	26	51,099	5.6	12,523
MC-Oil Storage	1,286.45	12/1/2036	26	2,445	5.6	599
Mill Creek Unit 1 - ASB	3,555,000.00	12/1/2059	49	11,920,899	5.6	815,528
Mill Creek Unit 2 - ASB	3,100,000.00	12/1/2059	49	10,395,158	5.6	711,150
Mill Creek Unit 3 - ASB	1,750,000.00	12/1/2069	59	7,511,836	5.6	297,268
Mill Creek Unit 4 - ASB	2,600,000.00	12/1/2069	59	11,160,442	5.6	441,655
Muldraugh 235120-ASB-UGS	95,000.00	12/1/2075	65	472,906	5.6	13,475
Muldraugh 235300-ASB-UGS	151,000.00	12/1/2066	56	601,885	5.6	28,069
Muldraugh 235600-ASB-UGS	115,000.00	12/1/2069	59	493,635	5.6	19,535
Muldraugh 237520-ASB-Gas Dist	10,000.00	12/1/2050	40	26,851	5.6	3,006
Muldraugh Gas Storage Field - UGS	1,109,029.00	12/1/2033	23	1,957,004	5.5	567,843
Ohio Falls - ASB	620,000.00	12/1/2069	59	2,661,336	5.6	105,318
Paddy's (Unit 11) - ASB	4,600,000.00	12/1/2015	5	5,204,478	2.6	4,580,772
Riggs Junction 235120-ASB-UGS	70,603.05	12/1/2075	65	351,459	5.6	10,015
Seventh&Ormsby - ComGenPln-ASB	449,000.00	12/1/2059	49	1,505,621	5.6	103,002
TC-Ash Pond	14,339,500.00	12/1/2036	26	27,249,247	5.6	6,678,106

Description	Decommissioning Costs (in 2010 \$) [1]	Estimated Decommissioning Date (in 2010 \$) [1]	Time Until Decommissioning (Years)	Inflated Decommissioning Cost [2]	Discount Rate (in %) [3]	PV of Inflated Decommissioning Cost
TC-Chemical Storage	23,797.98	12/1/2036	26	45,223	5.6	11,083
TC-Coal Storage	573,500.00	12/1/2036	26	1,089,818	5.6	267,087
TC-Environmental Ponds	723,000.00	12/1/2036	26	1,373,912	5.6	336,711
TC-Nuclear Sources	32,620.00	12/1/2036	26	61,988	5.6	15,192
TC-Sewage Treatment Plant	26,155.00	12/1/2036	26	49,702	5.6	12,181
Zorn - ASB	105,000.00	12/1/2043	33	237,179	5.6	38,956
City Gate Prest 237900-ASB-Dist	16,000.00	12/1/2058	48	52,344	5.6	3,782
Trn-CR4 GSU	3,000.00	12/1/2017	7	3,566	3.3	2,837
Trn-CR5 GSU	3,000.00	12/1/2017	7	3,566	3.3	2,837
Trn-CR6 GSU	3,000.00	12/1/2017	7	3,566	3.3	2,837
Trn-CR Spare GSU	3,000.00	12/1/2017	7	3,566	3.3	2,837
Trn-MC1 GSU	3,000.00	12/1/2018	8	3,655	3.8	2,722
Trn-MC2 GSU	3,000.00	12/1/2019	9	3,747	4.0	2,633
Trn-MC3 GSU	3,000.00	12/1/2023	13	4,136	4.6	2,297
Trn-MC4 GSU	3,000.00	12/1/2028	18	4,679	5.3	1,858
Trn-MC Spare GSU	3,000.00	12/1/2028	18	4,679	5.3	1,858

Estimated Fair Value of AROs (Rounded) \$ 52,700,000

Notes

1. Estimated decommissioning costs and dates provided by E.ON Management
2. Rate of inflation assumption: 2.50%
3. Discount rate based on yield on BBB+ rated debt deemed to be reflective of a typical market participant in the electric utility space.

FMCH	Semi-Annual BBB+	Time Until Decommissioning (Years)	Semi-Annual Compounding			Annual PV Factor	Semi-Annual Compounding	Annual Compounding	Annual Compounding x 100
			Discount Rate						
3 mo	0.8846	1	1.3261	0.9869	1.3305	1.326%	1.330%	1.330496353	
6 mo	0.9664	2	1.5397	0.9698	1.5456	1.540%	1.546%	1.54562669	
1 y	1.3261	3	1.7829	0.9481	1.7908	1.783%	1.791%	1.790846831	
		4	2.2106	0.9158	2.2228	2.211%	2.223%	2.222816881	
		5	2.5694	0.8802	2.5859	2.569%	2.586%	2.585904541	
		6	2.93185	0.8398	2.9533	2.932%	2.953%	2.953339361	
		7	3.2943	0.7955	3.3214	3.294%	3.321%	3.321431031	
		8	3.7192	0.7447	3.7538	3.719%	3.754%	3.753781122	
		9	3.9558	0.7029	3.9949	3.956%	3.995%	3.994920884	
		10	4.1754	0.6615	4.2190	4.175%	4.219%	4.218984913	
		11	4.30866	0.6257	4.3551	4.309%	4.355%	4.355071377	
		12	4.44192	0.5903	4.4912	4.442%	4.491%	4.491246633	
		13	4.57518	0.5554	4.6275	4.575%	4.628%	4.62751068	
		14	4.70844	0.5212	4.7639	4.708%	4.764%	4.763863518	
		15	4.8417	0.4879	4.9003	4.842%	4.900%	4.900305147	
		16	4.96008	0.4566	5.0216	4.960%	5.022%	5.021585984	
		17	5.07846	0.4263	5.1429	5.078%	5.143%	5.14293689	
		18	5.19684	0.3971	5.2644	5.197%	5.264%	5.264357865	
		19	5.31522	0.3691	5.3858	5.315%	5.386%	5.385848909	
		20	5.4336	0.3422	5.5074	5.434%	5.507%	5.507410022	
		21	5.43996	0.3240	5.5139	5.440%	5.514%	5.513942912	
		22	5.44632	0.3066	5.5205	5.446%	5.520%	5.520476004	
		23	5.45268	0.2902	5.5270	5.453%	5.527%	5.527009298	
		24	5.45904	0.2746	5.5335	5.459%	5.534%	5.533542794	
		25	5.4654	0.2598	5.5401	5.465%	5.540%	5.540076493	
		26	5.48222	0.2451	5.5574	5.482%	5.557%	5.55735684	
		27	5.49904	0.2311	5.5746	5.499%	5.575%	5.574638602	
		28	5.51586	0.2179	5.5919	5.516%	5.592%	5.591921779	
		29	5.53268	0.2054	5.6092	5.533%	5.609%	5.60920637	
		30	5.5495	0.1936	5.6265	5.550%	5.626%	5.626492376	
		31	5.5495	0.1832	5.6265	5.550%	5.626%	5.626492376	
		32	5.5495	0.1735	5.6265	5.550%	5.626%	5.626492376	
		33	5.5495	0.1642	5.6265	5.550%	5.626%	5.626492376	
		34	5.5495	0.1555	5.6265	5.550%	5.626%	5.626492376	
		35	5.5495	0.1472	5.6265	5.550%	5.626%	5.626492376	
		36	5.5495	0.1394	5.6265	5.550%	5.626%	5.626492376	
		37	5.5495	0.1319	5.6265	5.550%	5.626%	5.626492376	
		38	5.5495	0.1249	5.6265	5.550%	5.626%	5.626492376	
		39	5.5495	0.1183	5.6265	5.550%	5.626%	5.626492376	
		40	5.5495	0.1120	5.6265	5.550%	5.626%	5.626492376	
		41	5.5495	0.1060	5.6265	5.550%	5.626%	5.626492376	
		42	5.5495	0.1004	5.6265	5.550%	5.626%	5.626492376	
		43	5.5495	0.0950	5.6265	5.550%	5.626%	5.626492376	
		44	5.5495	0.0899	5.6265	5.550%	5.626%	5.626492376	
		45	5.5495	0.0852	5.6265	5.550%	5.626%	5.626492376	
		46	5.5495	0.0806	5.6265	5.550%	5.626%	5.626492376	
		47	5.5495	0.0763	5.6265	5.550%	5.626%	5.626492376	
		48	5.5495	0.0723	5.6265	5.550%	5.626%	5.626492376	
		49	5.5495	0.0684	5.6265	5.550%	5.626%	5.626492376	
		50	5.5495	0.0648	5.6265	5.550%	5.626%	5.626492376	
		51	5.5495	0.0613	5.6265	5.550%	5.626%	5.626492376	
		52	5.5495	0.0581	5.6265	5.550%	5.626%	5.626492376	
		53	5.5495	0.0550	5.6265	5.550%	5.626%	5.626492376	
		54	5.5495	0.0520	5.6265	5.550%	5.626%	5.626492376	
		55	5.5495	0.0493	5.6265	5.550%	5.626%	5.626492376	

Charnas

56	5.5495	0.0466	5.6265	5.550%	5.626%	5.626492376
57	5.5495	0.0442	5.6265	5.550%	5.626%	5.626492376
58	5.5495	0.0418	5.6265	5.550%	5.626%	5.626492376
59	5.5495	0.0396	5.6265	5.550%	5.626%	5.626492376
60	5.5495	0.0375	5.6265	5.550%	5.626%	5.626492376
61	5.5495	0.0355	5.6265	5.550%	5.626%	5.626492376
62	5.5495	0.0336	5.6265	5.550%	5.626%	5.626492376
63	5.5495	0.0318	5.6265	5.550%	5.626%	5.626492376
64	5.5495	0.0301	5.6265	5.550%	5.626%	5.626492376
65	5.5495	0.0285	5.6265	5.550%	5.626%	5.626492376
66	5.5495	0.0270	5.6265	5.550%	5.626%	5.626492376
67	5.5495	0.0255	5.6265	5.550%	5.626%	5.626492376
68	5.5495	0.0242	5.6265	5.550%	5.626%	5.626492376
69	5.5495	0.0229	5.6265	5.550%	5.626%	5.626492376
70	5.5495	0.0217	5.6265	5.550%	5.626%	5.626492376
71	5.5495	0.0205	5.6265	5.550%	5.626%	5.626492376
72	5.5495	0.0194	5.6265	5.550%	5.626%	5.626492376
73	5.5495	0.0184	5.6265	5.550%	5.626%	5.626492376
74	5.5495	0.0174	5.6265	5.550%	5.626%	5.626492376
75	5.5495	0.0165	5.6265	5.550%	5.626%	5.626492376
76	5.5495	0.0156	5.6265	5.550%	5.626%	5.626492376
77	5.5495	0.0148	5.6265	5.550%	5.626%	5.626492376
78	5.5495	0.0140	5.6265	5.550%	5.626%	5.626492376
79	5.5495	0.0132	5.6265	5.550%	5.626%	5.626492376
80	5.5495	0.0125	5.6265	5.550%	5.626%	5.626492376
81	5.5495	0.0119	5.6265	5.550%	5.626%	5.626492376
82	5.5495	0.0112	5.6265	5.550%	5.626%	5.626492376
83	5.5495	0.0106	5.6265	5.550%	5.626%	5.626492376
84	5.5495	0.0101	5.6265	5.550%	5.626%	5.626492376
85	5.5495	0.0095	5.6265	5.550%	5.626%	5.626492376
86	5.5495	0.0090	5.6265	5.550%	5.626%	5.626492376
87	5.5495	0.0085	5.6265	5.550%	5.626%	5.626492376
88	5.5495	0.0081	5.6265	5.550%	5.626%	5.626492376
89	5.5495	0.0077	5.6265	5.550%	5.626%	5.626492376
90	5.5495	0.0073	5.6265	5.550%	5.626%	5.626492376
91	5.5495	0.0069	5.6265	5.550%	5.626%	5.626492376
92	5.5495	0.0065	5.6265	5.550%	5.626%	5.626492376
93	5.5495	0.0062	5.6265	5.550%	5.626%	5.626492376
94	5.5495	0.0058	5.6265	5.550%	5.626%	5.626492376
95	5.5495	0.0055	5.6265	5.550%	5.626%	5.626492376
96	5.5495	0.0052	5.6265	5.550%	5.626%	5.626492376
97	5.5495	0.0049	5.6265	5.550%	5.626%	5.626492376
98	5.5495	0.0047	5.6265	5.550%	5.626%	5.626492376
99	5.5495	0.0044	5.6265	5.550%	5.626%	5.626492376
100	5.5495	0.0042	5.6265	5.550%	5.626%	5.626492376

Crescente, Angela

From: Horne, Elliott
Sent: Tuesday, November 16, 2010 3:01 PM
To: Crescente, Angela
Subject: EVII ARO Decommissioning Cost - LGEKU.xlsx



EVII ARO
Decommissioning ...

I will stop by your desk.

Exhibit VII, Page 1 of 3

Valuation of Asset Retirement Obligations

As of November 1, 2010

**DRAFT-These materials are for discussion and information-gathering purposes only.
They do not and are not intended to present any advice to, recommendations, options
or conclusions of Deloitte Financial Advisory Services LLP.**

Kentucky Utilities Company	\$	53,900,000	(1)
Louisville Gas and Electric Company		52,700,000	(2)
Total Fair Value of AROs	\$	106,600,000	

Notes

1. See Exhibit VII, Page 2 of 3
2. See Exhibit VII, Page 3 of 3

Exhibit VII, Page 2 of 3

Valuation of Kentucky Utilities Company Asset Retirement Obligations
As of November 1, 2010

**DRAFT-These materials are for discussion and information-gathering purposes only.
They do not and are not intended to present any advice to, recommendations, options
or conclusions of Deloitte Financial Advisory Services LLP.**

Description	Decommissioning Costs (in 2010 \$) [1]	Estimated Decommissioning Date (in 2010 \$) [1]	Time Until Decommissioning (Years)	Inflated Decommissioning Cost [2]	Discount Rate (in %) [3]	PV of Inflated Decommissioning Cost	Annual Discount Rate	PV of Inflated Decommissioning Cost	USING PV FORMULA FROM EXCEL
Big Stone Gap Substation - ASB-Dist	\$ 34,000.00	12/1/2077	67	\$ 177,819	5.4739	\$ 4,541	5.6265	\$ 4,541	4,541.470
BR-Ash Pond	15,183,000.00	12/1/2026	16	22,539,249	4.8994	10,291,805	5.0157	\$ 10,300,786	10,300,786.416
BR-Auxiliary Pond	3,615,000.00	12/1/2026	16	5,366,488	4.8994	2,450,430	5.0157	\$ 2,452,568	2,452,568.194
BR-Coal Storage	92,500.00	12/1/2026	16	137,317	4.8994	62,701	5.0157	\$ 62,756	62,755.894
BR-Nuclear Sources	22,840.00	12/1/2026	16	33,906	4.8994	15,482	5.0157	\$ 15,496	15,495.618
BR-Oil Storage	10,092.44	12/1/2026	16	14,982	4.8994	6,841	5.0157	\$ 6,847	6,847.136
BR-Oil Storage CT - OP	38,340.43	12/1/2036	26	72,858	5.4084	17,856	5.5564	\$ 17,860	17,859.684
Brown Unit 1 - ASB	1,781,000.00	12/1/2059	49	5,972,186	5.4739	408,567	5.6265	\$ 408,567	408,566.993
Brown Unit 2 - ASB	3,586,000.00	12/1/2059	49	12,024,851	5.4739	822,640	5.6265	\$ 822,640	822,639.662
Brown Unit 3 - ASB	8,158,000.00	12/1/2059	49	27,356,032	5.4739	1,871,471	5.6265	\$ 1,871,471	1,871,470.821
Dix Dam - ASB - Hydro	345,000.00	12/1/2069	59	1,480,905	5.4739	58,604	5.6265	\$ 58,604	58,604.171
GH-Ash Pond	30,968,500.00	12/1/2036	26	58,849,215	5.4084	14,422,475	5.5564	\$ 14,425,702	14,425,701.906
GH-Chemical Storage	24,547.05	12/1/2036	26	46,647	5.4084	11,432	5.5564	\$ 11,434	11,434.471
GH-Coal Storage	869,500.00	12/1/2036	26	1,652,305	5.4084	404,939	5.5564	\$ 405,029	405,029.233
Ghent Unit 1 - ASB	8,318,000.00	12/1/2059	49	27,892,556	5.4739	1,908,175	5.6265	\$ 1,908,175	1,908,175.323
Ghent Unit 2 - ASB	11,023,000.00	12/1/2060	50	37,887,249	5.4739	2,453,862	5.6265	\$ 2,453,862	2,453,862.218
Ghent Unit 3 - ASB	1,955,000.00	12/1/2069	59	8,391,794	5.4739	332,090	5.6265	\$ 332,090	332,090.303
Ghent Unit 4 - ASB	1,955,000.00	12/1/2069	59	8,391,794	5.4739	332,090	5.6265	\$ 332,090	332,090.303
GH-Environmental Ponds	843,500.00	12/1/2036	26	1,602,897	5.4084	392,830	5.5564	\$ 392,918	392,917.951
GH-Gypsum Stack-GH 1 Scrubber	6,025,000.00	12/1/2026	16	8,944,146	4.8994	4,084,050	5.0157	\$ 4,087,614	4,087,613.657
GH-Nuclear Sources	264,100.00	12/1/2036	26	501,867	5.4084	122,995	5.5564	\$ 123,023	123,022.680
GH-Oil Storage	12,624.05	12/1/2026	16	18,740	4.8994	8,557	5.0157	\$ 8,565	8,564.687
GH-Sewage Treatment Plant	26,155.00	12/1/2026	16	38,827	4.8994	17,729	5.0157	\$ 17,745	17,744.653
GR-Ash Pond	6,627,500.00	12/1/2018	8	8,074,965	3.6850	6,013,249	3.7538	\$ 6,013,249	6,013,249.135
GR-Chemical Storage	703.83	12/1/2018	8	858	3.6850	639	3.7538	\$ 639	638.598
GR-Coal Storage	222,000.00	12/1/2018	8	270,485	3.6850	201,425	3.7538	\$ 201,425	201,424.566
Green River Unit 1 - ASB	1,850,000.00	12/1/2051	41	5,091,552	5.4739	539,713	5.6265	\$ 539,713	539,713.186
Green River Unit 2 - ASB	1,700,000.00	12/1/2051	41	4,678,724	5.4739	495,953	5.6265	\$ 495,953	495,952.658
Green River Unit 3 - ASB	1,855,000.00	12/1/2051	41	5,105,313	5.4739	541,172	5.6265	\$ 541,172	541,171.871
Green River Unit 4 - ASB	2,175,000.00	12/1/2051	41	5,986,014	5.4739	634,528	5.6265	\$ 634,528	634,527.665
GR-Limestone Silo	1,631.25	12/1/2018	8	1,988	3.6850	1,480	3.7538	\$ 1,480	1,480.062
GR-Oil Storage	1,000.00	12/1/2018	8	1,218	3.6850	907	3.7538	\$ 907	907.318
GR-Sewage Treatment Plant	9,200.00	12/1/2018	8	11,209	3.6850	8,347	3.7538	\$ 8,347	8,347.324
KU - General Facilities - ASB	1,130,000.00	12/1/2073	63	5,354,044	5.4739	170,213	5.6265	\$ 170,213	170,212.678
KU Distribution Subs (478) - ASB	882,000.00	12/1/2077	67	4,612,831	5.4739	117,811	5.6265	\$ 117,811	117,811.063
KU Transmission Subs (69) - ASB	704,181.00	12/1/2079	69	3,869,288	5.4739	88,574	5.6265	\$ 88,574	88,573.500
Plneville - ASB	1,686,700.00	12/1/2043	33	3,810,004	5.4739	625,779	5.6265	\$ 625,779	625,779.147
Plneville-Ash Pond	1,205,000.00	12/1/2018	8	1,468,175	3.6850	1,093,318	3.7538	\$ 1,093,318	1,093,318.024
TY-Ash Pond	1,084,500.00	12/1/2018	8	1,321,358	3.6850	983,986	3.7538	\$ 983,986	983,986.222
TY-Chemical Storage	456.75	12/1/2018	8	557	3.6850	414	3.7538	\$ 414	414.417
TY-Coal Storage	74,000.00	12/1/2018	8	90,162	3.6850	67,142	3.7538	\$ 67,142	67,141.522
TY-Oil Storage	10,805.40	12/1/2018	8	13,165	3.6850	9,804	3.7538	\$ 9,804	9,803.932
Tyrone Unit 1 (Retired) - ASB	1,604,000.00	12/1/2051	41	4,414,513	5.4739	467,946	5.6265	\$ 467,946	467,945.919
Tyrone Unit 2 (Retired) - ASB	1,579,000.00	12/1/2051	41	4,345,709	5.4739	460,652	5.6265	\$ 460,652	460,652.498
Tyrone Unit 3 - ASB	2,173,000.00	12/1/2051	41	5,980,510	5.4739	633,944	5.6265	\$ 633,944	633,944.191
TY-Service Water Pump Structure	221,524.88	12/1/2018	8	269,907	3.6850	200,993	3.7538	\$ 200,993	200,993.481
TY-Sewage Treatment Plant	60,000.00	12/1/2018	8	73,104	3.6850	54,439	3.7538	\$ 54,439	54,439.072
BR-Lab	18,000.00	12/1/2019	9	22,480	3.9172	15,801	3.9949	\$ 15,801	15,800.766
GH-trn-GH1 GSU Transformer	2,400.00	12/1/2020	10	3,072	4.1324	2,032	4.2190	\$ 2,032	2,032.270
GH-trn-GH2 GSU Transformer	2,400.00	12/1/2024	14	3,391	4.6537	1,768	4.7403	\$ 1,773	1,773.183
GH-trn-GH3 GSU Transformer	2,400.00	12/1/2028	18	3,743	5.1303	1,487	5.2466	\$ 1,491	1,491.074
GH-trn-GH4 GSU Transformer	2,400.00	12/1/2031	21	4,031	5.3673	1,306	5.5136	\$ 1,306	1,305.976
GH-trn-GH Spare GSU Transformer	2,400.00	12/1/2031	21	4,031	5.3673	1,306	5.5136	\$ 1,306	1,305.976
GR-trn-G1-2 GSU Transformer	6,250.00	12/1/2016	6	7,248	2.9102	6,087	2.9537	\$ 6,087	6,086.565
GR-trn-GR3 GSU Transformer	6,250.00	12/1/2016	6	7,248	2.9102	6,087	2.9537	\$ 6,087	6,086.565
GR-trn-GR4 GSU Transformer	6,250.00	12/1/2017	7	7,429	3.2675	5,910	3.3214	\$ 5,910	5,910.363
GR-trn-GSU Spare Transformer	6,250.00	12/1/2017	7	7,429	3.2675	5,910	3.3214	\$ 5,910	5,910.363

Description	Decommissioning Costs (in 2010 \$) [1]	Estimated Decommissioning Date (in 2010 \$) [1]	Time Until Decommissioning (Years)	Inflated Decommissioning Cost [2]	Discount Rate (in %) [3]	PV of Inflated Decommissioning Cost	Annual Discount Rate	PV of Inflated Decommissioning Cost	USING PV FORMULA FROM EXCEL
Estimated Fair Value of AROs (Rounded)						\$ 53,900,000		\$ 53,980,515	53,980,514.597

- Notes
1. Estimated decommissioning costs and dates provided by E.ON Management
 2. Rate of inflation assumption: 2.50%
 3. Discount rate based on yield on BBB+ rated debt deemed to be reflective of a typical market participant in the electric utility space.

Exhibit VII, Page 3 of 3

Valuation of Louisville Gas and Electric Company Asset Retirement Obligations (ARO)

As of November 1, 2010

DRAFT-These materials are for discussion and information-gathering purposes only.

They do not and are not intended to present any advice to, recommendations, options

or conclusions of Deloitte Financial Advisory Services LLP.

Description	Decommissioning Costs (in 2010 \$) [1]	Estimated Decommissioning Date (in 2010 \$) [1]	Time Until Decommissioning (Years)	Inflated Decommissioning Cost [2]	Discount Rate (in %) [3]	PV of Inflated Decommissioning Cost	Annual Discount Rate	PV of Inflated Decommissioning Cost	USING PV FORMULA FROM EXCEL
Canal (Retired) - ASB	\$ 1,575,000.00	12/1/2015	5	1,781,968	2.55	\$ 1,568,417	2.5859	\$ 1,568,417	1,568,416.579
Cane Run Unit 1 (Retired) - ASB	2,760,000.00	12/1/2051	41	7,596,046	5.5	805,194	5.6265	\$ 805,194	805,193.727
Cane Run Unit 2 (Retired) - ASB	2,600,000.00	12/1/2051	41	7,155,695	5.5	758,516	5.6265	\$ 758,516	758,515.829
Cane Run Unit 3 (Retired) - ASB	2,930,000.00	12/1/2051	41	8,063,918	5.5	854,789	5.6265	\$ 854,789	854,788.992
Cane Run Unit 4 - ASB	3,115,000.00	12/1/2051	41	8,573,073	5.5	908,760	5.6265	\$ 908,760	908,760.311
Cane Run Unit 5 - ASB	2,540,000.00	12/1/2055	45	7,716,274	5.5	657,096	5.6265	\$ 657,096	657,096.337
Cane Run Unit 6 - ASB	2,920,000.00	12/1/2056	46	9,092,445	5.5	733,043	5.6265	\$ 733,043	733,042.557
Center Gas Storage Field - UGS	4,052,250.00	12/1/2033	23	7,150,644	5.4	2,074,826	5.5260	\$ 2,075,290	2,075,289.552
City Gate DR 237900-ASB-Dist	13,974.00	12/1/2066	56	55,700	5.5	2,598	5.6265	\$ 2,598	2,597.629
CR-Ash Pond	6,627,500.00	12/1/2023	13	9,136,082	4.5	5,074,319	4.6100	\$ 5,085,234	5,085,234.219
CR-Coal Storage	333,000.00	12/1/2023	13	459,044	4.5	254,960	4.6100	\$ 255,509	255,508.562
CR-Environmental Ponds	843,500.00	12/1/2023	13	1,162,774	4.5	645,822	4.6100	\$ 647,212	647,211.628
CR-Land Fill	1,809,686.40	12/1/2023	13	2,494,673	4.5	1,385,579	4.6100	\$ 1,388,560	1,388,559.669
CR-Nuclear Sources	53,970.00	12/1/2023	13	74,398	4.5	41,322	4.6100	\$ 41,411	41,410.802
CR-Sewage Treatment Plant	15,300.00	12/1/2023	13	21,091	4.5	11,714	4.6100	\$ 11,740	11,739.583
Doe Run 235300-ASB-UGS	192,000.00	12/1/2066	56	765,311	5.5	35,691	5.6265	\$ 35,691	35,690.911
Doe Run Gas Storage Field - UGS	2,749,410.00	12/1/2033	23	4,851,638	5.4	1,407,748	5.5260	\$ 1,408,063	1,408,062.644
Gas Main & Serv Abandons-Dist	40,500,665.00	12/1/2050	40	108,746,871	5.5	12,175,939	5.6265	\$ 12,175,939	12,175,938.544
LGE Distribution Subs (66) - ASB	901,000.00	12/1/2078	68	4,830,006	5.5	116,787	5.6265	\$ 116,787	116,786.674
LGE Transmission Subs (11) - ASB	111,442.00	12/1/2079	69	612,344	5.5	14,017	5.6265	\$ 14,017	14,017.430
Magnolia 235120-ASB-UGS	67,000.00	12/1/2075	65	333,523	5.5	9,504	5.6265	\$ 9,504	9,503.647
Magnolia 235300-ASB-UGS	201,000.00	12/1/2066	56	801,184	5.5	37,364	5.6265	\$ 37,364	37,363.923
Magnolia 235600-ASB-UGS	26,000.00	12/1/2069	59	111,604	5.5	4,417	5.6265	\$ 4,417	4,416.546
Magnolia Gas Storage Field - UGS	2,832,367.00	12/1/2033	23	4,998,025	5.4	1,450,224	5.5260	\$ 1,450,548	1,450,547.632
Manholes - ASB	4,668,187.00	12/1/2094	84	37,149,497	5.5	374,139	5.6265	\$ 374,139	374,138.896
MC-Ash Pond	10,122,000.00	12/1/2036	26	19,234,763	5.4	4,713,961	5.5564	\$ 4,715,015	4,715,015.409
MC-Chemical Storage	17,595.75	12/1/2036	26	33,437	5.4	8,195	5.5564	\$ 8,196	8,196.427
MC-Coal Storage	370,000.00	12/1/2036	26	703,108	5.4	172,314	5.5564	\$ 172,353	172,352.865
MC-Environmental Ponds	964,000.00	12/1/2036	26	1,831,882	5.4	448,949	5.5564	\$ 449,049	449,049.087
MC-Landfill	1,818,426.28	12/1/2036	26	3,455,542	5.4	846,867	5.5564	\$ 847,057	847,056.701
MC-Nuclear Sources	26,890.00	12/1/2036	26	51,099	5.4	12,523	5.5564	\$ 12,526	12,525.861
MC-Oil Storage	1,286.45	12/1/2036	26	2,445	5.4	599	5.5564	\$ 599	599.252
Mill Creek Unit 1 - ASB	3,555,000.00	12/1/2059	49	11,920,899	5.5	815,528	5.6265	\$ 815,528	815,528.165
Mill Creek Unit 2 - ASB	3,100,000.00	12/1/2059	49	10,395,158	5.5	711,150	5.6265	\$ 711,150	711,149.736
Mill Creek Unit 3 - ASB	1,750,000.00	12/1/2069	59	7,511,836	5.5	297,268	5.6265	\$ 297,268	297,267.535
Mill Creek Unit 4 - ASB	2,600,000.00	12/1/2069	59	11,160,442	5.5	441,655	5.6265	\$ 441,655	441,654.623
Muldraugh 235120-ASB-UGS	95,000.00	12/1/2075	65	472,906	5.5	13,475	5.6265	\$ 13,475	13,475.320
Muldraugh 235300-ASB-UGS	151,000.00	12/1/2066	56	601,885	5.5	28,069	5.6265	\$ 28,069	28,069.415
Muldraugh 235600-ASB-UGS	115,000.00	12/1/2069	59	493,635	5.5	19,535	5.6265	\$ 19,535	19,534.724
Muldraugh 237520-ASB-Gas Dist	10,000.00	12/1/2050	40	26,851	5.5	3,006	5.6265	\$ 3,006	3,006.355
Muldraugh Gas Storage Field - UGS	1,109,029.00	12/1/2033	23	1,957,004	5.4	567,843	5.5260	\$ 567,970	567,969.966
Ohio Falls - ASB	620,000.00	12/1/2069	59	2,661,336	5.5	105,318	5.6265	\$ 105,318	105,317.641
Paddy's (Unit 11) - ASB	4,600,000.00	12/1/2015	5	5,204,478	2.6	4,580,772	2.5859	\$ 4,580,772	4,580,772.230
Riggs Junction 235120-ASB-UGS	70,603.05	12/1/2075	65	351,459	5.5	10,015	5.6265	\$ 10,015	10,014.723
Seventh&Ormsby - CornGenPin-ASB	449,000.00	12/1/2059	49	1,505,621	5.5	103,002	5.6265	\$ 103,002	103,002.010
TC-Ash Pond	14,339,500.00	12/1/2036	26	27,249,247	5.4	6,678,111	5.5564	\$ 6,679,605	6,679,605.163
TC-Chemical Storage	23,797.98	12/1/2036	26	45,223	5.4	11,083	5.5564	\$ 11,086	11,085.541
TC-Coal Storage	573,500.00	12/1/2036	26	1,089,818	5.4	267,087	5.5564	\$ 267,147	267,146.941
TC-Environmental Ponds	723,000.00	12/1/2036	26	1,373,912	5.4	336,711	5.5564	\$ 336,787	336,786.815
TC-Nuclear Sources	32,620.00	12/1/2036	26	61,988	5.4	15,192	5.5564	\$ 15,195	15,195.001
TC-Sewage Treatment Plant	26,155.00	12/1/2036	26	49,702	5.4	12,181	5.5564	\$ 12,183	12,183.484
Zorn - ASB	105,000.00	12/1/2043	33	237,179	5.5	38,956	5.6265	\$ 38,956	38,955.837
City Gate Prest 237900-ASB-Dist	16,000.00	12/1/2058	48	52,344	5.5	3,782	5.6265	\$ 3,782	3,782.408
Trm-CR4 GSU	3,000.00	12/1/2017	7	3,566	3.3	2,837	3.3214	\$ 2,837	2,836.974
Trm-CR5 GSU	3,000.00	12/1/2017	7	3,566	3.3	2,837	3.3214	\$ 2,837	2,836.974
Trm-CR6 GSU	3,000.00	12/1/2017	7	3,566	3.3	2,837	3.3214	\$ 2,837	2,836.974
Trm-CR Spare GSU	3,000.00	12/1/2017	7	3,566	3.3	2,837	3.3214	\$ 2,837	2,836.974
Trm-MC1 GSU	3,000.00	12/1/2018	8	3,655	3.7	2,722	3.7538	\$ 2,722	2,721.954
Trm-MC2 GSU	3,000.00	12/1/2019	9	3,747	3.9	2,633	3.9949	\$ 2,633	2,633.461

Description	Decommissioning Costs (in 2010 \$) [1]	Estimated Decommissioning Date (in 2010 \$) [1]	Time Until Decommissioning (Years)	Inflated Decommissioning Cost [2]	Discount Rate (in %) [3]	PV of Inflated Decommissioning Cost	Annual Discount Rate	PV of Inflated Decommissioning Cost	USING PV FORMULA FROM EXCEL
Tm-MC3 GSU	3,000.00	12/1/2023	13	4,136	4.5	2,297	4.6100	\$ 2,302	2,301.879
Tm-MC4 GSU	3,000.00	12/1/2028	18	4,679	5.1	1,858	5.2466	\$ 1,864	1,863.842
Tm-MC Spare GSU	3,000.00	12/1/2028	18	4,679	5.1	1,858	5.2466	\$ 1,864	1,863.842
Estimated Fair Value of AROs (Rounded)						\$ 52,700,000		\$ 52,708,865	\$ 52,708,865

- Notes
1. Estimated decommissioning costs and dates provided by E.ON Management
 2. Rate of inflation assumption: 2.50%
 3. Discount rate based on yield on BBB+ rated debt deemed to be reflective of a typical market participant in the electric utility space.

FMCH	888+	Time Until Decommissioning (Years)	Discount Rate	PV Factor	FMCH	Semi-annual	Continuous	Annual	Time Until Decommissioning (Years)	Discount Rate	PV Factor	PV Factor
3 mo	0.882848	1	1.321722984	0.98587	3 mo	0.8848	0.00882848	0.886556	1	1.330496353	0.988870	
6 mo	0.964073	2	1.533803553	0.96979	6 mo	0.9884	0.00964073	0.968735	2	1.54562669	0.969790	
1 y	1.321723	3	1.775000083	0.94814	1 y	1.3201	0.01321723	1.330496	3	1.790846831	0.948143	
2	1.533804	4	2.198472402	0.91582	2	1.5307	0.01533804	1.545627	4	2.222816881	0.915817	
3	1.775	5	2.553035467	0.88016	3	1.7829	0.01775	1.790847	5	2.585904541	0.880160	
4	2.198472	6	2.910249364	0.83978	4	2.2108	0.02198472	2.222817	6	2.953667786	0.839748	
5	2.553035	7	3.267463262	0.79555	5	2.5804	0.02553035	2.585905	7	3.321431031	0.795549	
7	3.287483	8	3.6850417	0.74468	7	3.2943	0.03287483	3.321431	8	3.753781122	0.744678	
8	3.685042	9	3.917187431	0.7029	8	3.7162	0.03885042	3.753781	9	3.994920884	0.702896	
9	3.917187	10	4.13241236	0.6615	9	3.9558	0.03917187	3.994921	10	4.218984913	0.661503	
10	4.132412	11	4.262734655	0.62569	10	4.1754	0.04132412	4.218985	11	4.349307208	0.626058	
15	4.784024	12	4.39305695	0.59027	15	4.8417	0.04784024	4.900305	12	4.479629503	0.591045	
20	5.3811	13	4.523379245	0.55542	20	5.4338	0.053811	5.50741	13	4.609951798	0.556610	
25	5.392057	14	4.653701539	0.52125	25	5.4854	0.05392057	5.540076	14	4.740274093	0.522887	
30	5.473903	15	4.784023834	0.48792	30	5.5495	0.05473903	5.626492	15	4.900305147	0.487920	
		16	4.8994391	0.45662					16	5.015720413	0.457016	
		17	5.014854366	0.42634					17	5.131135679	0.427137	
		18	5.130269632	0.39715					18	5.246550945	0.398344	
		19	5.245684898	0.3691					19	5.361966211	0.370686	
		20	5.361100164	0.34225					20	5.507410022	0.342248	
		21	5.367291467	0.32396					21	5.513601325	0.323983	
		22	5.373482769	0.30661					22	5.519792627	0.306657	
		23	5.379674072	0.29016					23	5.52598393	0.290224	
		24	5.385865374	0.27455					24	5.532175232	0.274639	
		25	5.392056677	0.25976					25	5.540076493	0.259756	
		26	5.408425913	0.24508					26	5.556445729	0.245130	
		27	5.42479515	0.23115					27	5.572814966	0.231256	
		28	5.441164386	0.21794					28	5.589184202	0.218100	
		29	5.457533622	0.20542					29	5.605553439	0.205629	
		30	5.473902859	0.19356					30	5.626492376	0.193559	
		31	5.473902859	0.18325					31	5.626492376	0.183249	
		32	5.473902859	0.17349					32	5.626492376	0.173488	
		33	5.473902859	0.16425					33	5.626492376	0.164246	
		34	5.473902859	0.1555					34	5.626492376	0.155497	
		35	5.473902859	0.14721					35	5.626492376	0.147214	
		36	5.473902859	0.13937					36	5.626492376	0.139373	
		37	5.473902859	0.13195					37	5.626492376	0.131948	
		38	5.473902859	0.12492					38	5.626492376	0.124920	
		39	5.473902859	0.11827					39	5.626492376	0.118266	
		40	5.473902859	0.11197					40	5.626492376	0.111966	
		41	5.473902859	0.106					41	5.626492376	0.106002	
		42	5.473902859	0.10036					42	5.626492376	0.100355	
		43	5.473902859	0.09501					43	5.626492376	0.095010	
		44	5.473902859	0.08995					44	5.626492376	0.089949	
		45	5.473902859	0.08516					45	5.626492376	0.085157	
		46	5.473902859	0.08062					46	5.626492376	0.080621	
		47	5.473902859	0.07633					47	5.626492376	0.076327	
		48	5.473902859	0.07226					48	5.626492376	0.072261	
		49	5.473902859	0.06841					49	5.626492376	0.068412	
		50	5.473902859	0.06477					50	5.626492376	0.064767	
		51	5.473902859	0.06132					51	5.626492376	0.061317	
		52	5.473902859	0.05805					52	5.626492376	0.058051	
		53	5.473902859	0.05496					53	5.626492376	0.054959	
		54	5.473902859	0.05203					54	5.626492376	0.052031	
		55	5.473902859	0.04926					55	5.626492376	0.049260	
		56	5.473902859	0.04664					56	5.626492376	0.046636	
		57	5.473902859	0.04415					57	5.626492376	0.044152	
		58	5.473902859	0.0418					58	5.626492376	0.041800	
		59	5.473902859	0.03957					59	5.626492376	0.039573	
		60	5.473902859	0.03747					60	5.626492376	0.037465	
		61	5.473902859	0.03547					61	5.626492376	0.035470	
		62	5.473902859	0.03358					62	5.626492376	0.033580	
		63	5.473902859	0.03179					63	5.626492376	0.031791	
		64	5.473902859	0.0301					64	5.626492376	0.030098	
		65	5.473902859	0.02849					65	5.626492376	0.028495	
		66	5.473902859	0.02698					66	5.626492376	0.026977	
		67	5.473902859	0.02554					67	5.626492376	0.025540	

68	5.473902859	0.02418	0.026677
69	5.473902859	0.02289	0.025293
70	5.473902859	0.02167	0.023980
71	5.473902859	0.02052	0.022735
72	5.473902859	0.01942	0.021556
73	5.473902859	0.01839	0.020437
74	5.473902859	0.01741	0.019376
75	5.473902859	0.01648	0.018371
76	5.473902859	0.01556	0.017417
77	5.473902859	0.01477	0.016513
78	5.473902859	0.01399	0.015656
79	5.473902859	0.01324	0.014844
80	5.473902859	0.01254	0.014073
81	5.473902859	0.01187	0.013343
82	5.473902859	0.01124	0.012651
83	5.473902859	0.01064	0.011994
84	5.473902859	0.01007	0.011372
85	5.473902859	0.00953	0.010781
86	5.473902859	0.00903	0.010222
87	5.473902859	0.00855	0.009691
88	5.473902859	0.00809	0.009188
89	5.473902859	0.00766	0.008712
90	5.473902859	0.00725	0.008259
91	5.473902859	0.00687	0.007831
92	5.473902859	0.00655	0.007424
93	5.473902859	0.00615	0.007039
94	5.473902859	0.00583	0.006674
95	5.473902859	0.00552	0.006327
96	5.473902859	0.00522	0.005999
97	5.473902859	0.00494	0.005688
98	5.473902859	0.00468	0.005392
99	5.473902859	0.00443	0.005113
100	5.473902859	0.00419	0.004847

68	5.626492376	0.024179
69	5.626492376	0.022891
70	5.626492376	0.021672
71	5.626492376	0.020518
72	5.626492376	0.019425
73	5.626492376	0.018390
74	5.626492376	0.017410
75	5.626492376	0.016483
76	5.626492376	0.015605
77	5.626492376	0.014774
78	5.626492376	0.013987
79	5.626492376	0.013242
80	5.626492376	0.012536
81	5.626492376	0.011869
82	5.626492376	0.011236
83	5.626492376	0.010638
84	5.626492376	0.010071
85	5.626492376	0.009535
86	5.626492376	0.009027
87	5.626492376	0.008546
88	5.626492376	0.008091
89	5.626492376	0.007660
90	5.626492376	0.007252
91	5.626492376	0.006865
92	5.626492376	0.006500
93	5.626492376	0.006154
94	5.626492376	0.005826
95	5.626492376	0.005515
96	5.626492376	0.005222
97	5.626492376	0.004943
98	5.626492376	0.004680
99	5.626492376	0.004431
100	5.626492376	0.004195

Crescente, Angela

From: Horne, Elliott
Sent: Tuesday, November 16, 2010 3:32 PM
To: 'Hannagan, Peter (US - Washington D.C.)'
Cc: Crescente, Angela; Wiseman, Sara; Arbough, Dan
Subject: RE: EVII ARO Decommissioning Cost - Deloitte v6.xlsx
Attachments: EVII ARO Decommissioning Cost - LGEKU.xlsx

Thanks Peter. Your file helped explain the differences. The attached file shows the calculation using the annual rate highlighted in blue, which comes fairly close to your calculation that uses continuous compounding.

There is one change needed for the file that you completed. Cell "I69" on the KU tab excludes the last 10 projects. When included the total Fair Value ARO is \$54MM (as opposed to \$53.9MM). The same change needs to be made on the LG&E tab. However, due to rounding the Fair Value for LG&E does not change. Please let me know if you agree.

From: Hannagan, Peter (US - Washington D.C.) [mailto:phannagan@deloitte.com]
Sent: Tuesday, November 16, 2010 2:34 PM
To: Horne, Elliott
Subject: RE: EVII ARO Decommissioning Cost - Deloitte v6.xlsx

Thanks Elliot

As discussed, this version converts the interest rates into annualized rates and then calculates PV factors using the annualized rates.

Hope this helps. Just call again if you have questions.

Thanks
Peter

Peter Hannagan
Deloitte Financial Advisory Services, LLP

Tel: +1 202 378 5057
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From: Horne, Elliott [mailto:Elliott.Horne@lge-ku.com]
Sent: Tuesday, November 16, 2010 2:15 PM
To: Hannagan, Peter (US - Washington D.C.)
Subject: RE: EVII ARO Decommissioning Cost - Deloitte v6.xlsx

Peter,
My e-mail is as follows: elliott.horne@eon-us.com. My direct phone # is (502)627-3652.

From: Hannagan, Peter (US - Washington D.C.) [mailto:phannagan@deloitte.com]
Sent: Tuesday, November 16, 2010 11:54 AM
To: Wiseman, Sara; Motyka, Marlene (US - New York)
Cc: Charnas, Shannon; Scott, Valerie; Crescente, Angela; tjhenninger@ppiweb.com; Arbough, Dan; Horne, Elliott
Subject: RE: EVII ARO Decommissioning Cost - Deloitte v6.xlsx

Sara

Thanks for the email. Please see a revised analysis attached. Also, to address your points below:

1. Value increase and interest rates – the decrease is a bit less with the revised analysis but is driven by an increase in interest rates from 9/30 to 11/1. Also, we are using a BBB+ curve in the current analysis versus the BBB curve sent previously (that you attached to your email). Even though we went from BBB to BBB+, the interest rates went down a little.
2. Continuous versus annual compounding – in the original analysis, we were using an interest rate curve that had been adjusted to be on a continuous compounding basis. Therefore we correctly calculated PV factors using continuous compounding. However the BBB+ curve we used in the latest analysis assumed semi-annual compounding. We omitted to adjust those rates to continuous compounding rates. We have fixed this in the attached. The total ARO value increased by about \$2 million.
3. I have attached the excel version of the 9/30 ARO analysis also

Let me know if you have any questions. I will be available after about 1pm if phone is easier.

Thanks

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Mobile: + 1 202 368 0417
phannagan@deloitte.com
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From: Wiseman, Sara [mailto:Sara.Wiseman@lge-ku.com]
Sent: Tuesday, November 16, 2010 11:04 AM
To: Hannagan, Peter (US - Washington D.C.); Motyka, Marlene (US - New York)
Cc: Charnas, Shannon; Scott, Valerie; Crescente, Angela; tjhenninger@ppiweb.com; Arbough, Dan; Horne, Elliott
Subject: EVII ARO Decommissioning Cost - Deloitte v6.xlsx

Marlene/Peter:

Thank you for responding so quickly to our request. We were surprised that the overall estimated fair value was lower on this file than on the previous file.

We do have a few questions regarding the file. It appears that there is inconsistency in the methodology used to calculate the inflated decommissioning cost and the present value of the inflated decommissioning cost. In calculating the inflated decommissioning cost, this file assumes that there is annual compounding of interest (which we agree with). In calculating the present value of inflated decommissioning costs, this file assumes that interest is compounded continuously. We feel this methodology should be consistent for both calculations (both formulas should assume annual compounding). Elliott Horne of our Treasury Dept has added a column on the LG&E and KU tabs within the attached spreadsheet that calculates the PV assuming

that there is annual compounding of interest (highlighted in yellow). Would you please take a look at the changes to the file and get back with concerns or questions you may have to this approach? Also, the formula that sums the PV of Inflated Decommissioning Cost does not include the last 10 projects. These have been added to the totals that include all projects (highlighted in yellow).

<<EVII ARO Decommissioning Cost - Deloitte revised.xlsx>>

We would also like to receive the Excel version of the ARO adjustment found in the PDF file below so that we can continue with our comparison work to the Excel file you most recently sent.

<<Combined Exhibits v2.pdf>>

Additionally, it appears that the interest rates sent to us in the email below do not agree to the ARO adjustment in the PDF file above. Please let us know why they are different.

<<FW: BBB Curve for AROs>>

Thanks for your help and we would appreciate a response at your earliest convenience since we are trying to get these calculations wrapped up.

Sara Wiseman

Manager, Property Accounting

Office 502.627.3189

Cell 502.338.0886

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.

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Exhibit VII, Page 2 of 3

Valuation of Kentucky Utilities Company Asset Retirement Obligations

As of November 1, 2010

DRAFT-These materials are for discussion and information-gathering purposes only.

They do not and are not intended to present any advice to, recommendations, options

or conclusions of Deloitte Financial Advisory Services LLP.

Description	Decommissioning Costs (in 2010 \$) [1]	Estimated Decommissioning Date (in 2010 \$) [1]	Time Until Decommissioning (Years)	Inflated Decommissioning Cost [2]	Discount Rate (in %) [3]	PV of Inflated Decommissioning Cost	Annual Discount Rate	PV of Inflated Decommissioning Cost	USING PV FORMULA FROM EXCEL
Big Stone Gap Substation - ASB-Dist	\$ 34,000.00	12/1/2077	67	\$ 177,819	5.4739	\$ 4,541	5.6265	\$ 4,541	4,541.470
BR-Ash Pond	15,183,000.00	12/1/2026	16	22,539,249	4.8994	10,291,805	5.0157	10,300,786	10,300,786.416
BR-Auxiliary Pond	3,615,000.00	12/1/2026	16	5,366,488	4.8994	2,450,430	5.0157	2,452,568	2,452,568.194
BR-Coal Storage	92,500.00	12/1/2026	16	137,317	4.8994	62,701	5.0157	62,756	62,755.894
BR-Nuclear Sources	22,840.00	12/1/2026	16	33,906	4.8994	15,482	5.0157	15,496	15,495.618
BR-Oil Storage	10,092.44	12/1/2026	16	14,982	4.8994	6,841	5.0157	6,847	6,847.136
BR-Oil Storage CT - OP	38,340.43	12/1/2036	26	72,858	5.4084	17,856	5.5564	17,860	17,859.684
Brown Unit 1 - ASB	1,781,000.00	12/1/2059	49	5,972,186	5.4739	408,567	5.6265	408,567	408,566.993
Brown Unit 2 - ASB	3,586,000.00	12/1/2059	49	12,024,851	5.4739	822,640	5.6265	822,640	822,639.662
Brown Unit 3 - ASB	8,158,000.00	12/1/2059	49	27,356,032	5.4739	1,871,471	5.6265	1,871,471	1,871,470.821
Dix Dam - ASB - Hydro	345,000.00	12/1/2069	59	1,480,905	5.4739	58,604	5.6265	58,604	58,604.171
GH-Ash Pond	30,968,500.00	12/1/2036	26	58,849,215	5.4084	14,422,475	5.5564	14,425,702	14,425,701.906
GH-Chemical Storage	24,547.05	12/1/2036	26	46,647	5.4084	11,432	5.5564	11,434	11,434.471
GH-Coal Storage	869,500.00	12/1/2036	26	1,652,305	5.4084	404,939	5.5564	405,029	405,029.233
Ghent Unit 1 - ASB	8,318,000.00	12/1/2059	49	27,892,556	5.4739	1,908,175	5.6265	1,908,175	1,908,175.323
Ghent Unit 2 - ASB	11,023,000.00	12/1/2060	50	37,887,249	5.4739	2,453,862	5.6265	2,453,862	2,453,862.218
Ghent Unit 3 - ASB	1,955,000.00	12/1/2069	59	8,391,794	5.4739	332,090	5.6265	332,090	332,090.303
Ghent Unit 4 - ASB	1,955,000.00	12/1/2069	59	8,391,794	5.4739	332,090	5.6265	332,090	332,090.303
GH-Environmental Ponds	843,500.00	12/1/2036	26	1,602,897	5.4084	392,830	5.5564	392,918	392,917.951
GH-Gypsum Stack-GH 1 Scrubber	6,025,000.00	12/1/2026	16	8,944,146	4.8994	4,084,050	5.0157	4,087,614	4,087,613.657
GH-Nuclear Sources	264,100.00	12/1/2036	26	501,867	5.4084	122,995	5.5564	123,023	123,022.680
GH-Oil Storage	12,624.05	12/1/2026	16	18,740	4.8994	8,557	5.0157	8,565	8,564.687
GH-Sewage Treatment Plant	26,155.00	12/1/2026	16	38,827	4.8994	17,729	5.0157	17,745	17,744.653
GR-Ash Pond	6,627,500.00	12/1/2018	8	8,074,965	3.6850	6,013,249	3.7538	6,013,249	6,013,249.135
GR-Chemical Storage	703.83	12/1/2018	8	858	3.6850	639	3.7538	639	638.598
GR-Coal Storage	222,000.00	12/1/2018	8	270,485	3.6850	201,425	3.7538	201,425	201,424.566
Green River Unit 1 - ASB	1,850,000.00	12/1/2051	41	5,091,552	5.4739	539,713	5.6265	539,713	539,713.186
Green River Unit 2 - ASB	1,700,000.00	12/1/2051	41	4,678,724	5.4739	495,953	5.6265	495,953	495,952.658
Green River Unit 3 - ASB	1,855,000.00	12/1/2051	41	5,105,313	5.4739	541,172	5.6265	541,172	541,171.871
Green River Unit 4 - ASB	2,175,000.00	12/1/2051	41	5,986,014	5.4739	634,528	5.6265	634,528	634,527.665
GR-Limestone Silo	1,631.25	12/1/2018	8	1,988	3.6850	1,480	3.7538	1,480	1,480.062
GR-Oil Storage	1,000.00	12/1/2018	8	1,218	3.6850	907	3.7538	907	907.318
GR-Sewage Treatment Plant	9,200.00	12/1/2018	8	11,209	3.6850	8,347	3.7538	8,347	8,347.324
KU - General Facilities - ASB	1,130,000.00	12/1/2073	63	5,354,044	5.4739	170,213	5.6265	170,213	170,212.678
KU Distribution Subs (478) - ASB	882,000.00	12/1/2077	67	4,612,831	5.4739	117,811	5.6265	117,811	117,811.053
KU Transmission Subs (69) - ASB	704,181.00	12/1/2079	69	3,869,288	5.4739	88,574	5.6265	88,574	88,573.500
Pineville - ASB	1,686,700.00	12/1/2043	33	3,810,004	5.4739	625,779	5.6265	625,779	625,779.147
Pineville-Ash Pond	1,205,000.00	12/1/2018	8	1,468,175	3.6850	1,093,318	3.7538	1,093,318	1,093,318.024
TY-Ash Pond	1,084,500.00	12/1/2018	8	1,321,358	3.6850	983,986	3.7538	983,986	983,986.222
TY-Chemical Storage	456.75	12/1/2018	8	557	3.6850	414	3.7538	414	414.417
TY-Coal Storage	74,000.00	12/1/2018	8	90,162	3.6850	67,142	3.7538	67,142	67,141.522
TY-Oil Storage	10,805.40	12/1/2018	8	13,165	3.6850	9,804	3.7538	9,804	9,803.932
Tyrone Unit 1 (Retired) - ASB	1,604,000.00	12/1/2051	41	4,414,513	5.4739	467,946	5.6265	467,946	467,945.919
Tyrone Unit 2 (Retired) - ASB	1,579,000.00	12/1/2051	41	4,345,709	5.4739	460,652	5.6265	460,652	460,652.498
Tyrone Unit 3 - ASB	2,173,000.00	12/1/2051	41	5,980,510	5.4739	633,944	5.6265	633,944	633,944.191
TY-Service Water Pump Structure	221,524.88	12/1/2018	8	269,907	3.6850	200,993	3.7538	200,993	200,993.481
TY-Sewage Treatment Plant	60,000.00	12/1/2018	8	73,104	3.6850	54,439	3.7538	54,439	54,439.072
BR-Lab	18,000.00	12/1/2019	9	22,480	3.9172	15,801	3.9949	15,801	15,800.766
GH-trn-GH1 GSU Transformer	2,400.00	12/1/2020	10	3,072	4.1324	2,032	4.2190	2,032	2,032.270
GH-trn-GH2 GSU Transformer	2,400.00	12/1/2024	14	3,391	4.6537	1,768	4.7403	1,773	1,773.183
GH-trn-GH3 GSU Transformer	2,400.00	12/1/2028	18	3,743	5.1303	1,487	5.2466	1,491	1,491.074
GH-trn-GH4 GSU Transformer	2,400.00	12/1/2031	21	4,031	5.3673	1,306	5.5136	1,306	1,305.976
GH-trn-GH Spare GSU Transformer	2,400.00	12/1/2031	21	4,031	5.3673	1,306	5.5136	1,306	1,305.976
GR-trn-G1-2 GSU Transformer	6,250.00	12/1/2016	6	7,248	2.9102	6,087	2.9537	6,087	6,086.565
GR-trn-GR3 GSU Transformer	6,250.00	12/1/2016	6	7,248	2.9102	6,087	2.9537	6,087	6,086.565
GR-trn-GR4 GSU Transformer	6,250.00	12/1/2017	7	7,429	3.2675	5,910	3.3214	5,910	5,910.363
GR-trn-GSU Spare Transformer	6,250.00	12/1/2017	7	7,429	3.2675	5,910	3.3214	5,910	5,910.363

Description	Decommissioning Costs (in 2010 \$) [1]	Estimated Decommissioning Date (in 2010 \$) [1]	Time Until Decommissioning (Years)	Inflated Decommissioning Cost [2]	Discount Rate (in %) [3]	PV of Inflated Decommissioning Cost	Annual Discount Rate	PV of Inflated Decommissioning Cost	USING PV FORMULA FROM EXCEL
				Estimated Fair Value of AROs (Rounded)		\$ 53,900,000		\$ 53,980,515	53,980,514.597

- Notes
1. Estimated decommissioning costs and dates provided by E.ON Management
 2. Rate of inflation assumption: 2.50%
 3. Discount rate based on yield on BBB+ rated debt deemed to be reflective of a typical market participant in the electric utility space.

Crescente, Angela

From: Hannagan, Peter (US - Washington D.C.) <phannagan@deloitte.com>
Sent: Tuesday, November 16, 2010 4:01 PM
To: Horne, Elliott
Cc: Crescente, Angela; Wiseman, Sara; Arbough, Dan
Subject: RE: EVII ARO Decommissioning Cost - Deloitte v6.xlsx
Attachments: EVII ARO Decommissioning Cost - annualized discount rates v8.xlsx

Thanks Elliott

Agree with that. I noticed that error on Friday night when we added those additional amounts in so not sure how that didn't get changed.

I have attached the revised file. Should we resend the full packet of schedules at this point or wait?

Peter

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From: Horne, Elliott [mailto:Elliott.Horne@lge-ku.com]
Sent: Tuesday, November 16, 2010 3:32 PM
To: Hannagan, Peter (US - Washington D.C.)
Cc: Crescente, Angela; Wiseman, Sara; Arbough, Dan
Subject: RE: EVII ARO Decommissioning Cost - Deloitte v6.xlsx

Thanks Peter. Your file helped explain the differences. The attached file shows the calculation using the annual rate highlighted in blue, which comes fairly close to your calculation that uses continuous compounding.

There is one change needed for the file that you completed. Cell "169" on the KU tab excludes the last 10 projects. When included the total Fair Value ARO is \$54MM (as opposed to \$53.9MM). The same change needs to be made on the LG&E tab. However, due to rounding the Fair Value for LG&E does not change. Please let me know if you agree.

From: Hannagan, Peter (US - Washington D.C.) [mailto:phannagan@deloitte.com]
Sent: Tuesday, November 16, 2010 2:34 PM
To: Horne, Elliott
Subject: RE: EVII ARO Decommissioning Cost - Deloitte v6.xlsx

Thanks Elliot

As discussed, this version converts the interest rates into annualized rates and then calculates PV factors using the annualized rates.

Hope this helps. Just call again if you have questions.

Thanks
Peter

Peter Hannagan
Deloitte Financial Advisory Services, LLP

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From: Horne, Elliott [mailto:Elliott.Horne@lge-ku.com]
Sent: Tuesday, November 16, 2010 2:15 PM
To: Hannagan, Peter (US - Washington D.C.)
Subject: RE: EVII ARO Decommissioning Cost - Deloitte v6.xlsx

Peter,
My e-mail is as follows: elliott.horne@eon-us.com. My direct phone # is (502)627-3652.

From: Hannagan, Peter (US - Washington D.C.) [mailto:phannagan@deloitte.com]
Sent: Tuesday, November 16, 2010 11:54 AM
To: Wiseman, Sara; Motyka, Marlene (US - New York)
Cc: Charnas, Shannon; Scott, Valerie; Crescente, Angela; tjhenninger@pplweb.com; Arbough, Dan; Horne, Elliott
Subject: RE: EVII ARO Decommissioning Cost - Deloitte v6.xlsx

Sara

Thanks for the email. Please see a revised analysis attached. Also, to address your points below:

1. Value increase and interest rates – the decrease is a bit less with the revised analysis but is driven by an increase in interest rates from 9/30 to 11/1. Also, we are using a BBB+ curve in the current analysis versus the BBB curve sent previously (that you attached to your email). Even though we went from BBB to BBB+, the interest rates went down a little.
2. Continuous versus annual compounding – in the original analysis, we were using an interest rate curve that had been adjusted to be on a continuous compounding basis. Therefore we correctly calculated PV factors using continuous compounding. However the BBB+ curve we used in the latest analysis assumed semi-annual compounding. We omitted to adjust those rates to continuous compounding rates. We have fixed this in the attached. The total ARO value increased by about \$2 million.
3. I have attached the excel version of the 9/30 ARO analysis also

Let me know if you have any questions. I will be available after about 1pm if phone is easier.

Thanks

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From: Wiseman, Sara [mailto:Sara.Wiseman@lge-ku.com]
Sent: Tuesday, November 16, 2010 11:04 AM
To: Hannagan, Peter (US - Washington D.C.); Motyka, Mariene (US - New York)
Cc: Charnas, Shannon; Scott, Valerie; Crescente, Angela; tjhenninger@pplweb.com; Arbough, Dan; Horne, Elliott
Subject: EVII ARO Decommissioning Cost - Deloitte v6.xlsx

Marlene/Peter:

Thank you for responding so quickly to our request. We were surprised that the overall estimated fair value was lower on this file than on the previous file.

We do have a few questions regarding the file. It appears that there is inconsistency in the methodology used to calculate the inflated decommissioning cost and the present value of the inflated decommissioning cost. In calculating the inflated decommissioning cost, this file assumes that there is annual compounding of interest (which we agree with). In calculating the present value of inflated decommissioning costs, this file assumes that interest is compounded continuously. We feel this methodology should be consistent for both calculations (both formulas should assume annual compounding). Elliott Horne of our Treasury Dept has added a column on the LG&E and KU tabs within the attached spreadsheet that calculates the PV assuming that there is annual compounding of interest (highlighted in yellow). Would you please take a look at the changes to the file and get back with concerns or questions you may have to this approach? Also, the formula that sums the PV of Inflated Decommissioning Cost does not include the last 10 projects. These have been added to the totals that include all projects (highlighted in yellow).

<<EVII ARO Decommissioning Cost - Deloitte revised.xlsx>>

We would also like to receive the Excel version of the ARO adjustment found in the PDF file below so that we can continue with our comparison work to the Excel file you most recently sent.

<<Combined Exhibits v2.pdf>>

Additionally, it appears that the interest rates sent to us in the email below do not agree to the ARO adjustment in the PDF file above. Please let us know why they are different.

<<FW: BBB Curve for AROs>>

Thanks for your help and we would appreciate a response at your earliest convenience since we are trying to get these calculations wrapped up.

Sara Wiseman

Manager, Property Accounting

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Cell 502.338.0886

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Exhibit VII, Page 1 of 3

Valuation of Asset Retirement Obligations

As of November 1, 2010

**DRAFT-These materials are for discussion and information-gathering purposes only.
They do not and are not intended to present any advice to, recommendations, options
or conclusions of Deloitte Financial Advisory Services LLP.**

Kentucky Utilities Company	\$	54,000,000	(1)
Louisville Gas and Electric Company		52,700,000	(2)
Total Fair Value of AROs	\$	106,700,000	

Notes

1. See Exhibit VII, Page 2 of 3
2. See Exhibit VII, Page 3 of 3

Exhibit VII, Page 2 of 3

Valuation of Kentucky Utilities Company Asset Retirement Obligations

As of November 1, 2010

DRAFT-These materials are for discussion and information-gathering purposes only. They do not and are not intended to present any advice to, recommendations, options or conclusions of Deloitte Financial Advisory Services LLP.

Description	Decommissioning Costs (in 2010 \$) [1]	Estimated Decommissioning Date (in 2010 \$) [1]	Time Until Decommissioning (Years)	Inflated Decommissioning Cost [2]	Discount Rate (in %) [3]	PV of Inflated Decommissioning Cost
Big Stone Gap Substation - ASB-Dist	\$ 34,000.00	12/1/2077	67	\$ 177,819	5.6	\$ 4,541
BR-Ash Pond	15,183,000.00	12/1/2026	16	22,539,249	5.0	10,291,585
BR-Auxiliary Pond	3,615,000.00	12/1/2026	16	5,366,488	5.0	2,450,377
BR-Coal Storage	92,500.00	12/1/2026	16	137,317	5.0	62,700
BR-Nuclear Sources	22,840.00	12/1/2026	16	33,906	5.0	15,482
BR-Oil Storage	10,092.44	12/1/2026	16	14,982	5.0	6,841
BR-Oil Storage CT - OP	38,340.43	12/1/2036	26	72,858	5.6	17,856
Brown Unit 1 - ASB	1,781,000.00	12/1/2059	49	5,972,186	5.6	408,567
Brown Unit 2 - ASB	3,586,000.00	12/1/2059	49	12,024,851	5.6	822,640
Brown Unit 3 - ASB	8,158,000.00	12/1/2059	49	27,356,032	5.6	1,871,471
Dix Dam - ASB - Hydro	345,000.00	12/1/2069	59	1,480,905	5.6	58,604
GH-Ash Pond	30,968,500.00	12/1/2036	26	58,849,215	5.6	14,422,465
GH-Chemical Storage	24,547.05	12/1/2036	26	46,647	5.6	11,432
GH-Coal Storage	869,500.00	12/1/2036	26	1,652,305	5.6	404,938
Ghent Unit 1 - ASB	8,318,000.00	12/1/2059	49	27,892,556	5.6	1,908,175
Ghent Unit 2 - ASB	11,023,000.00	12/1/2060	50	37,887,249	5.6	2,453,862
Ghent Unit 3 - ASB	1,955,000.00	12/1/2069	59	8,391,794	5.6	332,090
Ghent Unit 4 - ASB	1,955,000.00	12/1/2069	59	8,391,794	5.6	332,090
GH-Environmental Ponds	843,500.00	12/1/2036	26	1,602,897	5.6	392,830
GH-Gypsum Stack-GH 1 Scrubber	6,025,000.00	12/1/2026	16	8,944,146	5.0	4,083,962
GH-Nuclear Sources	264,100.00	12/1/2036	26	501,867	5.6	122,995
GH-Oil Storage	12,624.05	12/1/2026	16	18,740	5.0	8,557
GH-Sewage Treatment Plant	26,155.00	12/1/2026	16	38,827	5.0	17,729
GR-Ash Pond	6,627,500.00	12/1/2018	8	8,074,965	3.8	6,013,249
GR-Chemical Storage	703.83	12/1/2018	8	858	3.8	639
GR-Coal Storage	222,000.00	12/1/2018	8	270,485	3.8	201,425
Green River Unit 1 - ASB	1,850,000.00	12/1/2051	41	5,091,552	5.6	539,713
Green River Unit 2 - ASB	1,700,000.00	12/1/2051	41	4,678,724	5.6	495,953
Green River Unit 3 - ASB	1,855,000.00	12/1/2051	41	5,105,313	5.6	541,172
Green River Unit 4 - ASB	2,175,000.00	12/1/2051	41	5,986,014	5.6	634,528
GR-Limestone Silo	1,631.25	12/1/2018	8	1,988	3.8	1,480
GR-Oil Storage	1,000.00	12/1/2018	8	1,218	3.8	907
GR-Sewage Treatment Plant	9,200.00	12/1/2018	8	11,209	3.8	8,347
KU - General Facilities - ASB	1,130,000.00	12/1/2073	63	5,354,044	5.6	170,213
KU Distribution Subs (478) - ASB	882,000.00	12/1/2077	67	4,612,831	5.6	117,811
KU Transmission Subs (69) - ASB	704,181.00	12/1/2079	69	3,869,288	5.6	88,574
Pineville - ASB	1,686,700.00	12/1/2043	33	3,810,004	5.6	625,779
Pineville-Ash Pond	1,205,000.00	12/1/2018	8	1,468,175	3.8	1,093,318
TY-Ash Pond	1,084,500.00	12/1/2018	8	1,321,358	3.8	983,986
TY-Chemical Storage	456.75	12/1/2018	8	557	3.8	414
TY-Coal Storage	74,000.00	12/1/2018	8	90,162	3.8	67,142
TY-Oil Storage	10,805.40	12/1/2018	8	13,165	3.8	9,804
Tyrone Unit 1 (Retired) - ASB	1,604,000.00	12/1/2051	41	4,414,513	5.6	467,946
Tyrone Unit 2 (Retired) - ASB	1,579,000.00	12/1/2051	41	4,345,709	5.6	460,652
Tyrone Unit 3 - ASB	2,173,000.00	12/1/2051	41	5,980,510	5.6	633,944
TY-Service Water Pump Structure	221,524.88	12/1/2018	8	269,907	3.8	200,993
TY-Sewage Treatment Plant	60,000.00	12/1/2018	8	73,104	3.8	54,439

Description	Decommissioning Costs (in 2010 \$) [1]	Estimated Decommissioning Date (in 2010 \$) [1]	Time Until Decommissioning (Years)	Inflated Decommissioning Cost [2]	Discount Rate (in %) [3]	PV of Inflated Decommissioning Cost
BR-Lab	18,000.00	12/1/2019	9	22,480	4.0	15,801
GH-trn-GH1 GSU Transformer	2,400.00	12/1/2020	10	3,072	4.2	2,032
GH-trn-GH2 GSU Transformer	2,400.00	12/1/2024	14	3,391	4.8	1,768
GH-trn-GH3 GSU Transformer	2,400.00	12/1/2028	18	3,743	5.3	1,487
GH-trn-GH4 GSU Transformer	2,400.00	12/1/2031	21	4,031	5.5	1,306
GH-trn-GH Spare GSU Transformer	2,400.00	12/1/2031	21	4,031	5.5	1,306
GR-trn-G1-2 GSU Transformer	6,250.00	12/1/2016	6	7,248	3.0	6,087
GR-trn-GR3 GSU Transformer	6,250.00	12/1/2016	6	7,248	3.0	6,087
GR-trn-GR4 GSU Transformer	6,250.00	12/1/2017	7	7,429	3.3	5,910
GR-trn-GSU Spare Transformer	6,250.00	12/1/2017	7	7,429	3.3	5,910

Estimated Fair Value of AROs (Rounded) \$ 54,000,000

Notes

1. Estimated decommissioning costs and dates provided by E.ON Management
2. Rate of inflation assumption: 2.50%
3. Discount rate based on yield on BBB+ rated debt deemed to be reflective of a typical market participant in the electric utility space.

Exhibit VII, Page 3 of 3

Valuation of Louisville Gas and Electric Company Asset Retirement Obligations (ARO)
As of November 1, 2010

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Description	Decommissioning Costs (in 2010 \$) [1]	Estimated Decommissioning Date (in 2010 \$) [1]	Time Until Decommissioning (Years)	Inflated Decommissioning Cost [2]	Discount Rate (in %) [3]	PV of Inflated Decommissioning Cost
Canal (Retired) - ASB	\$ 1,575,000.00	12/1/2015	5	1,781,968	2.6	\$ 1,568,417
Cane Run Unit 1 (Retired) - ASB	2,760,000.00	12/1/2051	41	7,596,046	5.6	805,194
Cane Run Unit 2 (Retired) - ASB	2,600,000.00	12/1/2051	41	7,155,695	5.6	758,516
Cane Run Unit 3 (Retired) - ASB	2,930,000.00	12/1/2051	41	8,063,918	5.6	854,789
Cane Run Unit 4 - ASB	3,115,000.00	12/1/2051	41	8,573,073	5.6	908,760
Cane Run Unit 5 - ASB	2,540,000.00	12/1/2055	45	7,716,274	5.6	657,096
Cane Run Unit 6 - ASB	2,920,000.00	12/1/2056	46	9,092,445	5.6	733,043
Center Gas Storage Field - UGS	4,052,250.00	12/1/2033	23	7,150,644	5.5	2,074,826
City Gate DR 237900-ASB-Dist	13,974.00	12/1/2066	56	55,700	5.6	2,598
CR-Ash Pond	6,627,500.00	12/1/2023	13	9,136,082	4.6	5,074,151
CR-Coal Storage	333,000.00	12/1/2023	13	459,044	4.6	254,952
CR-Environmental Ponds	843,500.00	12/1/2023	13	1,162,774	4.6	645,801
CR-Land Fill	1,809,686.40	12/1/2023	13	2,494,673	4.6	1,385,533
CR-Nuclear Sources	53,970.00	12/1/2023	13	74,398	4.6	41,321
CR-Sewage Treatment Plant	15,300.00	12/1/2023	13	21,091	4.6	11,714
Doe Run 235300-ASB-UGS	192,000.00	12/1/2066	56	765,311	5.6	35,691
Doe Run Gas Storage Field - UGS	2,749,410.00	12/1/2033	23	4,851,638	5.5	1,407,748
Gas Main & Serv Abandons-Dist	40,500,665.00	12/1/2050	40	108,746,871	5.6	12,175,939
LGE Distribution Subs (66) - ASB	901,000.00	12/1/2078	68	4,830,006	5.6	116,787
LGE Transmission Subs (11) - ASB	111,442.00	12/1/2079	69	612,344	5.6	14,017
Magnolia 235120-ASB-UGS	67,000.00	12/1/2075	65	333,523	5.6	9,504
Magnolia 235300-ASB-UGS	201,000.00	12/1/2066	56	801,184	5.6	37,364
Magnolia 235600-ASB-UGS	26,000.00	12/1/2069	59	111,604	5.6	4,417
Magnolia Gas Storage Field - UGS	2,832,367.00	12/1/2033	23	4,998,025	5.5	1,450,223
Manholes - ASB	4,668,187.00	12/1/2094	84	37,149,497	5.6	374,139
MC-Ash Pond	10,122,000.00	12/1/2036	26	19,234,763	5.6	4,713,957
MC-Chemical Storage	17,595.75	12/1/2036	26	33,437	5.6	8,195
MC-Coal Storage	370,000.00	12/1/2036	26	703,108	5.6	172,314
MC-Environmental Ponds	964,000.00	12/1/2036	26	1,831,882	5.6	448,948
MC-Landfill	1,818,426.28	12/1/2036	26	3,455,542	5.6	846,867
MC-Nuclear Sources	26,890.00	12/1/2036	26	51,099	5.6	12,523
MC-Oil Storage	1,286.45	12/1/2036	26	2,445	5.6	599
Mill Creek Unit 1 - ASB	3,555,000.00	12/1/2059	49	11,920,899	5.6	815,528
Mill Creek Unit 2 - ASB	3,100,000.00	12/1/2059	49	10,395,158	5.6	711,150
Mill Creek Unit 3 - ASB	1,750,000.00	12/1/2069	59	7,511,836	5.6	297,268
Mill Creek Unit 4 - ASB	2,600,000.00	12/1/2069	59	11,160,442	5.6	441,655
Muldraugh 235120-ASB-UGS	95,000.00	12/1/2075	65	472,906	5.6	13,475
Muldraugh 235300-ASB-UGS	151,000.00	12/1/2066	56	601,885	5.6	28,069
Muldraugh 235600-ASB-UGS	115,000.00	12/1/2069	59	493,635	5.6	19,535
Muldraugh 237520-ASB-Gas Dist	10,000.00	12/1/2050	40	26,851	5.6	3,006
Muldraugh Gas Storage Field - UGS	1,109,029.00	12/1/2033	23	1,957,004	5.5	567,843
Ohio Falls - ASB	620,000.00	12/1/2069	59	2,661,336	5.6	105,318
Paddy's (Unit 11) - ASB	4,600,000.00	12/1/2015	5	5,204,478	2.6	4,580,772
Riggs Junction 235120-ASB-UGS	70,603.05	12/1/2075	65	351,459	5.6	10,015
Seventh&Ormsby - ComGenPln-ASB	449,000.00	12/1/2059	49	1,505,621	5.6	103,002
TC-Ash Pond	14,339,500.00	12/1/2036	26	27,249,247	5.6	6,678,106

Description	Decommissioning Costs (in 2010 \$) [1]	Estimated Decommissioning Date (in 2010 \$) [1]	Time Until Decommissioning (Years)	Inflated Decommissioning Cost [2]	Discount Rate (in %) [3]	PV of Inflated Decommissioning Cost
TC-Chemical Storage	23,797.98	12/1/2036	26	45,223	5.6	11,083
TC-Coal Storage	573,500.00	12/1/2036	26	1,089,818	5.6	267,087
TC-Environmental Ponds	723,000.00	12/1/2036	26	1,373,912	5.6	336,711
TC-Nuclear Sources	32,620.00	12/1/2036	26	61,988	5.6	15,192
TC-Sewage Treatment Plant	26,155.00	12/1/2036	26	49,702	5.6	12,181
Zorn - ASB	105,000.00	12/1/2043	33	237,179	5.6	38,956
City Gate Prest 237900-ASB-Dist	16,000.00	12/1/2058	48	52,344	5.6	3,782
Trn-CR4 GSU	3,000.00	12/1/2017	7	3,566	3.3	2,837
Trn-CR5 GSU	3,000.00	12/1/2017	7	3,566	3.3	2,837
Trn-CR6 GSU	3,000.00	12/1/2017	7	3,566	3.3	2,837
Trn-CR Spare GSU	3,000.00	12/1/2017	7	3,566	3.3	2,837
Trn-MC1 GSU	3,000.00	12/1/2018	8	3,655	3.8	2,722
Trn-MC2 GSU	3,000.00	12/1/2019	9	3,747	4.0	2,633
Trn-MC3 GSU	3,000.00	12/1/2023	13	4,136	4.6	2,297
Trn-MC4 GSU	3,000.00	12/1/2028	18	4,679	5.3	1,858
Trn-MC Spare GSU	3,000.00	12/1/2028	18	4,679	5.3	1,858

Estimated Fair Value of AROs (Rounded) \$ 52,700,000

Notes

1. Estimated decommissioning costs and dates provided by E.ON Management
2. Rate of inflation assumption: 2.50%
3. Discount rate based on yield on BBB+ rated debt deemed to be reflective of a typical market participant in the electric utility space.

FMCH	Semi-Annual BBB+	Time Until Decommissioning (Years)	Semi-Annual Compounding		Annual	Semi-Annual Compounding	Annual Compounding	Annual Compounding x 100
			Discount Rate	PV Factor				
3 mo	0.8846	1	1.3261	0.9869	1.3305	1.326%	1.330%	1.330496353
6 mo	0.9684	2	1.5397	0.9698	1.5456	1.540%	1.546%	1.54562669
1 y	1.3251	3	1.7829	0.9481	1.7908	1.783%	1.791%	1.790846831
	1.5397	4	2.2106	0.9158	2.2228	2.211%	2.223%	2.222816881
2	1.7829	5	2.5694	0.8802	2.5859	2.569%	2.586%	2.585904541
3	2.2106	6	2.93185	0.8398	2.9533	2.932%	2.953%	2.953339361
4	2.5694	7	3.2943	0.7955	3.3214	3.294%	3.321%	3.321431031
5	3.2943	8	3.7192	0.7447	3.7538	3.719%	3.754%	3.753781122
6	3.7192	9	3.9558	0.7029	3.9949	3.956%	3.995%	3.994920884
7	3.9558	10	4.1754	0.6615	4.2190	4.175%	4.219%	4.218984913
8	4.1754	11	4.30866	0.6257	4.3551	4.309%	4.355%	4.355071377
9	4.8417	12	4.44192	0.5903	4.4912	4.442%	4.491%	4.491246633
10	5.4336	13	4.57518	0.5554	4.6275	4.575%	4.628%	4.62751068
15	5.4654	14	4.70844	0.5212	4.7639	4.708%	4.764%	4.763863518
20	5.495	15	4.8417	0.4879	4.9003	4.842%	4.900%	4.900305147
25	5.495	16	4.96008	0.4566	5.0216	4.960%	5.022%	5.021585984
30	5.495	17	5.07846	0.4263	5.1429	5.078%	5.143%	5.14293689
		18	5.19684	0.3971	5.2644	5.197%	5.264%	5.264357865
		19	5.31522	0.3691	5.3858	5.315%	5.386%	5.385848909
		20	5.4336	0.3422	5.5074	5.434%	5.507%	5.507410022
		21	5.43996	0.3240	5.5139	5.440%	5.514%	5.513942912
		22	5.44632	0.3066	5.5205	5.446%	5.520%	5.520476004
		23	5.45268	0.2902	5.5270	5.453%	5.527%	5.527009298
		24	5.45904	0.2746	5.5335	5.459%	5.534%	5.533542794
		25	5.4654	0.2598	5.5401	5.465%	5.540%	5.540076493
		26	5.48222	0.2451	5.5574	5.482%	5.557%	5.55735684
		27	5.49904	0.2311	5.5746	5.499%	5.575%	5.574638602
		28	5.51586	0.2179	5.5919	5.516%	5.592%	5.591921779
		29	5.53268	0.2054	5.6092	5.533%	5.609%	5.60920637
		30	5.5495	0.1936	5.6265	5.550%	5.626%	5.626492376
		31	5.5495	0.1832	5.6265	5.550%	5.626%	5.626492376
		32	5.5495	0.1735	5.6265	5.550%	5.626%	5.626492376
		33	5.5495	0.1642	5.6265	5.550%	5.626%	5.626492376
		34	5.5495	0.1555	5.6265	5.550%	5.626%	5.626492376
		35	5.5495	0.1472	5.6265	5.550%	5.626%	5.626492376
		36	5.5495	0.1394	5.6265	5.550%	5.626%	5.626492376
		37	5.5495	0.1319	5.6265	5.550%	5.626%	5.626492376
		38	5.5495	0.1249	5.6265	5.550%	5.626%	5.626492376
		39	5.5495	0.1183	5.6265	5.550%	5.626%	5.626492376
		40	5.5495	0.1120	5.6265	5.550%	5.626%	5.626492376
		41	5.5495	0.1060	5.6265	5.550%	5.626%	5.626492376
		42	5.5495	0.1004	5.6265	5.550%	5.626%	5.626492376
		43	5.5495	0.0950	5.6265	5.550%	5.626%	5.626492376
		44	5.5495	0.0899	5.6265	5.550%	5.626%	5.626492376
		45	5.5495	0.0852	5.6265	5.550%	5.626%	5.626492376
		46	5.5495	0.0806	5.6265	5.550%	5.626%	5.626492376
		47	5.5495	0.0763	5.6265	5.550%	5.626%	5.626492376
		48	5.5495	0.0723	5.6265	5.550%	5.626%	5.626492376
		49	5.5495	0.0684	5.6265	5.550%	5.626%	5.626492376
		50	5.5495	0.0648	5.6265	5.550%	5.626%	5.626492376
		51	5.5495	0.0613	5.6265	5.550%	5.626%	5.626492376
		52	5.5495	0.0581	5.6265	5.550%	5.626%	5.626492376
		53	5.5495	0.0550	5.6265	5.550%	5.626%	5.626492376
		54	5.5495	0.0520	5.6265	5.550%	5.626%	5.626492376
		55	5.5495	0.0493	5.6265	5.550%	5.626%	5.626492376

Charnas

56	5.5495	0.0466	5.6265	5.550%	5.626%	5.626492376
57	5.5495	0.0442	5.6265	5.550%	5.626%	5.626492376
58	5.5495	0.0418	5.6265	5.550%	5.626%	5.626492376
59	5.5495	0.0396	5.6265	5.550%	5.626%	5.626492376
60	5.5495	0.0375	5.6265	5.550%	5.626%	5.626492376
61	5.5495	0.0355	5.6265	5.550%	5.626%	5.626492376
62	5.5495	0.0336	5.6265	5.550%	5.626%	5.626492376
63	5.5495	0.0318	5.6265	5.550%	5.626%	5.626492376
64	5.5495	0.0301	5.6265	5.550%	5.626%	5.626492376
65	5.5495	0.0285	5.6265	5.550%	5.626%	5.626492376
66	5.5495	0.0270	5.6265	5.550%	5.626%	5.626492376
67	5.5495	0.0255	5.6265	5.550%	5.626%	5.626492376
68	5.5495	0.0242	5.6265	5.550%	5.626%	5.626492376
69	5.5495	0.0229	5.6265	5.550%	5.626%	5.626492376
70	5.5495	0.0217	5.6265	5.550%	5.626%	5.626492376
71	5.5495	0.0205	5.6265	5.550%	5.626%	5.626492376
72	5.5495	0.0194	5.6265	5.550%	5.626%	5.626492376
73	5.5495	0.0184	5.6265	5.550%	5.626%	5.626492376
74	5.5495	0.0174	5.6265	5.550%	5.626%	5.626492376
75	5.5495	0.0165	5.6265	5.550%	5.626%	5.626492376
76	5.5495	0.0156	5.6265	5.550%	5.626%	5.626492376
77	5.5495	0.0148	5.6265	5.550%	5.626%	5.626492376
78	5.5495	0.0140	5.6265	5.550%	5.626%	5.626492376
79	5.5495	0.0132	5.6265	5.550%	5.626%	5.626492376
80	5.5495	0.0125	5.6265	5.550%	5.626%	5.626492376
81	5.5495	0.0119	5.6265	5.550%	5.626%	5.626492376
82	5.5495	0.0112	5.6265	5.550%	5.626%	5.626492376
83	5.5495	0.0106	5.6265	5.550%	5.626%	5.626492376
84	5.5495	0.0101	5.6265	5.550%	5.626%	5.626492376
85	5.5495	0.0095	5.6265	5.550%	5.626%	5.626492376
86	5.5495	0.0090	5.6265	5.550%	5.626%	5.626492376
87	5.5495	0.0085	5.6265	5.550%	5.626%	5.626492376
88	5.5495	0.0081	5.6265	5.550%	5.626%	5.626492376
89	5.5495	0.0077	5.6265	5.550%	5.626%	5.626492376
90	5.5495	0.0073	5.6265	5.550%	5.626%	5.626492376
91	5.5495	0.0069	5.6265	5.550%	5.626%	5.626492376
92	5.5495	0.0065	5.6265	5.550%	5.626%	5.626492376
93	5.5495	0.0062	5.6265	5.550%	5.626%	5.626492376
94	5.5495	0.0058	5.6265	5.550%	5.626%	5.626492376
95	5.5495	0.0055	5.6265	5.550%	5.626%	5.626492376
96	5.5495	0.0052	5.6265	5.550%	5.626%	5.626492376
97	5.5495	0.0049	5.6265	5.550%	5.626%	5.626492376
98	5.5495	0.0047	5.6265	5.550%	5.626%	5.626492376
99	5.5495	0.0044	5.6265	5.550%	5.626%	5.626492376
100	5.5495	0.0042	5.6265	5.550%	5.626%	5.626492376

Crescente, Angela

From: johann.r.narvekar@us.pwc.com
Sent: Wednesday, November 17, 2010 11:06 AM
To: Crescente, Angela
Cc: Kinder, Debra; gregory.l.maggard@us.pwc.com; Wiseman, Sara
Subject: RE: Request for initial evidence for Key reports

Angela -

I had a quick clarifying question with regards to the ARO Liability Balances & Activity report.

1. For every IFRS account, would it be necessary for there to be a corresponding non-IFRS or GAAP account?

Also, I just wanted to follow up with you after our meeting with the documents we need;

1. The reports (ARO Liability Balances & Activity) for consecutive months July and August 2010.
2. Files from Oracle showing what is booked to the G/L

Additionally, can we get a screenshot from Powerplant showing the discount rate corresponding to the following account;
--> CR - Ash Pond

At this time, given the premise that we may be able to tie out the total balances booked to Oracle, we only need the information for a single sample account.

Thanks!
Johann

Johann R Narvekar | Risk Assurance | PricewaterhouseCoopers | Mobile: +1 317 442 8318 | johann.r.narvekar@us.pwc.com

From: "Crescente, Angela" <Angela.Crescente@lge-ku.com>
To: Johann R Narvekar/US/ABAS/PwC@Americas-US, "Wiseman, Sara" <Sara.Wiseman@lge-ku.com>, "Kinder, Debra" <Debra.Kinder@lge-ku.com>
Cc: Gregory L Maggard/US/ABAS/PwC@Americas-US
Date: 11/11/2010 09:50 AM
Subject: RE: Request for initial evidence for Key reports

Johann,

There have been no changes to the logic and application of these reports in 2010.

Thanks,
Angela

From: johann.r.narvekar@us.pwc.com [<mailto:johann.r.narvekar@us.pwc.com>]
Sent: Thursday, November 11, 2010 9:18 AM
To: Wiseman, Sara; Kinder, Debra; Crescente, Angela
Cc: gregory.l.maggard@us.pwc.com
Subject: PwC: Request for initial evidence for Key reports

Sara/Debra/Angela,

I am with the PwC IT audit team supporting the financial statement audit. We support the financial audit team by testing some key reports. We tested the following reports in 2009 for PowerPlant;

- Depreciation Comparison by Account Report
- IFRS ARO Liability Balances and Activity Report

Would it be possible for either or all of you to meet with us anytime tomorrow or early next week for about an hour to discuss the report and any changes that may have occurred to the logic and application of the report in 2010.

Feel free to reach out to me at (317) 442 - 8318, if you have any questions.

Regards,
Johann

Johann R Narvekar | Risk Assurance | PricewaterhouseCoopers | Mobile: +1 317 442 8318 | johann.r.narvekar@us.pwc.com

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Crescente, Angela

From: Wiseman, Sara
Sent: Wednesday, November 17, 2010 11:42 AM
To: 'phannagan@deloitte.com'; 'Motyka, Marlene (US - New York)'
Cc: Horne, Elliott; Crescente, Angela
Subject: ARO adjustment

Hi Peter/Marlene:

We still have some questions we would like to talk over with you this afternoon regarding AROs . Are you available at 3 or before? I know this is short notice, but we are working hard to try to finalize the numbers.

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

Crescente, Angela

From: Hannagan, Peter (US - Washington D.C.) <phannagan@deloitte.com>
Sent: Wednesday, November 17, 2010 11:45 AM
To: Wiseman, Sara; Motyka, Marlene (US - New York)
Cc: Horne, Elliott; Crescente, Angela
Subject: RE: ARO adjustment

Sara - I can talk before 1pm or between 2-3pm.

Peter Hannagan
Deloitte Financial Advisory Services, LLP

Tel: +1 202 378 5057
Fax: +1 202 661 1113
Mobile: + 1 202 368 0417
phannagan@deloitte.com
www.deloitte.com

From: Wiseman, Sara [<mailto:Sara.Wiseman@lge-ku.com>]
Sent: Wednesday, November 17, 2010 11:42 AM
To: Hannagan, Peter (US - Washington D.C.); Motyka, Marlene (US - New York)
Cc: Horne, Elliott; Crescente, Angela
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Crescente, Angela

From: Wiseman, Sara
Sent: Wednesday, November 17, 2010 12:41 PM
To: 'Hannagan, Peter (US - Washington D.C.); Motyka, Marlene (US - New York)
Cc: Horne, Elliott; Crescente, Angela
Subject: RE: ARO adjustment

Peter:

Thanks for agreeing on such short notice. I just sent a meeting notice, but in case you did not receive it here is the call in information:

This conference is scheduled to begin on November 17 2010 at 02:00 PM EST + DST (Eastern US).

This conference is scheduled to last for 60 minutes.

To access this conference via telephone, please call a number from the list below;

2526, LG&E Internal.
7-627-2526, KU On-net 7+seven.
627-2526, Louisville area local call.
502-627-2526, North America Long Distance.

when prompted for your conference code, please enter **6724** on your telephone keypad.

From: Hannagan, Peter (US - Washington D.C.) [<mailto:phannagan@deloitte.com>]
Sent: Wednesday, November 17, 2010 11:45 AM
To: Wiseman, Sara; Motyka, Marlene (US - New York)
Cc: Horne, Elliott; Crescente, Angela
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Fax: +1 202 661 1113
Mobile: + 1 202 368 0417
phannagan@deloitte.com
www.deloitte.com

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Crescente, Angela

From: Hannagan, Peter (US - Washington D.C.) <phannagan@deloitte.com>
Sent: Wednesday, November 17, 2010 3:07 PM
To: Wiseman, Sara; Motyka, Marlene (US - New York)
Cc: Horne, Elliott; Crescente, Angela
Subject: RE: ARO adjustment
Attachments: 7.EVII ARO Decommissioning Cost - annualized discount rates v9.xlsx

Sara

I think the attached should address what we discussed but please let me know if there are still disconnects with what the Power Plant system estimates.

thanks

Peter Hannagan
Deloitte Financial Advisory Services, LLP

Tel: +1 202 378 5057
Fax: +1 202 661 1113
Mobile: + 1 202 368 0417
phannagan@deloitte.com
www.deloitte.com

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Sent: Wednesday, November 17, 2010 12:41 PM
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Cc: Horne, Elliott; Crescente, Angela
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when prompted for your conference code, please enter **6724** on your telephone keypad.

From: Hannagan, Peter (US - Washington D.C.) [<mailto:phannagan@deloitte.com>]
Sent: Wednesday, November 17, 2010 11:45 AM
To: Wiseman, Sara; Motyka, Marlene (US - New York)

Cc: Horne, Elliott; Crescente, Angela
Subject: RE: ARO adjustment

Sara - I can talk before 1pm or between 2-3pm.

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Mobile: + 1 202 368 0417
phannagan@deloitte.com
www.deloitte.com

From: Wiseman, Sara [<mailto:Sara.Wiseman@lge-ku.com>]
Sent: Wednesday, November 17, 2010 11:42 AM
To: Hannagan, Peter (US - Washington D.C.); Motyka, Marlene (US - New York)
Cc: Horne, Elliott; Crescente, Angela
Subject: ARO adjustment

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Sara Wiseman

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Exhibit VII, Page 1 of 3

Valuation of Asset Retirement Obligations

As of November 1, 2010

**DRAFT-These materials are for discussion and information-gathering purposes only.
They do not and are not intended to present any advice to, recommendations, options
or conclusions of Deloitte Financial Advisory Services LLP.**

Kentucky Utilities Company	\$	53,900,000	(1)
Louisville Gas and Electric Company		52,500,000	(2)
Total Fair Value of AROs	\$	106,400,000	

Notes

1. See Exhibit VII, Page 2 of 3
2. See Exhibit VII, Page 3 of 3

Crescente, Angela

From: Wiseman, Sara
Sent: Wednesday, November 17, 2010 4:18 PM
To: Charnas, Shannon; Scott, Valerie
Cc: Horne, Elliott; Crescente, Angela
Subject: update on ARO purchase accounting adjustment

Valerie/Shannon:

Just wanted to give you an update on where we are at with the ARO purchase accounting adjustment. We have been going back and forth with Deloitte all week tweaking the calculation. Currently, we are awaiting a revised schedule from Peter Hannagan (Deloitte) to finalize the new asset and liability amounts as of November 1, 2010 in order to match the revalue amounts that the PowerPlant system calculates. The PowerPlant system is more accurate as it calculates the PV of Inflated Decommissioning Cost including the last 2 months of this year and Deloitte's spreadsheet is using rounded years. Fortunately, Jim O. is here from PowerPlant and he has been a big help with this. Additionally, Elliott has been included all along and we also spoke with John Nitsche (PPL) today. He agrees with our approach.

The overall amount reduced from the initial exhibit mainly due to an increase in the discount rate from 9/30 to 11/1. There have been many discussions between Deloitte and us in reference to using an annual rate versus a continuous compounding rate. Peter has agreed to recalculate the exhibit to reflect the change to include the last two months of this year, and he will also label the rates on the exhibit in such a way to better understand them so that we will have detailed support for what we will be inputting into the system.

We are making progress, which is encouraging, but it is very slow (and painful).

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

Crescente, Angela

From: Wiseman, Sara
Sent: Wednesday, November 17, 2010 5:37 PM
To: 'Hannagan, Peter (US - Washington D.C.); Motyka, Marlene (US - New York)
Cc: Horne, Elliott; Crescente, Angela; 'Jim Ogilvie'
Subject: RE: ARO adjustment

Peter:

We hope to have an answer for you tomorrow morning. What is your availability tomorrow?

From: Hannagan, Peter (US - Washington D.C.) [<mailto:phannagan@deloitte.com>]
Sent: Wednesday, November 17, 2010 3:07 PM
To: Wiseman, Sara; Motyka, Marlene (US - New York)
Cc: Horne, Elliott; Crescente, Angela
Subject: RE: ARO adjustment

Sara

I think the attached should address what we discussed but please let me know if there are still disconnects with what the Power Plant system estimates.

thanks

Peter Hannagan
Deloitte Financial Advisory Services, LLP

Tel: +1 202 378 5057
Fax: +1 202 661 1113
Mobile: + 1 202 368 0417
phannagan@deloitte.com
www.deloitte.com

From: Wiseman, Sara [<mailto:Sara.Wiseman@lge-ku.com>]
Sent: Wednesday, November 17, 2010 12:41 PM
To: Hannagan, Peter (US - Washington D.C.); Motyka, Marlene (US - New York)
Cc: Horne, Elliott; Crescente, Angela
Subject: RE: ARO adjustment

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when prompted for your conference code, please enter 6724 on your telephone keypad.

From: Hannagan, Peter (US - Washington D.C.) [<mailto:phannagan@deloitte.com>]
Sent: Wednesday, November 17, 2010 11:45 AM
To: Wiseman, Sara; Motyka, Marlene (US - New York)
Cc: Horne, Elliott; Crescente, Angela
Subject: RE: ARO adjustment

Sara - I can talk before 1pm or between 2-3pm.

Peter Hannagan
Deloitte Financial Advisory Services, LLP

Tel: +1 202 378 5057
Fax: +1 202 661 1113
Mobile: + 1 202 368 0417
phannagan@deloitte.com
www.deloitte.com

From: Wiseman, Sara [<mailto:Sara.Wiseman@lge-ku.com>]
Sent: Wednesday, November 17, 2010 11:42 AM
To: Hannagan, Peter (US - Washington D.C.); Motyka, Marlene (US - New York)
Cc: Horne, Elliott; Crescente, Angela
Subject: ARO adjustment

Hi Peter/Marlene:

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Sara Wiseman

Manager, Property Accounting

Office 502.627.3189

Cell 502.338.0886

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Crescente, Angela

From: Scott, Valerie
Sent: Wednesday, November 17, 2010 7:26 PM
To: Wiseman, Sara; Charnas, Shannon
Cc: Horne, Elliott; Crescente, Angela
Subject: RE: update on ARO purchase accounting adjustment

Sara,

Sorry this is such a difficult process. I appreciate all your & Angela's persistence to resolve the differences.

Valerie

From: Wiseman, Sara
Sent: Wednesday, November 17, 2010 4:18 PM
To: Charnas, Shannon; Scott, Valerie
Cc: Horne, Elliott; Crescente, Angela
Subject: update on ARO purchase accounting adjustment

Valerie/Shannon:

Just wanted to give you an update on where we are at with the ARO purchase accounting adjustment. We have been going back and forth with Deloitte all week tweaking the calculation. Currently, we are awaiting a revised schedule from Peter Hannagan (Deloitte) to finalize the new asset and liability amounts as of November 1, 2010 in order to match the revalue amounts that the PowerPlant system calculates. The PowerPlant system is more accurate as it calculates the PV of Inflated Decommissioning Cost including the last 2 months of this year and Deloitte's spreadsheet is using rounded years. Fortunately, Jim O. is here from PowerPlant and he has been a big help with this. Additionally, Elliott has been included all along and we also spoke with John Nitsche (PPL) today. He agrees with our approach.

The overall amount reduced from the initial exhibit mainly due to an increase in the discount rate from 9/30 to 11/1. There have been many discussions between Deloitte and us in reference to using an annual rate versus a continuous compounding rate. Peter has agreed to recalculate the exhibit to reflect the change to include the last two months of this year, and he will also label the rates on the exhibit in such a way to better understand them so that we will have detailed support for what we will be inputting into the system.

We are making progress, which is encouraging, but it is very slow (and painful).

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

Crescente, Angela

From: Jim Ogilvie <jogilvie@pwrplan.com>
Sent: Wednesday, November 17, 2010 8:59 PM
To: Wiseman, Sara
Cc: Crescente, Angela; 'Josh Hirschel'
Subject: RE: ARO adjustment

Sara,

Here is the plan:

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Jim Ogilvie
jogilvie@pwrplan.com
678-421-4809

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Sent: Wednesday, 17 November, 2010 3:58 PM
To: Jim Ogilvie
Subject: FW: ARO adjustment

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From: Wiseman, Sara
Sent: Wednesday, November 17, 2010 9:08 PM
To: 'Jim Ogilvie'
Cc: Crescente, Angela; 'Josh Hirschel'
Subject: RE: ARO adjustment

Jim and Josh:

Thanks for taking the time to work on this. I'll speak with Angela in the morning and make a decision.

From: Jim Ogilvie [mailto:jogilvie@pwrplan.com]
Sent: Wednesday, November 17, 2010 8:59 PM
To: Wiseman, Sara
Cc: Crescente, Angela; 'Josh Hirschel'
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Crescente, Angela

From: Wiseman, Sara
Sent: Wednesday, November 17, 2010 9:09 PM
To: Horne, Elliott
Cc: Crescente, Angela
Subject: FW: ARO adjustment

Elliott:

I know you cannot speak to all of the stuff Jim says below, but what do you think about his suggestions to the file?

From: Jim Ogilvie [mailto:jogilvie@pwrplan.com]
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Cc: Crescente, Angela; 'Josh Hirschel'
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Thanks for your help.

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Crescente, Angela

From: Wiseman, Sara
Sent: Thursday, December 02, 2010 4:31 PM
To: Charnas, Shannon; Pienaar, Lesley
Cc: Wacker, Diana; Kinder, Debra; Crescente, Angela
Subject: Purchase Accounting Critical Issue ARO.docx



Purchase
Accounting Critic...

Shannon and Lesley:

I have saved the ARO critical issues memo on the acct share drive. I have also added a few sentences regarding the remaining regulatory assets. I have tracked these changes . **Shannon**, please take a look at them when you have a chance. I'm glad to make any changes or if you are happy with what is there, would you please accept the changes? As mentioned earlier today, I will also be saving the memo along with all the supporting documentation as a PDF file on the shared drive as soon it seems that the memo is settled. Thanks.

LG&E and KU Energy LLC

Purchase Accounting Critical Issue – Asset Retirement Obligations

November 15, 2010

Background:

A purchase accounting adjustment has been proposed to fair value the Company's asset retirement obligations (AROs). The adjustment proposed by Deloitte is the result of the use of different inflation and discount rates used by Deloitte compared to the rates used by the Company for the ARO revaluation recorded as of September 30, 2010. The Company performed the September 30, 2010 revaluation of its AROs because of recently proposed environmental legislation and improved ability to forecast asset retirement costs due to recent construction and retirement activity.

The purchase accounting adjustment proposed by Deloitte is as follows:

Debit: Property & Equipment (ARO child-account 101)	\$33.5 million
Debit: Accumulated Depreciation (ARO child-account 108)	\$ 9.6 million
Debit: ARO Liability	\$18.9 million
Credit: Regulatory Assets	\$62.0 million

This adjustment fair values the AROs and as a result the accumulated depreciation of the ARO "child" asset will be reset to zero. Most associated regulatory assets will along with the regulatory asset is also be reset to zero. The exception is regulatory assets that will remain on the books for the AROs associated with three fully retired assets. These assets are Pineville for KU and Canal/Paddy's Run for LG&E. The values of these regulatory assets will be updated to reflect the new fair values.

LKE Assumptions:

LKE used the following assumptions in the revaluation performed at September 30, 2010:

Cash flows:	updated at 9/30/2010 based on new estimates obtained from field personnel
Settlement dates:	updated at 9/30/2010 based on new information from various sources such as the MTP
Inflation rate:	2.06 % provided by Treasury Department—difference between the 30 year Treasury rate and the 30 year TIPS trading/Treasury inflation adjusted rate.

November 15, 2010

Page 2

Purchase Accounting Critical Issue – Asset Retirement Obligations

Discount rate: based on Treasury Yield Curve consistent with E.ON past guidance

Deloitte Assumptions:

Deloitte used the following assumptions in the revaluation performed at September 30, 2010:

Cash flows: updated at 9/30/2010 (agreed to amounts provided by LKE)
Settlement dates: updated at 9/30/2010 (agreed to dates provided by LKE)
Inflation rate: 2.50 % (standard 20 year CPI)
Discount rate: BBB+ Swap Curve

Differences in Assumptions:

Differences between LKE's revaluation as of September 30, 2010 and Deloitte's adjustment as of November 1, 2010:

	<u>LKE</u>	<u>Deloitte</u>
Inflation rate:	2.06%	2.50%
Discount rate:	Treasury Yield Curve	BBB+ Swap Curve

The 2.06% inflation rate listed above was used by LKE in the September 30, 2010 revaluation and was based on the difference between the 30 year Treasury and the 30 year TIPs. A comparable rate calculated on the same basis at October 29, 2010 is 2.58%. For the November 1, 2010 adjustment Deloitte is using a 2.50% inflation which is based on the standard 20 year CPI. PPL also agrees with the use of the 2.5% inflation rate per an email from Vince Sorgi, dated November 10, 2010, 2:09 PM: "*John (Nitsche) noted that for other (non-nuclear) ARO's at PPL we typically look toward a standard 20 year CPI and believed that 2.5% is consistent with his expectation for the revaluation of asset retirement obligations.*" The rate being used by Deloitte is not materially different from the Company's rate and therefore is considered reasonable.

November 15, 2010

Page 3

Purchase Accounting Critical Issue – Asset Retirement Obligations

The discount rates for LKE's September 30, 2010 revaluation were based on the Treasury Yield Curve. Use of these rates was consistent with E.ON's prior guidance for discount rates. Deloitte has used the BBB+ Swap Curve for the purchase accounting adjustment. The BBB+ Swap Curve is considered appropriate as LKE's unsecured bonds have a BBB+ rating and therefore the rates on the curve closely match the yield on bonds recently priced by the Company.

Conclusion:

The purchase accounting calculation for AROs is appropriate. The differences in assumptions between the September 30, 2010 revaluation performed by LKE and the November 1, 2010 ARO purchasing accounting adjustment calculated by Deloitte are reasonable.

As a result of the differences in the assumptions (different inflation and discount rates), ARO accounts will have a different value under purchasing accounting vs. the ARO amounts recorded on the "normal" ledger. As previously mentioned in the **Background** paragraph, the accumulated depreciation and regulatory asset accounts under purchase accounting will be reset to zero. The differences could result in having to maintain two separate, differently valued sets of AROs. Keeping two separately valued sets of AROs creates an administrative burden. The ARO purchase accounting adjustment was booked on the "normal" ledger, since AROs do not have an impact on ratepayers as all ARO related accounts are removed for rate making purposes. This is reasonable since the fair value of the AROs calculated for purchase accounting adjustments are not inconsistent with what had been previously booked on the "normal" ledger.

Crescente, Angela

From: Wiseman, Sara
Sent: Thursday, December 02, 2010 8:11 PM
To: Rose, Bruce; Crescente, Angela; Daly, Karen
Cc: Kinder, Debra; Wacker, Diana; Riggs, Eric
Subject: FW: Report Preparation Checklist

Bruce/Karen/Angela:

You are the lucky ones, especially Karen.

- Bruce, would you please do the joint use assets?
- Angela, would you please do the ARO?
- Karen, you and I will work together on the rest (please?). Karen and I need to get started soon so that we can get our requests sent out in the next few days.

The checkers--Deb and Eric:

Eric, would you please check Bruce?
I will check Angela.
Deb, would you please check Karen?

I'll send deadlines when I know them. I think mostly likely it will be middle of January when they are do the be turned in. As usual, I will get a binder ready.

Thanks!

From: Fackler, Andrea
Sent: Thursday, December 02, 2010 4:33 PM
To: Mazza, Frank; Wiseman, Sara; Raible, Eric; Pienaar, Lesley; Kelly, Mimi; Strange, Vicki; Williams, Scott
Cc: Elmore, Barry; McDaniels, Jason
Subject: Report Preparation Checklist

All --

If you know who in your department will be the primary contact for each section in the attached list assigned to your department, please forward that information to me so that it can be added to our master file. We will make a copy of the master list available to you all at a later date.



Report Preparation
Checklist -...

Thanks,
Andrea

Andrea Fackler, CPA

Crescente, Angela

From: Jim Dahlby <jdahlby@pwrplan.com>
Sent: Friday, December 03, 2010 8:51 AM
To: Crescente, Angela
Cc: jhirschel@pwrplan.com
Subject: RE: Re: Accretion

The only thing I see is a change to ZORN ASB – Test.

Do you recall anything done to Zorn?

Jim Dahlby
PowerPlan Consultants
jdahlby@pwrplan.com
(678) 269-7950

From: Crescente, Angela [mailto:Angela.Crescente@lge-ku.com]
Sent: Thursday, 02 December, 2010 02:29 PM
To: Jim Dahlby
Subject: RE: Re: Accretion

The new AROs are posted for LGE and we are about to close November. I promised I would let you know before we closed so you could run the data script fix. Please let me know when you are ready.

Thanks,
Angela

From: Jim Dahlby [mailto:jdahlby@pwrplan.com]
Sent: Wednesday, December 01, 2010 3:15 PM
To: 'Josh Hirschel'; Crescente, Angela
Cc: 'Ann Koch'; Wacker, Diana
Subject: RE: Re: Accretion

I can watch you walk through it in about 15/20 minutes.

Jim Dahlby
PowerPlan Consultants
jdahlby@pwrplan.com
(678) 269-7950

From: Josh Hirschel [mailto:jhirschel@pwrplan.com]
Sent: Wednesday, 01 December, 2010 02:35 PM
To: 'Crescente, Angela'; 'Jim Dahlby'
Cc: 'Ann Koch'; 'Wacker, Diana'
Subject: RE: Re: Accretion

You can connect me to Powerplant Support 4 and reach me at 832-357-7149 today.

Thanks,
Josh

From: Crescente, Angela [mailto:Angela.Crescente@lge-ku.com]
Sent: Wednesday, December 01, 2010 2:29 PM
To: Josh Hirschel; Jim Dahlby
Cc: Ann Koch; Wacker, Diana
Subject: RE: Re: Accretion

Josh and Jim,

I didn't know you could go back after the ARO was posted and change the rates without creating a new layer, but I'm not sure what you mean exactly, so if I did that it would be totally by accident. Would it be easier to "GoToAssist" with me or do you want me to just type each step that I am going through?

From: Josh Hirschel [mailto:jhirschel@pwrplan.com]
Sent: Wednesday, December 01, 2010 2:21 PM
To: 'Jim Dahlby'; Crescente, Angela; Wacker, Diana
Cc: 'Ann Koch'
Subject: RE: Re: Accretion

Angela –

Are you potentially using the Discount Rate Group functionality, or going back into the Estimate screen and updating the rates after the transition ARO has been posted?

Josh

From: Jim Dahlby [mailto:jdahlby@pwrplan.com]
Sent: Wednesday, December 01, 2010 2:19 PM
To: 'Crescente, Angela'; 'Wacker, Diana'
Cc: 'Ann Koch'; 'Josh Hirschel'
Subject: RE: Re: Accretion

I can't duplicate the issue, can you try to add a new ARO. I must be doing things in a different order somehow that is not triggering this to happen.

And have Ann run the following SQL and check the DATE_DISC_RATE along various steps.

```
select * from aro_layer_stream
where aro_id = 30296062
order by 1 desc;
```

Jim Dahlby
PowerPlan Consultants
jdahlby@pwrplan.com
(678) 269-7950

From: Crescente, Angela [mailto:Angela.Crescente@lge-ku.com]
Sent: Wednesday, 01 December, 2010 12:58 PM
To: Jim Dahlby
Subject: RE: Re: Accretion

Jim,

I just finished ARO processing for KU for December in DEV. Let me know if you need me to do anything else.

Thanks,
Angela

From: Jim Dahlby [mailto:jdahlby@pwrplan.com]
Sent: Wednesday, December 01, 2010 10:54 AM
To: Wacker, Diana; Wiseman, Sara; Crescente, Angela; 'Josh Hirschel'; 'Jim Ogilvie'; 'Ann Koch'; 'support'
Cc: Kinder, Debra
Subject: RE: Re: Accretion

Next steps:

- 1) Review the Accretion in Dev with the Script change.
- 2) Close Nov for KU and Calculate Accretion for December

Jim Dahlby
PowerPlan Consultants
jdahlby@pwrplan.com
(678) 269-7950

From: Wacker, Diana [mailto:Diana.Wacker@lge-ku.com]
Sent: Wednesday, 01 December, 2010 10:36 AM
To: Jim Dahlby; Wiseman, Sara; Crescente, Angela; Josh Hirschel; Jim Ogilvie; Ann Koch; support
Cc: Kinder, Debra
Subject: RE: Re: Accretion

Jim: I have posted the December ARO entry. Diana

From: Jim Dahlby [mailto:jdahlby@pwrplan.com]
Sent: Wednesday, December 01, 2010 7:33 AM
To: Wiseman, Sara; Crescente, Angela; 'Josh Hirschel'; 'Jim Ogilvie'; 'Ann Koch'; 'support'
Cc: Wacker, Diana; Kinder, Debra
Subject: RE: Re: Accretion

In the short term, while waiting to get the Dev Entry posted.

I Re-Opened the CPR for KU for 11/2010 in Dev and update the rates table (SQL below).

Then I re-ran Accretion for November and the December accretion for BR Ash Pond Test is now as expected at 41K.

Thanks,

Jim

```
update aro_layer_stream a
set date_disc_rate = (select annual_eff_rate from aro_layer b where a.aro_id = b.aro_id
                                and b.layer_Id = a.layerR_Id)
where (aro_id, layer_id) in
(select aro_id, layer_id from
(select c.company_id,c.description, c.aro_status_id,b.aro_status_id, b.aro_id, b.layEr_id,b.gl_posting_mo_yr,
b.annual_eff_rate, a.month_yr, a.stream_id, cash_flow, date_disc_rate
from aro_layer_stream a, aro_layer b, aro c
where a.aro_id = b.aro_id
```

```
and b.layer_id = a.layer_id  
and b.aro_id = c.aro_id  
and c.aro_status_id <> 4  
and date_disc_rate <> annual_eff_rate  
and date_disc_rate <> 0)  
)  
;  
commit;
```

Jim Dahlby
PowerPlan Consultants
jdahlby@pwrplan.com
(678) 269-7950

From: Wiseman, Sara [mailto:Sara.Wiseman@lge-ku.com]
Sent: Tuesday, 30 November, 2010 06:38 PM
To: Jim Dahlby; Crescente, Angela; Josh Hirschel; Jim Ogilvie; Ann Koch; support
Cc: Wacker, Diana; Kinder, Debra
Subject: RE: Re: Accretion

Jim:

Thank you for taking the time to work on this. We are really under some serious time constraints to get this fixed as tomorrow is day 1 of closing and we will need to do testing before we can move it into production. Additionally, we are estimating that it will take all day on Friday to settle the old AROs and set up new transition ones.

Sara

From: Jim Dahlby [mailto:jdahlby@pwrplan.com]
Sent: Tuesday, November 30, 2010 6:34 PM
To: Crescente, Angela; 'Josh Hirschel'; 'Jim Ogilvie'; 'Ann Koch'; 'support'
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: RE: Re: Accretion

I have identified the data issue, but trying to isolate the issue.

I have a pending transaction for KU for 12/2010 that needs to be posted, can someone run Post in Dev for this transaction.

I have a script to correct the issue but trying to find the root cause.

Thanks,

Jim Dahlby
PowerPlan Consultants
jdahlby@pwrplan.com
(678) 269-7950

From: Crescente, Angela [mailto:Angela.Crescente@lge-ku.com]
Sent: Tuesday, 30 November, 2010 11:57 AM
To: Jim Dahlby; Josh Hirschel; Jim Ogilvie; Ann Koch; support
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: RE: Re: Accretion

I set up the same AROs this week as last week so the one we were looking at is BR Ash Pond Test.

From: Jim Dahlby [mailto:jdahlby@pwrplan.com]
Sent: Tuesday, November 30, 2010 11:52 AM
To: Crescente, Angela; 'Josh Hirschel'; 'Jim Ogilvie'; 'Ann Koch'; 'support'
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: RE: Re: Accretion

Quantity doesn't matter and we may have changed that over time to make it less confusing, since AROs are only financial assets.

So is the original ARO from your email in Dev or did new AROs get setup in Dev?

Thanks,

Jim Dahlby
PowerPlan Consultants
jdahlby@pwrplan.com
(678) 269-7950

From: Crescente, Angela [mailto:Angela.Crescente@lge-ku.com]
Sent: Tuesday, 30 November, 2010 11:43 AM
To: Jim Dahlby; Josh Hirschel; Jim Ogilvie; Ann Koch; support
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: RE: Re: Accretion

Jim,

I'm sorry it took so long, I wanted to run through all of the transactions we were expecting to do for November to make sure everything looks OK plus we had some trouble getting my transactions to post. I only closed KU since that was the company that has the ARO on it that I used for an example below in the hopes that I can use LGE to test for the accretion fix. Ann said that she can get you in our DEV environment on Jim's computer that we keep for him here.

On a sort of related note, all of the transition AROs that were set up show "0" as the quantity instead of "1". Why is it doing that, does it matter, and how can I fix it?

Thanks,
Angela

From: Jim Dahlby [mailto:jdahlby@pwrplan.com]
Sent: Monday, November 29, 2010 1:35 PM
To: Crescente, Angela; 'Josh Hirschel'; 'Jim Ogilvie'; 'Ann Koch'; 'support'
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: RE: Re: Accretion

Let us know when you have some data available for us to analyze.

Thanks,

Jim Dahlby
PowerPlan Consultants
jdahlby@pwrplan.com
(678) 269-7950

From: Crescente, Angela [mailto:Angela.Crescente@lge-ku.com]
Sent: Monday, 29 November, 2010 09:11 AM
To: Jim Dahlby; Josh Hirschel; Jim Ogilvie; Ann Koch; support

Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: RE: Re: Accretion

Jim,

Yes it was supposed to be refreshed and we are planning on re-creating all of the transition AROs early this week. We will do KU first since that is the company that this particular ARO is on so you can take a look at it. I will let you know as soon as it is done.

Thanks,
Angela

From: Jim Dahlby [mailto:jdahlby@pwrplan.com]
Sent: Monday, November 29, 2010 6:46 AM
To: Crescente, Angela; 'Josh Hirschel'; 'Jim Ogilvie'; 'Ann Koch'; 'support'
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: RE: Re: Accretion

Angela-

Do you know if the test database was refreshed over the holiday? If so we need to re-create this ARO so we can investigate the data. I agree the report is not producing the correct results.

Thanks,

Jim Dahlby
PowerPlan Consultants
jdahlby@pwrplan.com
(678) 269-7950

From: Crescente, Angela [mailto:Angela.Crescente@lge-ku.com]
Sent: Wednesday, 24 November, 2010 02:26 PM
To: jdahlby@pwrplan.com; Josh Hirschel; Jim Ogilvie; Ann Koch; support
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: RE: Re: Accretion

Jim:

I have also attached ARO-1008 for November because it appears to be calculating correctly the first month (November).

Thanks,
Angela

From: jdahlby@pwrplan.com [mailto:jdahlby@pwrplan.com]
Sent: Wednesday, November 24, 2010 2:11 PM
To: Crescente, Angela; Josh Hirschel; Jim Ogilvie; Ann Koch; support
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: Re: Accretion

What report are you reviewing for December? Can you send an example of the ARO-1008 Report for something in question?

Thanks,

Jim Dahlby

678-269-7950

Sent from mobile device.

----- Reply message -----

From: "Crescente, Angela" <Angela.Crescente@lge-ku.com>

Date: Wed, Nov 24, 2010 1:05 pm

Subject: Accretion

To: "Josh Hirschel" <jhirschel@pwrplan.com>, "Jim Ogilvie" <jogilvie@pwrplan.com>, "Ann Koch" <akoch@pwrplan.com>, "support" <support@pwrplan.com>, "Jim Dahlby" <jdahlby@pwrplan.com>
Cc: "Wacker, Diana" <Diana.Wacker@lge-ku.com>, "Kinder, Debra" <Debra.Kinder@lge-ku.com>, "Wiseman, Sara" <Sara.Wiseman@lge-ku.com>

Just as an FYI, Diana was finally able to close LGE and it did the same thing to accretion. So, both companies are calculating December incorrectly.

From: Crescente, Angela
Sent: Wednesday, November 24, 2010 10:20 AM
To: 'Josh Hirschel'; 'Jim Ogilvie'; 'Ann Koch'; 'support'; 'Jim Dahlby'
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: Accretion

All:

November accretion looks good for the transition AROs that we posted for KU, however accretion for December looks like it almost triples. We need to get this fixed **no later than Monday** to test as December calculates as soon as we close the books for November. Please help. I have attached reports to reflect this for one asset that I selected.

<<Angela0001.pdf>>

Thanks,

Angela

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Crescente, Angela

From: Jim Dahlby <jdahlby@pwrplan.com>
Sent: Friday, December 03, 2010 9:00 AM
To: Crescente, Angela
Subject: RE: Re: Accretion

You can move forward with your accretion now.

Jim Dahlby
PowerPlan Consultants
jdahlby@pwrplan.com
(678) 269-7950

From: Crescente, Angela [mailto:Angela.Crescente@lge-ku.com]
Sent: Thursday, 02 December, 2010 02:29 PM
To: Jim Dahlby
Subject: RE: Re: Accretion

The new AROs are posted for LGE and we are about to close November. I promised I would let you know before we closed so you could run the data script fix. Please let me know when you are ready.

Thanks,
Angela

From: Jim Dahlby [mailto:jdahlby@pwrplan.com]
Sent: Wednesday, December 01, 2010 3:15 PM
To: 'Josh Hirschel'; Crescente, Angela
Cc: 'Ann Koch'; Wacker, Diana
Subject: RE: Re: Accretion

I can watch you walk through it in about 15/20 minutes.

Jim Dahlby
PowerPlan Consultants
jdahlby@pwrplan.com
(678) 269-7950

From: Josh Hirschel [mailto:jhirschel@pwrplan.com]
Sent: Wednesday, 01 December, 2010 02:35 PM
To: 'Crescente, Angela'; 'Jim Dahlby'
Cc: 'Ann Koch'; 'Wacker, Diana'
Subject: RE: Re: Accretion

You can connect me to Powerplant Support 4 and reach me at 832-357-7149 today.

Thanks,
Josh

From: Crescente, Angela [mailto:Angela.Crescente@lge-ku.com]
Sent: Wednesday, December 01, 2010 2:29 PM
To: Josh Hirschel; Jim Dahlby

Cc: Ann Koch; Wacker, Diana
Subject: RE: Re: Accretion

Josh and Jim,

I didn't know you could go back after the ARO was posted and change the rates without creating a new layer, but I'm not sure what you mean exactly, so if I did that it would be totally by accident. Would it be easier to "GoToAssist" with me or do you want me to just type each step that I am going through?

From: Josh Hirschel [mailto:jhirschel@pwrplan.com]
Sent: Wednesday, December 01, 2010 2:21 PM
To: 'Jim Dahlby'; Crescente, Angela; Wacker, Diana
Cc: 'Ann Koch'
Subject: RE: Re: Accretion

Angela –

Are you potentially using the Discount Rate Group functionality, or going back into the Estimate screen and updating the rates after the transition ARO has been posted?

Josh

From: Jim Dahlby [mailto:jdahlby@pwrplan.com]
Sent: Wednesday, December 01, 2010 2:19 PM
To: 'Crescente, Angela'; 'Wacker, Diana'
Cc: 'Ann Koch'; 'Josh Hirschel'
Subject: RE: Re: Accretion

I can't duplicate the issue, can you try to add a new ARO. I must be doing things in a different order somehow that is not triggering this to happen.

And have Ann run the following SQL and check the DATE_DISC_RATE along various steps.

```
select * from aro_layer_stream
where aro_id = 30296062
order by 1 desc;
```

Jim Dahlby
PowerPlan Consultants
jdahlby@pwrplan.com
(678) 269-7950

From: Crescente, Angela [mailto:Angela.Crescente@lge-ku.com]
Sent: Wednesday, 01 December, 2010 12:58 PM
To: Jim Dahlby
Subject: RE: Re: Accretion

Jim,

I just finished ARO processing for KU for December in DEV. Let me know if you need me to do anything else.

Thanks,
Angela

From: Jim Dahlby [mailto:jdahlby@pwrplan.com]
Sent: Wednesday, December 01, 2010 10:54 AM
To: Wacker, Diana; Wiseman, Sara; Crescente, Angela; 'Josh Hirschel'; 'Jim Ogilvie'; 'Ann Koch'; 'support'
Cc: Kinder, Debra
Subject: RE: Re: Accretion

Next steps:

- 1) Review the Accretion in Dev with the Script change.
- 2) Close Nov for KU and Calculate Accretion for December

Jim Dahlby
PowerPlan Consultants
jdahlby@pwrplan.com
(678) 269-7950

From: Wacker, Diana [mailto:Diana.Wacker@lge-ku.com]
Sent: Wednesday, 01 December, 2010 10:36 AM
To: Jim Dahlby; Wiseman, Sara; Crescente, Angela; Josh Hirschel; Jim Ogilvie; Ann Koch; support
Cc: Kinder, Debra
Subject: RE: Re: Accretion

Jim: I have posted the December ARO entry. Diana

From: Jim Dahlby [mailto:jdahlby@pwrplan.com]
Sent: Wednesday, December 01, 2010 7:33 AM
To: Wiseman, Sara; Crescente, Angela; 'Josh Hirschel'; 'Jim Ogilvie'; 'Ann Koch'; 'support'
Cc: Wacker, Diana; Kinder, Debra
Subject: RE: Re: Accretion

In the short term, while waiting to get the Dev Entry posted.

I Re-Opened the CPR for KU for 11/2010 in Dev and update the rates table (SQL below).

Then I re-ran Accretion for November and the December accretion for BR Ash Pond Test is now as expected at 41K.

Thanks,

Jim

```
update aro_layer_stream a
set date_disc_rate = (select annual_eff_rate from aro_layer b where a.aro_id = b.aro_id
and b.layer_Id = a.layeR_Id)
where (aro_id, layer_id) in
(select aro_id, layer_id from
(select c.company_id,c.description, c.aro_status_id,b.aro_status_id, b.aro_id, b.layEr_id,b.gl_posting_mo_yr,
b.annual_eff_rate, a.month_yr, a.stream_id, cash_flow, date_disc_rate
from aro_layer_stream a, aro_layer b, aro c
where a.aro_id = b.aro_id
and b.layer_Id = a.layeR_Id
and b.aro_id = c.aro_id
and c.aro_status_id <> 4
```

```
and date_disc_rate <> annual_eff_rate  
and date_disc_rate <> 0)  
)  
;  
commit;
```

Jim Dahlby
PowerPlan Consultants
jdahlby@pwrplan.com
(678) 269-7950

From: Wiseman, Sara [mailto:Sara.Wiseman@lge-ku.com]
Sent: Tuesday, 30 November, 2010 06:38 PM
To: Jim Dahlby; Crescente, Angela; Josh Hirschel; Jim Ogilvie; Ann Koch; support
Cc: Wacker, Diana; Kinder, Debra
Subject: RE: Re: Accretion

Jim:

Thank you for taking the time to work on this. We are really under some serious time constraints to get this fixed as tomorrow is day 1 of closing and we will need to do testing before we can move it into production. Additionally, we are estimating that it will take all day on Friday to settle the old AROs and set up new transition ones.

Sara

From: Jim Dahlby [mailto:jdahlby@pwrplan.com]
Sent: Tuesday, November 30, 2010 6:34 PM
To: Crescente, Angela; 'Josh Hirschel'; 'Jim Ogilvie'; 'Ann Koch'; 'support'
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: RE: Re: Accretion

I have identified the data issue, but trying to isolate the issue.

I have a pending transaction for KU for 12/2010 that needs to be posted, can someone run Post in Dev for this transaction.

I have a script to correct the issue but trying to find the root cause.

Thanks,

Jim Dahlby
PowerPlan Consultants
jdahlby@pwrplan.com
(678) 269-7950

From: Crescente, Angela [mailto:Angela.Crescente@lge-ku.com]
Sent: Tuesday, 30 November, 2010 11:57 AM
To: Jim Dahlby; Josh Hirschel; Jim Ogilvie; Ann Koch; support
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: RE: Re: Accretion

I set up the same AROs this week as last week so the one we were looking at is BR Ash Pond Test.

From: Jim Dahlby [mailto:jdahlby@pwrplan.com]
Sent: Tuesday, November 30, 2010 11:52 AM
To: Crescente, Angela; 'Josh Hirschel'; 'Jim Ogilvie'; 'Ann Koch'; 'support'
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: RE: Re: Accretion

Quantity doesn't matter and we may have changed that over time to make it less confusing, since AROs are only financial assets.

So is the original ARO from your email in Dev or did new AROs get setup in Dev?

Thanks,

Jim Dahlby
PowerPlan Consultants
jdahlby@pwrplan.com
(678) 269-7950

From: Crescente, Angela [mailto:Angela.Crescente@lge-ku.com]
Sent: Tuesday, 30 November, 2010 11:43 AM
To: Jim Dahlby; Josh Hirschel; Jim Ogilvie; Ann Koch; support
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: RE: Re: Accretion

Jim,

I'm sorry it took so long, I wanted to run through all of the transactions we were expecting to do for November to make sure everything looks OK plus we had some trouble getting my transactions to post. I only closed KU since that was the company that has the ARO on it that I used for an example below in the hopes that I can use LGE to test for the accretion fix. Ann said that she can get you in our DEV environment on Jim's computer that we keep for him here.

On a sort of related note, all of the transition AROs that were set up show "0" as the quantity instead of "1". Why is it doing that, does it matter, and how can I fix it?

Thanks,
Angela

From: Jim Dahlby [mailto:jdahlby@pwrplan.com]
Sent: Monday, November 29, 2010 1:35 PM
To: Crescente, Angela; 'Josh Hirschel'; 'Jim Ogilvie'; 'Ann Koch'; 'support'
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: RE: Re: Accretion

Let us know when you have some data available for us to analyze.

Thanks,

Jim Dahlby
PowerPlan Consultants
jdahlby@pwrplan.com
(678) 269-7950

From: Crescente, Angela [mailto:Angela.Crescente@lge-ku.com]
Sent: Monday, 29 November, 2010 09:11 AM
To: Jim Dahlby; Josh Hirschel; Jim Ogilvie; Ann Koch; support

Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: RE: Re: Accretion

Jim,

Yes it was supposed to be refreshed and we are planning on re-creating all of the transition AROs early this week. We will do KU first since that is the company that this particular ARO is on so you can take a look at it. I will let you know as soon as it is done.

Thanks,
Angela

From: Jim Dahlby [mailto:jdahlby@pwrplan.com]
Sent: Monday, November 29, 2010 6:46 AM
To: Crescente, Angela; 'Josh Hirschel'; 'Jim Ogilvie'; 'Ann Koch'; 'support'
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: RE: Re: Accretion

Angela-

Do you know if the test database was refreshed over the holiday? If so we need to re-create this ARO so we can investigate the data. I agree the report is not producing the correct results.

Thanks,

Jim Dahlby
PowerPlan Consultants
jdahlby@pwrplan.com
(678) 269-7950

From: Crescente, Angela [mailto:Angela.Crescente@lge-ku.com]
Sent: Wednesday, 24 November, 2010 02:26 PM
To: jdahlby@pwrplan.com; Josh Hirschel; Jim Ogilvie; Ann Koch; support
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: RE: Re: Accretion

Jim:

I have also attached ARO-1008 for November because it appears to be calculating correctly the first month (November).

Thanks,
Angela

From: jdahlby@pwrplan.com [mailto:jdahlby@pwrplan.com]
Sent: Wednesday, November 24, 2010 2:11 PM
To: Crescente, Angela; Josh Hirschel; Jim Ogilvie; Ann Koch; support
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: Re: Accretion

What report are you reviewing for December? Can you send an example of the ARO-1008 Report for something in question?

Thanks,

Jim Dahlby

678-269-7950

Sent from mobile device.

----- Reply message -----

From: "Crescente, Angela" <Angela.Crescente@lge-ku.com>

Date: Wed, Nov 24, 2010 1:05 pm

Subject: Accretion

To: "Josh Hirschel" <jhirschel@pwrplan.com>, "Jim Ogilvie" <jogilvie@pwrplan.com>, "Ann Koch" <akoch@pwrplan.com>, "support" <support@pwrplan.com>, "Jim Dahlby" <jdahlby@pwrplan.com>
Cc: "Wacker, Diana" <Diana.Wacker@lge-ku.com>, "Kinder, Debra" <Debra.Kinder@lge-ku.com>, "Wiseman, Sara" <Sara.Wiseman@lge-ku.com>

Just as an FYI, Diana was finally able to close LGE and it did the same thing to accretion. So, both companies are calculating December incorrectly.

From: Crescente, Angela
Sent: Wednesday, November 24, 2010 10:20 AM
To: 'Josh Hirschel'; 'Jim Ogilvie'; 'Ann Koch'; 'support'; 'Jim Dahlby'
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: Accretion

All:

November accretion looks good for the transition AROs that we posted for KU, however accretion for December looks like it almost triples. We need to get this fixed **no later than Monday** to test as December calculates as soon as we close the books for November. Please help. I have attached reports to reflect this for one asset that I selected.

<<Angela0001.pdf>>

Thanks,

Angela

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Crescente, Angela

From: Wacker, Diana
Sent: Friday, December 03, 2010 3:08 PM
To: Kinder, Debra; Crescente, Angela
Subject: FW: Post Error

From: support [mailto:support@pwrplan.com]
Sent: Wednesday, November 24, 2010 9:51 AM
To: Wacker, Diana; 'Jim Ogilvie'; 'Josh Hirschel'; akoch@pwrplan.com
Cc: Wiseman, Sara
Subject: RE: Post Error

Jim,
Through goto assist on Diana's computer, we looked at the aro asset that failed the retirement.

On the Company Set of Books table, the company on this asset is setup for Financial (1), IFRS Offset (2), and IFRS(3).
On the cpr_depr table for the asset, there is data for sets of books 1, 3, and 4 (JURIS = 4) for Nov 2010.
For this asset, the set of books 2 data stopped rolling forward in 5/2008 on the cpr_depr table.

There are two options for fixing this Post error:

- Option 1: create an sql script to insert \$0 data into the cpr_depr table for Nov 2010 for the missing set of books 2
- Option 2: remove set of books 2 from the Company Set of Books table

Thoughts?

Sunjin
PowerPlant Support
770-937-3000

From: Wacker, Diana [mailto:Diana.Wacker@lge-ku.com]
Sent: Wednesday, 24 November, 2010 07:41 AM
To: Jim Ogilvie; support; Josh Hirschel; akoch@pwrplan.com
Cc: Wiseman, Sara
Subject: RE: Post Error

Good Morning:

I successfully posted the transition ARO's – but to make this work I need to retire all the existing (original) ARO's – this is the error message I got when trying to post these transactions:

From: support [mailto:support@pwrplan.com]
Sent: Tuesday, 23 November, 2010 6:22 PM
To: 'Wacker, Diana'; 'Josh Hirschel'; akoch@pwrplan.com; 'Jim Ogilvie'
Cc: 'Wiseman, Sara'
Subject: RE: Post Error

Diana,

In the dev database, I noticed the journals logic (pp_gl_transaction2) for ARO transactions is not doing a company lookup for trans types of "ARO addition debit(1016)" and "ARO addition credit(1017)" when the company column value is set to "gl_co" in the PP Journal Layouts.

I don't know if this was done on purpose, but the way to get the aro pending transaction to post successfully, I added additional aro trans type entries into the PP Journal Layouts for company 110 for JE Method = 1 and on the company column, I hard coded the 0110 value to be picked up for the journal. Then, I ran post in debug mode and verified that they will post without error.

They are still waiting for you to Post. Please take a look at the PP Journal Layout changes I made in the dev database, and if you are comfortable with this, please run Post.

Alternatively, the journals logic (pp_gl_transaction2) for ARO could be changed to do the company lookup when the company column value is set to "gl_co."

Sunjin
PowerPlant Support
770-937-3000

From: Wacker, Diana [mailto:Diana.Wacker@lge-ku.com]
Sent: Tuesday, 23 November, 2010 04:44 PM
To: Josh Hirschel; akoch@pwrplan.com; Jim Ogilvie
Cc: Wiseman, Sara; support
Subject: RE: Post Error

Josh: I have to get this done tomorrow. If I delay the refresh over the weekend, then I would need a refresh mid-week next week, and that doesn't seem to work very well here. Preferably, the better answer is to get this figured out, so I can post, because it will probably also need to be fixed in Production for our monthly close. Maybe we can talk in the morning.

Thanks,
Diana

From: Josh Hirschel [mailto:jhirschel@pwrplan.com]
Sent: Tuesday, November 23, 2010 4:41 PM
To: Wacker, Diana; akoch@pwrplan.com; 'Jim Ogilvie'
Cc: Wiseman, Sara; 'support'
Subject: RE: Post Error

I'm getting on a flight and can't call you right now. Can you tell them not to refresh if needed?

From: Wacker, Diana [mailto:Diana.Wacker@lge-ku.com]
Sent: Tuesday, November 23, 2010 4:36 PM
To: akoch@pwrplan.com; Josh Hirschel; Jim Ogilvie
Cc: Wiseman, Sara; support
Subject: RE: Post Error

Charnas

All: I really need to post and get the reports out before the refresh over the weekend. If I don't, then I have wasted 2 days of work and will have to do over – time is short when we have to do this for real, not just in DEV.

Josh: Can you call me back on this???

Thanks,
Diana 502-627-4054

From: akoch@pwrplan.com [mailto:akoch@pwrplan.com]
Sent: Tuesday, November 23, 2010 4:33 PM
To: Wacker, Diana; Josh Hirschel; Jim Ogilvie
Subject: Re: Post Error

I have started looking into this but do not know why this is occurring. Jim was looking at our pp gl transaction2 function yesterday but just asked me to look at this a few minutes ago. Josh- any ideas?

Sent via BlackBerry from T-Mobile

From: "Wacker, Diana" <Diana.Wacker@lge-ku.com>
Date: Tue, 23 Nov 2010 16:18:39 -0500
To: Josh Hirschel<jhirschel@pwrplan.com>; Crescente, Angela<Angela.Crescente@lge-ku.com>; Jim Ogilvie<jogilvie@pwrplan.com>; Ann Koch<akoch@pwrplan.com>; support<support@pwrplan.com>
Cc: Kinder, Debra<Debra.Kinder@lge-ku.com>; Wiseman, Sara<Sara.Wiseman@lge-ku.com>
Subject: RE: Post Error

No – I still can't post. I have been sending emails all day to Jim/Ann/ and Support, but haven't received any answers. I am ready to do the full test of the ARO's for purchase accounting – i.e. retire the old and set up transitions for the new – Angela is out sick, so I have been working on this for her.

Diana – 502-627-4054

From: Josh Hirschel [mailto:jhirschel@pwrplan.com]
Sent: Tuesday, November 23, 2010 4:17 PM
To: Crescente, Angela; 'Jim Ogilvie'; 'Ann Koch'; 'support'
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: RE: Post Error

Did this get resolved?

From: Crescente, Angela [mailto:Angela.Crescente@lge-ku.com]
Sent: Friday, November 19, 2010 5:56 PM
To: Jim Ogilvie; Ann Koch; support
Cc: Josh Hirschel; Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: Post Error
Importance: High

All:

I have approved, staged and sent to pending transactions 3 transition AROs in PTAXDEV. However, they will not post and show a Post 300 error. Please see screenshot attached. The user's guide says this is an error in

the code internal to the stored procedure. I successfully created transition AROs in September and October in PTAXPROD, so I am unsure of what has changed.

<<Doc3.docx>>

Thanks,

Angela

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Crescente, Angela

From: Wiseman, Sara
Sent: Monday, December 06, 2010 10:10 AM
To: Scott, Valerie; Charnas, Shannon; Pienaar, Lesley
Cc: Wacker, Diana; Kinder, Debra; Crescente, Angela; Riggs, Eric
Subject: Purchase Accounting journal entries--AROs

Hi all:

Here are the PDFs of the purchase accounting entries for the AROs. The support is also included. Please let me know if you want the files in a different format or something needs to change. These files can also be found on the Acct share drive.



PA LGE ARO
JE006-0099.pdf



PA KU ARO
JE006-0119.pdf

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



* J 0 0 6 - 0 0 9 9 - 1 1 1 0 *

Balance Type Actual
 Database DBORA91.OFMSPROD
 Set of Books LGE ENERGY LLC

Category * List - Text Adjustment
 Source * List - Text Spreadsheet
 Currency * List - Text USD
 Accounting Date * List - Date 30-Nov-2010
 Group ID Number 5011
 Match Name Text PAD
 Journal Name Text J006-0099-1110
 Journal Description Text Purchase Accounting Adjustment for ARO
 Reverse Journal List - Text Yes
 Reversal Period List - Text NOV-2010

lpl	CO * List - Text	Prod	Org	Exp Org	Account	Inter Co	Exp Type	Location	Debit * Number	Credit * Number	Line Description Text	Stat Amount Number	Line DFF List - Text
R	0099	347	000099	000099	101107	0000	0699	0000	12,999,196.57				
R	0099	347	000099	000099	101125	0000	0699	0000		409,647.60			
R	0099	547	000099	000099	101207	0000	0699	0000		886,288.56			
R	0099	547	000099	000099	101225	0000	0699	0000	14,771.08				
R	0099	747	000099	000099	101325	0000	0699	0000		15,961.55			
R	0099	348	000099	000099	108107	0000	0699	0000	2,978,574.67				
R	0099	348	000099	000099	108125	0000	0699	0000	16,422.39				
R	0099	548	000099	000099	108207	0000	0699	0000	479,352.57				
R	0099	548	000099	000099	108225	0000	0699	0000	2,222.88				
R	0099	748	000099	000099	108325	0000	0699	0000	1,553.72				
R	0099	347	000099	000099	182317	0000	0699	0000		19,171,455.13			
R	0099	347	000099	000099	182318	0000	0699	0000		12,668.74			
R	0099	547	000099	000099	182325	0000	0699	0000		283,622.65			
R	0099	547	000099	000099	182326	0000	0699	0000		8,617,822.78			
R	0099	747	000099	000099	182327	0000	0699	0000		28,295.73			
R	0099	347	000099	000099	230012	0000	0699	0000	3,187,101.88				
R	0099	347	000099	000099	230013	0000	0699	0000	13,602.78				
R	0099	547	000099	000099	230015	0000	0699	0000	686,219.56				
R	0099	547	000099	000099	230016	0000	0699	0000	9,004,041.10				
R	0099	747	000099	000099	230017	0000	0699	0000	42,703.54				
Totals:									29,425,762.74	29,425,762.74		0.00	

Description: Purchase Accounting Adjustments for ARO Assets/Liabilities/Reserve/Reg Liabilities. This entry will be reversed in November 2010, and PowerPlant system entries will be generated and posted to reflect these purchase accounting adjustments.

Prepared By: *Reischer*

Approved By: *[Signature]*
 22 11/20/10

Posted By: *[Signature]*

Louisville Gas Electric Company

22842774

Posted/Concurrent ID:

22842784

REVERSAL:

Posted/Concurrent ID:

Adjustment required to ARO related accounts for purchase accounting.

	Actuals		Balance required		Adjustment Needed		Total
	LG&E	KU	LG&E	KU	LG&E	KU	
101107	14,871,097.44	30,547,077.91	27,870,294.01	52,543,237.86	12,999,196.57	21,996,159.95	
101125	943,043.76	549,373.63	533,396.16	374,327.30	(409,647.60)	(175,046.33)	
101207	18,452,977.21		17,566,688.65		(886,288.56)	-	
101225	20,598.85		35,369.93		14,771.08	-	
101325	117,351.34		101,389.79		(15,961.55)	-	
	<u>34,405,068.60</u>	<u>31,096,451.54</u>	<u>46,107,138.55</u>	<u>52,917,565.15</u>	<u>11,702,069.95</u>	<u>21,821,113.61</u>	33,523,183.56
108107	(2,978,574.65)	(6,084,940.18)	-	-	2,978,574.65	6,084,940.18	
108125	(16,422.39)	(10,356.14)	-	-	16,422.39	10,356.14	
108207	(479,352.57)		-	-	479,352.57	-	
108225	(2,222.88)		-	-	2,222.88	-	
108325	(1,553.72)		-	-	1,553.72	-	
	<u>(3,478,126.21)</u>	<u>(6,095,296.32)</u>	<u>-</u>	<u>-</u>	<u>3,478,126.21</u>	<u>6,095,296.32</u>	9,573,422.53
182317	25,280,582.42	34,330,375.53	6,109,127.29	617,319.33	(19,171,455.13)	(33,713,056.20)	
182318	12,668.74	40,479.93			(12,668.74)	(40,479.93)	
182325	283,622.65	140,201.34			(283,622.65)	(140,201.34)	
182326	8,617,822.78				(8,617,822.78)	-	
182327	28,295.73				(28,295.73)	-	
	<u>34,222,992.32</u>	<u>34,511,056.80</u>	<u>6,109,127.29</u>	<u>617,319.33</u>	<u>(28,113,865.03)</u>	<u>(33,893,737.47)</u>	(62,007,602.50)
230012	(37,201,228.67)	(58,792,513.26)	(34,014,126.79)	(53,160,557.19)	3,187,101.88	5,631,956.07	
230013	(27,363.51)	(174,104.43)	(13,760.73)	(86,951.49)	13,602.78	87,152.94	
230015	(1,167,425.79)	(545,594.33)	(481,206.23)	(287,375.81)	686,219.56	258,218.52	
230016	(26,609,823.39)		(17,605,782.29)		9,004,041.10	-	
230017	(144,093.33)		(101,389.79)		42,703.54	-	
	<u>(65,149,934.69)</u>	<u>(59,512,212.02)</u>	<u>(52,216,265.84)</u>	<u>(53,534,884.48)</u>	<u>12,933,668.85</u>	<u>5,977,327.54</u>	18,910,996.39

0.02

B - agreed to trial balance as of 10/31/10

Louisville Gas & Electric
ARO Account Numbers
November 22, 2010

Description	ARC ASSET	PV of Inflated	ARO LIABILITY	PV of Inflated	REG	PV of Inflated
	(Plant In Service - PowerPlant)	Decommissioning Cost	(ASSET RETIREMENT OBLIGATIONS)	Decommissioning Cost	(OTHER REGULATORY ASSETS ARO)	Decommissioning Cost
Cane Run Unit 1 (Retired) - ASB	101107	793,449.05	230012	793,449.05		
Cane Run Unit 2 (Retired) - ASB	101107	747,452.00	230012	747,452.00		
Cane Run Unit 3 (Retired) - ASB	101107	842,320.91	230012	842,320.91		
Cane Run Unit 4 - ASB	101107	895,504.99	230012	895,504.99		
Cane Run Unit 5 - ASB	101107	647,161.45	230012	647,161.45		
Cane Run Unit 6 - ASB	101107	721,861.73	230012	721,861.73		
CR-Ash Pond	101107	5,057,335.64	230012	5,057,335.64		
CR-Coal Storage	101107	254,106.79	230012	254,106.79		
CR-Environmental Ponds	101107	643,660.90	230012	643,660.90		
CR-Land Fill	101107	1,380,941.76	230012	1,380,941.76		
CR-Nuclear Sources	101107	41,183.61	230012	41,183.61		
CR-Sewage Treatment Plant	101107	11,675.18	230012	11,675.18		
MC-Ash Pond	101107	4,696,835.31	230012	4,696,835.31		
MC-Chemical Storage	101107	8,164.82	230012	8,164.82		
MC-Coal Storage	101107	171,688.31	230012	171,688.31		
MC-Environmental Ponds	101107	447,317.65	230012	447,317.65		
MC-Landfill	101107	843,790.63	230012	843,790.63		
MC-Nuclear Sources	101107	12,477.56	230012	12,477.56		
MC-Oil Storage	101107	596.94	230012	596.94		
Mill Creek Unit 1 - ASB	101107	802,763.28	230012	802,763.28		
Mill Creek Unit 2 - ASB	101107	700,018.61	230012	700,018.61		
Mill Creek Unit 3 - ASB	101107	292,218.94	230012	292,218.94		
Mill Creek Unit 4 - ASB	101107	434,153.85	230012	434,153.85		
Ohio Falls - ASB	101107	103,528.99	230012	103,528.99		
TC-Ash Pond	101107	6,653,850.03	230012	6,653,850.03		
TC-Chemical Storage	101107	11,042.80	230012	11,042.80		
TC-Coal Storage	101107	266,116.88	230012	266,116.88		
TC-Environmental Ponds	101107	335,488.24	230012	335,488.24		
TC-Nuclear Sources	101107	15,136.41	230012	15,136.41		
TC-Sewage Treatment Plant	101107	12,136.51	230012	12,136.51		
Trn-CR4 GSU	101107	2,815.91	230012	2,815.91		
Trn-CR5 GSU	101107	2,815.91	230012	2,815.91		
Trn-CR6 GSU	101107	2,815.91	230012	2,815.91		
Trn-CR Spare GSU	101107	2,815.91	230012	2,815.91		
Trn-MC1 GSU	101107	2,703.24	230012	2,703.24		
Trn-MC2 GSU	101107	2,621.97	230012	2,621.97		
Trn-MC3 GSU	101107	2,289.25	230012	2,289.25		
Trn-MC4 GSU	101107	1,856.22	230012	1,856.22		
Trn-MC Spare GSU	101107	1,856.22	230012	1,856.22		
Canal (Retired) - ASB		0.00	230012	1,558,198.46	182317	1,558,198.46
Paddy's (Unit 11) - ASB		0.00	230012	4,550,928.83	182317	4,550,928.83
City Gate Prest. 237900-ASB-Dist	101107	3,723.71	230016	3,723.71		

↑
Source: Deloitte purchase accounting exhibit

Louisville Gas & Electric
ARO Account Numbers
 November 22, 2010

Description	ARC ASSET	PV of Inflated	ARO LIABILITY	PV of Inflated	REG	PV of Inflated
	(Plant In Service - PowerPlant)	Decommissioning Cost	(ASSET RETIREMENT OBLIGATIONS)	Decommissioning Cost	(OTHER REGULATORY ASSETS ARO)	Decommissioning Cost
		<u>K 27,870,294.01</u>		33,979,421.30		F 6,109,127.29
Zorn - ASB	101125	38,429.20	230012	38,429.20 ①		
LGE Transmission Subs (11) - ASB	101125	13,760.73	230013	H 13,760.73		
LGE Distribution Subs (66) - ASB	101125	114,663.52	230015	I < 114,663.52 >	481,206.23	
Manholes - ASB	101125	366,542.71	230015	366,542.71		
		<u>B 533,396.16</u>		533,396.16		
Center Gas Storage Field - UGS	101207	2,052,397.67	230016	2,052,397.67		
City Gate DR 237900-ASB-Dist	101207	2,554.55	230016	2,554.55		
Doe Run 235300-ASB-UGS	101207	35,099.01	230016	35,099.01		
Doe Run Gas Storage Field - UGS	101207	1,392,530.74	230016	1,392,530.74		
Gas Main & Serv Abandons-Dist	101207	11,999,962.06	230016	11,999,962.06		
Magnolia 235300-ASB-UGS	101207	36,744.27	230016	36,744.27		
Magnolia 235600-ASB-UGS	101207	4,341.54	230016	4,341.54		
Magnolia Gas Storage Field - UGS	101207	1,434,547.09	230016	1,434,547.09		
Muldraugh 235300-ASB-UGS	101207	27,603.91	230016	27,603.91		
Muldraugh 235600-ASB-UGS	101207	19,202.96	230016	19,202.96		
Muldraugh Gas Storage Field - UGS	101207	561,704.86	230016	561,704.86		
		<u>C 17,566,688.65</u>		17,566,688.65 ②		
Magnolia 235120-ASB-UGS	101225	9,334.66	230016	9,334.66		
Muldraugh 235120-ASB-UGS	101225	13,235.71	230016	13,235.71		
Muldraugh 237520-ASB-Gas Dist	101225	2,962.90	230016	2,962.90		
Riggs Junction 235120-ASB-UGS	101225	9,836.65	230016	9,836.65		
		<u>D 35,369.93</u>		35,369.93 ②		
Seventh&Ormsby - ComGenPin-ASB	101325	E 101,389.79	230017	K 101,389.79		
Grand Total		<u>46,107,138.55</u>		<u>52,216,265.84</u>		

G Σ① = 34,014,126.79
 J Σ② = 17,605,782.29

Exhibit VII, Page 3 of 3

Valuation of Louisville Gas and Electric Company Asset Retirement Obligations (ARO)

As of November 1, 2010

DRAFT-These materials are for discussion and information-gathering purposes only. They do not and are not intended to present any advice to, recommendations, options or conclusions of Deloitte Financial Advisory Services LLP.

Description	Decommissioning Costs (in 2010 \$)	Estimated Decommissioning Date (in 2010 \$)	Time Until Decommissioning (Years)	Time Until Decommissioning (Months)	Inflated Decommissioning Cost	Discount Rate (in %)	PV of Inflated Decommissioning Cost
	[1]	[1]			[2]	[3]	
Canal (Retired) - ASB	\$ 1,575,000.00	12/31/55	5.2	62.0	\$ 1,781,968	2.6	\$ 1,558,198
Canal Run Unit 1 (Retired) - ASB	2,760,000.00	12/31/51	41.2	494.0	7,156,645	5.5	793,449
Canal Run Unit 2 (Retired) - ASB	2,600,000.00	12/31/51	41.2	494.0	7,155,695	5.5	747,452
Canal Run Unit 3 (Retired) - ASB	2,930,000.00	12/31/51	41.2	494.0	8,063,918	5.5	842,321
Canal Run Unit 4 - ASB	3,115,000.00	12/31/51	41.2	494.0	8,573,073	5.5	895,505
Canal Run Unit 5 - ASB	2,540,000.00	12/31/55	45.2	542.0	7,716,274	5.5	647,161
Canal Run Unit 6 - ASB	2,920,000.00	12/31/56	46.2	554.0	9,092,445	5.5	721,862
Centor Gas Storage Field - UGS	4,052,250.00	12/31/33	23.2	278.0	7,150,644	5.4	2,052,398
City Gate DR 237900-ASB-Dist	13,974.00	12/31/66	56.2	674.0	55,700	5.5	2,555
CR-Ash Pond	6,627,500.00	12/31/23	13.2	158.0	9,136,082	4.5	5,057,336
CR-Coal Storage	333,000.00	12/31/23	13.2	158.0	459,044	4.5	254,107
CR-Environmental Ponds	843,500.00	12/31/23	13.2	158.0	1,162,774	4.5	643,661
CR-Land Fill	1,809,686.45	12/31/23	13.2	158.0	2,494,673	4.5	1,380,942
CR-Nuclear Sources	93,970.00	12/31/23	13.2	158.0	74,298	4.5	41,184
CR-Sewage Treatment Plant	15,300.00	12/31/23	13.2	158.0	21,091	4.5	11,675
Dee Run 235300-ASB-UGS	192,000.00	12/31/66	56.2	674.0	765,311	5.5	35,099
Dee Run Gas Storage Field - UGS	2,749,410.00	12/31/33	23.2	278.0	4,851,638	5.4	1,392,531
Gas Main & Serv Abandons-Dist	40,500,665.00	12/31/50	40.2	482.0	108,746,871	5.5	11,999,962
LGE Distribution Subs (66) - ASB	901,000.00	12/31/78	68.2	818.0	4,830,006	5.5	114,664
LGE Transmission Subs (11) - ASB	111,442.00	12/31/79	69.2	830.0	612,344	5.5	13,761
Maanolla 235120-ASB-UGS	67,000.00	12/31/75	65.2	782.0	333,523	5.5	9,335
Maanolla 235300-ASB-UGS	201,000.00	12/31/66	56.2	674.0	801,184	5.5	36,744
Maanolla 235600-ASB-UGS	26,000.00	12/31/69	59.2	710.0	111,604	5.5	4,342
Maanolla Gas Storage Field - UGS	2,832,367.00	12/31/33	23.2	278.0	4,998,025	5.4	1,434,547
Matholes - ASB	4,668,187.00	12/31/04	84.2	1010.0	37,149,497	5.5	364,543
MC-Ash Pond	10,127,000.00	12/31/36	26.2	314.0	19,234,763	5.4	4,696,835
MC-Chemical Storage	17,595.75	12/31/36	26.2	314.0	33,437	5.4	8,165
MC-Coal Storage	370,000.00	12/31/36	26.2	314.0	703,108	5.4	171,688
MC-Environmental Ponds	964,000.00	12/31/36	26.2	314.0	1,831,882	5.4	447,318
MC-Landfill	1,818,426.28	12/31/36	26.2	314.0	3,455,542	5.4	843,791
MC-Nuclear Sources	26,890.00	12/31/36	26.2	314.0	51,099	5.4	12,478
MC-Oil Storage	1,286.45	12/31/36	26.2	314.0	2,445	5.4	597
Mill Creek Unit 1 - ASB	3,555,000.00	12/31/59	49.2	590.0	11,920,899	5.5	802,763
Mill Creek Unit 2 - ASB	3,100,000.00	12/31/59	49.2	590.0	10,395,158	5.5	700,019
Mill Creek Unit 3 - ASB	1,750,000.00	12/31/66	59.2	710.0	7,511,836	5.5	292,219
Mill Creek Unit 4 - ASB	2,600,000.00	12/31/69	59.2	710.0	11,160,442	5.5	434,154
Muldrough 235120-ASB-UGS	95,000.00	12/31/75	65.2	782.0	472,906	5.5	13,236
Muldrough 235300-ASB-UGS	151,000.00	12/31/66	56.2	674.0	601,885	5.5	27,604
Muldrough 235600-ASB-UGS	115,000.00	12/31/69	59.2	710.0	493,635	5.5	19,203
Muldrough 237520-ASB-Gas Dist	10,000.00	12/31/50	40.2	482.0	26,851	5.5	2,963
Muldrough Gas Storage Field - UGS	1,109,029.00	12/31/33	23.2	278.0	1,957,004	5.4	561,705
Ohio Falls - ASB	620,000.00	12/31/69	59.2	710.0	2,661,336	5.5	103,529
Paddy's (Unit 11) - ASB	4,600,000.00	12/31/15	5.2	62.0	5,204,478	2.6	4,550,929
Riteqs Junction 235120-ASB-UGS	70,603.05	12/31/75	65.2	782.0	351,459	5.5	9,837
Seventh&Ormsby - CnmGenPin-ASB	449,000.00	12/31/59	49.2	590.0	1,505,621	5.5	101,590
TC-Ash Pond	14,339,500.00	12/31/36	26.2	314.0	27,249,247	5.4	6,653,850
TC-Chemical Storage	23,797.98	12/31/36	26.2	314.0	45,223	5.4	11,043
TC-Coal Storage	573,500.00	12/31/36	26.2	314.0	1,089,818	5.4	266,117
TC-Environmental Ponds	723,000.00	12/31/36	26.2	314.0	1,373,912	5.4	335,488
TC-Nuclear Sources	32,620.00	12/31/36	26.2	314.0	61,988	5.4	15,136
TC-Sewage Treatment Plant	26,155.00	12/31/36	26.2	314.0	49,702	5.4	12,137
Zorn - ASB	105,000.00	12/31/43	33.2	398.0	237,179	5.5	38,429
City Gate Prest 237900-ASB-Dist	16,000.00	12/31/58	48.2	578.0	52,344	5.5	3,724
Trn-CR4 GSU	3,000.00	12/31/17	7.2	86.0	3,566	3.3	2,816
Trn-CR5 GSU	3,000.00	12/31/17	7.2	86.0	3,566	3.3	2,816
Trn-CR6 GSU	3,000.00	12/31/17	7.2	86.0	3,566	3.3	2,816
Trn-CR Spare GSU	3,000.00	12/31/17	7.2	86.0	3,566	3.3	2,816
Trn-MC1 GSU	3,000.00	12/31/2018	8.2	98.0	3,655	3.7	2,703
Trn-MC2 GSU	3,000.00	12/31/2019	9.2	110.0	3,747	3.9	2,622
Trn-MC3 GSU	3,000.00	12/31/2023	13.2	158.0	4,136	4.5	2,289
Trn-MC4 GSU	3,000.00	12/31/2028	18.2	218.0	4,679	5.1	1,856
Trn-MC Spare GSU	3,000.00	12/31/2028	18.2	218.0	4,679	5.1	1,856

Estimated Fair Value of AROs (Rounded) \$2,216,266

Notes

1. Estimated decommissioning costs and dates provided by LGE Management
2. Rate of inflation assumption: 2.50%
3. Discount rate based on yield on BBB+ rated debt deemed to be reflective of a typical market participant in the electric utility space. Assumes monthly compounding.

Carried out to cents

Exhibit VII, Page 3 of 3

Valuation of Louisville Gas and Electric Company Asset Retirement Obligations (ARO)
As of November 1, 2010

DRAFT—These materials are for discussion and information-gathering purposes only.
They do not and are not intended to present any advice, recommendations, opinions
or conclusions of Deloitte Financial Advisory Services LLP.

Description	Decommissioning Costs (In 2010 \$) [1]	Estimated Decommissioning Date (In 2010 \$) [2]	Time Until Decommissioning (Years)	Time Until Decommissioning (Months)	Inflated Decommissioning Cost [2]	Discount Rate (In %) [3]	PV of Inflated Decommissioning Cost
Canal (Retired) - ASB	1,575,000.00	12/31/15	5.2	62.0	1,781,969	2.6	1,558,258
Cane Run Unit 1 (Retired) - ASB	2,760,000.00	12/31/51	41.2	494.0	7,595,046	5.5	793,449
Cane Run Unit 2 (Retired) - ASB	2,600,000.00	12/31/51	41.2	494.0	7,155,695	5.5	747,452
Cane Run Unit 3 (Retired) - ASB	2,930,000.00	12/31/51	41.2	494.0	8,063,918	5.5	842,321
Cane Run Unit 4 - ASB	3,115,000.00	12/31/51	41.2	494.0	8,573,073	5.5	895,505
Cane Run Unit 5 - ASB	2,540,000.00	12/31/55	45.2	542.0	7,774,374	5.5	647,161
Cane Run Unit 6 - ASB	2,920,000.00	12/31/56	46.2	554.0	9,092,445	5.5	721,862
Center Gas Storage Field - UGS	4,052,250.00	12/31/33	33.2	278.0	7,150,844	5.4	2,052,398
City Gate DR 237900-ASB-Dist	13,974.00	12/31/66	56.2	674.0	55,700	5.5	2,555
CR-Ash Pond	6,627,500.00	12/31/23	13.2	158.0	9,136,082	4.5	5,057,336
CR-Coal Storage	335,000.00	12/31/23	13.2	158.0	459,044	4.5	254,107
CR-Environmental Ponds	843,500.00	12/31/23	13.2	158.0	1,167,774	4.5	643,661
CR-Land Fill	1,809,686.40	12/31/23	13.2	158.0	2,494,573	4.5	1,380,942
CR-Nuclear Sources	53,970.00	12/31/23	13.2	158.0	74,398	4.5	41,184
CR-Sewage Treatment Plant	15,300.00	12/31/23	13.2	158.0	21,091	4.5	11,675
Dee Run 235300-ASB-UGS	192,000.00	12/31/66	56.2	674.0	765,311	5.5	35,099
Dee Run Gas Storage Field - UGS	2,749,410.00	12/31/33	23.2	278.0	4,851,638	5.4	1,392,531
Gas Main & Serv Abandons-Dist	40,500,665.00	12/31/50	40.2	482.0	108,746,871	5.5	11,999,962
LGE Distribution Subs (66) - ASB	901,000.00	12/31/78	68.2	813.0	4,830,006	5.5	114,664
LGE Transmission Subs (11) - ASB	11,442.00	12/31/79	69.2	830.0	612,344	5.5	13,761
Magnolia 235120-ASB-UGS	67,000.00	12/31/75	65.2	782.0	333,523	5.5	9,335
Magnolia 235300-ASB-UGS	201,000.00	12/31/66	56.2	674.0	801,184	5.5	36,744
Magnolia 235600-ASB-UGS	26,000.00	12/31/69	59.2	710.0	111,604	5.5	4,342
Magnolia Gas Storage Field - UGS	2,832,367.00	12/31/33	23.2	278.0	4,998,025	5.4	1,434,547
Manholes - ASB	4,648,187.00	12/31/84	84.2	1010.0	37,149,497	5.5	366,543
MC-Ash Pond	10,122,000.00	12/31/36	26.2	314.0	19,234,763	5.4	4,696,835
MC-Chemical Storage	17,595.75	12/31/36	26.2	314.0	33,437	5.4	2,165
MC-Coal Storage	370,000.00	12/31/36	26.2	314.0	703,100	5.4	171,668
MC-Environmental Ponds	964,000.00	12/31/36	26.2	314.0	1,831,882	5.4	447,318
MC-Landfill	1,818,426.28	12/31/36	26.2	314.0	3,455,542	5.4	843,791
MC-Nuclear Sources	26,890.00	12/31/36	26.2	314.0	51,099	5.4	12,478
MC-Oil Storage	1,286.45	12/31/36	26.2	314.0	2,445	5.4	597
Mill Creek Unit 1 - ASB	3,855,000.00	12/31/59	49.2	590.0	11,920,899	5.5	802,763
Mill Creek Unit 2 - ASB	3,100,000.00	12/31/59	49.2	590.0	10,395,158	5.5	700,019
Mill Creek Unit 3 - ASB	1,750,000.00	12/31/69	59.2	710.0	7,511,836	5.5	292,219
Mill Creek Unit 4 - ASB	2,600,000.00	12/31/69	59.2	710.0	11,160,442	5.5	434,154
Muldrough 235120-ASB-UGS	95,000.00	12/31/75	65.2	782.0	472,906	5.5	13,236
Muldrough 235300-ASB-UGS	151,000.00	12/31/66	56.2	674.0	601,085	5.5	27,604
Muldrough 235600-ASB-UGS	115,000.00	12/31/69	59.2	710.0	493,635	5.5	19,203
Muldrough 237520-ASB-Gas Dist	10,000.00	12/31/50	40.2	482.0	29,851	5.5	2,963
Muldrough Gas Storage Field - UGS	1,109,028.00	12/31/33	23.2	278.0	1,957,004	5.4	561,705
Ohio Falls - ASB	620,000.00	12/31/69	59.2	710.0	2,661,336	5.5	103,529
Paddy's (Unit 1) - ASB	4,600,000.00	12/31/15	5.2	62.0	5,204,470	2.6	4,550,929
Riggs Junction 235120-ASB-UGS	70,603.05	12/31/75	65.2	782.0	351,459	5.5	9,837
Seventh&Ormsby - ComGenPIn-ASB	449,000.00	12/31/59	49.2	590.0	1,505,621	5.5	101,390
TC-Ash Pond	14,239,500.00	12/31/36	26.2	314.0	27,249,247	5.4	6,653,850
TC-Chemical Storage	23,797.98	12/31/36	26.2	314.0	45,223	5.4	11,043
TC-Coal Storage	573,500.00	12/31/36	26.2	314.0	1,089,818	5.4	265,117
TC-Environmental Ponds	723,000.00	12/31/36	26.2	314.0	1,373,912	5.4	335,488
TC-Nuclear Sources	32,620.00	12/31/36	26.2	314.0	61,988	5.4	15,136
TC-Sewage Treatment Plant	26,155.00	12/31/36	26.2	314.0	49,702	5.4	12,137
Zorn - ASB	105,000.00	12/31/43	33.2	398.0	237,179	5.5	38,429
City Gate Prest 237900-ASB-Dist	16,000.00	12/31/58	48.2	578.0	52,344	5.5	3,724
Tm-CR4 GSU	3,000.00	12/31/17	7.2	86.0	3,566	3.3	2,816
Tm-CR5 GSU	3,000.00	12/31/17	7.2	86.0	3,566	3.3	2,816
Tm-CR6 GSU	3,000.00	12/31/17	7.2	86.0	3,566	3.3	2,816
Tm-CR Spare GSU	3,000.00	12/31/17	7.2	86.0	3,566	3.3	2,816
Tm-MC1 GSU	3,000.00	12/31/2018	8.2	98.0	3,655	3.7	2,703
Tm-MC2 GSU	3,000.00	12/31/2019	9.2	110.0	3,747	3.9	2,622
Tm-MC3 GSU	3,000.00	12/31/2023	13.2	158.0	4,136	4.5	2,289
Tm-MC4 GSU	3,000.00	12/31/2028	18.2	218.0	4,679	5.1	1,856
Tm-MC Spare GSU	3,000.00	12/31/2028	18.2	218.0	4,679	5.1	1,856

Estimated Fair Value of AROs (Rounded) \$ 52,200,000

Notes:

1. Estimated decommissioning costs and dates provided by LGE Management
2. Rate of inflation assumption: 2.50%
3. Discount rate based on yield on BBB+ rated debt deemed to be reflective of a typical market participant in the electric utility space. Assumes monthly compounding.

Rounded

LG&E and KU Energy LLC

Purchase Accounting Critical Issue – Fixed Assets Net Book Value

November 30, 2010

Background:

A purchase accounting adjustment is required to record fixed assets at fair market value. For purposes of the PPL acquisition, the determination has been made that the net book value (NBV) of LKE's fixed assets approximates fair market value. This determination to record assets at NBV has been made due to the fact that LKE will continue to receive a regulated rate of return on the fixed assets of LG&E and KU, as regulated utilities. The PPL acquisition of these companies does not change this circumstance.

Conversations were held with several different sources to explore the various aspects of recording the assets at net book value on the purchase accounting companies. Following are the highlights of those conversations:

Bill Carlin, Audit Manager, PwC:

- Confirmed that the national office of PwC suggests assets should be recorded at net book value on the purchase accounting set of books.
- Agreed that depreciation would continue to be calculated on the gross asset value on the regulatory accounting set of books. No depreciation calculation would be made on the net book value of the assets recorded on the purchase accounting books.
- Net book value would be calculated as the original cost of the asset less the life reserves. Cost of removal and salvage would not be considered in calculation of net book value since they are classified as regulatory liabilities.

Jim Johnson, Financial Reporting, ComEd:

- Confirmed that assets should be recorded at net book value.
- Agreed that depreciation would continue to be calculated on the gross asset value. Gross asset values are defined as the values on the regulatory accounting set of books not on the new NBV on the Purchase Accounting set of books.
- Net book value would be calculated as the original cost of the asset less the life reserves. Cost of removal and salvage would not be considered in calculation of net book value since they are classified as regulatory liabilities.
- Regarding use of account 114 Electric Plant Acquisition Adjustments, ComEd did have amounts recorded in account 114, but they represented the difference in fair value of the purchase price of a nuclear plant due to impairment. Based on our discussions with Jim about our current facts, he agreed the use of account 114 would not be proper.

November 30, 2010

Page 2

Purchase Accounting Critical Issue – Fixed Assets Net Book Value

Vincent Fong, Property Accounting, Puget Sound Energy:

- Confirmed that assets should be recorded at net book value on the purchase accounting set of books.
- Agreed that depreciation would continue to be calculated on the gross asset value on the regulatory accounting set of books. No depreciation calculation would be made on the net book value of the assets recorded on the purchase accounting books.
- Net book value was calculated as the original cost of the asset less the life, salvage and cost of removal reserves. However, cost of removal was classified as a regulatory liability.
- Confirmed the use of account 114 was not proper/needed.
- Puget Sound Energy is a PowerPlant user, but on an older version of PowerPlant, therefore did not pursue a systematic solution to recording net book value.

Mark Heineman, PowerPlan Consultants:

- Confirmed that assets should be recorded at net book value on the purchase accounting set of books.
- Agreed that depreciation would continue to be calculated on the gross asset value on the regulatory accounting set of books. No depreciation calculation would be made on the net book value of the assets recorded on the purchase accounting books.
- Net book value would be calculated as the original cost of the asset less the life reserves and salvage. Did concede that NBV would be calculated as original cost less life reserves since in the case of LKE the salvage is recorded along with the cost of removal as regulatory liability.
- Suggested the use of “basis buckets” in order to systematically record net book value in PowerPlant.

Internal Decisions

Discussions with Sr. Management confirmed that the assets in the following GL accounts for the companies named below should be booked at net book value:

- Plant in service (a/c 101)
- Completed construction not classified (a/c 106)
- Plant held for future use (a/c 105)
- Non-utility property (a/c 121)

Discussions with Sr. Management confirmed that the assets of the following companies should be recorded at net book value:

- Louisville Gas and Electric Company
- Kentucky Utilities Company

- LG&E and KU Capital Corp.
- LEM Continuing Operations
- FCD LLC
- LG&E and KU Services Company

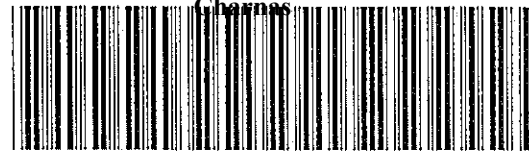
Account 117, Gas Stored Underground, Non-Current is not depreciated and therefore would not need to be recorded at net book value.

The purchase accounting adjustment to be recorded, in total for all companies, is as follows:

Debit: Accumulated Depreciation (Account 108)	\$3.7 billion
Credit: Property & Equipment (Account 101)	\$3.7 billion

Conclusion:

Net book value approximates fair market value for purposes of purchase accounting and accordingly an adjustment will be made on the purchase accounting books to reflect this. Net book value is defined as original cost less the life reserve. Depreciation expense will continue to be recorded on the gross assets of the regulatory accounting books, there will be no additional or different depreciation calculation made for purchase accounting.



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Balance Type Actual
 Database DBORA91.OFMSPROD
 List of Books LGE ENERGY LLC

Category * List - Text Adjustment
 Source * List - Text Spreadsheet
 Currency * List - Text USD
 Accounting Date * List - Date 30-Nov-2010
 Group ID Number 5011
 Batch Name Text PAD
 Journal Name Text J006-0119-1110
 Journal Description Text Purchase Accounting Adjustment for ARO
 Reverse Journal List - Text Yes
 Reversal Period List - Text NOV-2010

CO	Prod	Org	Exp Org	Account	Inter Co	Exp Type	Location	Debit * Number	Credit * Number	Line Description Text	Stat Amount Number	Line DFF List - Text
0119	347	000119	000119	101107	0000	0699	0000	21,996,159.95				
0119	347	000119	000119	101125	0000	0699	0000		175,046.33			
0119	348	000119	000119	108107	0000	0699	0000	6,084,940.18				
0119	348	000119	000119	108125	0000	0699	0000	10,356.14				
0119	347	000119	000119	182317	0000	0699	0000		33,713,056.20			
0119	347	000119	000119	182318	0000	0699	0000		40,479.93			
0119	347	000119	000119	182325	0000	0699	0000		140,201.34			
0119	347	000119	000119	230012	0000	0699	0000	5,631,956.07				
0119	347	000119	000119	230013	0000	0699	0000	87,152.94				
0119	347	000119	000119	230015	0000	0699	0000	258,218.52				
Totals:								34,068,783.80	34,068,783.80		0.00	

Description: Purchase Accounting Adjustments for ARO Assets/Liabilities/Reserve/Reg Liabilities. This entry will be reversed in November 2010, and PowerPlant system entries will be generated and posted to reflect these purchase accounting adjustments.

Prepared By: *[Signature]*

Approved By: *[Signature]*

Posted By: *[Signature]*

Upload/concurrent ID: 22843071

Posted/Concurrent ID: 22843076

REVERSAL
 Upload/concurrent ID: _____

REVERSAL:
 Posted/Concurrent ID: _____

Handwritten notes:
 82 11/30/10
 Wheeler 11/30/10

Adjustment required to ARO related accounts for purchase accounting.

	Actuals		Balance required		Adjustment Needed		Total
	LG&E	KU	LG&E	KU	LG&E	KU	
101107	14,871,097.44	30,547,077.91	27,870,294.01	52,543,237.86	12,999,196.57	21,996,159.95	
101125	943,043.76	549,373.63	533,396.16	374,327.30	(409,647.60)	(175,046.33)	
101207	18,452,977.21		17,566,688.65		(886,288.56)	-	
101225	20,598.85		35,369.93		14,771.08	-	
101325	117,351.34		101,389.79		(15,961.55)	-	
	<u>34,405,068.60</u>	<u>31,096,451.54</u>	<u>46,107,138.55</u>	<u>52,917,565.15</u>	<u>11,702,069.95</u>	<u>21,821,113.61</u>	<u>33,523,183.56</u>
108107	(2,978,574.65)	(6,084,940.18)	-	-	2,978,574.65	6,084,940.18	
108125	(16,422.39)	(10,356.14)	-	-	16,422.39	10,356.14	
108207	(479,352.57)		-	-	479,352.57	-	
108225	(2,222.88)		-	-	2,222.88	-	
108325	(1,553.72)		-	-	1,553.72	-	
	<u>(3,478,126.21)</u>	<u>(6,095,296.32)</u>	<u>-</u>	<u>-</u>	<u>3,478,126.21</u>	<u>6,095,296.32</u>	<u>9,573,422.53</u>
182317	25,280,582.42	34,330,375.53	6,109,127.29	617,319.33	(19,171,455.13)	(33,713,056.20)	
182318	12,668.74	40,479.93			(12,668.74)	(40,479.93)	
182325	283,622.65	140,201.34			(283,622.65)	(140,201.34)	
182326	8,617,822.78				(8,617,822.78)	-	
182327	28,295.73				(28,295.73)	-	
	<u>34,222,992.32</u>	<u>34,511,056.80</u>	<u>6,109,127.29</u>	<u>617,319.33</u>	<u>(28,113,865.03)</u>	<u>(33,893,737.47)</u>	<u>(62,007,602.50)</u>
230012	(37,201,228.67)	(58,792,513.26)	(34,014,126.79)	(53,160,557.19)	3,187,101.88	5,631,956.07	
230013	(27,363.51)	(174,104.43)	(13,760.73)	(86,951.49)	13,602.78	87,152.94	
230015	(1,167,425.79)	(545,594.33)	(481,206.23)	(287,375.81)	686,219.56	258,218.52	
230016	(26,609,823.39)		(17,605,782.29)		9,004,041.10	-	
230017	(144,093.33)		(101,389.79)		42,703.54	-	
	<u>(65,149,934.69)</u>	<u>(59,512,212.02)</u>	<u>(52,216,265.84)</u>	<u>(53,534,884.48)</u>	<u>12,933,668.85</u>	<u>5,977,327.54</u>	<u>18,910,996.39</u>

0.02

B - agreed to trial balance as of 10/31/10

Kentucky Utilities
ARO Account Numbers
 November 22, 2010

Description	ARC ASSET	PV of Inflated	ARO LIABILITY	PV of Inflated	REG	PV of Inflated
	(Plant In Service - PowerPlant)	Decommissioning Cost	(ASSET RETIREMENT OBLIGATIONS)	Decommissioning Cost	(OTHER REGULATORY ASSETS ARO)	Decommissioning Cost
BR-Ash Pond	101107	10,223,658.21	230012	10,223,658.21		
BR-Auxiliary Pond	101107	2,434,204.34	230012	2,434,204.34		
BR-Coal Storage	101107	62,286.00	230012	62,286.00		
BR-Nuclear Sources	101107	15,379.59	230012	15,379.59		
BR-Oil Storage	101107	6,795.87	230012	6,795.87		
BR-Oil Storage CT - OP	101107	17,790.82	230012	17,790.82		
Brown Unit 1 - ASB	101107	402,171.98	230012	402,171.98		
Brown Unit 2 - ASB	101107	809,763.46	230012	809,763.46		
Brown Unit 3 - ASB	101107	1,842,178.00	230012	1,842,178.00		
Dix Dam - ASB - Hydro	101107	57,608.88	230012	57,608.88		
GH-Ash Pond	101107	14,370,079.47	230012	14,370,079.47		
GH-Chemical Storage	101107	11,390.38	230012	11,390.38		
GH-Coal Storage	101107	403,467.53	230012	403,467.53		
Ghent Unit 1 - ASB	101107	1,878,308.00	230012	1,878,308.00		
Ghent Unit 2 - ASB	101107	2,415,126.82	230012	2,415,126.82		
Ghent Unit 3 - ASB	101107	326,450.30	230012	326,450.30		
Ghent Unit 4 - ASB	101107	326,450.30	230012	326,450.30		
GH-Environmental Ponds	101107	391,402.94	230012	391,402.94		
GH-Gypsum Stack-GH 1 Scrubber	101107	4,057,007.23	230012	4,057,007.23		
GH-Nuclear Sources	101107	122,548.33	230012	122,548.33		
GH-Oil Storage	101107	8,500.56	230012	8,500.56		
GH-Sewage Treatment Plant	101107	17,611.79	230012	17,611.79		
GR-Ash Pond	101107	5,971,909.81	230012	5,971,909.81		
GR-Chemical Storage	101107	634.21	230012	634.21		
GR-Coal Storage	101107	200,039.83	230012	200,039.83		
Green River Unit 1 - ASB	101107	531,840.85	230012	531,840.85		
Green River Unit 2 - ASB	101107	488,718.62	230012	488,718.62		
Green River Unit 3 - ASB	101107	533,278.25	230012	533,278.25		
Green River Unit 4 - ASB	101107	625,272.35	230012	625,272.35		
GR-Limestone Silo	101107	1,469.89	230012	1,469.89		
GR-Oil Storage	101107	901.08	230012	901.08		
GR-Sewage Treatment Plant	101107	8,289.94	230012	8,289.94		
Pineville - ASB			230012	617,319.33	182317	617,319.33
Pineville-Ash Pond	101107	1,085,801.78	230012	1,085,801.78		
TY-Ash Pond	101107	977,221.61	230012	977,221.61		
TY-Chemical Storage	101107	411.57	230012	411.57		
TY-Coal Storage	101107	66,679.94	230012	66,679.94		
TY-Oil Storage	101107	9,736.53	230012	9,736.53		
Tyrone Unit 1 (Retired) - ASB	101107	461,120.39	230012	461,120.39		
Tyrone Unit 2 (Retired) - ASB	101107	453,933.35	230012	453,933.35		
Tyrone Unit 3 - ASB	101107	624,697.38	230012	624,697.38		

↑
 Source: Deloitte Purchase Accounting exhibit

Kentucky Utilities
ARO Account Numbers
 November 22, 2010

Description	ARC ASSET	PV of Inflated	ARO LIABILITY	PV of Inflated	REG	PV of Inflated
	(Plant In Service - PowerPlant)	Decommissioning Cost	(ASSET RETIREMENT OBLIGATIONS)	Decommissioning Cost	(OTHER REGULATORY ASSETS ARO)	Decommissioning Cost
TY-Service Water Pump Structure	101107	199,611.71	230012	199,611.71		
TY-Sewage Treatment Plant	101107	54,064.82	230012	54,064.82		
BR-Lab	101107	15,731.81	230012	15,731.81		
GH-trn-GH1 GSU Transformer	101107	2,026.42	230012	2,026.42		
GH-trn-GH2 GSU Transformer	101107	1,744.79	230012	1,744.79		
GH-trn-GH3 GSU Transformer	101107	1,484.98	230012	1,484.98		
GH-trn-GH4 GSU Transformer	101107	1,288.63	230012	1,288.63		
GH-trn-GH Spare GSU Transformer	101107	1,288.63	230012	1,288.63		
GR-trn-G1-2 GSU Transformer	101107	6,062.48	230012	6,062.48		
GR-trn-GR3 GSU Transformer	101107	6,062.48	230012	6,062.48		
GR-trn-GR4 GSU Transformer	101107	5,866.48	230012	5,866.48		
GR-trn-GSU Spare Transformer	101107	5,866.48	230012	5,866.48		
		<u>52,543,237.86</u>		<u>53,160,557.19</u>		
Big Stone Gap Substation - ASB-Dist	101125	4,459.51	230015	4,459.51		
KU - General Facilities - ASB	101125	167,231.36	230015	167,231.36		
KU Distribution Subs (478) - ASB	101125	115,684.94	230015	115,684.94		
KU Transmission Subs (69) - ASB	101125	86,951.49	230013	86,951.49		
		<u>374,327.30</u>		<u>374,327.30</u>		
Grand Total		<u>52,917,565.15</u>		<u>53,534,884.48</u>		<u>0.00</u>

E 287,375.81

Exhibit VII, Page 2 of 3
 Valuation of Kentucky Utilities Company Asset Retirement Obligations
 As of November 1, 2010
DRAFT-These materials are for discussion and information-gathering purposes only. They do not and are not intended to present any advice to, recommendations, opinions or conclusions of Deloitte Financial Advisory Services LLP.

Description	Decommissioning Costs (in 2010 \$) [1]	Estimated Decommissioning Date (in 2010 \$) [2]	Time Until Decommissioning (Years)	Time Until Decommissioning (Months)	Inflated Decommissioning Cost [2]	Discount Rate (in %) [3]	PV of Inflated Decommissioning Cost
Big Stone Gap Substation - ASB-Dist	\$ 34,000.00	12/31/77	67.2	806.0	\$ 177,819	5.5	\$ 4,460
BR-Ash Pond	15,183,000.00	12/31/26	16.2	194.0	22,539,249	4.9	10,223,658
BR-Auxiliary Pond	3,615,000.00	12/31/26	16.2	194.0	5,366,488	4.9	2,434,204
BR-Coal Storage	92,500.00	12/31/26	16.2	194.0	137,317	4.9	62,286
BR-Nuclear Sources	22,840.00	12/31/26	16.2	194.0	33,906	4.9	15,380
BR-Oil Storage	10,092.44	12/31/26	16.2	194.0	14,982	4.9	6,796
BR-Oil Storage CT - OP	38,340.43	12/31/36	26.2	314.0	72,858	5.4	17,791
Brown Unit 1 - ASB	1,781,000.00	12/31/59	49.2	590.0	5,972,186	5.5	402,172
Brown Unit 2 - ASB	3,586,000.00	12/31/59	49.2	590.0	12,024,851	5.5	809,763
Brown Unit 3 - ASB	8,158,000.00	12/31/59	49.2	590.0	27,356,032	5.5	1,842,178
Dix Dam - ASB - Hydro	345,000.00	12/31/69	59.2	710.0	1,480,905	5.5	57,609
GH-Ash Pond	30,968,500.00	12/31/36	26.2	314.0	58,849,215	5.4	14,370,079
GH-Chemical Storage	24,547.05	12/31/36	26.2	314.0	46,647	5.4	11,390
GH-Coal Storage	869,500.00	12/31/36	26.2	314.0	1,652,305	5.4	403,468
Ghent Unit 1 - ASB	8,318,000.00	12/31/59	49.2	590.0	27,892,556	5.5	1,878,308
Ghent Unit 2 - ASB	11,023,000.00	12/31/60	50.2	602.0	37,867,249	5.5	2,415,127
Ghent Unit 3 - ASB	1,955,000.00	12/31/69	59.2	710.0	8,391,794	5.5	326,450
Ghent Unit 4 - ASB	1,955,000.00	12/31/69	59.2	710.0	8,391,794	5.5	326,450
GH-Environmental Ponds	843,500.00	12/31/36	26.2	314.0	1,602,897	5.4	391,403
GH-Gypsum Stack-GH 1 Scrubber	6,025,000.00	12/31/26	16.2	194.0	8,944,146	4.9	4,057,007
GH-Nuclear Sources	264,100.00	12/31/36	26.2	314.0	501,867	5.4	122,548
GH-Oil Storage	12,624.05	12/31/26	16.2	194.0	18,740	4.9	8,501
GH-Sewage Treatment Plant	26,155.00	12/31/26	16.2	194.0	38,827	4.9	17,612
GR-Ash Pond	6,627,500.00	12/31/18	8.2	98.0	8,074,965	3.7	5,971,914
GR-Chemical Storage	703.83	12/31/18	8.2	98.0	858	3.7	630
GR-Coal Storage	222,000.00	12/31/18	8.2	98.0	270,485	3.7	200,040
Green River Unit 1 - ASB	1,850,000.00	12/31/51	41.2	494.0	5,081,552	5.5	531,841
Green River Unit 2 - ASB	1,700,000.00	12/31/51	41.2	494.0	4,678,724	5.5	488,719
Green River Unit 3 - ASB	1,855,000.00	12/31/51	41.2	494.0	5,105,313	5.5	533,278
Green River Unit 4 - ASB	2,175,000.00	12/31/51	41.2	494.0	5,986,014	5.5	625,272
GR-Limestone Silo	1,631.25	12/31/18	8.2	98.0	1,988	3.7	1,470
GR-Oil Storage	1,000.00	12/31/18	8.2	98.0	1,218	3.7	901
GR-Sewage Treatment Plant	9,200.00	12/31/18	8.2	98.0	11,209	3.7	8,290
KU - General Facilities - ASB	1,130,000.00	12/31/73	63.2	758.0	5,354,044	5.5	167,231
KU Distribution Subs (478) - ASB	882,000.00	12/31/77	67.2	806.0	4,612,831	5.5	115,685
KU Transmission Subs (69) - ASB	704,181.00	12/31/79	69.2	830.0	3,869,288	5.5	86,951
Pineville - ASB	1,686,700.00	12/31/43	33.2	398.0	3,810,004	5.5	617,319
Pineville-Ash Pond	1,205,000.00	12/31/18	8.2	98.0	1,468,175	3.7	1,085,802
TY-Ash Pond	1,084,500.00	12/31/18	8.2	98.0	1,321,358	3.7	977,222
TY-Chemical Storage	456.75	12/31/18	8.2	98.0	557	3.7	412
TY-Coal Storage	74,000.00	12/31/18	8.2	98.0	90,162	3.7	66,680
TY-Oil Storage	10,805.40	12/31/18	8.2	98.0	13,165	3.7	9,737
Tyrone Unit 1 (Retired) - ASB	1,604,000.00	12/31/51	41.2	494.0	4,414,513	5.5	461,120
Tyrone Unit 2 (Retired) - ASB	1,579,000.00	12/31/51	41.2	494.0	4,345,709	5.5	453,933
Tyrone Unit 3 - ASB	2,173,000.00	12/31/51	41.2	494.0	5,980,510	5.5	624,697
TY-Service Water Pump Structure	221,524.88	12/31/18	8.2	98.0	269,907	3.7	199,612
TY-Sewage Treatment Plant	60,000.00	12/31/18	8.2	98.0	73,104	3.7	54,065
BR-Lab	18,000.00	12/31/19	9.2	110.0	22,480	3.9	15,732
GH-tm-GH1 GSU Transformer	2,400.00	12/31/20	10.2	122.0	3,072	4.1	2,026
GH-tm-GH2 GSU Transformer	2,400.00	12/31/24	14.2	170.0	3,391	4.7	1,745
GH-tm-GH3 GSU Transformer	2,400.00	12/31/28	18.2	218.0	3,743	5.1	1,485
GH-tm-GH4 GSU Transformer	2,400.00	12/31/31	21.2	254.0	4,031	5.4	1,289
GH-tm-GH Spare GSU Transformer	2,400.00	12/31/31	21.2	254.0	4,031	5.4	1,289
GR-tm-G1-2 GSU Transformer	6,250.00	12/31/16	6.2	74.0	7,248	2.9	6,062
GR-tm-G3 GSU Transformer	6,250.00	12/31/16	6.2	74.0	7,248	2.9	6,062
GR-tm-G4 GSU Transformer	6,250.00	12/31/17	7.2	86.0	7,429	3.3	5,866
GR-tm-GSU Spare Transformer	6,250.00	12/31/17	7.2	86.0	7,429	3.3	5,866

Estimated Fair Value of AROs (Rounded) \$ 53,534,884

Notes

1. Estimated decommissioning costs and dates provided by E.ON Management
2. Rate of inflation assumption: 2.50%
3. Discount rate based on yield on BBB+ rated debt deemed to be reflective of a typical market participant in the electric utility space. Assumes monthly compounding.

Carried out
 $D \& T = 53,500,000$ rounded

Exhibit VII, Page 2 of 2
 Utilities of Delaware Company Asset Retirement Obligations
 As of November 1, 2010
 All values are in millions of dollars unless otherwise indicated
 This financial information is for informational purposes only
 This financial information is not intended to provide an indication of the minimum amount of cash available to the subsidiaries of Delaware Financial Services, L.P.

Description	Decommissioning Costs (in 2010 \$)	Estimated Decommissioning Date (in 2010 \$)	Time Until Decommissioning (Years)	Time Until Decommissioning (Months)	Inflated Decommissioning Cost	Discount Rate (in %)	PV of Inflated Decommissioning Cost
300 Stone Gap Substation - ASB-DIE	\$ 34,000.00	12/31/77	67.2	806.0	\$ 177,817	5.5	\$ 4,450
300-Ash Pond	15,182,000.00	12/31/76	16.2	194.0	22,539,249	4.9	10,223,658
300-Auxiliary Pond	3,615,000.00	12/31/26	16.2	194.0	5,366,488	4.9	2,434,204
300-Coal Storage	92,500.00	12/31/26	16.2	194.0	137,317	4.9	62,286
300-Nuclear Sources	12,840.00	12/31/26	16.2	194.0	33,986	4.9	15,380
300-Storage	1,000.00	12/31/26	16.2	194.0	1,000	4.9	481
300-CT - OP	38,340.45	12/31/76	66.2	791.0	72,888	5.4	17,781
Brown Unit 1 - ASB	1,781,000.00	12/31/59	49.2	590.0	5,972,486	5.5	402,172
Brown Unit 2 - ASB	3,586,000.00	12/31/59	49.2	590.0	12,024,851	5.5	806,763
Brown Unit 3 - ASB	8,158,000.00	12/31/59	49.2	590.0	27,356,032	5.5	1,842,178
Ch-Dam - ASB - Hydro	345,000.00	12/31/69	59.2	710.0	1,480,502	5.5	57,609
Ch-Ash Pond	30,968,000.00	12/31/36	26.2	314.0	58,849,215	5.4	34,170,079
Ch-Chemical Storage	24,547,000.00	12/31/36	26.2	314.0	46,647	5.4	11,390
Ch-Coal Storage	8,816,000.00	12/31/36	26.2	314.0	11,480,828	5.4	4,816,828
Ch-CT - ASB	8,318,000.00	12/31/59	49.2	590.0	37,882,555	5.5	1,878,708
Chent Unit 2 - ASB	11,033,000.00	12/31/60	50.2	602.0	37,882,555	5.5	1,878,708
Chent Unit 3 - ASB	1,955,000.00	12/31/69	58.2	700.0	8,391,794	5.5	326,450
Chent Unit 4 - ASB	1,085,000.00	12/31/69	58.2	700.0	8,391,794	5.5	326,450
GH-Environmental Ponds	843,500.00	12/31/26	16.2	194.0	1,652,897	5.4	361,403
GH-Cyprus Stack-GH 1 Scrubber	6,025,000.00	12/31/26	16.2	194.0	8,544,346	4.9	4,057,007
GH-Nuclear Sources	264,100.00	12/31/38	28.2	340.0	501,887	5.4	122,548
GH-Oil Storage	14,824,000.00	12/31/26	16.2	194.0	18,700	4.9	5,801
GH-Pre-Treatment Plant	6,637,500.00	12/31/18	8.2	98.0	8,074,965	3.7	5,071,910
GH-Ash Pond	703,833	12/31/18	8.2	98.0	1,238	3.7	82
GH-Chemical Storage	222,000.00	12/31/18	8.2	98.0	270,485	3.7	200,040
Green River Unit 1 - ASB	1,850,000.00	12/31/51	41.2	494.0	5,091,552	5.5	521,841
Green River Unit 2 - ASB	1,700,000.00	12/31/51	41.2	494.0	4,678,724	5.5	488,719
Green River Unit 3 - ASB	1,855,000.00	12/31/51	41.2	494.0	5,105,313	5.5	533,278
Green River Unit 4 - ASB	2,175,000.00	12/31/51	41.2	494.0	5,986,984	5.5	623,272
GH-Oil Storage Silo	1,000.00	12/31/18	8.2	98.0	1,238	3.7	82
GH-Sewage Treatment Plant	9,200.00	12/31/18	8.2	98.0	11,269	3.7	8,294
KU - General Facilities - ASB	1,120,000.00	12/31/73	63.2	758.0	5,354,044	5.5	167,231
KU Distribution Subs (478) - ASB	882,000.00	12/31/77	67.2	806.0	4,612,831	5.5	115,685
Pinewille - ASB	704,181.00	12/31/79	69.2	830.0	3,869,268	5.5	86,951
Preville - ASB	1,686,700.00	12/31/43	33.2	398.0	3,810,004	5.5	617,219
Preville - ASB	1,686,700.00	12/31/18	8.2	98.0	1,486,165	3.7	1,035,921
Preville - ASB	1,084,456.75	12/31/18	8.2	98.0	1,238	3.7	977,412
TY-Coal Storage	74,000.00	12/31/18	8.2	98.0	90,162	3.7	66,680
TY-Oil Storage	10,805.40	12/31/18	8.2	98.0	13,165	3.7	9,727
Tyrome Unit 1 (Retired) - ASB	1,604,000.00	12/31/51	41.2	494.0	4,414,513	5.5	461,120
Tyrome Unit 2 (Retired) - ASB	1,579,000.00	12/31/51	41.2	494.0	4,345,700	5.5	453,933
Tyrome Unit 3 - ASB	3,172,000.00	12/31/51	41.2	494.0	8,980,510	5.5	624,697
TY-Service Water Pump Structure	221,524.80	12/31/28	8.2	98.0	292,767	3.7	193,812
BB-Sub	18,000.00	12/31/18	8.2	98.0	22,480	3.7	15,272
GH-trm-GH1 GSU Transformer	2,400.00	12/31/20	10.2	122.0	3,072	4.1	2,026
GH-trm-GH2 GSU Transformer	2,400.00	12/31/24	14.2	170.0	3,391	4.7	2,745
GH-trm-GH3 GSU Transformer	2,400.00	12/31/28	18.2	218.0	3,743	5.1	1,485
GH-trm-GH4 GSU Transformer	2,400.00	12/31/31	21.2	254.0	4,031	5.4	1,289
GH-trm-GH Spare GSU Transformer	2,400.00	12/31/31	21.2	254.0	4,031	5.4	1,289
GH-trm-G1-2 GSU Transformer	6,250.00	12/31/16	6.2	74.0	7,248	2.9	6,062
GH-trm-G2 GSU Transformer	6,250.00	12/31/16	6.2	74.0	7,248	2.9	6,062
GH-trm-G3 GSU Transformer	6,250.00	12/31/16	6.2	74.0	7,248	2.9	6,062
GH-trm-G4 GSU Transformer	6,250.00	12/31/17	7.2	86.0	7,428	3.3	5,962
GH-trm-GSU Spare Transformer	6,250.00	12/31/17	7.2	86.0	7,428	3.3	5,966

Estimated Fair Value of AROs (Rounded) \$ 33,389,000

rounded

Notes:
 1. Estimated decommissioning costs and dates provided by E.ON Management.
 2. Rate of inflation assumption: 2.50%
 3. Discount rate based on yield on BBB+ rated debt deemed to be reflective of a typical market participant in the electric utility space. Assumes monthly compounding.

LG&E and KU Energy LLC

Purchase Accounting Critical Issue – Fixed Assets Net Book Value

November 30, 2010

Background:

A purchase accounting adjustment is required to record fixed assets at fair market value. For purposes of the PPL acquisition, the determination has been made that the net book value (NBV) of LKE's fixed assets approximates fair market value. This determination to record assets at NBV has been made due to the fact that LKE will continue to receive a regulated rate of return on the fixed assets of LG&E and KU, as regulated utilities. The PPL acquisition of these companies does not change this circumstance.

Conversations were held with several different sources to explore the various aspects of recording the assets at net book value on the purchase accounting companies. Following are the highlights of those conversations:

Bill Carlin, Audit Manager, PwC:

- Confirmed that the national office of PwC suggests assets should be recorded at net book value on the purchase accounting set of books.
- Agreed that depreciation would continue to be calculated on the gross asset value on the regulatory accounting set of books. No depreciation calculation would be made on the net book value of the assets recorded on the purchase accounting books.
- Net book value would be calculated as the original cost of the asset less the life reserves. Cost of removal and salvage would not be considered in calculation of net book value since they are classified as regulatory liabilities.

Jim Johnson, Financial Reporting, ComEd:

- Confirmed that assets should be recorded at net book value.
- Agreed that depreciation would continue to be calculated on the gross asset value. Gross asset values are defined as the values on the regulatory accounting set of books not on the new NBV on the Purchase Accounting set of books.
- Net book value would be calculated as the original cost of the asset less the life reserves. Cost of removal and salvage would not be considered in calculation of net book value since they are classified as regulatory liabilities.
- Regarding use of account 114 Electric Plant Acquisition Adjustments, ComEd did have amounts recorded in account 114, but they represented the difference in fair value of the purchase price of a nuclear plant due to impairment. Based on our discussions with Jim about our current facts, he agreed the use of account 114 would not be proper.

November 30, 2010

Page 2

Purchase Accounting Critical Issue – Fixed Assets Net Book Value

Vincent Fong, Property Accounting, Puget Sound Energy:

- Confirmed that assets should be recorded at net book value on the purchase accounting set of books.
- Agreed that depreciation would continue to be calculated on the gross asset value on the regulatory accounting set of books. No depreciation calculation would be made on the net book value of the assets recorded on the purchase accounting books.
- Net book value was calculated as the original cost of the asset less the life, salvage and cost of removal reserves. However, cost of removal was classified as a regulatory liability.
- Confirmed the use of account 114 was not proper/needed.
- Puget Sound Energy is a PowerPlant user, but on an older version of PowerPlant, therefore did not pursue a systematic solution to recording net book value.

Mark Heineman, PowerPlan Consultants:

- Confirmed that assets should be recorded at net book value on the purchase accounting set of books.
- Agreed that depreciation would continue to be calculated on the gross asset value on the regulatory accounting set of books. No depreciation calculation would be made on the net book value of the assets recorded on the purchase accounting books.
- Net book value would be calculated as the original cost of the asset less the life reserves and salvage. Did concede that NBV would be calculated as original cost less life reserves since in the case of LKE the salvage is recorded along with the cost of removal as regulatory liability.
- Suggested the use of “basis buckets” in order to systematically record net book value in PowerPlant.

Internal Decisions

Discussions with Sr. Management confirmed that the assets in the following GL accounts for the companies named below should be booked at net book value:

- Plant in service (a/c 101)
- Completed construction not classified (a/c 106)
- Plant held for future use (a/c 105)
- Non-utility property (a/c 121)

Discussions with Sr. Management confirmed that the assets of the following companies should be recorded at net book value:

- Louisville Gas and Electric Company
- Kentucky Utilities Company

November 30, 2010

Page 3

Purchase Accounting Critical Issue -- Fixed Assets Net Book Value

- LG&E and KU Capital Corp.
- LEM Continuing Operations
- FCD LLC
- LG&E and KU Services Company

Account 117, Gas Stored Underground, Non-Current is not depreciated and therefore would not need to be recorded at net book value.

The purchase accounting adjustment to be recorded, in total for all companies, is as follows:

Debit: Accumulated Depreciation (Account 108)	\$3.7 billion
Credit: Property & Equipment (Account 101)	\$3.7 billion

Conclusion:

Net book value approximates fair market value for purposes of purchase accounting and accordingly an adjustment will be made on the purchase accounting books to reflect this. Net book value is defined as original cost less the life reserve. Depreciation expense will continue to be recorded on the gross assets of the regulatory accounting books, there will be no additional or different depreciation calculation made for purchase accounting.

Crescente, Angela

From: Wiseman, Sara
Sent: Monday, December 13, 2010 9:30 AM
To: Wacker, Diana; Crescente, Angela; Kinder, Debra
Subject: FW: Deloitte Report

Diana/Angela: Would you stop by my cube after you've read this?

From: Scott, Valerie
Sent: Saturday, December 11, 2010 10:14 AM
To: Wiseman, Sara
Cc: Charnas, Shannon
Subject: RE: Deloitte Report

Sara,

One other thought – shouldn't we reclassify the cash already paid out of regulatory assets to net it against the ARO liability on the purchase accounting companies? It would seem our liability should be reduced by this amount as of 11/1 since the money has already been paid for these removal costs.

If we make the entry on the purchase accounting company it should not impact your PowerPlant balances and can be reversed when the asset is fully retired.

Valerie

From: Scott, Valerie
Sent: Friday, December 10, 2010 8:12 PM
To: Wiseman, Sara
Cc: Charnas, Shannon
Subject: Deloitte Report

Sara,

I have asked Marlene from Deloitte to get with you to correct their report related to AROs. Their numbers should reflect the amount net of payments made and in RWIP. Also, I want them to not round numbers, since we must book actual numbers and it is easier for us going forward.

Please let me know if you would like to discuss.

Thanks.

Valerie

Crescente, Angela

From: Wiseman, Sara
Sent: Monday, December 13, 2010 4:32 PM
To: Scott, Valerie
Cc: Charnas, Shannon; Crescente, Angela
Subject: RE: Deloitte Report

Valerie:

I'm working with Peter to make the changes you have asked for in your first email below.

I'm a bit confused about your last email. As far as I know, the cash payments are already being netted against the ARO liability and not the regulatory assets. I think I'm missing something here and will be glad to make changes if you can clarify it for me.

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Cc: Charnas, Shannon
Subject: RE: Deloitte Report

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Thanks.

Valerie

Crescente, Angela

From: Scott, Valerie
Sent: Monday, December 13, 2010 6:15 PM
To: Wiseman, Sara
Cc: Charnas, Shannon; Crescente, Angela
Subject: RE: Deloitte Report

I may have gotten confused. There is \$6.7M left in the reg asset. Is that amount related to the payments or related to the reserve for the assets already retired? If it is the retired assets, I agree we would leave it where it is.

Sorry if I have confused the issues....old timers must be setting in.

Valerie

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To: Scott, Valerie
Cc: Charnas, Shannon; Crescente, Angela
Subject: RE: Deloitte Report

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Please let me know if you would like to discuss.

Thanks.

Valerie

Crescente, Angela

From: Wiseman, Sara
Sent: Monday, December 13, 2010 8:00 PM
To: Scott, Valerie
Cc: Charnas, Shannon; Crescente, Angela
Subject: RE: Deloitte Report

The amount in regulatory assets is related to the assets already retired (Canal, Paddy's Run, Pineville) and is the offset to the ARO liability recorded for each of these locations.

From: Scott, Valerie
Sent: Monday, December 13, 2010 6:15 PM
To: Wiseman, Sara
Cc: Charnas, Shannon; Crescente, Angela
Subject: RE: Deloitte Report

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Sorry if I have confused the issues....old timers must be setting in.

Valerie

From: Wiseman, Sara
Sent: Monday, December 13, 2010 4:32 PM
To: Scott, Valerie
Cc: Charnas, Shannon; Crescente, Angela
Subject: RE: Deloitte Report

Valerie:

I'm working with Peter to make the changes you have asked for in your first email below.

I'm a bit confused about your last email. As far as I know, the cash payments are already being netted against the ARO liability and not the regulatory assets. I think I'm missing something here and will be glad to make changes if you can clarify it for me.

From: Scott, Valerie
Sent: Saturday, December 11, 2010 10:14 AM
To: Wiseman, Sara
Cc: Charnas, Shannon
Subject: RE: Deloitte Report

Sara,

Charnas

One other thought – shouldn't we reclassify the cash already paid out of regulatory assets to net it against the ARO liability on the purchase accounting companies? It would seem our liability should be reduced by this amount as of 11/1 since the money has already been paid for these removal costs.

If we make the entry on the purchase accounting company it should not impact your PowerPlant balances and can be reversed when the asset is fully retired.

Valerie

From: Scott, Valerie
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To: Wiseman, Sara
Cc: Charnas, Shannon
Subject: Deloitte Report

Sara,

I have asked Marlene from Deloitte to get with you to correct their report related to AROs. Their numbers should reflect the amount net of payments made and in RWIP. Also, I want them to not round numbers, since we must book actual numbers and it is easier for us going forward.

Please let me know if you would like to discuss.

Thanks.

Valerie

Crescente, Angela

From: Scott, Valerie
Sent: Monday, December 13, 2010 9:04 PM
To: Wiseman, Sara
Cc: Charnas, Shannon; Crescente, Angela
Subject: RE: Deloitte Report

Thanks Sara. I agree it is okay as is.

Valerie

From: Wiseman, Sara
Sent: Monday, December 13, 2010 8:00 PM
To: Scott, Valerie
Cc: Charnas, Shannon; Crescente, Angela
Subject: RE: Deloitte Report

The amount in regulatory assets is related to the assets already retired (Canal, Paddy's Run, Pineville) and is the offset to the ARO liability recorded for each of these locations.

From: Scott, Valerie
Sent: Monday, December 13, 2010 6:15 PM
To: Wiseman, Sara
Cc: Charnas, Shannon; Crescente, Angela
Subject: RE: Deloitte Report

I may have gotten confused. There is \$6.7M left in the reg asset. Is that amount related to the payments or related to the reserve for the assets already retired? If it is the retired assets, I agree we would leave it where it is.

Sorry if I have confused the issues....old timers must be setting in.

Valerie

From: Wiseman, Sara
Sent: Monday, December 13, 2010 4:32 PM
To: Scott, Valerie
Cc: Charnas, Shannon; Crescente, Angela
Subject: RE: Deloitte Report

Valerie:

I'm working with Peter to make the changes you have asked for in your first email below.

I'm a bit confused about your last email. As far as I know, the cash payments are already being netted against the ARO liability and not the regulatory assets. I think I'm missing something here and will be glad to make changes if you can clarify it for me.

From: Scott, Valerie
Sent: Saturday, December 11, 2010 10:14 AM
To: Wiseman, Sara
Cc: Charnas, Shannon
Subject: RE: Deloitte Report

Sara,

One other thought – shouldn't we reclassify the cash already paid out of regulatory assets to net it against the ARO liability on the purchase accounting companies? It would seem our liability should be reduced by this amount as of 11/1 since the money has already been paid for these removal costs.

If we make the entry on the purchase accounting company it should not impact your PowerPlant balances and can be reversed when the asset is fully retired.

Valerie

From: Scott, Valerie
Sent: Friday, December 10, 2010 8:12 PM
To: Wiseman, Sara
Cc: Charnas, Shannon
Subject: Deloitte Report

Sara,

I have asked Marlene from Deloitte to get with you to correct their report related to AROs. Their numbers should reflect the amount net of payments made and in RWIP. Also, I want them to not round numbers, since we must book actual numbers and it is easier for us going forward.

Please let me know if you would like to discuss.

Thanks.

Valerie

Crescente, Angela

From: Hannagan, Peter (US - Washington D.C.) <phannagan@deloitte.com>
Sent: Monday, December 13, 2010 10:45 PM
To: Wiseman, Sara
Cc: Crescente, Angela; Motyka, Marlene (US - New York)
Subject: RE: 7 EVII ARO Decommissioning Cost - annualized discount rates v11 with cash.xlsx
Attachments: 7.EVII ARO Decommissioning Cost - annualized discount rates v12.xlsx

Sara

Thanks for the info. I think the attached is what we discussed and shows the full ARO amount as well as the amount net of the cash payments that haven't yet settled. Hopefully this will keep everyone happy.

Let me know if you have any comments. I also removed the rounding so it shows the amounts to the \$

Regards
Peter

Peter Hannagan
Deloitte Financial Advisory Services, LLP

Tel: +1 202 378 5057
Fax: +1 202 661 1113
Mobile: + 1 202 368 0417
phannagan@deloitte.com
www.deloitte.com

From: Wiseman, Sara [<mailto:Sara.Wiseman@lge-ku.com>]
Sent: Monday, December 13, 2010 3:39 PM
To: Hannagan, Peter (US - Washington D.C.)
Cc: Crescente, Angela
Subject: FW: 7 EVII ARO Decommissioning Cost - annualized discount rates v11 with cash.xlsx

Peter: Angela has added column C for the cash payments. I think for final presentation, these columns should show up on the far right.

Please call with questions.

Thanks!

From: Crescente, Angela
Sent: Monday, December 13, 2010 3:16 PM
To: Wiseman, Sara
Subject: 7 EVII ARO Decommissioning Cost - annualized discount rates v11 with cash.xlsx

Sara:

Please review.

<<7 EVII ARO Decommissioning Cost - annualized discount rates V11 with cash.xlsx>>

Thanks,

Angela

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Crescente, Angela

From: Hannagan, Peter (US - Washington D.C.) <phannagan@deloitte.com>
Sent: Tuesday, December 14, 2010 1:16 PM
To: Wiseman, Sara
Cc: Crescente, Angela
Subject: RE: 7 EVII ARO Decommissioning Cost - annualized discount rates v12.xlsx

Thanks Sara. No problem

So are we good to go with this now or do you need to check with Shannon?

Peter Hannagan
Deloitte Financial Advisory Services, LLP

Tel: +1 202 378 5057
Fax: +1 202 661 1113
Mobile: + 1 202 368 0417
phannagan@deloitte.com
www.deloitte.com

From: Wiseman, Sara [<mailto:Sara.Wiseman@lge-ku.com>]
Sent: Tuesday, December 14, 2010 1:13 PM
To: Hannagan, Peter (US - Washington D.C.)
Cc: Crescente, Angela
Subject: 7 EVII ARO Decommissioning Cost - annualized discount rates v12.xlsx

<<7 EVII ARO Decommissioning Cost - annualized discount rates v12.xlsx>>

Peter: We made minor changes in column L. The totals at the bottom are still the same.

Sorry for the inconvenience.

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Charnas

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Crescente, Angela

From: Wiseman, Sara
Sent: Tuesday, December 14, 2010 1:20 PM
To: Charnas, Shannon; Scott, Valerie
Cc: Motyka, Marlene (US - New York); Crescente, Angela; 'Hannagan, Peter (US - Washington D.C.)'
Subject: 7 EVII ARO Decommissioning Cost - annualized discount rates v12 with cash.xlsx



7 EVII ARO
Decommissioning ...

Shannon/Valerie:

Peter, Angela and I have worked together on this schedule. The schedule now rounds to the dollar and incorporates cash for pending settlements. The final numbers tie to the GL on the last purchase accounting file sent by Lesley.

Peter and Marlene are waiting on the final OK to this schedule to release another (final?) draft of the schedules. Please let us know if this accomplishes what we are needing.

Thanks!

Exhibit VII, Page 1 of 3

Valuation of Asset Retirement Obligations

As of November 1, 2010

**DRAFT-These materials are for discussion and information-gathering purposes only.
They do not and are not intended to present any advice to, recommendations, options
or conclusions of Deloitte Financial Advisory Services LLP.**

	<u>Fair Value of ARO</u>	<u>Less: Cash Payments not yet Settled</u>	<u>Fair Value of ARO Less Cash Payments not yet Settled</u>
Kentucky Utilities Company	\$ 53,534,884	\$ (259,384)	\$ 53,275,500 (1)
Louisville Gas and Electric Company	52,216,266	(2,743,867)	49,472,399 (2)
Total Fair Value of AROs	\$ 105,751,150	\$ (3,003,251)	\$ 102,747,899

Notes

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1. See Exhibit VII, Page 2 of 3
 2. See Exhibit VII, Page 3 of 3

Exhibit VII, Page 2 of 3
 Valuation of Kentucky Utilities Company Asset Retirement Obligations
 As of November 1, 2010
 DRAFT-These materials are for discussion and information-gathering purposes only.
 They do not and are not intended to present any advice to, recommendations, options
 or conclusions of Deloitte Financial Advisory Services LLP.

Description	Decommissioning Costs (In 2010 \$) [1]	Estimated Decommissioning Date (In 2010 \$) [1]	Time Until Decommissioning (Years)	Time Until Decommissioning (Months)	Inflated Decommissioning Cost [2]	Discount Rate (in %) [3]	PV of Inflated Decommissioning Cost	Less: Cash Payments not yet Settled	ARO net of Cash Payments not yet Settled
Big Stone Gap Substation - ASB-Dist	\$ 34,000.00	12/31/77	67.2	806.0	\$ 177,819	5.5	\$ 4,460	-	\$ 4,460
BR-Ash Pond	15,183,000.00	12/31/26	16.2	194.0	22,539,249	4.9	10,223,658	-	10,223,658
BR-Auxiliary Pond	3,615,000.00	12/31/26	16.2	194.0	5,366,488	4.9	2,434,204	-	2,434,204
BR-Coal Storage	92,500.00	12/31/26	16.2	194.0	137,317	4.9	62,286	-	62,286
BR-Nuclear Sources	22,840.00	12/31/26	16.2	194.0	33,906	4.9	15,380	-	15,380
BR-Oil Storage	10,992.44	12/31/26	16.2	194.0	14,982	4.9	6,796	-	6,796
BR-Oil Storage CT - OP	38,340.43	12/31/36	26.2	314.0	72,858	5.4	17,791	-	17,791
Brown Unit 1 - ASB	1,781,000.00	12/31/59	49.2	590.0	5,972,186	5.5	402,172	(61,499)	340,673
Brown Unit 2 - ASB	3,586,000.00	12/31/59	49.2	590.0	12,024,851	5.5	809,763	-	809,763
Brown Unit 3 - ASB	8,158,000.00	12/31/59	49.2	590.0	27,356,032	5.5	1,842,178	-	1,842,178
Dix Dam - ASB - Hydro	345,000.00	12/31/69	59.2	710.0	1,480,905	5.5	57,609	-	57,609
GH-Ash Pond	30,968,500.00	12/31/36	26.2	314.0	58,849,215	5.4	14,370,079	-	14,370,079
GH-Chemical Storage	24,547.05	12/31/36	26.2	314.0	46,647	5.4	11,390	-	11,390
GH-Coal Storage	869,500.00	12/31/36	26.2	314.0	1,652,305	5.4	403,468	(31,652)	371,816
Ghent Unit 1 - ASB	8,318,000.00	12/31/59	49.2	590.0	27,892,556	5.5	1,878,308	-	1,878,308
Ghent Unit 2 - ASB	11,023,000.00	12/31/60	50.2	602.0	37,887,249	5.5	2,415,127	-	2,415,127
Ghent Unit 3 - ASB	1,955,000.00	12/31/69	59.2	710.0	8,391,794	5.5	326,450	-	326,450
Ghent Unit 4 - ASB	1,955,000.00	12/31/69	59.2	710.0	8,391,794	5.5	326,450	-	326,450
GH-Environmental Ponds	843,500.00	12/31/36	26.2	314.0	1,602,897	5.4	391,403	-	391,403
GH-Gypsum Stack-GH 1 Scrubber	6,025,000.00	12/31/26	16.2	194.0	8,944,146	4.9	4,057,007	-	4,057,007
GH-Nuclear Sources	264,100.00	12/31/36	26.2	314.0	501,867	5.4	122,548	-	122,548
GH-Oil Storage	12,624.05	12/31/26	16.2	194.0	18,740	4.9	8,501	-	8,501
GH-Sewage Treatment Plant	26,155.00	12/31/26	16.2	194.0	38,827	4.9	17,612	-	17,612
GR-Ash Pond	6,627,500.00	12/31/18	8.2	98.0	8,074,965	3.7	5,971,910	-	5,971,910
GR-Chemical Storage	703.83	12/31/18	8.2	98.0	858	3.7	634	-	634
GR-Coal Storage	222,000.00	12/31/18	8.2	98.0	270,485	3.7	200,040	(146,798)	53,242
Green River Unit 1 - ASB	1,850,000.00	12/31/51	41.2	494.0	5,091,552	5.5	531,841	-	531,841
Green River Unit 2 - ASB	1,700,000.00	12/31/51	41.2	494.0	4,678,724	5.5	488,719	-	488,719
Green River Unit 3 - ASB	1,855,000.00	12/31/51	41.2	494.0	5,105,313	5.5	533,278	-	533,278
Green River Unit 4 - ASB	2,175,000.00	12/31/51	41.2	494.0	5,986,014	5.5	625,272	-	625,272
GR-Limestone Silo	1,631.25	12/31/18	8.2	98.0	1,988	3.7	1,470	-	1,470
GR-Oil Storage	1,000.00	12/31/18	8.2	98.0	1,218	3.7	901	-	901
GR-Sewage Treatment Plant	9,200.00	12/31/18	8.2	98.0	11,209	3.7	8,290	-	8,290
KU - General Facilities - ASB	1,130,000.00	12/31/73	63.2	758.0	5,354,044	5.5	167,231	-	167,231
KU Distribution Subs (478) - ASB	882,000.00	12/31/77	67.2	806.0	4,612,831	5.5	115,685	-	115,685
KU Transmission Subs (69) - ASB	704,181.00	12/31/79	69.2	830.0	3,869,288	5.5	86,951	-	86,951
Pinoville - ASB	1,686,700.00	12/31/43	33.2	398.0	3,810,004	5.5	617,139	-	617,139
Pinoville-Ash Pond	1,205,000.00	12/31/18	8.2	98.0	1,468,175	3.7	1,085,802	-	1,085,802
TY-Ash Pond	1,084,500.00	12/31/18	8.2	98.0	1,321,358	3.7	977,222	-	977,222
TY-Chemical Storage	456.75	12/31/18	8.2	98.0	557	3.7	412	-	412
TY-Coal Storage	74,000.00	12/31/18	8.2	98.0	90,162	3.7	66,680	-	66,680
TY-Oil Storage	10,805.40	12/31/18	8.2	98.0	13,165	3.7	9,737	-	9,737
Tyrone Unit 1 (Retired) - ASB	1,604,000.00	12/31/51	41.2	494.0	4,414,513	5.5	461,120	-	461,120
Tyrone Unit 2 (Retired) - ASB	1,579,000.00	12/31/51	41.2	494.0	4,345,709	5.5	453,933	-	453,933
Tyrone Unit 3 - ASB	2,173,000.00	12/31/51	41.2	494.0	5,980,510	5.5	624,697	(19,435)	605,262
TY-Service Water Pump Structure	221,524.88	12/31/18	8.2	98.0	269,907	3.7	199,612	-	199,612
TY-Sewage Treatment Plant	60,000.00	12/31/18	8.2	98.0	73,104	3.7	54,065	-	54,065
BR-Lab	18,000.00	12/31/19	9.2	110.0	22,480	3.9	15,732	-	15,732
GH-trn-GH1 GSU Transformer	2,400.00	12/31/20	10.2	122.0	3,072	4.1	2,026	-	2,026
GH-trn-GH2 GSU Transformer	2,400.00	12/31/24	14.2	170.0	3,391	4.7	1,745	-	1,745
GH-trn-GH3 GSU Transformer	2,400.00	12/31/28	18.2	218.0	3,743	5.1	1,485	-	1,485
GH-trn-GH4 GSU Transformer	2,400.00	12/31/31	21.2	254.0	4,031	5.4	1,289	-	1,289
GH-trn-GH Spare GSU Transformer	2,400.00	12/31/31	21.2	254.0	4,031	5.4	1,289	-	1,289
GR-trn-G1-2 GSU Transformer	6,250.00	12/31/16	6.2	74.0	7,248	2.9	6,062	-	6,062
GR-trn-GR3 GSU Transformer	6,250.00	12/31/16	6.2	74.0	7,248	2.9	6,062	-	6,062
GR-trn-GR4 GSU Transformer	6,250.00	12/31/17	7.2	86.0	7,429	3.3	5,866	-	5,866
GR-trn-GSU Spare Transformer	6,250.00	12/31/17	7.2	86.0	7,429	3.3	5,866	-	5,866

Estimated Fair Value of AROs (Rounded) \$ 53,534,884 | \$ (259,384) | \$ 53,275,501

Notes
 1. Estimated decommissioning costs and dates provided by E.ON Management
 2. Rate of inflation assumption: 2.50%
 3. Discount rate based on yield on BBB+ rated debt deemed to be reflective of a typical market participant in the electric utility space. Assumes monthly compounding.

Exhibit VII, Page 3 of 3

Valuation of Louisville Gas and Electric Company Asset Retirement Obligations (ARO)

As of November 1, 2010

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They do not and are not intended to present any advice to, recommendations, options or conclusions of Deloitte Financial Advisory Services LLP.

Description	Decommissioning Costs (In 2010 \$) [1]	Estimated Decommissioning Date (In 2010 \$) [1]	Time Until Decommissioning (Years)	Time Until Decommissioning (Months)	Inflated Decommissioning Cost [2]	Discount Rate (In %) [3]	PV of Inflated Decommissioning Cost	Less: Cash Payments not yet Settled	AKU net of Cash Payments not yet Settled
Canal (Retired) - ASB	\$ 1,575,000.00	12/31/15	5.2	62.0	\$ 1,781,968	2.6	\$ 1,558,198	\$ -	\$ 1,558,198
Cane Run Unit 1 (Retired) - ASB	2,760,000.00	12/31/51	41.2	494.0	7,596,046	5.5	793,449	-	793,449
Cane Run Unit 2 (Retired) - ASB	2,600,000.00	12/31/51	41.2	494.0	7,155,695	5.5	747,452	-	747,452
Cane Run Unit 3 (Retired) - ASB	2,930,000.00	12/31/51	41.2	494.0	8,063,918	5.5	842,321	-	842,321
Cane Run Unit 4 - ASB	3,115,000.00	12/31/51	41.2	494.0	8,573,073	5.5	895,505	(16,832)	878,673
Cane Run Unit 5 - ASB	2,540,000.00	12/31/55	45.2	542.0	7,716,274	5.5	647,161	(32,359)	614,802
Cane Run Unit 6 - ASB	2,920,000.00	12/31/56	46.2	554.0	9,092,445	5.5	721,862	(290,060)	431,802
Center Gas Storage Field - UGS	4,052,250.00	12/31/33	23.2	278.0	7,150,644	5.4	2,052,886	(251,680)	1,800,717
City Gate DR 237900-ASB-Dist	139,974.00	12/31/66	56.2	674.0	55,700	5.5	2,555	-	2,555
CR-Ash Pond	6,627,500.00	12/31/23	13.2	158.0	9,136,082	4.5	5,057,336	-	5,057,336
CR-Coal Storage	333,000.00	12/31/23	13.2	158.0	459,044	4.5	254,107	-	254,107
CR-Environmental Ponds	843,500.00	12/31/23	13.2	158.0	1,162,774	4.5	643,661	-	643,661
CR-Land Fill	1,809,686.40	12/31/23	13.2	158.0	2,494,673	4.5	1,380,942	-	1,380,942
CR-Nuclear Sources	53,970.00	12/31/23	13.2	158.0	74,398	4.5	41,184	-	41,184
CR-Sewage Treatment Plant	15,300.00	12/31/23	13.2	158.0	21,091	4.5	11,675	-	11,675
Doe Run 235300-ASB-UGS	192,000.00	12/31/66	56.2	674.0	765,311	5.5	35,099	-	35,099
Doe Run Gas Storage Field - UGS	2,749,410.00	12/31/33	23.2	278.0	4,851,638	5.4	1,392,531	(233,126)	1,159,405
Gas Main & Serv Abandons-Dist	40,500,665.00	12/31/50	40.2	482.0	108,746,871	5.5	11,999,962	-	11,999,962
LGE Distribution Subs (66) - ASB	901,000.00	12/31/78	68.2	818.0	4,830,006	5.5	114,664	-	114,664
LGE Transmission Subs (11) - ASB	111,442.00	12/31/79	69.2	830.0	612,344	5.5	13,761	-	13,761
Magnolia 235120-ASB-UGS	67,000.00	12/31/75	65.2	782.0	333,523	5.5	9,335	(7,750)	1,584
Magnolia 235300-ASB-UGS	201,000.00	12/31/66	56.2	674.0	801,184	5.5	36,744	-	36,744
Magnolia 235600-ASB-UGS	26,000.00	12/31/69	59.2	710.0	111,604	5.5	4,342	-	4,342
Magnolia Gas Storage Field - UGS	2,832,367.00	12/31/33	23.2	278.0	4,998,025	5.4	1,434,547	(67,403)	1,367,144
Manholes - ASB	4,668,187.00	12/31/94	84.2	1010.0	37,149,497	5.5	366,543	(50)	366,493
MC-Ash Pond	10,122,000.00	12/31/36	26.2	314.0	19,234,763	5.4	4,696,835	(1,165,013)	3,531,822
MC-Chemical Storage	17,595.75	12/31/36	26.2	314.0	33,437	5.4	8,165	-	8,165
MC-Coal Storage	370,000.00	12/31/36	26.2	314.0	703,108	5.4	171,688	(88,824)	82,864
MC-Environmental Ponds	964,000.00	12/31/36	26.2	314.0	1,831,882	5.4	447,318	-	447,318
MC-Landfill	1,818,426.28	12/31/36	26.2	314.0	3,455,542	5.4	843,791	(410,137)	433,654
MC-Nuclear Sources	26,890.00	12/31/36	26.2	314.0	51,099	5.4	12,478	-	12,478
MC-Oil Storage	1,286.45	12/31/36	26.2	314.0	2,445	5.4	597	-	597
Mill Creek Unit 1 - ASB	3,555,000.00	12/31/59	49.2	590.0	11,920,899	5.5	802,763	(45,765)	756,998
Mill Creek Unit 2 - ASB	3,100,000.00	12/31/59	49.2	590.0	10,395,158	5.5	700,019	(31,956)	668,063
Mill Creek Unit 3 - ASB	1,750,000.00	12/31/69	59.2	710.0	7,511,836	5.5	292,219	-	292,219
Mill Creek Unit 4 - ASB	2,600,000.00	12/31/69	59.2	710.0	11,160,442	5.5	434,154	-	434,154
Muldrough 235120-ASB-UGS	95,000.00	12/31/75	65.2	782.0	472,906	5.5	13,236	(23,408)	(10,172)
Muldrough 235300-ASB-UGS	151,000.00	12/31/66	56.2	674.0	601,885	5.5	27,604	(10,110)	17,494
Muldrough 235600-ASB-UGS	115,000.00	12/31/69	59.2	710.0	493,635	5.5	19,203	-	19,203
Muldrough 237520-ASB-Gas Dist	10,000.00	12/31/50	40.2	482.0	26,851	5.5	2,963	-	2,963
Muldrough Gas Storage Field - UGS	1,109,029.00	12/31/33	23.2	278.0	1,957,004	5.4	561,705	(45,419)	516,286
Ohio Falls - ASB	620,000.00	12/31/69	59.2	710.0	2,661,336	5.5	103,529	(22,720)	80,809
Paddy's (Unit 11) - ASB	4,600,000.00	12/31/15	5.2	62.0	5,204,478	2.6	4,550,929	-	4,550,929
Ridge Junction 235120-ASB-UGS	70,603.05	12/31/75	65.2	782.0	351,459	5.5	9,837	-	9,837
Seventh&Ormsby - ComGenPln-ASB	449,000.00	12/31/59	49.2	590.0	1,505,621	5.5	101,390	-	101,390
TC-Ash Pond	14,339,500.00	12/31/36	26.2	314.0	27,249,247	5.4	6,653,850	-	6,653,850
TC-Chemical Storage	23,797.98	12/31/36	26.2	314.0	45,223	5.4	11,043	-	11,043
TC-Coal Storage	573,500.00	12/31/36	26.2	314.0	1,089,818	5.4	266,117	-	266,117
TC-Environmental Ponds	723,000.00	12/31/36	26.2	314.0	1,373,912	5.4	335,488	-	335,488
TC-Nuclear Sources	32,620.00	12/31/36	26.2	314.0	61,988	5.4	15,136	-	15,136
TC-Sewage Treatment Plant	26,155.00	12/31/36	26.2	314.0	49,702	5.4	12,137	-	12,137
Zorn - ASB	105,000.00	12/31/43	33.2	398.0	237,179	5.5	38,429	-	38,429
City Gate Prest 237900-ASB-Dist	16,000.00	12/31/58	48.2	578.0	52,344	5.5	3,724	-	3,724
Trm-CR4 GSU	3,000.00	12/31/17	7.2	86.0	3,566	3.3	2,816	(1,254)	2,816
Trm-CR5 GSU	3,000.00	12/31/17	7.2	86.0	3,566	3.3	2,816	-	2,816
Trm-CR6 GSU	3,000.00	12/31/17	7.2	86.0	3,566	3.3	2,816	-	2,816
Trm-CR Spare GSU	3,000.00	12/31/17	7.2	86.0	3,566	3.3	2,816	-	2,816
Trm-MC1 GSU	3,000.00	12/31/2018	8.2	98.0	3,655	3.7	2,703	-	2,703
Trm-MC2 GSU	3,000.00	12/31/2019	9.2	110.0	3,747	3.9	2,622	-	2,622
Trm-MC3 GSU	3,000.00	12/31/2023	13.2	158.0	4,136	4.5	2,289	-	2,289
Trm-MC4 GSU	3,000.00	12/31/2028	18.2	218.0	4,679	5.1	1,856	-	1,856
Trm-MC Spare GSU	3,000.00	12/31/2028	18.2	218.0	4,679	5.1	1,856	-	1,856

Estimated Fair Value of AROs (Rounded) \$ 52,216,266 | \$ (2,743,867) | \$ 49,472,399

Notes:

1. Estimated decommissioning costs and dates provided by E.ON Management

2. Rate of inflation assumption: 2.50%

3. Discount rate based on yield on BBB+ rated debt deemed to be reflective of a typical market participant in the electric utility space. Assumes monthly compounding.

FMCH	Semi-Annual BBB+	Time Until Decommissioning (Years)	Semi-Annual Compounding Discount Rate	PV Factor	Annual	Semi-Annual Compounding	Annual Compounding	Annual Compounding x 100	Monthly Compounding
3 mo	0.8846	1	1.3261	0.9869	1.3305	1.326%	1.330%	1.330496353	1.32%
6 mo	0.8804	2	1.5397	0.9698	1.5456	1.540%	1.546%	1.54562669	1.53%
1 y	1.3261	3	1.7829	0.9491	1.7908	1.783%	1.791%	1.790846831	1.78%
2	1.5397	4	2.2106	0.9158	2.2228	2.211%	2.223%	2.222816881	2.20%
3	1.7829	5	2.5694	0.8802	2.5859	2.569%	2.586%	2.585904541	2.56%
4	2.2108	6	2.93185	0.8398	2.9533	2.932%	2.953%	2.953339361	2.91%
5	2.5804	7	3.2943	0.7955	3.3214	3.294%	3.321%	3.321431031	3.27%
7	3.2943	8	3.7192	0.7447	3.7538	3.719%	3.754%	3.753781122	3.69%
8	3.7192	9	3.9558	0.7029	3.9949	3.956%	3.995%	3.994920884	3.92%
9	3.9558	10	4.1754	0.6615	4.2190	4.175%	4.219%	4.218984913	4.14%
10	4.1754	11	4.30866	0.6257	4.3551	4.309%	4.355%	4.355071377	4.27%
15	4.8417	12	4.44192	0.5903	4.4912	4.442%	4.491%	4.491246633	4.40%
20	5.4338	13	4.57518	0.5554	4.6275	4.575%	4.628%	4.62751068	4.53%
25	5.4854	14	4.70844	0.5212	4.7639	4.708%	4.764%	4.763863518	4.66%
30	5.5495	15	4.8417	0.4879	4.9003	4.842%	4.900%	4.900305147	4.79%
		16	4.96008	0.4566	5.0216	4.960%	5.022%	5.021585984	4.91%
		17	5.07846	0.4263	5.1429	5.078%	5.143%	5.14293689	5.03%
		18	5.19684	0.3971	5.2644	5.197%	5.264%	5.264357865	5.14%
		19	5.31522	0.3691	5.3858	5.315%	5.386%	5.385848909	5.26%
		20	5.4336	0.3422	5.5074	5.434%	5.507%	5.507410022	5.37%
		21	5.43996	0.3240	5.5139	5.440%	5.514%	5.513942912	5.38%
		22	5.44632	0.3066	5.5205	5.446%	5.520%	5.520476004	5.39%
		23	5.45268	0.2902	5.5270	5.453%	5.527%	5.527009298	5.39%
		24	5.45904	0.2746	5.5335	5.459%	5.534%	5.533542794	5.40%
		25	5.4654	0.2598	5.5401	5.465%	5.540%	5.540076493	5.40%
		26	5.48222	0.2451	5.5574	5.482%	5.557%	5.55735684	5.42%
		27	5.49904	0.2311	5.5746	5.499%	5.575%	5.574638602	5.44%
		28	5.51586	0.2179	5.5919	5.516%	5.592%	5.591921779	5.45%
		29	5.53268	0.2054	5.6092	5.533%	5.609%	5.609206637	5.47%
		30	5.5495	0.1936	5.6265	5.550%	5.626%	5.626492376	5.49%
		31	5.5495	0.1832	5.6265	5.550%	5.626%	5.626492376	5.49%
		32	5.5495	0.1735	5.6265	5.550%	5.626%	5.626492376	5.49%
		33	5.5495	0.1642	5.6265	5.550%	5.626%	5.626492376	5.49%
		34	5.5495	0.1555	5.6265	5.550%	5.626%	5.626492376	5.49%
		35	5.5495	0.1472	5.6265	5.550%	5.626%	5.626492376	5.49%
		36	5.5495	0.1394	5.6265	5.550%	5.626%	5.626492376	5.49%
		37	5.5495	0.1319	5.6265	5.550%	5.626%	5.626492376	5.49%
		38	5.5495	0.1249	5.6265	5.550%	5.626%	5.626492376	5.49%
		39	5.5495	0.1183	5.6265	5.550%	5.626%	5.626492376	5.49%
		40	5.5495	0.1120	5.6265	5.550%	5.626%	5.626492376	5.49%
		41	5.5495	0.1060	5.6265	5.550%	5.626%	5.626492376	5.49%
		42	5.5495	0.1004	5.6265	5.550%	5.626%	5.626492376	5.49%
		43	5.5495	0.0950	5.6265	5.550%	5.626%	5.626492376	5.49%
		44	5.5495	0.0899	5.6265	5.550%	5.626%	5.626492376	5.49%
		45	5.5495	0.0852	5.6265	5.550%	5.626%	5.626492376	5.49%
		46	5.5495	0.0806	5.6265	5.550%	5.626%	5.626492376	5.49%
		47	5.5495	0.0763	5.6265	5.550%	5.626%	5.626492376	5.49%
		48	5.5495	0.0723	5.6265	5.550%	5.626%	5.626492376	5.49%
		49	5.5495	0.0684	5.6265	5.550%	5.626%	5.626492376	5.49%
		50	5.5495	0.0648	5.6265	5.550%	5.626%	5.626492376	5.49%
		51	5.5495	0.0613	5.6265	5.550%	5.626%	5.626492376	5.49%
		52	5.5495	0.0581	5.6265	5.550%	5.626%	5.626492376	5.49%
		53	5.5495	0.0550	5.6265	5.550%	5.626%	5.626492376	5.49%
		54	5.5495	0.0520	5.6265	5.550%	5.626%	5.626492376	5.49%
		55	5.5495	0.0493	5.6265	5.550%	5.626%	5.626492376	5.49%
		56	5.5495	0.0466	5.6265	5.550%	5.626%	5.626492376	5.49%
		57	5.5495	0.0442	5.6265	5.550%	5.626%	5.626492376	5.49%
		58	5.5495	0.0418	5.6265	5.550%	5.626%	5.626492376	5.49%
		59	5.5495	0.0396	5.6265	5.550%	5.626%	5.626492376	5.49%
		60	5.5495	0.0375	5.6265	5.550%	5.626%	5.626492376	5.49%
		61	5.5495	0.0355	5.6265	5.550%	5.626%	5.626492376	5.49%
		62	5.5495	0.0336	5.6265	5.550%	5.626%	5.626492376	5.49%
		63	5.5495	0.0318	5.6265	5.550%	5.626%	5.626492376	5.49%
		64	5.5495	0.0301	5.6265	5.550%	5.626%	5.626492376	5.49%
		65	5.5495	0.0285	5.6265	5.550%	5.626%	5.626492376	5.49%
		66	5.5495	0.0270	5.6265	5.550%	5.626%	5.626492376	5.49%
		67	5.5495	0.0255	5.6265	5.550%	5.626%	5.626492376	5.49%

Charnas

68	5.5495	0.0242	5.6265	5.550%	5.626%	5.626492376	5.49%	5.49
69	5.5495	0.0229	5.6265	5.550%	5.626%	5.626492376	5.49%	5.49
70	5.5495	0.0217	5.6265	5.550%	5.626%	5.626492376	5.49%	5.49
71	5.5495	0.0205	5.6265	5.550%	5.626%	5.626492376	5.49%	5.49
72	5.5495	0.0194	5.6265	5.550%	5.626%	5.626492376	5.49%	5.49
73	5.5495	0.0184	5.6265	5.550%	5.626%	5.626492376	5.49%	5.49
74	5.5495	0.0174	5.6265	5.550%	5.626%	5.626492376	5.49%	5.49
75	5.5495	0.0165	5.6265	5.550%	5.626%	5.626492376	5.49%	5.49
76	5.5495	0.0156	5.6265	5.550%	5.626%	5.626492376	5.49%	5.49
77	5.5495	0.0148	5.6265	5.550%	5.626%	5.626492376	5.49%	5.49
78	5.5495	0.0140	5.6265	5.550%	5.626%	5.626492376	5.49%	5.49
79	5.5495	0.0132	5.6265	5.550%	5.626%	5.626492376	5.49%	5.49
80	5.5495	0.0125	5.6265	5.550%	5.626%	5.626492376	5.49%	5.49
81	5.5495	0.0119	5.6265	5.550%	5.626%	5.626492376	5.49%	5.49
82	5.5495	0.0112	5.6265	5.550%	5.626%	5.626492376	5.49%	5.49
83	5.5495	0.0106	5.6265	5.550%	5.626%	5.626492376	5.49%	5.49
84	5.5495	0.0101	5.6265	5.550%	5.626%	5.626492376	5.49%	5.49
85	5.5495	0.0095	5.6265	5.550%	5.626%	5.626492376	5.49%	5.49
86	5.5495	0.0090	5.6265	5.550%	5.626%	5.626492376	5.49%	5.49
87	5.5495	0.0085	5.6265	5.550%	5.626%	5.626492376	5.49%	5.49
88	5.5495	0.0081	5.6265	5.550%	5.626%	5.626492376	5.49%	5.49
89	5.5495	0.0077	5.6265	5.550%	5.626%	5.626492376	5.49%	5.49
90	5.5495	0.0073	5.6265	5.550%	5.626%	5.626492376	5.49%	5.49
91	5.5495	0.0069	5.6265	5.550%	5.626%	5.626492376	5.49%	5.49
92	5.5495	0.0065	5.6265	5.550%	5.626%	5.626492376	5.49%	5.49
93	5.5495	0.0062	5.6265	5.550%	5.626%	5.626492376	5.49%	5.49
94	5.5495	0.0058	5.6265	5.550%	5.626%	5.626492376	5.49%	5.49
95	5.5495	0.0055	5.6265	5.550%	5.626%	5.626492376	5.49%	5.49
96	5.5495	0.0052	5.6265	5.550%	5.626%	5.626492376	5.49%	5.49
97	5.5495	0.0049	5.6265	5.550%	5.626%	5.626492376	5.49%	5.49
98	5.5495	0.0047	5.6265	5.550%	5.626%	5.626492376	5.49%	5.49
99	5.5495	0.0044	5.6265	5.550%	5.626%	5.626492376	5.49%	5.49
100	5.5495	0.0042	5.6265	5.550%	5.626%	5.626492376	5.49%	5.49

Crescente, Angela

From: Kinder, Debra
Sent: Friday, December 03, 2010 3:10 PM
To: Duce, John; Richardson, Ralph
Cc: Wiseman, Sara; Wacker, Diana; Crescente, Angela
Subject: FW: PRODUCTION POSTING ERROR
Attachments: insert_missing_sob_data_cpr_depr.sql

Importance: High

John,

Please run this script in *Production* as soon as possible. It has been tested in DEV.

Thanks,
Deb

From: Jim Ogilvie [<mailto:jogilvie@pwrplan.com>]
Sent: Friday, December 03, 2010 2:57 PM
To: 'Jim Ogilvie'; Wacker, Diana; Kinder, Debra; 'support'; 'Ann Koch'
Cc: Crescente, Angela; Wiseman, Sara
Subject: RE: PRODUCTION POSTING ERROR

The GAAP ARO's are missing an entry for the IFRS set of books (PP requires a record for all sets of books for all assets). This inserts an all-zero row for the assets that are missing these records.

--
Jim Ogilvie
jogilvie@pwrplan.com
678-421-4809

From: Jim Ogilvie [<mailto:jogilvie@pwrplan.com>]
Sent: Friday, 03 December, 2010 2:49 PM
To: 'Wacker, Diana'; 'Kinder, Debra'; 'support'; 'Ann Koch'
Cc: 'Crescente, Angela'; 'Wiseman, Sara'
Subject: RE: PRODUCTION POSTING ERROR

I'll have a fix for you very soon.

--
Jim Ogilvie
jogilvie@pwrplan.com
678-421-4809

From: Wacker, Diana [<mailto:Diana.Wacker@lge-ku.com>]
Sent: Friday, 03 December, 2010 2:44 PM
To: Kinder, Debra; Jim Ogilvie; support; Ann Koch

Cc: Crescente, Angela; Wiseman, Sara
Subject: RE: PRODUCTION POSTING ERROR

All: I just posted the same transactions for KU. There was no error on this posting – it completed normally. So, just LG&E has the error in posting.

Diana

From: Kinder, Debra
Sent: Friday, December 03, 2010 2:11 PM
To: 'Jim Ogilvie'; Wacker, Diana; 'support'; 'Ann Koch'
Cc: Crescente, Angela; Wiseman, Sara
Subject: RE: PRODUCTION POSTING ERROR

GAAP. We did not get this error when testing in DEV.

From: Jim Ogilvie [<mailto:jogilvie@pwrplan.com>]
Sent: Friday, December 03, 2010 2:09 PM
To: Wacker, Diana; 'support'; 'Ann Koch'
Cc: Kinder, Debra; Crescente, Angela; Wiseman, Sara
Subject: RE: PRODUCTION POSTING ERROR

Is this an IFRS ARO or a GAAP ARO?

--
Jim Ogilvie
jogilvie@pwrplan.com
678-421-4809

From: Wacker, Diana [<mailto:Diana.Wacker@lge-ku.com>]
Sent: Friday, 03 December, 2010 1:22 PM
To: support; Ann Koch; Jim Ogilvie
Cc: Kinder, Debra; Crescente, Angela; Wiseman, Sara
Subject: PRODUCTION POSTING ERROR

All: We are trying to post the ARO retirements in PRODUCTION – we are getting the following error – HELP!

Thanks,

Diana

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.

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.

insert_missing_sob_data_cpr_depr.sql

```
RESERVE_ADJUSTMENT, COST_OF_REMOVAL, RESERVE_TRANS_IN, RESERVE_TRANS_OUT, DEPR_EXP_ADJUST,  
OTHER_CREDITS_AND_ADJUST,
```

```
GAIN_LOSS, DEPRECIATION_BASE, CURR_DEPR_EXPENSE, DEPR_RESERVE, BEG_RESERVE_YEAR, YTD_DEPR  
_EXPENSE, YTD_DEPR_EXP_ADJUST,
```

```
PRIOR_YTD_DEPR_EXPENSE, PRIOR_YTD_DEPR_EXP_ADJUST, ACCT_DISTRIB, MONTH_RATE, COMPANY_ID,  
MID_PERIOD_METHOD,
```

```
    MID_PERIOD_CONV, DEPR_GROUP_ID, depr_exp_alloc_adjust)
```

```
SELECT asset_id, 2, GL_POSTING_MO_YR, INIT_LIFE, REMAINING_LIFE, ESTIMATED_SALVAGE, 0,
```

```
    0, 0, 0, 0, 0, 0, 0,
```

```
    0, 0, 0, 0, 0, 0,
```

```
    0, 0, 0, 0, 0, 0,
```

```
    0, 0, ACCT_DISTRIB, 0, COMPANY_ID, MID_PERIOD_METHOD,
```

```
    MID_PERIOD_CONV, DEPR_GROUP_ID, 0
```

```
FROM CPR_DEPR
```

```
where set_of_books_id = 1
```

```
and (asset_id, gl_posting_mo_yr) in
```

```
    (select asset_id, gl_posting_mo_yr
```

```
     from cpr_depr where set_of_books_id = 1 and company_id = 110
```

```
and gl_posting_mo_yr >= to_date(201011, 'yyyymm')
```

```
    minus
```

```
    select asset_id, gl_posting_mo_yr
```

```
     from cpr_depr where set_of_books_id = 2 and company_id = 110
```

```
and gl_posting_mo_yr >= to_date(201011, 'yyyymm')
```

```
    );
```

```
insert into depr_res_allo_factors (set_of_books_id, depr_group_id, vintage, month,  
factor, theo_factor, remaining_life, life_factor, cor_factor)
```

```
select 2, depr_group_id, vintage, month,
```

```
0, 0, remaining_life, 0, 0
```

```
from depr_res_allo_factors
```

```
where set_of_books_id = 1
```

```
and (depr_group_id, vintage, month) in
```

```
    (select depr_res_allo_factors.depr_group_id, vintage, month
```

```
     from depr_res_allo_factors , depr_group
```

```
     where depr_res_allo_factors.depr_group_id = depr_group.depr_group_id
```

```
     and set_of_books_id = 1 and month >= to_date(201011, 'yyyymm')
```

```
    minus
```

```
    select depr_res_allo_factors.depr_group_id, vintage, month
```

```
     from depr_res_allo_factors , depr_group
```

```
     where depr_res_allo_factors.depr_group_id = depr_group.depr_group_id
```

```
     and set_of_books_id = 2 and month >= to_date(201011, 'yyyymm'));
```

```
commit;
```

Crescente, Angela

From: Horne, Elliott
Sent: Monday, November 15, 2010 2:49 PM
To: Crescente, Angela
Subject: FW: ARO Calc.

From: Horne, Elliott
Sent: Monday, November 08, 2010 2:29 PM
To: Crescente, Angela
Subject: ARO Calc.

Angela,

I created a spreadsheet to calculate the PV of the Decommissioning Cost for the first few items listed for KU. I used a goal seek formula to determine the Discount Rate. As you can see, it comes pretty close to the Discount Rates used in the file that Deloitte created. I believe rounding in the number of years and/or the discount rate are the primary reason for the differences.

Also, I spoke with Dan and he agreed that the assumption used to determine the discount rate (treasury rates vs. BBB-rated debt) would result in material differences. It would be up to accounting of which discount rate should be used (based on accounting standards, rules, etc.).



AROCalc.xlsx

Kentucky Utility ARO
As of 9/30/2010

As of Date 9/30/2010

<u>Decommissioning Cost</u>	<u>Decommissioning Date</u>	<u>Years</u>	<u>Rate</u>	<u>PV of Inflated Cost</u>
\$ 177,819.00	12/1/2077	67.21644	5.586%	\$4,604.00
\$ 22,539,249.00	12/1/2026	16.18082	4.823%	\$10,517,938.00
\$ 5,366,488.00	12/1/2026	16.18082	4.823%	\$2,504,271.02
\$ 137,317.00	12/1/2026	16.18082	4.823%	\$64,078.96
\$ 33,906.00	12/1/2026	16.18082	4.823%	\$15,822.23
\$ 14,982.00	12/1/2026	16.18082	4.823%	\$6,991.35
\$ 72,858.00	12/1/2036	26.18904	5.445%	\$18,174.00
\$ 5,972,186.00	12/1/2059	49.20274	5.581%	\$412,692.00
\$ 12,024,851.00	12/1/2059	49.20274	5.581%	\$830,946.00
\$ 27,356,032.00	12/1/2059	49.20274	5.581%	\$1,890,367.00

Crescente, Angela

From: Wiseman, Sara
Sent: Monday, November 15, 2010 4:16 PM
To: Crescente, Angela
Subject: FW: BBB Curve for AROs
Attachments: Book1.xlsx

From: Scott, Valerie
Sent: Thursday, November 11, 2010 8:23 AM
To: Charnas, Shannon; Wiseman, Sara; Pienaar, Lesley
Subject: FW: BBB Curve for AROs

FYI

Valerie


From: Motyka, Marlene (US - New York) [<mailto:mmotyka@deloitte.com>]
Sent: Wednesday, November 10, 2010 10:10 PM
To: Henninger, Tadd J; Scott, Valerie
Cc: Hannagan, Peter (US - Washington D.C.); Schaeffer, Joshua B (US - New York)
Subject: BBB Curve for AROs

Attached please find the curve we were using the AROs.

Marlene M Motyka
Principal
Valuation Services
Deloitte Financial Advisory Services LLP

Tel: +1 212 436 5605
Fax: +1 212 653 3343
mmotyka@deloitte.com
www.deloitte.com

Two World Financial Center
New York, NY 10281-1414
USA

 Please consider the environment before printing

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	Quoted Yld	CC Yld
3 mo	1.1125	0.011094
6 mo	1.1536	0.011503
1 y	1.4144	0.014094
2	1.601	0.015946
3	2.0289	0.020187
4	2.4809	0.024656
5	2.7162	0.026979
7	3.5715	0.0354
8	3.9687	0.039298
9	4.2091	0.041654
10	4.4107	0.043628
15	4.9371	0.048771
20	5.5525	0.054768
25	5.7221	0.056418
30	5.8704	0.057859

Crescente, Angela

From: Horne, Elliott
Sent: Monday, November 15, 2010 4:38 PM
To: Crescente, Angela
Cc: Arbough, Dan
Subject: RE: EVII ARO Decommissioning Cost - Deloitte v6.xlsx

Angela,

It appears that Deloitte is not consistent in the methodology used to calculate the inflated decommissioning cost and the present value of the inflated decommissioning cost. In calculating the inflated decommissioning cost, Deloitte assumes that there is no compounding of interest. In calculating the present value of inflated decommissioning costs, Deloitte assumes that interest is compounded continuously. I believe the methodology should be consistent (either both formulas should assume compounding or both should not). I have added a column on the LG&E and KU tabs within the attached spreadsheet that calculates the PV assuming that there is no compounding of interest (highlighted in yellow). If it is assumed that there is no compounding of interest, the ARO would increase by \$1.9MM and \$2.1MM for KU and LG&E, respectively.

Also, the formula that sums the PV of Inflated Decommissioning Cost does not include the last 10 projects. I added totals that include all projects (highlighted in yellow).



EVII ARO
Decommissioning ...

From: Crescente, Angela
Sent: Monday, November 15, 2010 3:05 PM
To: Horne, Elliott
Subject: EVII ARO Decommissioning Cost - Deloitte v6.xlsx

<< File: EVII ARO Decommissioning Cost - Deloitte v6.xlsx >>

Exhibit VII, Page 2 of 3
 Valuation of Kentucky Utilities Company Asset Retirement Obligations
 As of November 1, 2010

DRAFT-These materials are for discussion and information-gathering purposes only.
 They do not and are not intended to present any advice to, recommendations, opinions
 or conclusions of Deloitte Financial Advisory Services LLP.

Description	Decommissioning Costs (in 2010 \$) [1]	Estimated Decommissioning Date (in 2010 \$) [1]	Time Until Decommissioning (Years)	Inflated Decommissioning Cost [2]	Discount Rate (in %) [3]	PV of Inflated Decommissioning Cost
Big Stone Gap Substation - ASB-Dist	\$ 34,000.00	12/1/2077	67	\$ 177,819	5.5	\$ 4,317
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BR-Auxiliary Pond	3,615,000.00	12/1/2026	16	5,366,488	5.0	2,426,769
BR-Coal Storage	92,500.00	12/1/2026	16	137,317	5.0	62,096
BR-Nuclear Sources	22,840.00	12/1/2026	16	33,906	5.0	15,333
BR-Oil Storage	10,092.44	12/1/2026	16	14,982	5.0	6,775
BR-Oil Storage CT - OP	38,340.43	12/1/2036	26	72,858	5.5	17,516
Brown Unit 1 - ASB	1,781,000.00	12/1/2059	49	5,972,186	5.5	393,709
Brown Unit 2 - ASB	3,586,000.00	12/1/2059	49	12,024,851	5.5	792,724
Brown Unit 3 - ASB	8,158,000.00	12/1/2059	49	27,356,032	5.5	1,803,415
Dix Dam - ASB - Hydro	345,000.00	12/1/2069	59	1,480,905	5.5	56,048
GH-Ash Pond	30,968,500.00	12/1/2036	26	58,849,215	5.5	14,148,396
GH-Chemical Storage	24,547.05	12/1/2036	26	46,647	5.5	11,215
GH-Coal Storage	869,500.00	12/1/2036	26	1,652,305	5.5	397,243
Ghent Unit 1 - ASB	8,318,000.00	12/1/2059	49	27,892,556	5.5	1,838,785
Ghent Unit 2 - ASB	11,023,000.00	12/1/2060	50	37,887,249	5.5	2,362,841
Ghent Unit 3 - ASB	1,955,000.00	12/1/2069	59	8,391,794	5.5	317,604
Ghent Unit 4 - ASB	1,955,000.00	12/1/2069	59	8,391,794	5.5	317,604
GH-Environmental Ponds	843,500.00	12/1/2036	26	1,602,897	5.5	385,365
GH-Gypsum Stack-GH 1 Scrubber	6,025,000.00	12/1/2026	16	8,944,146	5.0	4,044,615
GH-Nuclear Sources	264,100.00	12/1/2036	26	501,867	5.5	120,658
GH-Oil Storage	12,624.05	12/1/2026	16	19,740	5.0	8,475
GH-Sewage Treatment Plant	26,155.00	12/1/2026	16	38,827	5.0	17,558
GR-Ash Pond	6,627,500.00	12/1/2018	8	8,074,965	3.7	5,996,839
GR-Chemical Storage	703.83	12/1/2018	8	858	3.7	637
GR-Coal Storage	222,000.00	12/1/2018	8	270,485	3.7	200,875
Green River Unit 1 - ASB	1,850,000.00	12/1/2051	41	5,091,552	5.5	523,241
Green River Unit 2 - ASB	1,700,000.00	12/1/2051	41	4,678,724	5.5	480,816
Green River Unit 3 - ASB	1,855,000.00	12/1/2051	41	5,105,313	5.5	524,656
Green River Unit 4 - ASB	2,175,000.00	12/1/2051	41	5,986,014	5.5	615,162
GR-Limestone Silo	1,631.25	12/1/2018	8	1,988	3.7	1,476
GR-Oil Storage	1,000.00	12/1/2018	8	1,218	3.7	905
GR-Sewage Treatment Plant	9,200.00	12/1/2018	8	11,209	3.7	8,325
KU - General Facilities - ASB	1,130,000.00	12/1/2073	63	5,354,044	5.5	162,296
KU Distribution Subs (478) - ASB	882,000.00	12/1/2077	67	4,612,831	5.5	111,993
KU Transmission Subs (69) - ASB	704,181.00	12/1/2079	69	3,869,288	5.5	94,072
Pineville - ASB	1,686,700.00	12/1/2043	33	3,810,004	5.5	610,361
Pineville-Ash Pond	1,205,000.00	12/1/2018	8	1,468,175	3.7	1,090,334
TY-Ash Pond	1,084,500.00	12/1/2018	8	1,321,358	3.7	981,301
TY-Chemical Storage	456.75	12/1/2018	8	557	3.7	413
TY-Coal Storage	74,000.00	12/1/2018	8	90,162	3.7	66,958
TY-Oil Storage	10,805.40	12/1/2018	8	13,165	3.7	9,777
Tyrone Unit 1 (Retired) - ASB	1,604,000.00	12/1/2051	41	4,414,513	5.5	453,664
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BR-Lab	18,000.00	12/1/2019	9	22,480	4.0	15,746
GH-trn-GH1 GSU Transformer	2,400.00	12/1/2020	10	3,072	4.2	2,024
GH-trn-GH2 GSU Transformer	2,400.00	12/1/2024	14	3,391	4.7	1,754
GH-trn-GH3 GSU Transformer	2,400.00	12/1/2028	18	3,743	5.2	1,469
GH-trn-GH4 GSU Transformer	2,400.00	12/1/2031	21	4,031	5.4	1,286
GH-trn-GH Spare GSU Transformer	2,400.00	12/1/2031	21	4,031	5.4	1,286
GR-trn-G1-2 GSU Transformer	6,250.00	12/1/2016	6	7,248	2.9	6,079
GR-trn-GR3 GSU Transformer	6,250.00	12/1/2016	6	7,248	2.9	6,079
GR-trn-GR4 GSU Transformer	6,250.00	12/1/2017	7	7,429	3.3	5,899
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Estimated Fair Value of AROs (Rounded) \$ 53,000,000

\$ 53,000,000 \$ 54,900,000

Notes:

- Estimated decommissioning costs and dates provided by E.ON Management
- Rate of inflation assumption: 2.50%
- Discount rate based on BBB+ rated debt implied by a swap curve deemed to be reflective of a typical market participant in the electric utility space.

Crescente, Angela

From: Horne, Elliott
Sent: Monday, November 15, 2010 4:57 PM
To: Crescente, Angela
Cc: Arbough, Dan
Subject: FW: EVII ARO Decommissioning Cost - Deloitte v6.xlsx

Angela,
I revised my explanation in the e-mail below (highlighted in red). (Please delete the prior e-mail).

From: Horne, Elliott
Sent: Monday, November 15, 2010 4:38 PM
To: Crescente, Angela
Cc: Arbough, Dan
Subject: RE: EVII ARO Decommissioning Cost - Deloitte v6.xlsx

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From: Crescente, Angela
Sent: Monday, November 15, 2010 3:05 PM
To: Horne, Elliott
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Exhibit VII, Page 2 of 3

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\$ 53,000,000 \$ 54,900,000

Notes:

1. Estimated decommissioning costs and dates provided by E.ON Management
2. Rate of Inflation assumption: 2.50%
3. Discount rate based on BBB+ rated debt implied by a swap curve deemed to be reflective of a typical market participant in the electric utility space.

Crescente, Angela

From: Josh Hirschel <jhirschel@pwrplan.com>
Sent: Monday, November 15, 2010 7:24 PM
To: Crescente, Angela; 'Jim Dahlby'; jholt@pwrplan.com
Cc: Wiseman, Sara
Subject: RE: ARO work at LGE

Angela – Could you be available for a call tomorrow to discuss this conversion? The morning would work better for me.

Thanks,
Josh

From: Crescente, Angela [<mailto:Angela.Crescente@lge-ku.com>]
Sent: Monday, November 15, 2010 11:01 AM
To: Josh Hirschel; Jim Dahlby; jholt@pwrplan.com
Cc: Wiseman, Sara
Subject: RE: ARO work at LGE

Hi everyone,

Sara wanted me to forward you this email to see if you have heard anything from Mark in regards to this.

Thanks,

Angela

From: Wiseman, Sara
Sent: Saturday, November 13, 2010 8:55 PM
To: 'Jim Ogilvie'; 'mheinemann@pwrplan.com'
Cc: Crescente, Angela; Wacker, Diana; 'akoch@pwrplan.com'
Subject: ARO work at LGE

Mark:

We need to move forward with loading new values for the ARC and ARO liabilities on the books for the next monthly close. I know Jim will help us to the extent that he can, but which ARO person (Jim, Josh or Joe) will be working with us? We'd like to get started as early as we can this coming week.

Thanks.

Sara Wiseman

Manager, Property Accounting

Office 502.627.3189

Cell 502.338.0886

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.

Crescente, Angela

From: Charnas, Shannon
Sent: Monday, November 15, 2010 9:19 PM
To: 'george.w.carlin@us.pwc.com'; 'lindsey.prather@us.pwc.com';
'jeffrey.m.zoglmann@us.pwc.com'
Cc: Scott, Valerie; Wiseman, Sara; Crescente, Angela
Subject: ARO revaluation
Attachments: ARO revaluation memo clean 11-15-10.docx; ARO revaluation memo tracked
11-15-10.docx

All –

Attached is a revised version of the ARO revaluation memo based on the comments from PwC and some further information from PPL. I have included a tracked changes and clean version of the document. Please let me know if you have any further questions.

Thanks,

Shannon Charnas

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



LG&E and KU Energy LLC
220 West Main Street
P.O. Box 32030
Louisville, Kentucky 40232

Memo

November 15, 2010

To: Valerie Scott, Controller
Shannon Charnas, Director, Utility Accounting & Reporting
PricewaterhouseCoopers
Workpapers

From: Angela Crescente, Accounting Analyst II, Property Accounting
Sara Wiseman, Manager, Property Accounting

Re: Asset Retirement Obligation (ARO) revaluation as of 9/30/2010

Background

As of September 30, 2010, the Company performed a revaluation of its AROs as a result of recently proposed environmental legislation and improved ability to forecast asset retirement costs due to recent construction and retirement activity.

In June 2010, the EPA issued new proposed environmental regulations impacting the use of ash ponds. It was the Company's view, as expressed by many members of management, that the proposed regulations would result in the closure of many of the Company's ash ponds. At that time, the Company determined that the ARO estimates for these assets should be reviewed and updated. Additionally, as a result of the gas main explosion event in California, the Company determined it was also prudent to revisit gas main estimates at the Company. Coincidentally, the Company has been involved with a large scale main replacement program for several years. Management determined that enough consistent retirement history had been established to determine a good estimate in order to properly revalue the gas main ARO. Since these AROs represented a significant portion of the AROs on the books, the Company undertook a full scale revaluation of all AROs recorded.

Research – U.S. GAAP

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 410-20-35-8, states "Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows shall be recognized as an increase or a decrease in the carrying amount of the liability for an asset retirement obligation and the related asset retirement cost capitalized as part of the carrying amount of the related long-lived asset. Upward revisions

November 15, 2010
ARO revaluation
Page 2

in the amount of undiscounted estimated cash flows shall be discounted using the current credit-adjusted risk-free rate. Downward revisions in the amount of undiscounted estimated cash flows shall be discounted using the credit-adjusted risk-free rate that existed when the original liability was recognized. If an entity cannot identify the prior period to which the downward revision relates, it may use a weighted-average credit-adjusted risk-free rate to discount the downward revision to estimated future cash flows. When asset retirement costs change as a result of a revision to estimated cash flows, an entity shall adjust the amount of asset retirement cost allocated to expense in the period of change if the change affects that period only or in the period of change and future periods if the change affects more than one period as required by paragraph 250-10-45-17 for a change in estimate.”

ASC 250-10-45-17 states: “A change in accounting estimate shall be accounted for in the period of change if the change affects that period only or in the period of change and future periods if the change affects both. A change in accounting estimate shall not be accounted for by restating or retrospectively adjusting amounts reported in financial statements of prior periods or by reporting pro forma amounts for prior periods.”

Accounting guidance for AROs was originally contained in Statement of Financial Accounting Standards (SFAS) No.143, *Accounting for Asset Retirement Obligations* and has been compiled under ASC 410-20 as noted in the preceding paragraphs. *Appendix B: Background Information and Basis for Conclusions* of SFAS No. 143, Paragraph B42 states “Capitalized asset retirement costs are not a separate asset because there is no specific and separate future economic benefit that results from those costs. In other words, the future economic benefit of those costs lies in the productive asset that is used in the entity’s operations.” This paragraph was not incorporated in the ASC, however, there is nothing in the ASC that contradicts the information in B42.

ASC 980-410-25-2 states: “Many rate-regulated entities currently provide for the costs related to the retirement of certain long-lived assets in their financial statements and recover those amounts in rates charged to their customers. Some of those costs result from asset retirement obligations within the scope of Subtopic 410-20; others result from costs that are not within the scope of that Subtopic. The amounts charged to customers for the costs related to the retirement of long-lived assets may differ from the period costs recognized in accordance with that Subtopic and, therefore, may result in a difference in the timing of recognition of period costs for financial reporting and rate-making purposes. If the requirements of this Topic are met, a regulated entity also shall recognize a regulatory asset or liability for differences in the timing of recognition of the period costs associated with asset retirement obligations for financial reporting pursuant to that Subtopic and rate-making purposes.”

Analysis – U.S. GAAP

ASC 410-20-35-8 indicates that changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows should be recognized as an increase or a decrease in the amount of the ARO liability with an offsetting increase or decrease (as

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appropriate) to the related ARO child asset. Upward revisions shall be discounted using the current credit-adjusted risk-free rate while downward revisions will continue to be discounted using the original rate. ASC 250-10-45-17 indicates that revisions will be treated as a change in estimate and not require restating of prior period financial statements, but rather will be accounted for in the current period.

Guidance provided in Paragraph B42 of SFAS No. 143 suggests that an asset retirement cost or ARO "child" cannot be recorded if the related long-lived asset no longer exists. This suggests that any offset to changes in an ARO liability where the associated long-lived asset no longer exists should be charged to the income statement instead. . However, ASC 980-410-25-2 indicates that differences in the timing of ARO costs which are recoverable from rate payers may be recognized as a regulatory asset or liability. The Company does have some assets which are fully retired, and have been removed from the financial records, for which asbestos AROs have been recorded. These assets include Canal and Paddy's Run Generating Stations for LG&E, as well as Pineville Generating Station for KU.

Under group depreciation similar assets are grouped and depreciated together, not individually. Per FERC guidance, depreciation reserves (life, cost of removal and salvage) for assets are kept at a functional (group) level and a reserve is established at this functional level. It is only for reporting purposes, such as calculating estimated net book value, that the depreciation reserves have been allocated to specific locations. Cost of removal has always been a component of depreciation and, accordingly, was collected from ratepayers for the retired assets listed above. However, remaining reserves for these retired locations were reallocated to locations with existing in-service assets to accomplish the reporting requirements mentioned previously. Even though no active locations exist for Canal and Paddy's Run, the reserve which existed at the time of retirement is still a part of the "theoretical" depreciation reserve, but has been reallocated to a location with in-service assets. Therefore, any cost of removal incurred for these retired generating locations should be charged to the overall depreciation reserve. At the time of the next depreciation study, the depreciation consultant will reallocate the remaining reserves over active assets and adjust the depreciable lives as needed. This results in the appropriate inclusion of the entire reserve amount in the depreciation rates, which are intended to recover the complete costs of the assets as well as the costs of removal, net of any salvage. Without this adjustment, the complete costs of the assets would not be recovered.

In addition to those locations that are fully retired (Canal, Paddy's Run, and Pineville), there are a few generating stations (Cane Run, Green River, and Tyrone) that have had specific units retired but also still have active, in-service units. The retired units have common assets (still on the financial records) that are shared with the remaining active units. While the retired units have no direct in-service generating assets and the depreciation rate is zero, the remaining active units benefit from these common assets. Replacements or additions to these common assets are placed on the last unit in service (the unit with the longest remaining life) assuming that the common asset will last as long as that unit. While the generating unit itself is retired the common assets assigned to the newest unit are not fully depreciated. Therefore, the ARO

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liabilities should not be recorded in the income statement, but rather as a regulatory asset. This is consistent with the group depreciation methodology described above, and also supports that the depreciation reserve should encompass all assets that require removal costs, whether in-service or retired, and are actually demolished or disposed of in some future period. ASC 980-410-25-2 indicates that differences in the timing of ARO costs which are recoverable from rate payers may be recognized as a regulatory asset. Based on the fact that cost of removal has been previously collected from ratepayers as part of the depreciation rates (as explained in the preceding paragraph) for these retired assets, a regulatory asset should be recorded.

Discussions with Mark Heinemann, President of PowerPlan Consultants and vendor of our fixed asset software, confirmed that recording a regulatory asset would be proper accounting treatment based on his experiences in the industry. This approach was also confirmed by our depreciation consultant, John Spanos of Gannett Fleming, as acceptable. Both agree that the complete asset costs should be recovered through depreciation rates. Simply because some asset retirement costs may not be incurred until after the related asset has been retired from service, does not indicate that those costs should not be recovered.

Conclusion – U.S. GAAP

Any revisions to the cash flow estimates or settlement dates which would cause the ARO liability to increase should be recorded using current credit-adjusted risk-free rates. These rates are provided to Property Accounting by the Treasurer and are based on the Treasury Yield Curve rates. Any revisions to the cash flow estimates or settlement dates which would cause the ARO liability to decrease should be recorded using the original credit-adjusted risk-free rates used when the ARO was originally established.

Paragraph B42 of SFAS No. 143 suggests that any change to AROs where the underlying asset is no longer exists should not be recorded as ARO “child” but rather should be charged to the income statement. However, pursuant to regulatory treatment prescribed under the regulated operations guidance of ASC 980, these changes should be recorded as regulatory asset.

Any adjustments required will be made to the account 230—ARO liability, account 101—ARO child or account 182—Regulatory assets-ARO and will be accounted for in the current period.

Research – International Accounting

International Financial Reporting Interpretations Committee (IFRIC) 1, *Changes in Existing Decommissioning, Restoration and Similar Liabilities*, paragraph 1 states “This Interpretation provides guidance on how to account for the effect of changes in the measurement of existing decommissioning, restoration and similar liabilities.”

IFRIC 1, Paragraph 2 states “This Interpretation applies to changes in the measurement of any existing decommissioning, restoration or similar liability that is both:

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- (a) recognised as part of the cost of an item of property, plant and equipment in accordance with IAS 16; and
- (b) recognised as a liability in accordance with IAS 37.”

IFRIC 1, Paragraph 4 states “Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits required to settle the obligation, or a change in the discount rate.....

- (a) subject to (b), changes in the liability shall be added to, or deducted from, the cost of the related asset in the current period.”

To further clarify the reference in paragraph 2 (a) of IFRIC 1 mentioned above: International Accounting Standard (IAS) 16, *Property, plant and equipment*, paragraph 16, states “The cost of an item of property, plant and equipment comprises..... (c) the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

To further clarify the reference in paragraph 2 (b) of IFRIC 1 mentioned above: IFRIC 1, paragraph BC3 states “AS 37 *Provisions, Contingent Liabilities and Contingent Assets* requires that the measurement of the liability, both initially and subsequently, should be the estimated expenditure required to settle the present obligation at the end of the reporting period and should reflect a current market-based discount rate. It requires provisions to be reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Hence, when the effect of a change in estimated outflows of resources embodying economic benefits and/or the discount rate is material, that change should be recognized.”

Analysis – International Accounting

IFRIC 1 indicates that changes in the measurement of an existing decommissioning liability that result from changes in the estimated timing, the amount of the outflow of resources required to settle the obligation or a change in the discount rate should be recognized as an increase or a decrease in the amount of the ARO liability with an offsetting increase or decrease (as appropriate) to the related ARO child asset.

Conclusion – International Accounting

Any changes in estimates, settlement dates or discount rates which would cause the ARO liability to change should be recorded using current credit-adjusted risk-free rates. These rates are provided to Property Accounting by E.ON AG on a schedule listing interest rates for the discounting of long-term provisions.

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Any adjustments required will be made to the account 230—ARO liability and account 101—
ARO child and will be accounted for in the current period.



LG&E and KU Energy LLC
220 West Main Street
P.O. Box 32030
Louisville, Kentucky 40232

Memo

November-3 15, 2010

To: Valerie Scott, Controller
Shannon Charnas, Director, Utility Accounting & Reporting
PricewaterhouseCoopers
Workpapers

From: Angela Crescente, Accounting Analyst II, Property Accounting
Sara Wiseman, Manager, Property Accounting

Re: Asset Retirement Obligation (ARO) revaluation as of 9/30/2010

Background

As of September 30, 2010, the Company performed a revaluation of its AROs as a result of recently proposed environmental legislation and improved ability to forecast asset retirement costs due to recent construction and retirement activity.

In June 2010, the EPA issued new proposed environmental regulations impacting the use of ash ponds. It was the Company's view, as expressed by many members of management, that the proposed regulations would result in the closure of many of the Company's ash ponds. At that time, the Company determined that the ARO estimates for these assets should be reviewed and updated. Additionally, as a result of the gas main explosion event in California, the Company determined it was also prudent to revisit gas main estimates at the Company. Coincidentally, the Company has been involved with a large scale main replacement program for several years. Management determined that enough consistent retirement history had been established to determine a good estimate in order to properly revalue the gas main ARO. Since these AROs represented a significant portion of the AROs on the books, the Company undertook a full scale revaluation of all AROs recorded.

Research -- U.S. GAAP

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 410-20-35-8, states "Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows shall be recognized as an increase or a decrease in the carrying amount of the liability for an asset retirement obligation and the related asset retirement cost capitalized as part of the carrying amount of the related long-lived asset. Upward revisions

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in the amount of undiscounted estimated cash flows shall be discounted using the current credit-adjusted risk-free rate. Downward revisions in the amount of undiscounted estimated cash flows shall be discounted using the credit-adjusted risk-free rate that existed when the original liability was recognized. If an entity cannot identify the prior period to which the downward revision relates, it may use a weighted-average credit-adjusted risk-free rate to discount the downward revision to estimated future cash flows. When asset retirement costs change as a result of a revision to estimated cash flows, an entity shall adjust the amount of asset retirement cost allocated to expense in the period of change if the change affects that period only or in the period of change and future periods if the change affects more than one period as required by paragraph 250-10-45-17 for a change in estimate.”

ASC 250-10-45-17 states: “A change in accounting estimate shall be accounted for in the period of change if the change affects that period only or in the period of change and future periods if the change affects both. A change in accounting estimate shall not be accounted for by restating or retrospectively adjusting amounts reported in financial statements of prior periods or by reporting pro forma amounts for prior periods.”

Accounting guidance for AROs was originally contained in Statement of Financial Accounting Standards (SFAS) No. 143, *Accounting for Asset Retirement Obligations* and has been compiled under ASC 410-20 as noted in the preceding paragraphs. *Appendix B: Background Information and Basis for Conclusions* of SFAS No. 143, Paragraph B42 states “Capitalized asset retirement costs are not a separate asset because there is no specific and separate future economic benefit that results from those costs. In other words, the future economic benefit of those costs lies in the productive asset that is used in the entity’s operations.” This paragraph was not incorporated in the ASC, however, there is nothing in the ASC that contradicts the information in B42.

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Thus, we have concluded that we cannot record an ARC if the related long-lived asset no longer exists. We have also reviewed this conclusion with E&Y, and they agree with our reasoning.

Page 11 of a PwC white paper entitled *Accounting for Asset Retirement Obligations: An Education & Nonprofit Perspective* reads “If the asset is fully depreciated, subsequent changes to the ARO will be recorded directly in the current year statement of activities.”

ASC 980-410-25-2 states: “Many rate-regulated entities currently provide for the costs related to the retirement of certain long-lived assets in their financial statements and recover those amounts in rates charged to their customers. Some of those costs result from asset retirement obligations within the scope of Subtopic 410-20; others result from costs that are not within the scope of that Subtopic. The amounts charged to customers for the costs related to the retirement of long-lived assets may differ from the period costs recognized in accordance with that Subtopic and, therefore, may result in a difference in the timing of recognition of period costs for financial reporting and rate-making purposes. If the requirements of this Topic are met, a regulated entity also shall recognize a regulatory asset or liability for differences in the timing of

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recognition of the period costs associated with asset retirement obligations for financial reporting pursuant to that Subtopic and rate-making purposes.”

Analysis – U.S. GAAP

ASC 410-20-35-8 indicates that changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows should be recognized as an increase or a decrease in the amount of the ARO liability with an offsetting increase or decrease (as appropriate) to the related ARO child asset. Upward revisions shall be discounted using the current credit-adjusted risk-free rate while downward revisions will continue to be discounted using the original rate. ASC 250-10-45-17 indicates that revisions will be treated as a change in estimate and not require restating of prior period financial statements, but rather will be accounted for in the current period.

Guidance provided in Paragraph B42 of SFAS No. 143 suggests that an asset retirement cost or ARO “child” cannot be recorded if the related long-lived asset no longer exists. This may suggest that any offset to changes in an ARO liability where the associated long-lived asset no longer exists should be charged to the income statement instead. ~~the PwC whitepaper suggests that amounts due to the revaluation of ARO liabilities for assets which are fully depreciated should be recorded in the income statement.~~ However, ASC 980-410-25-2 indicates that differences in the timing of ARO costs which are recoverable from rate payers may be recognized as a regulatory asset or liability. The Company does have some assets which are fully retired, and have been removed from the financial records, for which asbestos AROs have been recorded. These assets include Canal and Paddy’s Run Generating Stations for LG&E, as well as Pineville Generating Station for KU.

Under group depreciation similar assets are grouped and depreciated together, not individually. Per FERC guidance, depreciation reserves (life, cost of removal and salvage) for assets are kept at a functional (group) level and a reserve is established at this functional level. It is only for reporting purposes, such as calculating estimated net book value, that the depreciation reserves have been allocated to specific locations. Cost of removal has always been a component of depreciation and, accordingly, was collected from ratepayers for the retired assets listed above. However, remaining reserves for these retired locations were reallocated to locations with existing in-service assets to accomplish the reporting requirements mentioned previously. Even though no active locations exist for Canal and Paddy’s Run, the reserve which existed at the time of retirement is still a part of the “theoretical” depreciation reserve, but has been reallocated to a location with in-service assets. Therefore, any cost of removal incurred for these retired generating locations should be charged to the overall depreciation reserve. At the time of the next depreciation study, the depreciation consultant will reallocate the remaining reserves over active assets and adjust the depreciable lives as needed. This results in the appropriate inclusion of the entire reserve amount in the depreciation rates, which are intended to recover the complete costs of the assets as well as the costs of removal, net of any salvage. Without this adjustment, the complete costs of the assets would not be recovered.

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In addition to those locations that are fully retired (Canal, Paddy's Run, and Pineville), there are a few generating stations (Cane Run, Green River, and Tyrone) that have had specific units retired but also still have active, in-service units. The retired units have common assets (still on the financial records) that are shared with the remaining active units. While the retired units have no direct in-service generating assets and the depreciation rate is zero, the remaining active units benefit from these common assets. Replacements or additions to these common assets are placed on the last unit in service (the unit with the longest remaining life) assuming that the common asset will last as long as that unit. While the generating unit itself is retired the common assets assigned to the newest unit are not fully depreciated. Therefore, the ARO liabilities should not be recorded in the income statement, but rather as a regulatory asset. This is consistent with the group depreciation methodology described above, and also supports that the depreciation reserve should encompass all assets that require removal costs, whether in-service or retired, and are actually demolished or disposed of in some future period. ASC 980-410-25-2 indicates that differences in the timing of ARO costs which are recoverable from rate payers may be recognized as a regulatory asset. Based on the fact that cost of removal has been previously collected from ratepayers as part of the depreciation rates (as explained in the preceding paragraph) for these retired assets, a regulatory asset should be recorded.

Discussions with Mark Heinemann, President of PowerPlan Consultants and vendor of our fixed asset software, confirmed that recording a regulatory asset would be proper accounting treatment based on his experiences in the industry. This approach was also confirmed by our depreciation consultant, John Spanos of Gannett Fleming, as acceptable. Both agree that the complete asset costs should be recovered through depreciation rates. Simply because some asset retirement costs may not be incurred until after the related asset has been retired from service, does not indicate that those costs should not be recovered.

Conclusion -- U.S. GAAP

Any revisions to the cash flow estimates or settlement dates which would cause the ARO liability to increase should be recorded using current credit-adjusted risk-free rates. These rates are provided to Property Accounting by the Treasurer and are based on the Treasury Yield Curve rates. Any revisions to the cash flow estimates or settlement dates which would cause the ARO liability to decrease should be recorded using the original credit-adjusted risk-free rates used when the ARO was originally established.

Paragraph B42 of SFAS No. 143 ~~The PwC whitepaper suggests that any changes to AROs where the underlying asset is fully depreciated no longer exists should not be recorded as ARO "child" but rather should be charged to the income statement.~~ However, pursuant to regulatory treatment prescribed under the regulated operations guidance of ASC 980, these changes should be recorded as regulatory asset.

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Any adjustments required will be made to the account 230—ARO liability, account 101—ARO child or account 182—Regulatory assets-ARO and will be accounted for in the current period.

Research – International Accounting

International Financial Reporting Interpretations Committee (IFRIC) 1, *Changes in Existing Decommissioning, Restoration and Similar Liabilities*, paragraph 1 states “This Interpretation provides guidance on how to account for the effect of changes in the measurement of existing decommissioning, restoration and similar liabilities.”

IFRIC 1, Paragraph 2 states “This Interpretation applies to changes in the measurement of any existing decommissioning, restoration or similar liability that is both:

- (a) recognised as part of the cost of an item of property, plant and equipment in accordance with IAS 16; and
- (b) recognised as a liability in accordance with IAS 37.”

IFRIC 1, Paragraph 4 states “Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits required to settle the obligation, or a change in the discount rate.....

- (a) subject to (b), changes in the liability shall be added to, or deducted from, the cost of the related asset in the current period.”

To further clarify the reference in paragraph 2 (a) of IFRIC 1 mentioned above: International Accounting Standard (IAS) 16, *Property, plant and equipment*, paragraph 16, states “The cost of an item of property, plant and equipment comprises..... (c) the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

To further clarify the reference in paragraph 2 (b) of IFRIC 1 mentioned above: IFRIC 1, paragraph BC3 states “AS 37 *Provisions, Contingent Liabilities and Contingent Assets* requires that the measurement of the liability, both initially and subsequently, should be the estimated expenditure required to settle the present obligation at the end of the reporting period and should reflect a current market-based discount rate. It requires provisions to be reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Hence, when the effect of a change in estimated outflows of resources embodying economic benefits and/or the discount rate is material, that change should be recognized.”

Analysis – International Accounting

IFRIC 1 indicates that changes in the measurement of an existing decommissioning liability that result from changes in the estimated timing, the amount of the outflow of resources required to

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settle the obligation or a change in the discount rate should be recognized as an increase or a decrease in the amount of the ARO liability with an offsetting increase or decrease (as appropriate) to the related ARO child asset.

Conclusion – International Accounting

Any changes in estimates, settlement dates or discount rates which would cause the ARO liability to change should be recorded using current credit-adjusted risk-free rates. These rates are provided to Property Accounting by E.ON AG on a schedule listing interest rates for the discounting of long-term provisions.

Any adjustments required will be made to the account 230—ARO liability and account 101—ARO child and will be accounted for in the current period.

Crescente, Angela

From: Josh Hirschel <jhirschel@pwrplan.com>
Sent: Wednesday, December 01, 2010 2:21 PM
To: 'Jim Dahlby'; Crescente, Angela; Wacker, Diana
Cc: 'Ann Koch'
Subject: RE: Re: Accretion

Angela –

Are you potentially using the Discount Rate Group functionality, or going back into the Estimate screen and updating the rates after the transition ARO has been posted?

Josh

From: Jim Dahlby [mailto:jdahlby@pwrplan.com]
Sent: Wednesday, December 01, 2010 2:19 PM
To: 'Crescente, Angela'; 'Wacker, Diana'
Cc: 'Ann Koch'; 'Josh Hirschel'
Subject: RE: Re: Accretion

I can't duplicate the issue, can you try to add a new ARO. I must be doing things in a different order somehow that is not triggering this to happen.

And have Ann run the following SQL and check the DATE_DISC_RATE along various steps.

```
select * from aro_layer_stream
where aro_id = 30296062
order by 1 desc;
```

Jim Dahlby
PowerPlan Consultants
jdahlby@pwrplan.com
(678) 269-7950

From: Crescente, Angela [mailto:Angela.Crescente@lge-ku.com]
Sent: Wednesday, 01 December, 2010 12:58 PM
To: Jim Dahlby
Subject: RE: Re: Accretion

Jim,

I just finished ARO processing for KU for December in DEV. Let me know if you need me to do anything else.

Thanks,
Angela

From: Jim Dahlby [mailto:jdahlby@pwrplan.com]
Sent: Wednesday, December 01, 2010 10:54 AM
To: Wacker, Diana; Wiseman, Sara; Crescente, Angela; 'Josh Hirschel'; 'Jim Ogilvie'; 'Ann Koch'; 'support'

Cc: Kinder, Debra
Subject: RE: Re: Accretion

Next steps:

- 1) Review the Accretion in Dev with the Script change.
- 2) Close Nov for KU and Calculate Accretion for December

Jim Dahlby
PowerPlan Consultants
jdahlby@pwrplan.com
(678) 269-7950

From: Wacker, Diana [mailto:Diana.Wacker@lge-ku.com]
Sent: Wednesday, 01 December, 2010 10:36 AM
To: Jim Dahlby; Wiseman, Sara; Crescente, Angela; Josh Hirschel; Jim Ogilvie; Ann Koch; support
Cc: Kinder, Debra
Subject: RE: Re: Accretion

Jim: I have posted the December ARO entry. Diana

From: Jim Dahlby [mailto:jdahlby@pwrplan.com]
Sent: Wednesday, December 01, 2010 7:33 AM
To: Wiseman, Sara; Crescente, Angela; 'Josh Hirschel'; 'Jim Ogilvie'; 'Ann Koch'; 'support'
Cc: Wacker, Diana; Kinder, Debra
Subject: RE: Re: Accretion

In the short term, while waiting to get the Dev Entry posted.

I Re-Opened the CPR for KU for 11/2010 in Dev and update the rates table (SQL below).

Then I re-ran Accretion for November and the December accretion for BR Ash Pond Test is now as expected at 41K.

Thanks,

Jim

```
update aro_layer_stream a
set date_disc_rate = (select annual_eff_rate from aro_layer b where a.aro_id = b.aro_id
                                and b.layer_id = a.layerR_id)
where (aro_id, layer_id) in
(select aro_id, layer_id from
(select c.company_id,c.description, c.aro_status_id,b.aro_status_id, b.aro_id, b.layEr_id,b.gl_posting_mo_yr,
b.annual_eff_rate, a.month_yr, a.stream_id, cash_flow, date_disc_rate
from aro_layer_stream a, aro_layer b, aro c
where a.aro_id = b.aro_id
and b.layer_id = a.layerR_id
and b.aro_id = c.aro_id
and c.aro_status_id <> 4
and date_disc_rate <> annual_eff_rate
and date_disc_rate <> 0)
)
;
commit;
```


Jim Dahlby
PowerPlan Consultants
jdahlby@pwrplan.com
(678) 269-7950

From: Wiseman, Sara [mailto:Sara.Wiseman@lge-ku.com]
Sent: Tuesday, 30 November, 2010 06:38 PM
To: Jim Dahlby; Crescente, Angela; Josh Hirschel; Jim Ogilvie; Ann Koch; support
Cc: Wacker, Diana; Kinder, Debra
Subject: RE: Re: Accretion

Jim:

Thank you for taking the time to work on this. We are really under some serious time constraints to get this fixed as tomorrow is day 1 of closing and we will need to do testing before we can move it into production. Additionally, we are estimating that it will take all day on Friday to settle the old AROs and set up new transition ones.

Sara

From: Jim Dahlby [mailto:jdahlby@pwrplan.com]
Sent: Tuesday, November 30, 2010 6:34 PM
To: Crescente, Angela; 'Josh Hirschel'; 'Jim Ogilvie'; 'Ann Koch'; 'support'
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: RE: Re: Accretion

I have identified the data issue, but trying to isolate the issue.

I have a pending transaction for KU for 12/2010 that needs to be posted, can someone run Post in Dev for this transaction.

I have a script to correct the issue but trying to find the root cause.

Thanks,

Jim Dahlby
PowerPlan Consultants
jdahlby@pwrplan.com
(678) 269-7950

From: Crescente, Angela [mailto:Angela.Crescente@lge-ku.com]
Sent: Tuesday, 30 November, 2010 11:57 AM
To: Jim Dahlby; Josh Hirschel; Jim Ogilvie; Ann Koch; support
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: RE: Re: Accretion

I set up the same AROs this week as last week so the one we were looking at is BR Ash Pond Test.

From: Jim Dahlby [mailto:jdahlby@pwrplan.com]
Sent: Tuesday, November 30, 2010 11:52 AM
To: Crescente, Angela; 'Josh Hirschel'; 'Jim Ogilvie'; 'Ann Koch'; 'support'
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: RE: Re: Accretion

Charnas

Quantity doesn't matter and we may have changed that over time to make it less confusing, since AROs are only financial assets.

So is the original ARO from your email in Dev or did new AROs get setup in Dev?

Thanks,

Jim Dahlby
PowerPlan Consultants
jdahlby@pwrplan.com
(678) 269-7950

From: Crescente, Angela [mailto:Angela.Crescente@lge-ku.com]
Sent: Tuesday, 30 November, 2010 11:43 AM
To: Jim Dahlby; Josh Hirschel; Jim Ogilvie; Ann Koch; support
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: RE: Re: Accretion

Jim,

I'm sorry it took so long, I wanted to run through all of the transactions we were expecting to do for November to make sure everything looks OK plus we had some trouble getting my transactions to post. I only closed KU since that was the company that has the ARO on it that I used for an example below in the hopes that I can use LGE to test for the accretion fix. Ann said that she can get you in our DEV environment on Jim's computer that we keep for him here.

On a sort of related note, all of the transition AROs that were set up show "0" as the quantity instead of "1". Why is it doing that, does it matter, and how can I fix it?

Thanks,
Angela

From: Jim Dahlby [mailto:jdahlby@pwrplan.com]
Sent: Monday, November 29, 2010 1:35 PM
To: Crescente, Angela; 'Josh Hirschel'; 'Jim Ogilvie'; 'Ann Koch'; 'support'
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: RE: Re: Accretion

Let us know when you have some data available for us to analyze.

Thanks,

Jim Dahlby
PowerPlan Consultants
jdahlby@pwrplan.com
(678) 269-7950

From: Crescente, Angela [mailto:Angela.Crescente@lge-ku.com]
Sent: Monday, 29 November, 2010 09:11 AM
To: Jim Dahlby; Josh Hirschel; Jim Ogilvie; Ann Koch; support
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: RE: Re: Accretion

Jim,

Charnas

Yes it was supposed to be refreshed and we are planning on re-creating all of the transition AROs early this week. We will do KU first since that is the company that this particular ARO is on so you can take a look at it. I will let you know as soon as it is done.

Thanks,
Angela

From: Jim Dahlby [mailto:jdahlby@pwrplan.com]
Sent: Monday, November 29, 2010 6:46 AM
To: Crescente, Angela; 'Josh Hirschel'; 'Jim Ogilvie'; 'Ann Koch'; 'support'
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: RE: Re: Accretion

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Do you know if the test database was refreshed over the holiday? If so we need to re-create this ARO so we can investigate the data. I agree the report is not producing the correct results.

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Jim Dahlby
PowerPlan Consultants
jdahlby@pwrplan.com
(678) 269-7950

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Sent: Wednesday, 24 November, 2010 02:26 PM
To: jdahlby@pwrplan.com; Josh Hirschel; Jim Ogilvie; Ann Koch; support
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: RE: Re: Accretion

Jim:

I have also attached ARO-1008 for November because it appears to be calculating correctly the first month (November).

Thanks,
Angela

From: jdahlby@pwrplan.com [mailto:jdahlby@pwrplan.com]
Sent: Wednesday, November 24, 2010 2:11 PM
To: Crescente, Angela; Josh Hirschel; Jim Ogilvie; Ann Koch; support
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: Re: Accretion

What report are you reviewing for December? Can you send an example of the ARO-1008 Report for something in question?

Thanks,

Jim Dahlby
678-269-7950

Sent from mobile device.

----- Reply message -----

From: "Crescente, Angela" <Angela.Crescente@lge-ku.com>
Date: Wed, Nov 24, 2010 1:05 pm
Subject: Accretion
To: "Josh Hirschel" <jhirschel@pwrplan.com>, "Jim Ogilvie" <jogilvie@pwrplan.com>, "Ann Koch" <akoch@pwrplan.com>, "support" <support@pwrplan.com>, "Jim Dahlby" <jdahlby@pwrplan.com>
Cc: "Wacker, Diana" <Diana.Wacker@lge-ku.com>, "Kinder, Debra" <Debra.Kinder@lge-ku.com>, "Wiseman, Sara" <Sara.Wiseman@lge-ku.com>

Just as an FYI, Diana was finally able to close LGE and it did the same thing to accretion. So, both companies are calculating December incorrectly.

From: Crescente, Angela
Sent: Wednesday, November 24, 2010 10:20 AM
To: 'Josh Hirschel'; 'Jim Ogilvie'; 'Ann Koch'; 'support'; 'Jim Dahlby'
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: Accretion

All:

November accretion looks good for the transition AROs that we posted for KU, however accretion for December looks like it almost triples. We need to get this fixed **no later than Monday** to test as December calculates as soon as we close the books for November. Please help. I have attached reports to reflect this for one asset that I selected.

<<Angela0001.pdf>>

Thanks,

Angela

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Crescente, Angela

From: Ann Koch <akoch@pwrplan.com>
Sent: Wednesday, December 01, 2010 2:33 PM
To: 'Jim Dahlby'; Crescente, Angela; Wacker, Diana
Subject: RE: Re: Accretion

Jim,

At what steps should I run this? I am headed to airport in about 30 min so not sure where this needs to be executed or when.

From: Jim Dahlby [mailto:jdahlby@pwrplan.com]
Sent: Wednesday, 01 December, 2010 02:19 PM
To: 'Crescente, Angela'; 'Wacker, Diana'
Cc: 'Ann Koch'; 'Josh Hirschel'
Subject: RE: Re: Accretion

I can't duplicate the issue, can you try to add a new ARO. I must be doing things in a different order somehow that is not triggering this to happen.

And have Ann run the following SQL and check the DATE_DISC_RATE along various steps.

```
select * from aro_layer_stream  
where aro_id = 30296062  
order by 1 desc;
```

Jim Dahlby
PowerPlan Consultants
jdahlby@pwrplan.com
(678) 269-7950

From: Crescente, Angela [mailto:Angela.Crescente@lge-ku.com]
Sent: Wednesday, 01 December, 2010 12:58 PM
To: Jim Dahlby
Subject: RE: Re: Accretion

Jim,

I just finished ARO processing for KU for December in DEV. Let me know if you need me to do anything else.

Thanks,
Angela

From: Jim Dahlby [mailto:jdahlby@pwrplan.com]
Sent: Wednesday, December 01, 2010 10:54 AM
To: Wacker, Diana; Wiseman, Sara; Crescente, Angela; 'Josh Hirschel'; 'Jim Ogilvie'; 'Ann Koch'; 'support'
Cc: Kinder, Debra
Subject: RE: Re: Accretion

Next steps:

- 1) Review the Accretion in Dev with the Script change.
- 2) Close Nov for KU and Calculate Accretion for December

Jim Dahlby
PowerPlan Consultants
jdahlby@pwrplan.com
(678) 269-7950

From: Wacker, Diana [mailto:Diana.Wacker@lge-ku.com]
Sent: Wednesday, 01 December, 2010 10:36 AM
To: Jim Dahlby; Wiseman, Sara; Crescente, Angela; Josh Hirschel; Jim Ogilvie; Ann Koch; support
Cc: Kinder, Debra
Subject: RE: Re: Accretion

Jim: I have posted the December ARO entry. Diana

From: Jim Dahlby [mailto:jdahlby@pwrplan.com]
Sent: Wednesday, December 01, 2010 7:33 AM
To: Wiseman, Sara; Crescente, Angela; 'Josh Hirschel'; 'Jim Ogilvie'; 'Ann Koch'; 'support'
Cc: Wacker, Diana; Kinder, Debra
Subject: RE: Re: Accretion

In the short term, while waiting to get the Dev Entry posted.

I Re-Opened the CPR for KU for 11/2010 in Dev and update the rates table (SQL below).

Then I re-ran Accretion for November and the December accretion for BR Ash Pond Test is now as expected at 41K.

Thanks,

Jim

```
update aro_layer_stream a
set date_disc_rate = (select annual_eff_rate from aro_layer b where a.aro_id = b.aro_id
                                and b.layer_id = a.layer_id)
where (aro_id, layer_id) in
(select aro_id, layer_id from
(select c.company_id,c.description, c.aro_status_id,b.aro_status_id, b.aro_id, b.layEr_id,b.gl_posting_mo_yr,
b.annual_eff_rate, a.month_yr, a.stream_id, cash_flow, date_disc_rate
from aro_layer_stream a, aro_layer b, aro c
where a.aro_id = b.aro_id
and b.layer_id = a.layeR_id
and b.aro_id = c.aro_id
and c.aro_status_id <> 4
and date_disc_rate <> annual_eff_rate
and date_disc_rate <> 0)
)
;
commit;
```


Jim Dahlby
PowerPlan Consultants
jdahlby@pwrplan.com
(678) 269-7950

From: Wiseman, Sara [mailto:Sara.Wiseman@lge-ku.com]
Sent: Tuesday, 30 November, 2010 06:38 PM
To: Jim Dahlby; Crescente, Angela; Josh Hirschel; Jim Ogilvie; Ann Koch; support
Cc: Wacker, Diana; Kinder, Debra
Subject: RE: Re: Accretion

Jim:

Thank you for taking the time to work on this. We are really under some serious time constraints to get this fixed as tomorrow is day 1 of closing and we will need to do testing before we can move it into production. Additionally, we are estimating that it will take all day on Friday to settle the old AROs and set up new transition ones.

Sara

From: Jim Dahlby [mailto:jdahlby@pwrplan.com]
Sent: Tuesday, November 30, 2010 6:34 PM
To: Crescente, Angela; 'Josh Hirschel'; 'Jim Ogilvie'; 'Ann Koch'; 'support'
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: RE: Re: Accretion

I have identified the data issue, but trying to isolate the issue.

I have a pending transaction for KU for 12/2010 that needs to be posted, can someone run Post in Dev for this transaction.

I have a script to correct the issue but trying to find the root cause.

Thanks,

Jim Dahlby
PowerPlan Consultants
jdahlby@pwrplan.com
(678) 269-7950

From: Crescente, Angela [mailto:Angela.Crescente@lge-ku.com]
Sent: Tuesday, 30 November, 2010 11:57 AM
To: Jim Dahlby; Josh Hirschel; Jim Ogilvie; Ann Koch; support
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: RE: Re: Accretion

I set up the same AROs this week as last week so the one we were looking at is BR Ash Pond Test.

From: Jim Dahlby [mailto:jdahlby@pwrplan.com]
Sent: Tuesday, November 30, 2010 11:52 AM
To: Crescente, Angela; 'Josh Hirschel'; 'Jim Ogilvie'; 'Ann Koch'; 'support'
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: RE: Re: Accretion

Quantity doesn't matter and we may have changed that over time to make it less confusing, since AROs are only financial assets.

So is the original ARO from your email in Dev or did new AROs get setup in Dev?

Thanks,

Jim Dahlby
PowerPlan Consultants
jdahlby@pwrplan.com
(678) 269-7950

From: Crescente, Angela [mailto:Angela.Crescente@lge-ku.com]
Sent: Tuesday, 30 November, 2010 11:43 AM
To: Jim Dahlby; Josh Hirschel; Jim Ogilvie; Ann Koch; support
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: RE: Re: Accretion

Jim,

I'm sorry it took so long, I wanted to run through all of the transactions we were expecting to do for November to make sure everything looks OK plus we had some trouble getting my transactions to post. I only closed KU since that was the company that has the ARO on it that I used for an example below in the hopes that I can use LGE to test for the accretion fix. Ann said that she can get you in our DEV environment on Jim's computer that we keep for him here.

On a sort of related note, all of the transition AROs that were set up show "0" as the quantity instead of "1". Why is it doing that, does it matter, and how can I fix it?

Thanks,
Angela

From: Jim Dahlby [mailto:jdahlby@pwrplan.com]
Sent: Monday, November 29, 2010 1:35 PM
To: Crescente, Angela; 'Josh Hirschel'; 'Jim Ogilvie'; 'Ann Koch'; 'support'
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: RE: Re: Accretion

Let us know when you have some data available for us to analyze.

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jdahlby@pwrplan.com
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Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: RE: Re: Accretion

Jim,

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jdahlby@pwrplan.com
(678) 269-7950

From: Crescente, Angela [mailto:Angela.Crescente@lge-ku.com]
Sent: Wednesday, 24 November, 2010 02:26 PM
To: jdahlby@pwrplan.com; Josh Hirschel; Jim Ogilvie; Ann Koch; support
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: RE: Re: Accretion

Jim:

I have also attached ARO-1008 for November because it appears to be calculating correctly the first month (November).

Thanks,
Angela

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Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: Re: Accretion

What report are you reviewing for December? Can you send an example of the ARO-1008 Report for something in question?

Thanks,

Jim Dahlby
678-269-7950

Sent from mobile device.

----- Reply message -----

From: "Crescente, Angela" <Angela.Crescente@lge-ku.com>
Date: Wed, Nov 24, 2010 1:05 pm
Subject: Accretion
To: "Josh Hirschel" <jhirschel@pwrplan.com>, "Jim Ogilvie" <jogilvie@pwrplan.com>, "Ann Koch" <akoch@pwrplan.com>, "support" <support@pwrplan.com>, "Jim Dahlby" <jdahlby@pwrplan.com>

Cc: "Wacker, Diana" <Diana.Wacker@lge-ku.com>, "Kinder, Debra" <Debra.Kinder@lge-ku.com>, "Wiseman, Sara" <Sara.Wiseman@lge-ku.com>

Just as an FYI, Diana was finally able to close LGE and it did the same thing to accretion. So, both companies are calculating December incorrectly.

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Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: Accretion

All:

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<<Angela0001.pdf>>

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Angela

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Crescente, Angela

From: Josh Hirschel <jhirschel@pwrplan.com>
Sent: Wednesday, December 01, 2010 2:35 PM
To: Crescente, Angela; 'Jim Dahlby'
Cc: 'Ann Koch'; Wacker, Diana
Subject: RE: Re: Accretion

You can connect me to Powerplant Support 4 and reach me at 832-357-7149 today.

Thanks,
Josh

From: Crescente, Angela [mailto:Angela.Crescente@lge-ku.com]
Sent: Wednesday, December 01, 2010 2:29 PM
To: Josh Hirschel; Jim Dahlby
Cc: Ann Koch; Wacker, Diana
Subject: RE: Re: Accretion

Josh and Jim,

I didn't know you could go back after the ARO was posted and change the rates without creating a new layer, but I'm not sure what you mean exactly, so if I did that it would be totally by accident. Would it be easier to "GoToAssist" with me or do you want me to just type each step that I am going through?

From: Josh Hirschel [mailto:jhirschel@pwrplan.com]
Sent: Wednesday, December 01, 2010 2:21 PM
To: 'Jim Dahlby'; Crescente, Angela; Wacker, Diana
Cc: 'Ann Koch'
Subject: RE: Re: Accretion

Angela –

Are you potentially using the Discount Rate Group functionality, or going back into the Estimate screen and updating the rates after the transition ARO has been posted?

Josh

From: Jim Dahlby [mailto:jdahlby@pwrplan.com]
Sent: Wednesday, December 01, 2010 2:19 PM
To: 'Crescente, Angela'; 'Wacker, Diana'
Cc: 'Ann Koch'; 'Josh Hirschel'
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order by 1 desc;
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Next steps:

- 1) Review the Accretion in Dev with the Script change.
- 2) Close Nov for KU and Calculate Accretion for December

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Cc: Wacker, Diana; Kinder, Debra
Subject: RE: Re: Accretion

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Then I re-ran Accretion for November and the December accretion for BR Ash Pond Test is now as expected at 41K.

Thanks,

Jim

```
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set date_disc_rate = (select annual_eff_rate from aro_layer b where a.aro_id = b.aro_id
                                and b.layer_Id = a.layeR_Id)
where (aro_id, layer_id) in
(select aro_id, layer_id from
(select c.company_id,c.description, c.aro_status_id,b.aro_status_id, b.aro_id, b.layEr_id,b.gl_posting_mo_yr,
b.annual_eff_rate, a.month_yr, a.stream_id, cash_flow, date_disc_rate
from aro_layer_stream a, aro_layer b, aro c
where a.aro_id = b.aro_id
and b.layer_Id = a.layeR_Id
and b.aro_id = c.aro_id
and c.aro_status_id <> 4
and date_disc_rate <> annual_eff_rate
and date_disc_rate <> 0)
)
;
commit;
```

Jim Dahlby
PowerPlan Consultants
jdahlby@pwrplan.com
(678) 269-7950

From: Wiseman, Sara [mailto:Sara.Wiseman@lge-ku.com]
Sent: Tuesday, 30 November, 2010 06:38 PM
To: Jim Dahlby; Crescente, Angela; Josh Hirschel; Jim Ogilvie; Ann Koch; support
Cc: Wacker, Diana; Kinder, Debra
Subject: RE: Re: Accretion

Jim:

Thank you for taking the time to work on this. We are really under some serious time constraints to get this fixed as tomorrow is day 1 of closing and we will need to do testing before we can move it into production. Additionally, we are estimating that it will take all day on Friday to settle the old AROs and set up new transition ones.

Sara

From: Jim Dahlby [mailto:jdahlby@pwrplan.com]
Sent: Tuesday, November 30, 2010 6:34 PM
To: Crescente, Angela; 'Josh Hirschel'; 'Jim Ogilvie'; 'Ann Koch'; 'support'
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: RE: Re: Accretion

I have identified the data issue, but trying to isolate the issue.

I have a pending transaction for KU for 12/2010 that needs to be posted, can someone run Post in Dev for this transaction.

I have a script to correct the issue but trying to find the root cause.

Thanks,

Jim Dahlby
PowerPlan Consultants
jdahlby@pwrplan.com
(678) 269-7950

From: Crescente, Angela [mailto:Angela.Crescente@lge-ku.com]
Sent: Tuesday, 30 November, 2010 11:57 AM
To: Jim Dahlby; Josh Hirschel; Jim Ogilvie; Ann Koch; support
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: RE: Re: Accretion

I set up the same AROs this week as last week so the one we were looking at is BR Ash Pond Test.

From: Jim Dahlby [mailto:jdahlby@pwrplan.com]
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To: Crescente, Angela; 'Josh Hirschel'; 'Jim Ogilvie'; 'Ann Koch'; 'support'
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: RE: Re: Accretion

Quantity doesn't matter and we may have changed that over time to make it less confusing, since AROs are only financial assets.

So is the original ARO from your email in Dev or did new AROs get setup in Dev?

Thanks,

Jim Dahlby
PowerPlan Consultants
jdahlby@pwrplan.com
(678) 269-7950

From: Crescente, Angela [mailto:Angela.Crescente@lge-ku.com]
Sent: Tuesday, 30 November, 2010 11:43 AM
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Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: RE: Re: Accretion

Jim,

I'm sorry it took so long, I wanted to run through all of the transactions we were expecting to do for November to make sure everything looks OK plus we had some trouble getting my transactions to post. I only closed KU since that was the company that has the ARO on it that I used for an example below in the hopes that I can use LGE to test for the accretion fix. Ann said that she can get you in our DEV environment on Jim's computer that we keep for him here.

On a sort of related note, all of the transition AROs that were set up show "0" as the quantity instead of "1". Why is it doing that, does it matter, and how can I fix it?

Thanks,
Angela

From: Jim Dahlby [mailto:jdahlby@pwrplan.com]
Sent: Monday, November 29, 2010 1:35 PM
To: Crescente, Angela; 'Josh Hirschel'; 'Jim Ogilvie'; 'Ann Koch'; 'support'
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: RE: Re: Accretion

Let us know when you have some data available for us to analyze.

Thanks,

Jim Dahlby
PowerPlan Consultants
jdahlby@pwrplan.com
(678) 269-7950

From: Crescente, Angela [mailto:Angela.Crescente@lge-ku.com]
Sent: Monday, 29 November, 2010 09:11 AM
To: Jim Dahlby; Josh Hirschel; Jim Ogilvie; Ann Koch; support
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
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Thanks,
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From: Jim Dahlby [mailto:jdahlby@pwrplan.com]
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To: Crescente, Angela; 'Josh Hirschel'; 'Jim Ogilvie'; 'Ann Koch'; 'support'
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: RE: Re: Accretion

Angela-

Do you know if the test database was refreshed over the holiday? If so we need to re-create this ARO so we can investigate the data. I agree the report is not producing the correct results.

Thanks,

Jim Dahlby
PowerPlan Consultants
jdahlby@pwrplan.com
(678) 269-7950

From: Crescente, Angela [mailto:Angela.Crescente@lge-ku.com]
Sent: Wednesday, 24 November, 2010 02:26 PM
To: jdahlby@pwrplan.com; Josh Hirschel; Jim Ogilvie; Ann Koch; support
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: RE: Re: Accretion

Jim:

I have also attached ARO-1008 for November because it appears to be calculating correctly the first month (November).

Thanks,
Angela

From: jdahlby@pwrplan.com [mailto:jdahlby@pwrplan.com]
Sent: Wednesday, November 24, 2010 2:11 PM
To: Crescente, Angela; Josh Hirschel; Jim Ogilvie; Ann Koch; support
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: Re: Accretion

What report are you reviewing for December? Can you send an example of the ARO-1008 Report for something in question?

Thanks,

Jim Dahlby
678-269-7950

Sent from mobile device.

----- Reply message -----

From: "Crescente, Angela" <Angela.Crescente@lge-ku.com>

Date: Wed, Nov 24, 2010 1:05 pm

Subject: Accretion

To: "Josh Hirschel" <jhirschel@pwrplan.com>, "Jim Ogilvie" <jogilvie@pwrplan.com>, "Ann Koch" <akoch@pwrplan.com>, "support" <support@pwrplan.com>, "Jim Dahlby" <jdahlby@pwrplan.com>

Cc: "Wacker, Diana" <Diana.Wacker@lge-ku.com>, "Kinder, Debra" <Debra.Kinder@lge-ku.com>, "Wiseman, Sara" <Sara.Wiseman@lge-ku.com>

Just as an FYI, Diana was finally able to close LGE and it did the same thing to accretion. So, both companies are calculating December incorrectly.

From: Crescente, Angela
Sent: Wednesday, November 24, 2010 10:20 AM
To: 'Josh Hirschel'; 'Jim Ogilvie'; 'Ann Koch'; 'support'; 'Jim Dahlby'
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: Accretion

All:

November accretion looks good for the transition AROs that we posted for KU, however accretion for December looks like it almost triples. We need to get this fixed **no later than Monday** to test as December calculates as soon as we close the books for November. Please help. I have attached reports to reflect this for one asset that I selected.

<<Angela0001.pdf>>

Thanks,

Angela

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Crescente, Angela

From: Jim Dahlby <jdahlby@pwrplan.com>
Sent: Wednesday, December 01, 2010 3:15 PM
To: 'Josh Hirschel'; Crescente, Angela
Cc: 'Ann Koch'; Wacker, Diana
Subject: RE: Re: Accretion

I can watch you walk through it in about 15/20 minutes.

Jim Dahlby
PowerPlan Consultants
jdahlby@pwrplan.com
(678) 269-7950

From: Josh Hirschel [mailto:jhirschel@pwrplan.com]
Sent: Wednesday, 01 December, 2010 02:35 PM
To: 'Crescente, Angela'; 'Jim Dahlby'
Cc: 'Ann Koch'; 'Wacker, Diana'
Subject: RE: Re: Accretion

You can connect me to Powerplant Support 4 and reach me at 832-357-7149 today.

Thanks,
Josh

From: Crescente, Angela [mailto:Angela.Crescente@lge-ku.com]
Sent: Wednesday, December 01, 2010 2:29 PM
To: Josh Hirschel; Jim Dahlby
Cc: Ann Koch; Wacker, Diana
Subject: RE: Re: Accretion

Josh and Jim,

I didn't know you could go back after the ARO was posted and change the rates without creating a new layer, but I'm not sure what you mean exactly, so if I did that it would be totally by accident. Would it be easier to "GoToAssist" with me or do you want me to just type each step that I am going through?

From: Josh Hirschel [mailto:jhirschel@pwrplan.com]
Sent: Wednesday, December 01, 2010 2:21 PM
To: 'Jim Dahlby'; Crescente, Angela; Wacker, Diana
Cc: 'Ann Koch'
Subject: RE: Re: Accretion

Angela –

Are you potentially using the Discount Rate Group functionality, or going back into the Estimate screen and updating the rates after the transition ARO has been posted?

Josh

From: Jim Dahlby [mailto:jdahlby@pwrplan.com]
Sent: Wednesday, December 01, 2010 2:19 PM
To: 'Crescente, Angela'; 'Wacker, Diana'
Cc: 'Ann Koch'; 'Josh Hirschel'
Subject: RE: Re: Accretion

I can't duplicate the issue, can you try to add a new ARO. I must be doing things in a different order somehow that is not triggering this to happen.

And have Ann run the following SQL and check the DATE_DISC_RATE along various steps.

```
select * from aro_layer_stream
where aro_id = 30296062
order by 1 desc;
```

Jim Dahlby
PowerPlan Consultants
jdahlby@pwrplan.com
(678) 269-7950

From: Crescente, Angela [mailto:Angela.Crescente@lge-ku.com]
Sent: Wednesday, 01 December, 2010 12:58 PM
To: Jim Dahlby
Subject: RE: Re: Accretion

Jim,

I just finished ARO processing for KU for December in DEV. Let me know if you need me to do anything else.

Thanks,
Angela

From: Jim Dahlby [mailto:jdahlby@pwrplan.com]
Sent: Wednesday, December 01, 2010 10:54 AM
To: Wacker, Diana; Wiseman, Sara; Crescente, Angela; 'Josh Hirschel'; 'Jim Ogilvie'; 'Ann Koch'; 'support'
Cc: Kinder, Debra
Subject: RE: Re: Accretion

Next steps:

- 1) Review the Accretion in Dev with the Script change.
- 2) Close Nov for KU and Calculate Accretion for December

Jim Dahlby
PowerPlan Consultants
jdahlby@pwrplan.com
(678) 269-7950

From: Wacker, Diana [mailto:Diana.Wacker@lge-ku.com]
Sent: Wednesday, 01 December, 2010 10:36 AM
To: Jim Dahlby; Wiseman, Sara; Crescente, Angela; Josh Hirschel; Jim Ogilvie; Ann Koch; support
Cc: Kinder, Debra
Subject: RE: Re: Accretion

Jim: I have posted the December ARO entry. Diana

From: Jim Dahlby [mailto:jdahlby@pwrplan.com]
Sent: Wednesday, December 01, 2010 7:33 AM
To: Wiseman, Sara; Crescente, Angela; 'Josh Hirschel'; 'Jim Ogilvie'; 'Ann Koch'; 'support'
Cc: Wacker, Diana; Kinder, Debra
Subject: RE: Re: Accretion

In the short term, while waiting to get the Dev Entry posted.

I Re-Opened the CPR for KU for 11/2010 in Dev and update the rates table (SQL below).

Then I re-ran Accretion for November and the December accretion for BR Ash Pond Test is now as expected at 41K.

Thanks,

Jim

```
update aro_layer_stream a
set date_disc_rate = (select annual_eff_rate from aro_layer b where a.aro_id = b.aro_id
                                and b.layer_id = a.layEr_id)
where (aro_id, layer_id) in
(select aro_id, layer_id from
(select c.company_id,c.description, c.aro_status_id,b.aro_status_id, b.aro_id, b.layEr_id,b.gl_posting_mo_yr,
b.annual_eff_rate, a.month_yr, a.stream_id, cash_flow, date_disc_rate
from aro_layer_stream a, aro_layer b, aro c
where a.aro_id = b.aro_id
and b.layer_id = a.layEr_id
and b.aro_id = c.aro_id
and c.aro_status_id <> 4
and date_disc_rate <> annual_eff_rate
and date_disc_rate <> 0)
)
;
commit;
```

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On a sort of related note, all of the transition AROs that were set up show "0" as the quantity instead of "1". Why is it doing that, does it matter, and how can I fix it?

Thanks,
Angela

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PowerPlan Consultants

jdahlby@pwrplan.com
(678) 269-7950

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Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: RE: Re: Accretion

Jim:

I have also attached ARO-1008 for November because it appears to be calculating correctly the first month (November).

Thanks,
Angela

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Jim Dahlby
678-269-7950

Sent from mobile device.

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Date: Wed, Nov 24, 2010 1:05 pm
Subject: Accretion
To: "Josh Hirschel" <jhirschel@pwrplan.com>, "Jim Ogilvie" <jogilvie@pwrplan.com>, "Ann Koch" <akoch@pwrplan.com>, "support" <support@pwrplan.com>, "Jim Dahlby" <jdahlby@pwrplan.com>
Cc: "Wacker, Diana" <Diana.Wacker@lge-ku.com>, "Kinder, Debra" <Debra.Kinder@lge-ku.com>, "Wiseman, Sara" <Sara.Wiseman@lge-ku.com>

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<<Angela0001.pdf>>

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Angela

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Crescente, Angela

From: Josh Hirschel <jhirschel@pwrplan.com>
Sent: Wednesday, December 01, 2010 3:31 PM
To: 'Jim Dahlby'; Crescente, Angela
Cc: 'Ann Koch'; Wacker, Diana
Subject: RE: Re: Accretion

Jim –

Angela and I just went through a couple of test cases where we ran through all the steps again (checking the date_disc_rate along the way) and could not reproduce the problem. Very strange... The plan is to continue with these AROs in Production and to check the December accretion before approving ARO for November. If there is the problem in Prod we can run the script you sent earlier which resolves the discount rate data issues.

Josh

From: Jim Dahlby [mailto:jdahlby@pwrplan.com]
Sent: Wednesday, December 01, 2010 3:15 PM
To: 'Josh Hirschel'; 'Crescente, Angela'
Cc: 'Ann Koch'; 'Wacker, Diana'
Subject: RE: Re: Accretion

I can watch you walk through it in about 15/20 minutes.

Jim Dahlby
PowerPlan Consultants
jdahlby@pwrplan.com
(678) 269-7950

From: Josh Hirschel [mailto:jhirschel@pwrplan.com]
Sent: Wednesday, 01 December, 2010 02:35 PM
To: 'Crescente, Angela'; 'Jim Dahlby'
Cc: 'Ann Koch'; 'Wacker, Diana'
Subject: RE: Re: Accretion

You can connect me to Powerplant Support 4 and reach me at 832-357-7149 today.

Thanks,
Josh

From: Crescente, Angela [mailto:Angela.Crescente@lge-ku.com]
Sent: Wednesday, December 01, 2010 2:29 PM
To: Josh Hirschel; Jim Dahlby
Cc: Ann Koch; Wacker, Diana
Subject: RE: Re: Accretion

Josh and Jim,

I didn't know you could go back after the ARO was posted and change the rates without creating a new layer, but I'm not sure what you mean exactly, so if I did that it would be totally by accident. Would it be easier to "GoToAssist" with me or do you want me to just type each step that I am going through?

From: Josh Hirschel [mailto:jhirschel@pwrplan.com]
Sent: Wednesday, December 01, 2010 2:21 PM
To: 'Jim Dahlby'; Crescente, Angela; Wacker, Diana
Cc: 'Ann Koch'
Subject: RE: Re: Accretion

Angela –

Are you potentially using the Discount Rate Group functionality, or going back into the Estimate screen and updating the rates after the transition ARO has been posted?

Josh

From: Jim Dahlby [mailto:jdahlby@pwrplan.com]
Sent: Wednesday, December 01, 2010 2:19 PM
To: 'Crescente, Angela'; 'Wacker, Diana'
Cc: 'Ann Koch'; 'Josh Hirschel'
Subject: RE: Re: Accretion

I can't duplicate the issue, can you try to add a new ARO. I must be doing things in a different order somehow that is not triggering this to happen.

And have Ann run the following SQL and check the DATE_DISC_RATE along various steps.

```
select * from aro_layer_stream
where aro_id = 30296062
order by 1 desc;
```

Jim Dahlby
PowerPlan Consultants
jdahlby@pwrplan.com
(678) 269-7950

From: Crescente, Angela [mailto:Angela.Crescente@lge-ku.com]
Sent: Wednesday, 01 December, 2010 12:58 PM
To: Jim Dahlby
Subject: RE: Re: Accretion

Jim,

I just finished ARO processing for KU for December in DEV. Let me know if you need me to do anything else.

Thanks,
Angela

From: Jim Dahlby [mailto:jdahlby@pwrplan.com]
Sent: Wednesday, December 01, 2010 10:54 AM
To: Wacker, Diana; Wiseman, Sara; Crescente, Angela; 'Josh Hirschel'; 'Jim Ogilvie'; 'Ann Koch'; 'support'
Cc: Kinder, Debra
Subject: RE: Re: Accretion

Next steps:

- 1) Review the Accretion in Dev with the Script change.
- 2) Close Nov for KU and Calculate Accretion for December

Jim Dahlby
PowerPlan Consultants
jdahlby@pwrplan.com
(678) 269-7950

From: Wacker, Diana [mailto:Diana.Wacker@lge-ku.com]
Sent: Wednesday, 01 December, 2010 10:36 AM
To: Jim Dahlby; Wiseman, Sara; Crescente, Angela; Josh Hirschel; Jim Ogilvie; Ann Koch; support
Cc: Kinder, Debra
Subject: RE: Re: Accretion

Jim: I have posted the December ARO entry. Diana

From: Jim Dahlby [mailto:jdahlby@pwrplan.com]
Sent: Wednesday, December 01, 2010 7:33 AM
To: Wiseman, Sara; Crescente, Angela; 'Josh Hirschel'; 'Jim Ogilvie'; 'Ann Koch'; 'support'
Cc: Wacker, Diana; Kinder, Debra
Subject: RE: Re: Accretion

In the short term, while waiting to get the Dev Entry posted.

I Re-Opened the CPR for KU for 11/2010 in Dev and update the rates table (SQL below).

Then I re-ran Accretion for November and the December accretion for BR Ash Pond Test is now as expected at 41K.

Thanks,

Jim

```
update aro_layer_stream a
set date_disc_rate = (select annual_eff_rate from aro_layer b where a.aro_id = b.aro_id
                                and b.layer_id = a.layeR_id)
where (aro_id, layer_id) in
(select aro_id, layer_id from
(select c.company_id,c.description, c.aro_status_id,b.aro_status_id, b.aro_id, b.layEr_id,b.gl_posting_mo_yr,
b.annual_eff_rate, a.month_yr, a.stream_id, cash_flow, date_disc_rate
from aro_layer_stream a, aro_layer b, aro c
where a.aro_id = b.aro_id
and b.layer_id = a.layeR_id
and b.aro_id = c.aro_id
and c.aro_status_id <> 4
and date_disc_rate <> annual_eff_rate
and date_disc_rate <> 0)
)
;
commit;
```

Jim Dahlby
PowerPlan Consultants
jdahlby@pwrplan.com
(678) 269-7950

From: Wiseman, Sara [<mailto:Sara.Wiseman@lge-ku.com>]
Sent: Tuesday, 30 November, 2010 06:38 PM
To: Jim Dahlby; Crescente, Angela; Josh Hirschel; Jim Ogilvie; Ann Koch; support
Cc: Wacker, Diana; Kinder, Debra
Subject: RE: Re: Accretion

Jim:

Thank you for taking the time to work on this. We are really under some serious time constraints to get this fixed as tomorrow is day 1 of closing and we will need to do testing before we can move it into production. Additionally, we are estimating that it will take all day on Friday to settle the old AROs and set up new transition ones.

Sara

From: Jim Dahlby [<mailto:jdahlby@pwrplan.com>]
Sent: Tuesday, November 30, 2010 6:34 PM
To: Crescente, Angela; 'Josh Hirschel'; 'Jim Ogilvie'; 'Ann Koch'; 'support'
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: RE: Re: Accretion

I have identified the data issue, but trying to isolate the issue.

I have a pending transaction for KU for 12/2010 that needs to be posted, can someone run Post in Dev for this transaction.

I have a script to correct the issue but trying to find the root cause.

Thanks,

Jim Dahlby
PowerPlan Consultants
jdahlby@pwrplan.com
(678) 269-7950

From: Crescente, Angela [<mailto:Angela.Crescente@lge-ku.com>]
Sent: Tuesday, 30 November, 2010 11:57 AM
To: Jim Dahlby; Josh Hirschel; Jim Ogilvie; Ann Koch; support
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: RE: Re: Accretion

I set up the same AROs this week as last week so the one we were looking at is BR Ash Pond Test.

From: Jim Dahlby [<mailto:jdahlby@pwrplan.com>]
Sent: Tuesday, November 30, 2010 11:52 AM
To: Crescente, Angela; 'Josh Hirschel'; 'Jim Ogilvie'; 'Ann Koch'; 'support'
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: RE: Re: Accretion

Quantity doesn't matter and we may have changed that over time to make it less confusing, since AROs are only financial assets.

So is the original ARO from your email in Dev or did new AROs get setup in Dev?

Thanks,

Jim Dahlby
PowerPlan Consultants
jdahlby@pwrplan.com
(678) 269-7950

From: Crescente, Angela [mailto:Angela.Crescente@lge-ku.com]
Sent: Tuesday, 30 November, 2010 11:43 AM
To: Jim Dahlby; Josh Hirschel; Jim Ogilvie; Ann Koch; support
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: RE: Re: Accretion

Jim,

I'm sorry it took so long, I wanted to run through all of the transactions we were expecting to do for November to make sure everything looks OK plus we had some trouble getting my transactions to post. I only closed KU since that was the company that has the ARO on it that I used for an example below in the hopes that I can use LGE to test for the accretion fix. Ann said that she can get you in our DEV environment on Jim's computer that we keep for him here.

On a sort of related note, all of the transition AROs that were set up show "0" as the quantity instead of "1". Why is it doing that, does it matter, and how can I fix it?

Thanks,
Angela

From: Jim Dahlby [mailto:jdahlby@pwrplan.com]
Sent: Monday, November 29, 2010 1:35 PM
To: Crescente, Angela; 'Josh Hirschel'; 'Jim Ogilvie'; 'Ann Koch'; 'support'
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: RE: Re: Accretion

Let us know when you have some data available for us to analyze.

Thanks,

Jim Dahlby
PowerPlan Consultants
jdahlby@pwrplan.com
(678) 269-7950

From: Crescente, Angela [mailto:Angela.Crescente@lge-ku.com]
Sent: Monday, 29 November, 2010 09:11 AM
To: Jim Dahlby; Josh Hirschel; Jim Ogilvie; Ann Koch; support
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: RE: Re: Accretion

Jim,

Yes it was supposed to be refreshed and we are planning on re-creating all of the transition AROs early this week. We will do KU first since that is the company that this particular ARO is on so you can take a look at it. I will let you know as soon as it is done.

Thanks,
Angela

From: Jim Dahlby [mailto:jdahlby@pwrplan.com]
Sent: Monday, November 29, 2010 6:46 AM
To: Crescente, Angela; 'Josh Hirschel'; 'Jim Ogilvie'; 'Ann Koch'; 'support'
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: RE: Re: Accretion

Angela-

Do you know if the test database was refreshed over the holiday? If so we need to re-create this ARO so we can investigate the data. I agree the report is not producing the correct results.

Thanks,

Jim Dahlby
PowerPlan Consultants
jdahlby@pwrplan.com
(678) 269-7950

From: Crescente, Angela [mailto:Angela.Crescente@lge-ku.com]
Sent: Wednesday, 24 November, 2010 02:26 PM
To: jdahlby@pwrplan.com; Josh Hirschel; Jim Ogilvie; Ann Koch; support
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: RE: Re: Accretion

Jim:

I have also attached ARO-1008 for November because it appears to be calculating correctly the first month (November).

Thanks,
Angela

From: jdahlby@pwrplan.com [mailto:jdahlby@pwrplan.com]
Sent: Wednesday, November 24, 2010 2:11 PM
To: Crescente, Angela; Josh Hirschel; Jim Ogilvie; Ann Koch; support
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: Re: Accretion

What report are you reviewing for December? Can you send an example of the ARO-1008 Report for something in question?

Thanks,

Jim Dahlby
678-269-7950

Sent from mobile device.

----- Reply message -----

From: "Crescente, Angela" <Angela.Crescente@lge-ku.com>
Date: Wed, Nov 24, 2010 1:05 pm
Subject: Accretion

To: "Josh Hirschel" <jhirschel@pwrplan.com>, "Jim Ogilvie" <jogilvie@pwrplan.com>, "Ann Koch" <akoch@pwrplan.com>, "support" <support@pwrplan.com>, "Jim Dahlby" <jdahlby@pwrplan.com>

Charnas

Cc: "Wacker, Diana" <Diana.Wacker@lge-ku.com>, "Kinder, Debra" <Debra.Kinder@lge-ku.com>, "Wiseman, Sara" <Sara.Wiseman@lge-ku.com>

Just as an FYI, Diana was finally able to close LGE and it did the same thing to accretion. So, both companies are calculating December incorrectly.

From: Crescente, Angela
Sent: Wednesday, November 24, 2010 10:20 AM
To: 'Josh Hirschel'; 'Jim Ogilvie'; 'Ann Koch'; 'support'; 'Jim Dahlby'
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: Accretion

All:

November accretion looks good for the transition AROs that we posted for KU, however accretion for December looks like it almost triples. We need to get this fixed **no later than Monday** to test as December calculates as soon as we close the books for November. Please help. I have attached reports to reflect this for one asset that I selected.

<<Angela0001.pdf>>

Thanks,

Angela

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Crescente, Angela

From: Crescente, Angela
Sent: Wednesday, November 24, 2010 11:49 AM
To: 'johann.r.narvekar@us.pwc.com'
Cc: Kinder, Debra; gregory.l.maggard@us.pwc.com; Wiseman, Sara
Subject: RE: Request for initial evidence for Key reports
Attachments: ARO Liability for PwC IT Audit Team.pdf

Johann,

I apologize for the delay. I intended to give you this information earlier, unfortunately I have been out sick.

In regards to question number 1, I assume you are referring to a non-IFRS (GAAP) ARO having a corresponding IFRS ARO? There are multiple ARO assets in each account as you will see on the support that I have attached. If I understand your question correctly, it is necessary because IFRS does not allow regulatory treatment for AROs whereas GAAP does. Therefore, each ARO (IFRS and GAAP), must stand alone and be calculated independently of each other in order to be in compliance with both IFRS and GAAP standards.

Please see the attached support to address the documents that you requested in our meeting.

Thanks,
Angela

From: johann.r.narvekar@us.pwc.com [mailto:johann.r.narvekar@us.pwc.com]
Sent: Wednesday, November 17, 2010 11:06 AM
To: Crescente, Angela
Cc: Kinder, Debra; gregory.l.maggard@us.pwc.com; Wiseman, Sara
Subject: RE: Request for initial evidence for Key reports

Angela -

I had a quick clarifying question with regards to the ARO Liability Balances & Activity report.

1. For every IFRS account, would it be necessary for there to be a corresponding non-IFRS or GAAP account?

Also, I just wanted to follow up with you after our meeting with the documents we need;

1. The reports (ARO Liability Balances & Activity) for consecutive months July and August 2010.
2. Files from Oracle showing what is booked to the G/L

Additionally, can we get a screenshot from Powerplant showing the discount rate corresponding to the following account;
--> CR - Ash Pond

At this time, given the premise that we may be able to tie out the total balances booked to Oracle, we only need the information for a single sample account.

Thanks!
Johann

From: "Crescente, Angela" <Angela.Crescente@lge-ku.com>
To: Johann R Narvekar/US/ABAS/PwC@Americas-US, "Wiseman, Sara" <Sara.Wiseman@lge-ku.com>, "Kinder, Debra" <Debra.Kinder@lge-ku.com>
Cc: Gregory L Maggard/US/ABAS/PwC@Americas-US
Date: 11/11/2010 09:50 AM
Subject: RE: Request for initial evidence for Key reports

Johann,

There have been no changes to the logic and application of these reports in 2010.

Thanks,
Angela

From: johann.r.narvekar@us.pwc.com [<mailto:johann.r.narvekar@us.pwc.com>]
Sent: Thursday, November 11, 2010 9:18 AM
To: Wiseman, Sara; Kinder, Debra; Crescente, Angela
Cc: gregory.l.maggard@us.pwc.com
Subject: PwC: Request for initial evidence for Key reports

Sara/Debra/Angela,

I am with the PwC IT audit team supporting the financial statement audit. We support the financial audit team by testing some key reports. We tested the following reports in 2009 for PowerPlant;

- Depreciation Comparison by Account Report
- IFRS ARO Liability Balances and Activity Report

Would it be possible for either or all of you to meet with us anytime tomorrow or early next week for about an hour to discuss the report and any changes that may have occurred to the logic and application of the report in 2010.

Feel free to reach out to me at (317) 442 - 8318, if you have any questions.

Regards,
Johann

Johann R Narvekar | Risk Assurance | PricewaterhouseCoopers | Mobile: +1 317 442 8318 | johann.r.narvekar@us.pwc.com

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Account Balance for LG&E and IFRS Company

Period Name: JUL-2010

Account	Account	Company	Balance SUM		
			0100	0700	Sum
230012	ASSET RETIREMENT OBLIGATIONS - STEAM		(A) -25,340,111.96	-22,249,050.31	-47,589,162.27 (G)
230013	ASSET RETIREMENT OBLIGATIONS - TRANSMISSION		(B) -13,438.54	-25,168.01	-38,606.55 (H)
230015	ASSET RETIREMENT OBLIGATIONS - DISTRIBUTION		(C) -300,170.17	-918,119.02	-1,218,289.19 (I)
230016	ASSET RETIREMENT OBLIGATIONS - GAS		(D) -8,529,524.62	-4,457,666.40	-12,987,191.02 (J)
230017	ASSET RETIREMENT OBLIGATIONS - COMMON		(E) -29,759.99	-92,063.77	-121,823.76 (K)
	Sum		(F) -34,213,005.28	-27,742,067.51	-61,955,072.79 (L)

ARO Liability Balances and Activity

Charnas Period Beginning: 7/1/2010

Period Ending: 7/1/2010

Company GL Account	Beginning Liability	Liabilities Incurred	Liabilities Settled	Accretion	Revisions	Gain/Loss	Accretion and Liab. Adjust	Ending Liability
LOUISVILLE GAS & ELECTRIC COMP								
230012-ASSET RETIREMENT OBLIGAT								
MC-Lab Chemical Disposal	\$1,573.97	\$0.00	\$0.00	\$8.42	\$0.00	\$0.00	\$0.00	\$1,582.39
MC-Hazardous Material Storage	\$15,752.04	\$0.00	\$0.00	\$84.24	\$0.00	\$0.00	\$0.00	\$15,836.28
Cane Run Unit 6 - ASB	\$301,264.69	\$0.00	\$0.00	\$1,427.60	\$0.00	\$0.00	\$0.00	\$302,692.29
Mill Creek Unit 2 - ASB	\$478,949.96	\$0.00	\$0.00	\$2,269.60	\$0.00	\$0.00	\$0.00	\$481,219.56
Trn-MC2 GSU	\$2,334.34	\$0.00	\$0.00	\$12.48	\$0.00	\$0.00	\$0.00	\$2,346.82
Trn-CR4 GSU	\$2,535.19	\$0.00	\$0.00	\$13.56	\$0.00	\$0.00	\$0.00	\$2,548.75
MC-Nuclear Sources	\$12,617.40	\$0.00	\$0.00	\$67.48	\$0.00	\$0.00	\$0.00	\$12,684.88
CR-Land Fill	\$1,017,479.04	\$0.00	\$0.00	\$5,441.66	\$0.00	\$0.00	\$0.00	\$1,022,920.70
Trn- CR Spare GSU	\$2,537.44	\$0.00	\$0.00	\$13.57	\$0.00	\$0.00	\$0.00	\$2,551.01
Trn-CR6 GSU	\$2,538.71	\$0.00	\$0.00	\$13.58	\$0.00	\$0.00	\$0.00	\$2,552.29
Mill Creek Unit 4 - ASB	\$401,700.17	\$0.00	\$0.00	\$1,903.53	\$0.00	\$0.00	\$0.00	\$403,603.70
CR-Sewage Treatment Plant	\$4,214.85	\$0.00	\$0.00	\$22.54	\$0.00	\$0.00	\$0.00	\$4,237.39
TC-Ash Pond	\$3,108,887.18	\$0.00	\$0.00	\$16,626.88	\$0.00	\$0.00	\$0.00	\$3,125,514.06
CR-Ash Pond	\$3,031,314.57	\$0.00	\$0.00	\$16,212.01	\$0.00	\$0.00	\$0.00	\$3,047,526.58
Cane Run Unit 2 (Retired) - ASB	\$1,036,310.05	\$0.00	\$0.00	\$4,910.75	\$0.00	\$0.00	\$0.00	\$1,041,220.80
Trn-MC4 GSU	\$1,576.59	\$0.00	\$0.00	\$8.43	\$0.00	\$0.00	\$0.00	\$1,585.02
Trn-MC1 GSU	\$2,428.69	\$0.00	\$0.00	\$12.99	\$0.00	\$0.00	\$0.00	\$2,441.68
Ohio Falls - ASB	\$247,120.07	\$0.00	\$0.00	\$1,171.03	\$0.00	\$0.00	\$0.00	\$248,291.10
Cane Run Unit 4 - ASB	\$367,602.57	\$0.00	\$0.00	\$1,741.96	\$0.00	\$0.00	\$0.00	\$369,344.53
MC-Landfill	\$4,294,337.25	\$0.00	\$0.00	\$22,966.88	\$0.00	\$0.00	\$0.00	\$4,317,304.13
Cane Run Unit 5 - ASB	\$305,117.88	\$0.00	\$0.00	\$1,445.86	\$0.00	\$0.00	\$0.00	\$306,563.74
MC-Coal Storage	\$244,418.76	\$0.00	\$0.00	\$1,307.20	\$0.00	\$0.00	\$0.00	\$245,725.96
MC-Oil Storage	\$11,083.77	\$0.00	\$0.00	\$59.28	\$0.00	\$0.00	\$0.00	\$11,143.05
MC-Chemical Storage	\$5,081.45	\$0.00	\$0.00	\$27.18	\$0.00	\$0.00	\$0.00	\$5,108.63
CR-Nuclear Sources	\$37,186.37	\$0.00	\$0.00	\$198.88	\$0.00	\$0.00	\$0.00	\$37,385.25
Paddy's (Unit 11) - ASB	\$1,714,950.02	\$0.00	\$0.00	\$8,126.62	\$0.00	\$0.00	\$0.00	\$1,723,076.64
Mill Creek Unit 1 - ASB	\$524,086.79	\$0.00	\$0.00	\$2,483.49	\$0.00	\$0.00	\$0.00	\$526,570.28
TC-Sewage Treatment Plant	\$1,733.63	\$0.00	\$0.00	\$9.27	\$0.00	\$0.00	\$0.00	\$1,742.90
TC-Coal Storage	\$107,584.60	\$0.00	\$0.00	\$575.38	\$0.00	\$0.00	\$0.00	\$108,159.98
CR-Coal Storage	\$216,342.28	\$0.00	\$0.00	\$1,157.04	\$0.00	\$0.00	\$0.00	\$217,499.32
TC-Nuclear Sources	\$7,349.40	\$0.00	\$0.00	\$39.31	\$0.00	\$0.00	\$0.00	\$7,388.71

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LOUISVILLE GAS & ELECTRIC COMP								
230012-ASSET RETIREMENT OBLIGAT								
TC-Chemical Storage	\$866.73	\$0.00	\$0.00	\$4.64	\$0.00	\$0.00	\$0.00	\$871.37
Trn-MC Spare GSU	\$1,576.59	\$0.00	\$0.00	\$8.43	\$0.00	\$0.00	\$0.00	\$1,585.02
Canal (Retired) - ASB	\$2,421,378.52	\$0.00	\$0.00	\$11,474.17	\$0.00	\$0.00	\$0.00	\$2,432,852.69
Trn-MC 3 GSU	\$1,955.20	\$0.00	\$0.00	\$10.46	\$0.00	\$0.00	\$0.00	\$1,965.66
Waterside - ASB	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
CR-Mercury Sources	\$4,212.91	\$0.00	\$0.00	\$22.53	\$0.00	\$0.00	\$0.00	\$4,235.44
Mill Creek Unit 3 - ASB	\$50,035.36	\$0.00	\$0.00	\$237.10	\$0.00	\$0.00	\$0.00	\$50,272.46
Cane Run Unit 1 (Retired) - ASB	\$1,100,083.08	\$0.00	\$0.00	\$5,212.95	\$0.00	\$0.00	\$0.00	\$1,105,296.03
MC-Ash Pond	\$2,936,734.65	\$0.00	\$0.00	\$15,706.18	\$0.00	\$0.00	\$0.00	\$2,952,440.83
Cane Run Unit 3 (Retired) - ASB	\$1,167,841.90	\$0.00	\$0.00	\$5,534.04	\$0.00	\$0.00	\$0.00	\$1,173,375.94
Trn-CR5 GSU	\$2,535.19	\$0.00	\$0.00	\$13.56	\$0.00	\$0.00	\$0.00	\$2,548.75
Zorn - ASB	\$16,222.48	\$0.00	\$0.00	\$76.87	\$0.00	\$0.00	\$0.00	\$16,299.35
GL Account Total:	\$25,211,452.33	\$0.00	\$0.00	\$128,659.63	\$0.00	\$0.00	\$0.00	\$25,340,111.96 ^(A)
230013-ASSET RETIREMENT OBLIGAT								
LGE Transmission Subs (11) - ASB	\$13,375.16	\$0.00	\$0.00	\$63.38	\$0.00	\$0.00	\$0.00	\$13,438.54
GL Account Total:	\$13,375.16	\$0.00	\$0.00	\$63.38	\$0.00	\$0.00	\$0.00	\$13,438.54 ^(B)
230015-ASSET RETIREMENT OBLIGAT								
Manholes - ASB	\$147,325.04	\$0.00	\$0.00	\$698.13	\$0.00	\$0.00	\$0.00	\$148,023.17
LGE Distribution Subs (66) - ASB	\$151,429.42	\$0.00	\$0.00	\$717.58	\$0.00	\$0.00	\$0.00	\$152,147.00
GL Account Total:	\$298,754.46	\$0.00	\$0.00	\$1,415.71	\$0.00	\$0.00	\$0.00	\$300,170.17 ^(C)
230016-ASSET RETIREMENT OBLIGAT								
Gas Main & Serv Abandons-Dist	\$1,220,703.77	\$0.00	\$0.00	\$5,784.54	\$0.00	\$0.00	\$0.00	\$1,226,488.31
Muldraugh 235120-ASB-UGS	\$17,500.20	\$0.00	\$0.00	\$82.93	\$0.00	\$0.00	\$0.00	\$17,583.13
Muldraugh Gas Storage Field - UGS	\$668,738.68	\$0.00	\$0.00	\$3,079.47	\$0.00	\$0.00	\$0.00	\$671,818.15
City Gate DR 237900-ASB-Dist	\$2,769.78	\$0.00	\$0.00	\$13.13	\$0.00	\$0.00	\$0.00	\$2,782.91
Magnolia Gas Storage Field - UGS	\$2,219,542.62	\$0.00	\$0.00	\$10,220.76	\$0.00	\$0.00	\$0.00	\$2,229,763.38
City Gate Prest 237900-ASB-Dist	\$2,769.78	\$0.00	\$0.00	\$13.13	\$0.00	\$0.00	\$0.00	\$2,782.91
Riggs Junction 235120-ASB-UGS	\$10,997.83	\$0.00	\$0.00	\$52.12	\$0.00	\$0.00	\$0.00	\$11,049.95

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LOUISVILLE GAS & ELECTRIC COMP								
230016-ASSET RETIREMENT OBLIGAT								
Magnolia 235120-ASB-UGS	\$12,333.59	\$0.00	\$0.00	\$58.45	\$0.00	\$0.00	\$0.00	\$12,392.04
Magnolia 235600-ASB-UGS	\$4,333.44	\$0.00	\$0.00	\$20.53	\$0.00	\$0.00	\$0.00	\$4,353.97
Center Gas Storage Field - UGS	\$2,227,890.58	\$0.00	\$0.00	\$10,259.21	\$0.00	\$0.00	\$0.00	\$2,238,149.79
Doe Run 235300-ASB-UGS	\$42,594.70	\$0.00	\$0.00	\$201.84	\$0.00	\$0.00	\$0.00	\$42,796.54
Doe Run Gas Storage Field - UGS	\$1,959,859.27	\$0.00	\$0.00	\$9,024.95	\$0.00	\$0.00	\$0.00	\$1,968,884.22
Muldraugh 237520-ASB-Gas Dist	\$2,889.35	\$0.00	\$0.00	\$13.69	\$0.00	\$0.00	\$0.00	\$2,903.04
Muldraugh 235600-ASB-UGS	\$20,166.80	\$0.00	\$0.00	\$95.56	\$0.00	\$0.00	\$0.00	\$20,262.36
Muldraugh 235300-ASB-UGS	\$33,249.90	\$0.00	\$0.00	\$157.56	\$0.00	\$0.00	\$0.00	\$33,407.46
Magnolia 235300-ASB-UGS	\$43,898.44	\$0.00	\$0.00	\$208.02	\$0.00	\$0.00	\$0.00	\$44,106.46
GL Account Total:	\$8,490,238.73	\$0.00	\$0.00	\$39,285.89	\$0.00	\$0.00	\$0.00	\$8,529,524.62 (D)
230017-ASSET RETIREMENT OBLIGAT								
Seventh&Ormsby - ComGenPln-ASE	\$29,619.63	\$0.00	\$0.00	\$140.36	\$0.00	\$0.00	\$0.00	\$29,759.99
GL Account Total:	\$29,619.63	\$0.00	\$0.00	\$140.36	\$0.00	\$0.00	\$0.00	\$29,759.99 (E)
Company Total:	\$34,043,440.31	\$0.00	\$0.00	\$169,564.97	\$0.00	\$0.00	\$0.00	\$34,213,005.28
Grand Total:	\$34,043,440.31	\$0.00	\$0.00	\$169,564.97	\$0.00	\$0.00	\$0.00	\$34,213,005.28 (F)

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LOUISVILLE GAS & ELECTRIC COMP								
230012-ASSET RETIREMENT OBLIGAT								
IFRS-Trn-CR6 GSU	\$3,308.16	\$0.00	\$0.00	\$8.32	\$0.00	\$0.00	\$0.00	\$3,316.48
IFRS-Canal (Retired) - ASB	\$4,167,717.54	\$0.00	\$0.00	\$14,510.60	\$0.00	\$0.00	\$0.00	\$4,182,228.14
IFRS-Mill Creek Unit 3 - ASB	\$984,360.47	\$0.00	\$0.00	\$3,543.70	\$0.00	\$0.00	\$0.00	\$987,904.17
IFRS-Cane Run Unit 6 - ASB	\$1,244,064.03	\$0.00	\$0.00	\$4,478.63	\$0.00	\$0.00	\$0.00	\$1,248,542.66
IFRS-Cane Run Unit 3 (Retired) - AS	\$2,010,109.05	\$0.00	\$0.00	\$6,998.53	\$0.00	\$0.00	\$0.00	\$2,017,107.58
IFRS-Mill Creek Unit 4 - ASB	\$1,089,079.59	\$0.00	\$0.00	\$3,920.69	\$0.00	\$0.00	\$0.00	\$1,093,000.28
IFRS-Cane Run Unit 4 - ASB	\$1,304,801.14	\$0.00	\$0.00	\$4,697.28	\$0.00	\$0.00	\$0.00	\$1,309,498.42
IFRS-Cane Run Unit 2 (Retired) - AS	\$1,783,714.44	\$0.00	\$0.00	\$6,210.30	\$0.00	\$0.00	\$0.00	\$1,789,924.74
IFRS-TC-Nuclear Sources	\$13,864.83	\$0.00	\$0.00	\$46.62	\$0.00	\$0.00	\$0.00	\$13,911.45
IFRS-MC-Oil Storage	\$16,885.39	\$0.00	\$0.00	\$50.09	\$0.00	\$0.00	\$0.00	\$16,935.48
IFRS-CR-Sewage Treatment Plant	\$5,513.88	\$0.00	\$0.00	\$13.86	\$0.00	\$0.00	\$0.00	\$5,527.74
IFRS-TC-Chemical Storage	\$1,631.34	\$0.00	\$0.00	\$5.49	\$0.00	\$0.00	\$0.00	\$1,636.83
IFRS-TC-Coal Storage	\$203,080.16	\$0.00	\$0.00	\$682.86	\$0.00	\$0.00	\$0.00	\$203,763.02
IFRS-Trn-MC Spare GSU	\$2,703.77	\$0.00	\$0.00	\$8.56	\$0.00	\$0.00	\$0.00	\$2,712.33
IFRS-MC-Landfill	\$7,367,821.88	\$0.00	\$0.00	\$23,319.16	\$0.00	\$0.00	\$0.00	\$7,391,141.04
IFRS-MC-Nuclear Sources	\$21,630.12	\$0.00	\$0.00	\$68.46	\$0.00	\$0.00	\$0.00	\$21,698.58
IFRS-MC-Hazardous Material Storang	\$27,037.66	\$0.00	\$0.00	\$85.57	\$0.00	\$0.00	\$0.00	\$27,123.23
IFRS-CR-Ash Pond	\$3,955,559.78	\$0.00	\$0.00	\$9,944.94	\$0.00	\$0.00	\$0.00	\$3,965,504.72
IFRS-Cane Run Unit 5 - ASB	\$1,063,947.05	\$0.00	\$0.00	\$3,830.21	\$0.00	\$0.00	\$0.00	\$1,067,777.26
IFRS-Trn-MC2 GSU	\$3,166.23	\$0.00	\$0.00	\$8.89	\$0.00	\$0.00	\$0.00	\$3,175.12
IFRS-Waterside - ASB	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
IFRS-Zorn - ASB	\$43,982.13	\$0.00	\$0.00	\$158.34	\$0.00	\$0.00	\$0.00	\$44,140.47
IFRS-Trn- CR Spare GSU	\$3,308.16	\$0.00	\$0.00	\$8.32	\$0.00	\$0.00	\$0.00	\$3,316.48
IFRS-Ohio Falls - ASB	\$425,347.20	\$0.00	\$0.00	\$1,480.92	\$0.00	\$0.00	\$0.00	\$426,828.12
IFRS-CR-Coal Storage	\$282,303.80	\$0.00	\$0.00	\$709.76	\$0.00	\$0.00	\$0.00	\$283,013.56
IFRS-MC-Chemical Storage	\$6,616.34	\$0.00	\$0.00	\$16.63	\$0.00	\$0.00	\$0.00	\$6,632.97
IFRS-CR-Nuclear Sources	\$48,520.84	\$0.00	\$0.00	\$121.99	\$0.00	\$0.00	\$0.00	\$48,642.83
IFRS-TC-Sewage Treatment Plant	\$3,262.29	\$0.00	\$0.00	\$10.97	\$0.00	\$0.00	\$0.00	\$3,273.26
IFRS-TC-Ash Pond	\$5,868,122.82	\$0.00	\$0.00	\$19,731.56	\$0.00	\$0.00	\$0.00	\$5,887,854.38
IFRS-Cane Run Unit 1 (Retired) - AS	\$1,893,481.41	\$0.00	\$0.00	\$6,592.47	\$0.00	\$0.00	\$0.00	\$1,900,073.88
IFRS-MC-Coal Storage	\$326,381.49	\$0.00	\$0.00	\$868.45	\$0.00	\$0.00	\$0.00	\$327,249.94

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LOUISVILLE GAS & ELECTRIC COMP								
230012-ASSET RETIREMENT OBLIGAT								
IFRS-Trn-CR4 GSU	\$3,308.16	\$0.00	\$0.00	\$8.32	\$0.00	\$0.00	\$0.00	\$3,316.48
IFRS-Trn-MC4 GSU	\$2,703.77	\$0.00	\$0.00	\$8.56	\$0.00	\$0.00	\$0.00	\$2,712.33
IFRS-Trn-CR5 GSU	\$3,308.16	\$0.00	\$0.00	\$8.32	\$0.00	\$0.00	\$0.00	\$3,316.48
IFRS-MC-Lab Chemical Disposal	\$2,703.77	\$0.00	\$0.00	\$8.56	\$0.00	\$0.00	\$0.00	\$2,712.33
IFRS-Trn-MC1 GSU	\$3,242.49	\$0.00	\$0.00	\$8.63	\$0.00	\$0.00	\$0.00	\$3,251.12
IFRS-CR-Land Fill	\$1,327,709.18	\$0.00	\$0.00	\$3,338.08	\$0.00	\$0.00	\$0.00	\$1,331,047.26
IFRS-CR-Mercury Sources	\$5,513.88	\$0.00	\$0.00	\$13.86	\$0.00	\$0.00	\$0.00	\$5,527.74
IFRS-MC-Ash Pond	\$4,473,631.88	\$0.00	\$0.00	\$13,271.78	\$0.00	\$0.00	\$0.00	\$4,486,903.66
IFRS-Mill Creek Unit 1 - ASB	\$1,489,106.93	\$0.00	\$0.00	\$5,360.79	\$0.00	\$0.00	\$0.00	\$1,494,467.72
IFRS-Mill Creek Unit 2 - ASB	\$1,298,518.05	\$0.00	\$0.00	\$4,674.67	\$0.00	\$0.00	\$0.00	\$1,303,192.72
IFRS-Paddy's (Unit 11) - ASB	\$4,649,532.34	\$0.00	\$0.00	\$16,738.32	\$0.00	\$0.00	\$0.00	\$4,666,270.66
IFRS-Trn-MC 3 GSU	\$2,979.77	\$0.00	\$0.00	\$8.84	\$0.00	\$0.00	\$0.00	\$2,988.61
GL Account Total:	\$47,433,581.37	\$0.00	\$0.00	\$155,580.90	\$0.00	\$0.00	\$0.00	\$47,589,162.27 (G)
230013-ASSET RETIREMENT OBLIGAT								
IFRS-LGE Transmission Subs (11) -	\$38,468.06	\$0.00	\$0.00	\$138.49	\$0.00	\$0.00	\$0.00	\$38,606.55 (H)
GL Account Total:	\$38,468.06	\$0.00	\$0.00	\$138.49	\$0.00	\$0.00	\$0.00	\$38,606.55 (H)
230015-ASSET RETIREMENT OBLIGAT								
IFRS-Manholes - ASB	\$795,207.62	\$0.00	\$0.00	\$2,862.75	\$0.00	\$0.00	\$0.00	\$798,070.37
IFRS-Distribution Substations (66)	\$418,711.46	\$0.00	\$0.00	\$1,507.36	\$0.00	\$0.00	\$0.00	\$420,218.82
GL Account Total:	\$1,213,919.08	\$0.00	\$0.00	\$4,370.11	\$0.00	\$0.00	\$0.00	\$1,218,289.19 (I)
230016-ASSET RETIREMENT OBLIGAT								
IFRS-Muldraugh 235120 - UGS	\$45,615.65	\$0.00	\$0.00	\$164.22	\$0.00	\$0.00	\$0.00	\$45,779.87
IFRS-City Gate Doe Run 237900 - Ga	\$7,078.82	\$0.00	\$0.00	\$25.48	\$0.00	\$0.00	\$0.00	\$7,104.30
IFRS-Doe Run Gas Storage Field - U	\$2,673,969.44	\$0.00	\$0.00	\$7,828.04	\$0.00	\$0.00	\$0.00	\$2,681,797.48
IFRS-Doe Run 235300 - UGS	\$96,742.15	\$0.00	\$0.00	\$348.27	\$0.00	\$0.00	\$0.00	\$97,090.42
IFRS-Magnolia Gas Storage Field - l	\$3,141,683.17	\$0.00	\$0.00	\$9,197.28	\$0.00	\$0.00	\$0.00	\$3,150,880.45
IFRS-Magnolia 235120 - UGS	\$32,148.16	\$0.00	\$0.00	\$115.73	\$0.00	\$0.00	\$0.00	\$32,263.89
IFRS-City Gate Preston 237900 - Ga:	\$7,078.82	\$0.00	\$0.00	\$25.48	\$0.00	\$0.00	\$0.00	\$7,104.30

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LOUISVILLE GAS & ELECTRIC COMP								
230016-ASSET RETIREMENT OBLIGAT								
IFRS-Gas Main & Serv Abandons - C	\$2,233,034.48	\$0.00	\$0.00	\$8,038.92	\$0.00	\$0.00	\$0.00	\$2,241,073.40
IFRS-Magnolia 235600 - UGS	\$11,295.32	\$0.00	\$0.00	\$40.66	\$0.00	\$0.00	\$0.00	\$11,335.98
IFRS-Muldraugh 235300 - UGS	\$75,518.01	\$0.00	\$0.00	\$271.86	\$0.00	\$0.00	\$0.00	\$75,789.87
IFRS-Muldraugh 237520 - Gas Dist	\$5,947.71	\$0.00	\$0.00	\$21.41	\$0.00	\$0.00	\$0.00	\$5,969.12
IFRS-Riggs Junction 235120 - UGS	\$28,666.81	\$0.00	\$0.00	\$103.20	\$0.00	\$0.00	\$0.00	\$28,770.01
IFRS-Muldraugh Gas Storage Field -	\$912,405.65	\$0.00	\$0.00	\$2,671.07	\$0.00	\$0.00	\$0.00	\$915,076.72
IFRS-Center Gas Storage Field - UG	\$3,524,020.29	\$0.00	\$0.00	\$10,316.57	\$0.00	\$0.00	\$0.00	\$3,534,336.86
IFRS-Muldraugh 235600 - UGS	\$52,566.63	\$0.00	\$0.00	\$189.24	\$0.00	\$0.00	\$0.00	\$52,755.87
IFRS-Magnolia 235300 - UGS	\$99,703.55	\$0.00	\$0.00	\$358.93	\$0.00	\$0.00	\$0.00	\$100,062.48
GL Account Total:	\$12,947,474.66	\$0.00	\$0.00	\$39,716.36	\$0.00	\$0.00	\$0.00	\$12,987,191.02 (J)
230017-ASSET RETIREMENT OBLIGAT								
IFRS-Seventh and Ormsby - ComGe	\$121,386.77	\$0.00	\$0.00	\$436.99	\$0.00	\$0.00	\$0.00	\$121,823.76
GL Account Total:	\$121,386.77	\$0.00	\$0.00	\$436.99	\$0.00	\$0.00	\$0.00	\$121,823.76 (K)
Company Total:	\$61,754,829.94	\$0.00	\$0.00	\$200,242.85	\$0.00	\$0.00	\$0.00	\$61,955,072.79
Grand Total:	\$61,754,829.94	\$0.00	\$0.00	\$200,242.85	\$0.00	\$0.00	\$0.00	\$61,955,072.79 (L)

Account Balance for LG&E and IFRS Company

Period Name: AUG-2010

Account	Account	Company	Balance SUM		
			0100	0700	Sum
230012	ASSET RETIREMENT OBLIGATIONS - STEAM		(A) -25,469,430.42	-22,275,828.80	(C) -47,745,259.22
230013	ASSET RETIREMENT OBLIGATIONS - TRANSMISSION		(B) -13,502.22	-25,243.31	(D) -38,745.53
230015	ASSET RETIREMENT OBLIGATIONS - DISTRIBUTION		(E) -301,592.59	-921,082.44	(F) -1,222,675.03
230016	ASSET RETIREMENT OBLIGATIONS - GAS		(G) -8,568,992.32	-4,458,037.88	(H) -13,027,030.20
230017	ASSET RETIREMENT OBLIGATIONS - COMMON		(I) -29,901.01	-92,361.32	(J) -122,262.33
	Sum		(K) -34,383,418.56	-27,772,553.75	(L) -62,155,972.31

Charnas

Period Beginning: 8/1/2010

Period Ending: 8/1/2010

ARO Liability Balances and Activity

Company GL Account	Beginning Liability	Liabilities Incurred	Liabilities Settled	Accretion	Revisions	Gain/Loss	Accretion and Liab. Adjust	Ending Liability
LOUISVILLE GAS & ELECTRIC COMP								
230012-ASSET RETIREMENT OBLIGAT								
Paddy's (Unit 11) - ASB	\$1,723,076.64	\$0.00	\$0.00	\$8,165.13	\$0.00	\$0.00	\$0.00	\$1,731,241.77
MC-Landfill	\$4,317,304.13	\$0.00	\$0.00	\$23,089.71	\$0.00	\$0.00	\$0.00	\$4,340,393.84
Trn-MC2 GSU	\$2,346.82	\$0.00	\$0.00	\$12.55	\$0.00	\$0.00	\$0.00	\$2,359.37
MC-Hazardous Material Storage	\$15,836.28	\$0.00	\$0.00	\$84.70	\$0.00	\$0.00	\$0.00	\$15,920.98
MC-Nuclear Sources	\$12,684.88	\$0.00	\$0.00	\$67.84	\$0.00	\$0.00	\$0.00	\$12,752.72
TC-Coal Storage	\$108,159.98	\$0.00	\$0.00	\$578.46	\$0.00	\$0.00	\$0.00	\$108,738.44
Cane Run Unit 4 - ASB	\$369,344.53	\$0.00	\$0.00	\$1,750.21	\$0.00	\$0.00	\$0.00	\$371,094.74
Mill Creek Unit 3 - ASB	\$50,272.46	\$0.00	\$0.00	\$238.23	\$0.00	\$0.00	\$0.00	\$50,510.69
Trn-MC1 GSU	\$2,441.68	\$0.00	\$0.00	\$13.06	\$0.00	\$0.00	\$0.00	\$2,454.74
MC-Lab Chemical Disposal	\$1,582.39	\$0.00	\$0.00	\$8.46	\$0.00	\$0.00	\$0.00	\$1,590.85
CR-Coal Storage	\$217,499.32	\$0.00	\$0.00	\$1,163.23	\$0.00	\$0.00	\$0.00	\$218,662.55
CR-Ash Pond	\$3,047,526.58	\$0.00	\$0.00	\$16,298.72	\$0.00	\$0.00	\$0.00	\$3,063,825.30
Trn- CR Spare GSU	\$2,551.01	\$0.00	\$0.00	\$13.64	\$0.00	\$0.00	\$0.00	\$2,564.65
Trn-MC Spare GSU	\$1,585.02	\$0.00	\$0.00	\$8.48	\$0.00	\$0.00	\$0.00	\$1,593.50
Trn-CR6 GSU	\$2,552.29	\$0.00	\$0.00	\$13.65	\$0.00	\$0.00	\$0.00	\$2,565.94
MC-Chemical Storage	\$5,108.63	\$0.00	\$0.00	\$27.32	\$0.00	\$0.00	\$0.00	\$5,135.95
MC-Coal Storage	\$245,725.96	\$0.00	\$0.00	\$1,314.19	\$0.00	\$0.00	\$0.00	\$247,040.15
Cane Run Unit 6 - ASB	\$302,692.29	\$0.00	\$0.00	\$1,434.37	\$0.00	\$0.00	\$0.00	\$304,126.66
TC-Sewage Treatment Plant	\$1,742.90	\$0.00	\$0.00	\$9.32	\$0.00	\$0.00	\$0.00	\$1,752.22
Trn-MC 3 GSU	\$1,965.66	\$0.00	\$0.00	\$10.51	\$0.00	\$0.00	\$0.00	\$1,976.17
TC-Nuclear Sources	\$7,388.71	\$0.00	\$0.00	\$39.52	\$0.00	\$0.00	\$0.00	\$7,428.23
CR-Mercury Sources	\$4,235.44	\$0.00	\$0.00	\$22.65	\$0.00	\$0.00	\$0.00	\$4,258.09
MC-Ash Pond	\$2,952,440.83	\$0.00	\$0.00	\$15,790.18	\$0.00	\$0.00	\$0.00	\$2,968,231.01
Canal (Retired) - ASB	\$2,432,852.69	\$0.00	\$0.00	\$11,528.54	\$0.00	\$0.00	\$0.00	\$2,444,381.23
Trn-CR5 GSU	\$2,548.75	\$0.00	\$0.00	\$13.63	\$0.00	\$0.00	\$0.00	\$2,562.38
CR-Sewage Treatment Plant	\$4,237.39	\$0.00	\$0.00	\$22.66	\$0.00	\$0.00	\$0.00	\$4,260.05
CR-Nuclear Sources	\$37,385.25	\$0.00	\$0.00	\$199.94	\$0.00	\$0.00	\$0.00	\$37,585.19
Cane Run Unit 2 (Retired) - ASB	\$1,041,220.80	\$0.00	\$0.00	\$4,934.02	\$0.00	\$0.00	\$0.00	\$1,046,154.82
Ohio Falls - ASB	\$248,291.10	\$0.00	\$0.00	\$1,176.57	\$0.00	\$0.00	\$0.00	\$249,467.67
Trn-MC4 GSU	\$1,585.02	\$0.00	\$0.00	\$8.48	\$0.00	\$0.00	\$0.00	\$1,593.50
Trn-CR4 GSU	\$2,548.75	\$0.00	\$0.00	\$13.63	\$0.00	\$0.00	\$0.00	\$2,562.38

DISCOUNT
RATE
6.42%

Accretion = BL X DISCOUNT RATE + IZ ARO - 1000

ARO Liability Balances and Activity

Charnas

Period Beginning: 8/1/2010

Period Ending: 8/1/2010

Company GL Account	Beginning Liability	Liabilities Incurred	Liabilities Settled	Accretion	Revisions	Gain/Loss	Accretion and Liab. Adjust	Ending Liability
LOUISVILLE GAS & ELECTRIC COMP								
230012-ASSET RETIREMENT OBLIGAT								
Cane Run Unit 5 - ASB	\$306,563.74	\$0.00	\$0.00	\$1,452.71	\$0.00	\$0.00	\$0.00	\$308,016.45
Mill Creek Unit 4 - ASB	\$403,603.70	\$0.00	\$0.00	\$1,912.55	\$0.00	\$0.00	\$0.00	\$405,516.25
Mill Creek Unit 2 - ASB	\$481,219.56	\$0.00	\$0.00	\$2,280.35	\$0.00	\$0.00	\$0.00	\$483,499.91
CR-Land Fill	\$1,022,920.70	\$0.00	\$0.00	\$5,470.76	\$0.00	\$0.00	\$0.00	\$1,028,391.46
Cane Run Unit 1 (Retired) - ASB	\$1,105,296.03	\$0.00	\$0.00	\$5,237.66	\$0.00	\$0.00	\$0.00	\$1,110,533.69
Cane Run Unit 3 (Retired) - ASB	\$1,173,375.94	\$0.00	\$0.00	\$5,560.27	\$0.00	\$0.00	\$0.00	\$1,178,936.21
Zorn - ASB	\$16,299.35	\$0.00	\$0.00	\$77.24	\$0.00	\$0.00	\$0.00	\$16,376.59
Mill Creek Unit 1 - ASB	\$526,570.28	\$0.00	\$0.00	\$2,495.25	\$0.00	\$0.00	\$0.00	\$529,065.53
MC-Oil Storage	\$11,143.05	\$0.00	\$0.00	\$59.60	\$0.00	\$0.00	\$0.00	\$11,202.65
Waterside - ASB	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
TC-Chemical Storage	\$871.37	\$0.00	\$0.00	\$4.66	\$0.00	\$0.00	\$0.00	\$876.03
TC-Ash Pond	\$3,125,514.06	\$0.00	\$0.00	\$16,715.81	\$0.00	\$0.00	\$0.00	\$3,142,229.87
GL Account Total:	\$25,340,111.96	\$0.00	\$0.00	\$129,318.46	\$0.00	\$0.00	\$0.00	\$25,469,430.42 (A)
230013-ASSET RETIREMENT OBLIGAT								
LGE Transmission Subs (11) - ASB	\$13,438.54	\$0.00	\$0.00	\$63.68	\$0.00	\$0.00	\$0.00	\$13,502.22
GL Account Total:	\$13,438.54	\$0.00	\$0.00	\$63.68	\$0.00	\$0.00	\$0.00	\$13,502.22 (B)
230015-ASSET RETIREMENT OBLIGAT								
Manholes - ASB	\$148,023.17	\$0.00	\$0.00	\$701.44	\$0.00	\$0.00	\$0.00	\$148,724.61
LGE Distribution Subs (66) - ASB	\$152,147.00	\$0.00	\$0.00	\$720.98	\$0.00	\$0.00	\$0.00	\$152,867.98
GL Account Total:	\$300,170.17	\$0.00	\$0.00	\$1,422.42	\$0.00	\$0.00	\$0.00	\$301,592.59 (C)
230016-ASSET RETIREMENT OBLIGAT								
Muldrough 235600-ASB-UGS	\$20,262.36	\$0.00	\$0.00	\$96.02	\$0.00	\$0.00	\$0.00	\$20,358.38
City Gate Prest 237900-ASB-Dist	\$2,782.91	\$0.00	\$0.00	\$13.19	\$0.00	\$0.00	\$0.00	\$2,796.10
Magnolia 235300-ASB-UGS	\$44,106.46	\$0.00	\$0.00	\$209.01	\$0.00	\$0.00	\$0.00	\$44,315.47
Magnolia 235120-ASB-UGS	\$12,392.04	\$0.00	\$0.00	\$58.72	\$0.00	\$0.00	\$0.00	\$12,450.76
Gas Main & Serv Abandons-Dist	\$1,226,488.31	\$0.00	\$0.00	\$5,811.95	\$0.00	\$0.00	\$0.00	\$1,232,300.26
Muldrough 235120-ASB-UGS	\$17,583.13	\$0.00	\$0.00	\$83.32	\$0.00	\$0.00	\$0.00	\$17,666.45
Muldrough Gas Storage Field - UGS	\$671,818.15	\$0.00	\$0.00	\$3,093.65	\$0.00	\$0.00	\$0.00	\$674,911.80

ARO Liability Balances and Activity

Charnas

Period Beginning: 8/1/2010

Period Ending: 8/1/2010

Company GL Account	Beginning Liability	Liabilities Incurred	Liabilities Settled	Accretion	Revisions	Gain/Loss	Accretion and Liab. Adjust	Ending Liability
LOUISVILLE GAS & ELECTRIC COMP								
230016-ASSET RETIREMENT OBLIGAT								
Doe Run 235300-ASB-UGS	\$42,796.54	\$0.00	\$0.00	\$202.80	\$0.00	\$0.00	\$0.00	\$42,999.34
Magnolia 235600-ASB-UGS	\$4,353.97	\$0.00	\$0.00	\$20.63	\$0.00	\$0.00	\$0.00	\$4,374.60
Riggs Junction 235120-ASB-UGS	\$11,049.95	\$0.00	\$0.00	\$52.36	\$0.00	\$0.00	\$0.00	\$11,102.31
Magnolia Gas Storage Field - UGS	\$2,229,763.38	\$0.00	\$0.00	\$10,267.83	\$0.00	\$0.00	\$0.00	\$2,240,031.21
Center Gas Storage Field - UGS	\$2,238,149.79	\$0.00	\$0.00	\$10,306.45	\$0.00	\$0.00	\$0.00	\$2,248,456.24
City Gate DR 237900-ASB-Dist	\$2,782.91	\$0.00	\$0.00	\$13.19	\$0.00	\$0.00	\$0.00	\$2,796.10
Doe Run Gas Storage Field - UGS	\$1,968,884.22	\$0.00	\$0.00	\$9,066.51	\$0.00	\$0.00	\$0.00	\$1,977,950.73
Muldraugh 237520-ASB-Gas Dist	\$2,903.04	\$0.00	\$0.00	\$13.76	\$0.00	\$0.00	\$0.00	\$2,916.80
Muldraugh 235300-ASB-UGS	\$33,407.46	\$0.00	\$0.00	\$158.31	\$0.00	\$0.00	\$0.00	\$33,565.77
GL Account Total:	\$8,529,524.62	\$0.00	\$0.00	\$39,467.70	\$0.00	\$0.00	\$0.00	\$8,568,992.32
230017-ASSET RETIREMENT OBLIGAT								
Seventh&Ormsby - ComGenPln-ASE	\$29,759.99	\$0.00	\$0.00	\$141.02	\$0.00	\$0.00	\$0.00	\$29,901.01
GL Account Total:	\$29,759.99	\$0.00	\$0.00	\$141.02	\$0.00	\$0.00	\$0.00	\$29,901.01
Company Total:	\$34,213,005.28	\$0.00	\$0.00	\$170,413.28	\$0.00	\$0.00	\$0.00	\$34,383,418.56
Grand Total:	\$34,213,005.28	\$0.00	\$0.00	\$170,413.28	\$0.00	\$0.00	\$0.00	\$34,383,418.56

(D)

(E)

(F)

Company GL Account	Beginning Liability	Liabilities Incurred	Liabilities Settled	Accretion	Revisions	Gain/Loss	Accretion and Liab. Adjust	Ending Liability
LOUISVILLE GAS & ELECTRIC COMP								
230012-ASSET RETIREMENT OBLIGAT								
IFRS-Trn-CR5 GSU	\$3,316.48	\$0.00	\$0.00	\$8.34	\$0.00	\$0.00	\$0.00	\$3,324.82
IFRS-MC-Landfill	\$7,391,141.04	\$0.00	\$0.00	\$23,392.96	\$0.00	\$0.00	\$0.00	\$7,414,534.00
IFRS-Trn-MC Spare GSU	\$2,712.33	\$0.00	\$0.00	\$8.58	\$0.00	\$0.00	\$0.00	\$2,720.91
IFRS-Zorn - ASB	\$44,140.47	\$0.00	\$0.00	\$158.91	\$0.00	\$0.00	\$0.00	\$44,299.38
IFRS-MC-Lab Chemical Disposal	\$2,712.33	\$0.00	\$0.00	\$8.58	\$0.00	\$0.00	\$0.00	\$2,720.91
IFRS-Waterside - ASB	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
IFRS-Mill Creek Unit 2 - ASB	\$1,303,192.72	\$0.00	\$0.00	\$4,691.49	\$0.00	\$0.00	\$0.00	\$1,307,884.21
IFRS-Mill Creek Unit 1 - ASB	\$1,494,467.72	\$0.00	\$0.00	\$5,380.08	\$0.00	\$0.00	\$0.00	\$1,499,847.80
IFRS-CR-Coal Storage	\$283,013.56	\$0.00	\$0.00	\$711.54	\$0.00	\$0.00	\$0.00	\$283,725.10
IFRS-Trn-CR4 GSU	\$3,316.48	\$0.00	\$0.00	\$8.34	\$0.00	\$0.00	\$0.00	\$3,324.82
IFRS-Cane Run Unit 1 (Retired) - AS	\$1,900,073.88	\$0.00	\$0.00	\$6,615.42	\$0.00	\$0.00	\$0.00	\$1,906,689.30
IFRS-MC-Hazardous Material Storang	\$27,123.23	\$0.00	\$0.00	\$85.85	\$0.00	\$0.00	\$0.00	\$27,209.08
IFRS-Trn-MC1 GSU	\$3,251.12	\$0.00	\$0.00	\$8.65	\$0.00	\$0.00	\$0.00	\$3,259.77
IFRS-TC-Sewage Treatment Plant	\$3,273.26	\$0.00	\$0.00	\$11.01	\$0.00	\$0.00	\$0.00	\$3,284.27
IFRS-MC-Nuclear Sources	\$21,698.58	\$0.00	\$0.00	\$68.68	\$0.00	\$0.00	\$0.00	\$21,767.26
IFRS-TC-Chemical Storage	\$1,636.83	\$0.00	\$0.00	\$5.50	\$0.00	\$0.00	\$0.00	\$1,642.33
IFRS-CR-Ash Pond	\$3,965,504.72	\$0.00	\$0.00	\$9,969.94	\$0.00	\$0.00	\$0.00	\$3,975,474.66
IFRS-CR-Nuclear Sources	\$48,642.83	\$0.00	\$0.00	\$122.30	\$0.00	\$0.00	\$0.00	\$48,765.13
IFRS-Canal (Retired) - ASB	\$4,182,228.14	\$0.00	\$0.00	\$14,561.12	\$0.00	\$0.00	\$0.00	\$4,196,789.26
IFRS-CR-Sewage Treatment Plant	\$5,527.74	\$0.00	\$0.00	\$13.90	\$0.00	\$0.00	\$0.00	\$5,541.64
IFRS-CR-Land Fill	\$1,331,047.26	\$0.00	\$0.00	\$3,346.47	\$0.00	\$0.00	\$0.00	\$1,334,393.73
IFRS-MC-Oil Storage	\$16,935.48	\$0.00	\$0.00	\$50.24	\$0.00	\$0.00	\$0.00	\$16,985.72
IFRS-Cane Run Unit 3 (Retired) - AS	\$2,017,107.58	\$0.00	\$0.00	\$7,022.90	\$0.00	\$0.00	\$0.00	\$2,024,130.48
IFRS-Cane Run Unit 2 (Retired) - AS	\$1,789,924.74	\$0.00	\$0.00	\$6,231.92	\$0.00	\$0.00	\$0.00	\$1,796,156.66
IFRS-Trn-MC 3 GSU	\$2,988.61	\$0.00	\$0.00	\$8.87	\$0.00	\$0.00	\$0.00	\$2,997.48
IFRS-Paddy's (Unit 11) - ASB	\$4,666,270.66	\$0.00	\$0.00	\$16,798.58	\$0.00	\$0.00	\$0.00	\$4,683,069.24
IFRS-CR-Mercury Sources	\$5,527.74	\$0.00	\$0.00	\$13.90	\$0.00	\$0.00	\$0.00	\$5,541.64
IFRS-TC-Nuclear Sources	\$13,911.45	\$0.00	\$0.00	\$46.78	\$0.00	\$0.00	\$0.00	\$13,958.23
IFRS-Ohio Falls - ASB	\$426,828.12	\$0.00	\$0.00	\$1,486.07	\$0.00	\$0.00	\$0.00	\$428,314.19
IFRS-Trn- CR Spare GSU	\$3,316.48	\$0.00	\$0.00	\$8.34	\$0.00	\$0.00	\$0.00	\$3,324.82
IFRS-Cane Run Unit 4 - ASB	\$1,309,498.42	\$0.00	\$0.00	\$4,714.19	\$0.00	\$0.00	\$0.00	\$1,314,212.61

ARO Liability Balances and Activity

Charnas

Period Beginning: 8/1/2010

Period Ending: 8/1/2010

	Beginning Liability	Liabilities Incurred	Liabilities Settled	Accretion	Revisions	Gain/Loss	Accretion and Liab. Adjust	Ending Liability
ELECTRIC COMP								
IREMENT OBLIGAT								
SU	\$3,175.12	\$0.00	\$0.00	\$8.92	\$0.00	\$0.00	\$0.00	\$3,184.04
Unit 6 - ASB	\$1,248,542.66	\$0.00	\$0.00	\$4,494.75	\$0.00	\$0.00	\$0.00	\$1,253,037.41
cal Storage	\$6,632.97	\$0.00	\$0.00	\$16.68	\$0.00	\$0.00	\$0.00	\$6,649.65
torage	\$327,249.94	\$0.00	\$0.00	\$870.76	\$0.00	\$0.00	\$0.00	\$328,120.70
ond	\$4,486,903.66	\$0.00	\$0.00	\$13,311.15	\$0.00	\$0.00	\$0.00	\$4,500,214.81
Unit 4 - ASB	\$1,093,000.28	\$0.00	\$0.00	\$3,934.80	\$0.00	\$0.00	\$0.00	\$1,096,935.08
orage	\$203,763.02	\$0.00	\$0.00	\$685.15	\$0.00	\$0.00	\$0.00	\$204,448.17
iSU	\$2,712.33	\$0.00	\$0.00	\$8.58	\$0.00	\$0.00	\$0.00	\$2,720.91
Unit 5 - ASB	\$1,067,777.26	\$0.00	\$0.00	\$3,844.00	\$0.00	\$0.00	\$0.00	\$1,071,621.26
Unit 3 - ASB	\$987,904.17	\$0.00	\$0.00	\$3,556.46	\$0.00	\$0.00	\$0.00	\$991,460.63
ond	\$5,887,854.38	\$0.00	\$0.00	\$19,797.91	\$0.00	\$0.00	\$0.00	\$5,907,652.29
iSU	\$3,316.48	\$0.00	\$0.00	\$8.34	\$0.00	\$0.00	\$0.00	\$3,324.82
GL Account Total:	\$47,589,162.27	\$0.00	\$0.00	\$156,096.95	\$0.00	\$0.00	\$0.00	\$47,745,259.22 (G)
IREMENT OBLIGAT								
mission Subs (11) -	\$38,606.55	\$0.00	\$0.00	\$138.98	\$0.00	\$0.00	\$0.00	\$38,745.53 (H)
GL Account Total:	\$38,606.55	\$0.00	\$0.00	\$138.98	\$0.00	\$0.00	\$0.00	\$38,745.53 (H)
IREMENT OBLIGAT								
- ASB	\$798,070.37	\$0.00	\$0.00	\$2,873.05	\$0.00	\$0.00	\$0.00	\$800,943.42
on Substations (66)	\$420,218.82	\$0.00	\$0.00	\$1,512.79	\$0.00	\$0.00	\$0.00	\$421,731.61
GL Account Total:	\$1,218,289.19	\$0.00	\$0.00	\$4,385.84	\$0.00	\$0.00	\$0.00	\$1,222,675.03 (I)
IREMENT OBLIGAT								
ction 235120 - UGS	\$28,770.01	\$0.00	\$0.00	\$103.57	\$0.00	\$0.00	\$0.00	\$28,873.58
Doe Run 237900 - Ga	\$7,104.30	\$0.00	\$0.00	\$25.58	\$0.00	\$0.00	\$0.00	\$7,129.88
235600 - UGS	\$11,335.98	\$0.00	\$0.00	\$40.81	\$0.00	\$0.00	\$0.00	\$11,376.79
Preston 237900 - Ga:	\$7,104.30	\$0.00	\$0.00	\$25.58	\$0.00	\$0.00	\$0.00	\$7,129.88
Gas Storage Field - U	\$2,681,797.48	\$0.00	\$0.00	\$7,850.96	\$0.00	\$0.00	\$0.00	\$2,689,648.44
gh 235120 - UGS	\$45,779.87	\$0.00	\$0.00	\$164.81	\$0.00	\$0.00	\$0.00	\$45,944.68
gh 235600 - UGS	\$52,755.87	\$0.00	\$0.00	\$189.92	\$0.00	\$0.00	\$0.00	\$52,945.79

ARO Liability Balances and Activity

Charnas Period Beginning: 8/1/2010

Period Ending: 8/1/2010

Company GL Account	Beginning Liability	Liabilities Incurred	Liabilities Settled	Accretion	Revisions	Gain/Loss	Accretion and Liab. Adjust	Ending Liability
LOUISVILLE GAS & ELECTRIC COMP								
230016-ASSET RETIREMENT OBLIGAT								
IFRS-Muldraugh Gas Storage Field -	\$915,076.72	\$0.00	\$0.00	\$2,678.89	\$0.00	\$0.00	\$0.00	\$917,755.61
IFRS-Center Gas Storage Field - UG	\$3,534,336.86	\$0.00	\$0.00	\$10,346.77	\$0.00	\$0.00	\$0.00	\$3,544,683.63
IFRS-Gas Main & Serv Abandons - C	\$2,241,073.40	\$0.00	\$0.00	\$8,067.86	\$0.00	\$0.00	\$0.00	\$2,249,141.26
IFRS-Magnolia Gas Storage Field - l	\$3,150,880.45	\$0.00	\$0.00	\$9,224.20	\$0.00	\$0.00	\$0.00	\$3,160,104.65
IFRS-Muldraugh 237520 - Gas Dist	\$5,969.12	\$0.00	\$0.00	\$21.49	\$0.00	\$0.00	\$0.00	\$5,990.61
IFRS-Magnolia 235120 - UGS	\$32,263.89	\$0.00	\$0.00	\$116.15	\$0.00	\$0.00	\$0.00	\$32,380.04
IFRS-Doe Run 235300 - UGS	\$97,090.42	\$0.00	\$0.00	\$349.53	\$0.00	\$0.00	\$0.00	\$97,439.95
IFRS-Magnolia 235300 - UGS	\$100,062.48	\$0.00	\$0.00	\$360.22	\$0.00	\$0.00	\$0.00	\$100,422.70
IFRS-Muldraugh 235300 - UGS	\$75,789.87	\$0.00	\$0.00	\$272.84	\$0.00	\$0.00	\$0.00	\$76,062.71
GL Account Total:	\$12,987,191.02	\$0.00	\$0.00	\$39,839.18	\$0.00	\$0.00	\$0.00	\$13,027,030.20
230017-ASSET RETIREMENT OBLIGAT								
IFRS-Seventh and Ormsby - ComGe	\$121,823.76	\$0.00	\$0.00	\$438.57	\$0.00	\$0.00	\$0.00	\$122,262.33
GL Account Total:	\$121,823.76	\$0.00	\$0.00	\$438.57	\$0.00	\$0.00	\$0.00	\$122,262.33
Company Total:	\$61,955,072.79	\$0.00	\$0.00	\$200,899.52	\$0.00	\$0.00	\$0.00	\$62,155,972.31
Grand Total:	\$61,955,072.79	\$0.00	\$0.00	\$200,899.52	\$0.00	\$0.00	\$0.00	\$62,155,972.31

ARO Estimate Screen (CR-Ash Pond)

10 Description: CR-Ash Pond

Layer #: 1 Initial Expected Bal: \$293,090.00 Discount Rate: 6.42%

Comments: 12/31/17 Layer Asset Value: \$293,090.00 Annual Eff. Rate: 6.61%

Revision Layer: New Incurred Layer Status: Active Risk Free Rate: 0.00%

End of Depr. Life: 00/0000 GL Posting Mo Yr: 12/2003 Approval Date: 12/31/2003 0

Current Liability: New Liability: Rate Type: Standard

Click on Cell to Edit the Cash Flow Item

Month Yr	Starting Estimate	(Prior Layer(s) Settlement Adjust.	Stream 1 Gross	Stream 2 Gross	Stream 3 Gross	Gross Weighted Est. Layer 1	Net Change
	Stream Prob.:		100.00%	0.00%	0.00%		
12/2017	0.00	0.00	3,587,000.00	0.00	0.00	3,587,000.00	3,587,000.00 <input type="checkbox"/>
00/0000	0.00		0.00	0.00	0.00	0.00	0.00 <input type="checkbox"/>
Total:	0.00	0.00	3,587,000.00	0.00	0.00	3,587,000.00	3,587,000.00

Update Layer | Calc Layer Bal | Approve Layer | Book to Pend. | Cancel

Crescente, Angela

From: jdahlby@pwrplan.com
Sent: Wednesday, November 24, 2010 2:11 PM
To: Crescente, Angela; Josh Hirschel; Jim Ogilvie; Ann Koch; support
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: Re: Accretion

What report are you reviewing for December? Can you send an example of the ARO-1008 Report for something in question?

Thanks,

Jim Dahlby
678-269-7950

Sent from mobile device.

----- Reply message -----

From: "Crescente, Angela" <Angela.Crescente@lge-ku.com>
Date: Wed, Nov 24, 2010 1:05 pm
Subject: Accretion
To: "Josh Hirschel" <jhirschel@pwrplan.com>, "Jim Ogilvie" <jogilvie@pwrplan.com>, "Ann Koch" <akoch@pwrplan.com>, "support" <support@pwrplan.com>, "Jim Dahlby" <jdahlby@pwrplan.com>
Cc: "Wacker, Diana" <Diana.Wacker@lge-ku.com>, "Kinder, Debra" <Debra.Kinder@lge-ku.com>, "Wiseman, Sara" <Sara.Wiseman@lge-ku.com>

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<<Angela0001.pdf>>

Thanks,

Angela

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Crescente, Angela

From: jdahlby@pwrplan.com
Sent: Wednesday, November 24, 2010 2:49 PM
To: Crescente, Angela
Cc: Wiseman, Sara
Subject: Re: Accretion

I'll review the reports over the holiday and we can touch base Mon

Thanks,

Jim Dahlby
678-269-7950

Sent from mobile device.

----- Reply message -----

From: "Crescente, Angela" <Angela.Crescente@lge-ku.com>
Date: Wed, Nov 24, 2010 2:33 pm
Subject: Accretion
To: <jdahlby@pwrplan.com>
Cc: "Wiseman, Sara" <Sara.Wiseman@lge-ku.com>

Jim:

Are you going to be needing me anymore today to answer questions or should I go ahead and leave the office for the Thanksgiving Holiday (since we have been granted permission)? Since you are on your mobile, I thought you might be traveling as well. If you need me, I will be happy to stick around to get this resolved. Just let me know.

From: jdahlby@pwrplan.com [<mailto:jdahlby@pwrplan.com>]
Sent: Wednesday, November 24, 2010 2:11 PM
To: Crescente, Angela; Josh Hirschel; Jim Ogilvie; Ann Koch; support
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Date: Wed, Nov 24, 2010 1:05 pm

Subject: Accretion

To: "Josh Hirschel" <jhirschel@pwrplan.com>, "Jim Ogilvie" <jogilvie@pwrplan.com>, "Ann Koch" <akoch@pwrplan.com>, "support" <support@pwrplan.com>, "Jim Dahlby" <jdahlby@pwrplan.com>
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Thanks,

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Crescente, Angela

From: Jim Dahlby <jdahlby@pwrplan.com>
Sent: Saturday, November 27, 2010 9:06 AM
To: Crescente, Angela; 'Josh Hirschel'; 'Jim Ogilvie'; 'Ann Koch'; 'support'
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: RE: Re: Accretion

Based on this report I would expect the Accretion around 41K. Did it book a journal entry for the 121K?

Jim Dahlby
PowerPlan Consultants
jdahlby@pwrplan.com
(678) 269-7950

From: Crescente, Angela [<mailto:Angela.Crescente@lge-ku.com>]
Sent: Wednesday, 24 November, 2010 02:26 PM
To: jdahlby@pwrplan.com; Josh Hirschel; Jim Ogilvie; Ann Koch; support
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: RE: Re: Accretion

Jim:

I have also attached ARO-1008 for November because it appears to be calculating correctly the first month (November).

Thanks,
Angela

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Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
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678-269-7950

Sent from mobile device.

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Date: Wed, Nov 24, 2010 1:05 pm
Subject: Accretion
To: "Josh Hirschel" <jhirschel@pwrplan.com>, "Jim Ogilvie" <jogilvie@pwrplan.com>, "Ann Koch" <akoch@pwrplan.com>, "support" <support@pwrplan.com>, "Jim Dahlby" <jdahlby@pwrplan.com>

Charnas

Cc: "Wacker, Diana" <Diana.Wacker@lge-ku.com>, "Kinder, Debra" <Debra.Kinder@lge-ku.com>, "Wiseman, Sara" <Sara.Wiseman@lge-ku.com>

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Crescente, Angela

From: Charnas, Shannon
Sent: Sunday, November 28, 2010 5:11 PM
To: Wiseman, Sara
Cc: Wacker, Diana; Crescente, Angela
Subject: RE: ARO entries

Please leave the entries for me and I will sign and give them to Valerie for her signature.

Thanks,

Shannon Charnas

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

From: Wiseman, Sara
Sent: Wednesday, November 24, 2010 1:35 PM
To: Charnas, Shannon
Cc: Wacker, Diana; Crescente, Angela
Subject: ARO entries

Shannon:

We have prepared the opening balance entries for the ARO and posted them to the ledger as agreed upon in our meeting last Friday. The need Valerie's and your signatures. How would you like for me to go about obtaining those?

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

Crescente, Angela

From: Jim Dahlby <jdahlby@pwrplan.com>
Sent: Monday, November 29, 2010 6:46 AM
To: Crescente, Angela; 'Josh Hirschel'; 'Jim Ogilvie'; 'Ann Koch'; 'support'
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: RE: Re: Accretion

Angela-

Do you know if the test database was refreshed over the holiday? If so we need to re-create this ARO so we can investigate the data. I agree the report is not producing the correct results.

Thanks,

Jim Dahlby
PowerPlan Consultants
jdahlby@pwrplan.com
(678) 269-7950

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Jim Dahlby
678-269-7950

Sent from mobile device.

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Date: Wed, Nov 24, 2010 1:05 pm

Subject: Accretion

To: "Josh Hirschel" <jhirschel@pwrplan.com>, "Jim Ogilvie" <jogilvie@pwrplan.com>, "Ann Koch" <akoch@pwrplan.com>, "support" <support@pwrplan.com>, "Jim Dahlby" <jdahlby@pwrplan.com>
Cc: "Wacker, Diana" <Diana.Wacker@lge-ku.com>, "Kinder, Debra" <Debra.Kinder@lge-ku.com>, "Wiseman, Sara" <Sara.Wiseman@lge-ku.com>

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Crescente, Angela

From: Richardson, Ralph
Sent: Monday, November 29, 2010 10:53 AM
To: Crescente, Angela
Subject: RE: ARO adjustment

Done in DEV.

From: Crescente, Angela
Sent: Monday, November 29, 2010 10:42 AM
To: Richardson, Ralph
Subject: FW: ARO adjustment

Ralph,

Do you still have this script (I think you had to fix some of it before you ran it in DEV)? If so, please run in DEV again for me. Thanks!

From: Crescente, Angela
Sent: Monday, November 22, 2010 8:42 AM
To: Duce, John; Richardson, Ralph
Subject: FW: ARO adjustment

John or Ralph,

Please run this script in PTAXDEV when you get a chance.

Thanks,
Angela

CHANGE OF DISTRIBUTION REQUEST FORM

***** If procard transaction, copy of cardholder statement must accompany request *****

Vendor Name: Incorp

Original Invoice Number / Expense ID Number: 2085455 (Show leading zeros if they exist); see Help worksheet if necessary

PO Number: 510543

Charges to be Reversed (show amount as negative)						Charges to Target				
Project	Task	Exp Type	Exp Org	Direct - "Raw" Amount (*)		Project	Task	Exp Type	Exp Org	Direct - "Raw" Amount (*)
124005	108901	0301	016120	(46,897.00)		124005	CP ASBESTOS	0301	016120	46,897.00
124005	108901	0303	016120	(14,526.00)		124005	CP ASBESTOS	0303	016120	14,526.00
Total				(61,423.00)		Total				61,423.00

Sandy Laster
Prepared By (Printed)

Preparer's Signature

11/7/2011
Date

Approved By (Printed)

Approver's Signature

11/7/2011
Date

(*): Accounting & Amount being reversed should match direct charge of original invoice distribution line.

Crescente, Angela

From: Jim Dahlby <jdahlby@pwrplan.com>
Sent: Monday, November 29, 2010 1:35 PM
To: Crescente, Angela; 'Josh Hirschel'; 'Jim Ogilvie'; 'Ann Koch'; 'support'
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: RE: Re: Accretion

Let us know when you have some data available for us to analyze.

Thanks,

Jim Dahlby
PowerPlan Consultants
jdahlby@pwrplan.com
(678) 269-7950

From: Crescente, Angela [mailto:Angela.Crescente@lge-ku.com]
Sent: Monday, 29 November, 2010 09:11 AM
To: Jim Dahlby; Josh Hirschel; Jim Ogilvie; Ann Koch; support
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: RE: Re: Accretion

Jim,

Yes it was supposed to be refreshed and we are planning on re-creating all of the transition AROs early this week. We will do KU first since that is the company that this particular ARO is on so you can take a look at it. I will let you know as soon as it is done.

Thanks,
Angela

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Crescente, Angela

From: Wiseman, Sara
Sent: Monday, November 29, 2010 2:40 PM
To: Crescente, Angela; Charnas, Shannon
Cc: Erskine, Greg
Subject: RE: Product Codes

Shannon:

Just to clarify: We asked Greg for direction on this, but he thought we should check with you for a final decision.

From: Crescente, Angela
Sent: Monday, November 29, 2010 2:30 PM
To: Charnas, Shannon
Cc: Wiseman, Sara
Subject: RE: Product Codes

Shannon:

I understand that AROs are being treated differently than the other purchase-accounting-adjustments. Therefore, I am unsure as to how I should set up the entries, especially for the monthly activity that occurs. Should the AROs only be viewed as another revaluation in this case and use the same product codes that have always been used only with the new purchase accounting organizations?

Thanks,
Angela

From: Erskine, Greg
Sent: Monday, November 29, 2010 1:54 PM
To: Pienaar, Lesley; Wiseman, Sara; Raible, Eric; Elmore, Barry; Skaggs, Jennifer; Boyd, Delicia; Thompson-Long, Esther
Subject: RE: Product Codes

Please use additions in scope to set up the purchase-accounting-adjustment beginning balances. And please make sure that the total of all the additions-in-scope product codes in each purchase-accounting-adjustment equals zero.

Please do not use additions in scope to record regular activity in the purchase-accounting-adjustment accounts in November and later months after you set up the beginning balances.

Sorry for the confusion.

Greg

From: Pienaar, Lesley
Sent: Monday, November 29, 2010 1:49 PM
To: Wiseman, Sara; Raible, Eric; Elmore, Barry; Skaggs, Jennifer; Boyd, Delicia; Thompson-Long, Esther
Cc: Erskine, Greg
Subject: RE: Product Codes

Per Greg it needs to be additions in scope.

From: Pienaar, Lesley
Sent: Monday, November 29, 2010 1:48 PM
To: Wiseman, Sara; Raible, Eric; Elmore, Barry; Skaggs, Jennifer; Boyd, Delicia; Thompson-Long, Esther
Cc: Erskine, Greg
Subject: Product Codes

All,
I just spoke to Greg and he was wondering what product codes you were using for your purchase accounting journal entries? If you have any questions about them please discuss them with Greg. Per Greg we should be using disposals or additions in scope.
Lesley

Lesley-Ann Pienaar
Manager Corporate Accounting
Tel: 502 627 2861
e-mail: Lesley.Pienaar@lge-ku.com

Please note that my e-mail address has changed from Lesley.Pienaar@eon-us.com to Lesley.Pienaar@lge-ku.com. Please take this opportunity to update my address in your address book and delete the old e-mail address immediately. The old e-mail address will soon expire, and I will no longer be able to receive e-mails at that address.

Crescente, Angela

From: Kuhl, Megan
Sent: Monday, November 29, 2010 3:20 PM
To: Crescente, Angela
Subject: FW: Discrepancy between Oracle and PowerPlant

From: Dowd, Deborah
Sent: Monday, November 29, 2010 2:51 PM
To: Chapman, Laura; Kuhl, Megan
Subject: FW: Discrepancy between Oracle and PowerPlant

Hi Again. Any thoughts as to why account 108799 is not include in the cost of removal?

From: Dowd, Deborah
Sent: Monday, November 29, 2010 9:32 AM
To: Chapman, Laura; Kuhl, Megan
Cc: Cosby, David; Neal, Susan; Yeary, William
Subject: Discrepancy between Oracle and PowerPlant

Good Morning Laura and Megan,

We are currently working on our putting our forecast into the Project Management Module. In the project below, Brown's 124260, BR1 B Heater Repl 12, PowerPlant is missing the ARO portion (Account 108799) of the project which is \$19,326.50 for the month of October. Below is a screen shot from PowerPlant showing October Spend of \$74,308. Just below the screen shot is a table from Oracle that shows project spending of \$93,635.

How do we get the project corrected? How do we manage our projects if this account (108799) being ignored?

Any input would be greatly appreciated.

Thank you.

Deborah

PowerPlant PTAXPROD Database

File Edit Subsystem Batch Admin Preferences Window Help

Grid Estimates

Fund Proj: 124260 Construction \$36,673.00 Retirements \$0.00 Credits \$0.00 Start Date: 7/1/2009 Budg Ver / Revision
 Revision: 16 Expense \$0.00 Removal \$21,000.16 Jobbing \$0.00 End Date: 1/1/2011 2010FC-10and2

Fund Proj	Rev Exp Type	Est Charge Type	Expenditure Or Job Task	Description	Curve	Total	October 2010	November 2010	Dec
Dollars	16	Capit Invest	F751-OVERHEADS	016220-016221InvestSum	<none>	\$0.00	\$543.19	\$0.00	\$0.00
Dollars	16	Capit Invest	F700-WAREHOUSE	016220-016221InvestSum Warehouse General	<none>	\$1537.820	\$0.00	\$0.00	\$0.00
Dollars	16	Capit Invest	F799-OVERHEADS	016220-016221InvestSum	<none>	\$937.00	\$937.00	\$0.00	\$0.00
Dollars	16	Capit Invest	Company Labor	016220-01622107001-101	<none>	(\$1,299.56)	\$0.00	\$0.00	\$0.00
Dollars	16	Capit Invest	Local Engineering	016220-01622107001-101	<none>	(\$1,260.65)	\$0.00	\$0.00	\$0.00
Dollars	16	Capit Invest	Miscellaneous	016220-01622107001-101	<none>	(\$51,227.33)	\$0.00	\$0.00	\$0.00
Dollars	16	Capit Invest	Other	016220-01622107001-101	<none>	\$110.00	\$0.00	\$0.00	\$0.00
Dollars	16	Cost of Rem	F110-Labor BU Shop	016220-016221RelieSum	<none>	\$0.00	\$538.94	\$0.00	\$0.00
Dollars	16	Cost of Rem	F126-Labor Overtime	016220-016221RelieSum	<none>	\$0.00	\$276.66	\$0.00	\$0.00
Dollars	16	Cost of Rem	F901-Outside Service	016220-01622109901-101	<none>	\$19,737.00	\$0.00	\$19,737.00	\$0.00
Dollars	16	Cost of Rem	F706-OVERHEADS	016220-016221RelieSum	<none>	\$19.57	\$19.57	\$0.00	\$0.00
Dollars	16	Cost of Rem	F705-OVERHEADS	016220-01622100301-10000-KU	<none>	\$473.63	\$0.00	\$473.63	\$0.00
Dollars	16	Cost of Rem	F706-OVERHEADS	016220-016221RelieSum ALG-KU	<none>	\$19.57	\$0.00	\$0.00	\$0.00
Dollars	16	Cost of Rem	F707-OVERHEADS	016220-016221RelieSum	<none>	\$32.62	\$32.62	\$0.00	\$0.00
Dollars	16	Cost of Rem	F707-OVERHEADS	016220-01622100301-10000-Engineering OH - Ge	<none>	\$788.43	\$0.00	\$788.43	\$0.00
Dollars	16	Cost of Rem	F707-OVERHEADS	016220-016221RelieSum Engineering OH - Ge	<none>	\$32.62	\$0.00	\$0.00	\$0.00
Dollars	16	Cost of Rem	F750-OVERHEADS	016220-016221RelieSum	<none>	\$238.80	\$238.80	\$0.00	\$0.00
Dollars	16	Cost of Rem	F750-OVERHEADS	016220-016221RelieSum Pension-KU	<none>	\$238.80	\$0.00	\$0.00	\$0.00
Dollars	16	Cost of Rem	F751-OVERHEADS	016220-016221RelieSum	<none>	\$0.00	\$101.56	\$0.00	\$0.00
						\$57,673.16	\$74,300.30	\$30,002.67	\$0.00

View Options: Collapse All Monthly View Annual View

Edit Options: User Options... Insert Copy Delete

Update Cancel X+Y

Rows 21 to 39 of 39

Org	Exp Org Number	ExpCat	Project Number	Project name	Task GI Account	Expenditure Type	Act (MTD)
016220	016220	NONLABOR	124260	BR1 B Heater Repl 12	107001	0280 WM PLANT	22
016220	016220	NONLABOR	124260	BR1 B Heater Repl 12	107001	0301 OS OTHER LABOR 3RD PARTY	66,221
016220	016220	NONLABOR	124260	BR1 B Heater Repl 12	108799	0301 OS OTHER LABOR 3RD PARTY	19,327
016220	016220	NONLABOR	124260	BR1 B Heater Repl 12	108901	0301 OS OTHER LABOR 3RD PARTY	0
016220	016220	NONLABOR	124260	BR1 B Heater Repl 12	107001	0304 OS RESIDENT CONTRACTOR	0
016220	016220	NONLABOR	124260	BR1 B Heater Repl 12	107001	0427 PM OTHER	0
016220	016220	NONLABOR	124260	BR1 B Heater Repl 12	107001	0630 FEES PERMITS AND LICENSES	904
016220	016250	LABOR	124260	BR1 B Heater Repl 12	107001	0125 LABOR HOURLY NON UNION ST	1,400
016220	016250	LABOR	124260	BR1 B Heater Repl 12	107001	0126 LABOR HOURLY NON UNION OT	715
016220	016250	NONLABOR	124260	BR1 B Heater Repl 12	107001	0280 WM PLANT	3,566
016220	016250	NONLABOR	124260	BR1 B Heater Repl 12	107001	0512 TE VEHICLE EQUIPMENT ALLO	0

Charnas

016220	016260	LABOR	124260	BR1 B Heater Repl 12	108901	0125 LABOR HOURLY NON UNION ST	1,129
016220	016260	LABOR	124260	BR1 B Heater Repl 12	108901	0126 LABOR HOURLY NON UNION OT	350
016220	016360	NONLABOR	124260	BR1 B Heater Repl 12	107001	0641 TRAVEL	0
016220	016360	NONLABOR	124260	BR1 B Heater Repl 12	107001	0642 MEALS ENTER PART DEDUCT	0
016220	023060	NONLABOR	124260	BR1 B Heater Repl 12	107001	0642 MEALS ENTER PART DEDUCT	0
							93,635

Crescente, Angela

From: Leenerts, Patricia
Sent: Monday, November 29, 2010 7:15 PM
To: Crescente, Angela; Riggs, Eric
Subject: Project 123048

Angela,
The Ft Knox Metering Facility was demolished. The asbestos abatement is \$3,500. I'm not sure that this is included in any of the ARO child assets. There is another ~\$10,000 for normal cost of removal which may also include retiring the regulator as well as the non-asbestos part of the building. I'm checking to see exactly what was retired. All charges have been charged to the FTKNOXAIRPT task – 108901.

It looks like asset 10159414 is the structure asset that I would retire regarding the asbestos.

Thanks,

Pat
502-627-3811

Crescente, Angela

From: Wiseman, Sara
Sent: Tuesday, November 30, 2010 6:22 AM
To: Crescente, Angela
Subject: FW: Product Codes

In case Debbie did not tell you, Shannon says do the best you can on product codes but they mean very little. She is not overly concerned with them. Essentially, the same message I brought back a week or so ago. ☺

From: Crescente, Angela
Sent: Monday, November 29, 2010 2:30 PM
To: Charnas, Shannon
Cc: Wiseman, Sara
Subject: RE: Product Codes

Shannon:

I understand that AROs are being treated differently than the other purchase-accounting-adjustments. Therefore, I am unsure as to how I should set up the entries, especially for the monthly activity that occurs. Should the AROs only be viewed as another revaluation in this case and use the same product codes that have always been used only with the new purchase accounting organizations?

Thanks,
Angela

From: Erskine, Greg
Sent: Monday, November 29, 2010 1:54 PM
To: Pienaar, Lesley; Wiseman, Sara; Raible, Eric; Elmore, Barry; Skaggs, Jennifer; Boyd, Delicia; Thompson-Long, Esther
Subject: RE: Product Codes

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Sorry for the confusion.

Greg

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To: Wiseman, Sara; Raible, Eric; Elmore, Barry; Skaggs, Jennifer; Boyd, Delicia; Thompson-Long, Esther
Cc: Erskine, Greg
Subject: RE: Product Codes

Per Greg it needs to be additions in scope.

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Subject: Product Codes

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Lesley

Lesley-Ann Pienaar
Manager Corporate Accounting
Tel: 502 627 2861
e-mail: Lesley.Pienaar@lge-ku.com

Please note that my e-mail address has changed from Lesley.Pienaar@eon-us.com to Lesley.Pienaar@lge-ku.com. Please take this opportunity to update my address in your address book and delete the old e-mail address immediately. The old e-mail address will soon expire, and I will no longer be able to receive e-mails at that address.

Crescente, Angela

From: Jim Ogilvie <jogilvie@pwrplan.com>
Sent: Tuesday, November 30, 2010 11:55 AM
To: Crescente, Angela; 'Jim Dahlby'; 'Josh Hirschel'; 'Ann Koch'; 'support'
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: RE: Re: Accretion

Angela,

Can you confirm:

- You've recreated and posted the new transition ARO's for KU in 2010-11
- You've closed 2010-11 for KU (and thus already calculated accretion for 2010-12)
- The accretion for KU for 2010-11 is OK
- The accretion for KU for 2010-12 is too high (the one we saw last week was about tripled)

--
Jim Ogilvie
jogilvie@pwrplan.com
678-421-4809

From: Crescente, Angela [mailto:Angela.Crescente@lge-ku.com]
Sent: Tuesday, 30 November, 2010 11:43 AM
To: Jim Dahlby; Josh Hirschel; Jim Ogilvie; Ann Koch; support
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: RE: Re: Accretion

Jim,

I'm sorry it took so long, I wanted to run through all of the transactions we were expecting to do for November to make sure everything looks OK plus we had some trouble getting my transactions to post. I only closed KU since that was the company that has the ARO on it that I used for an example below in the hopes that I can use LGE to test for the accretion fix. Ann said that she can get you in our DEV environment on Jim's computer that we keep for him here.

On a sort of related note, all of the transition AROs that were set up show "0" as the quantity instead of "1". Why is it doing that, does it matter, and how can I fix it?

Thanks,
Angela

From: Jim Dahlby [mailto:jdahlby@pwrplan.com]
Sent: Monday, November 29, 2010 1:35 PM
To: Crescente, Angela; 'Josh Hirschel'; 'Jim Ogilvie'; 'Ann Koch'; 'support'
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: RE: Re: Accretion

Let us know when you have some data available for us to analyze.

Thanks,

Jim Dahlby
PowerPlan Consultants
jdahlby@pwrplan.com
(678) 269-7950

From: Crescente, Angela [mailto:Angela.Crescente@lge-ku.com]
Sent: Monday, 29 November, 2010 09:11 AM
To: Jim Dahlby; Josh Hirschel; Jim Ogilvie; Ann Koch; support
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: RE: Re: Accretion

Jim,

Yes it was supposed to be refreshed and we are planning on re-creating all of the transition AROs early this week. We will do KU first since that is the company that this particular ARO is on so you can take a look at it. I will let you know as soon as it is done.

Thanks,
Angela

From: Jim Dahlby [mailto:jdahlby@pwrplan.com]
Sent: Monday, November 29, 2010 6:46 AM
To: Crescente, Angela; 'Josh Hirschel'; 'Jim Ogilvie'; 'Ann Koch'; 'support'
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: RE: Re: Accretion

Angela-

Do you know if the test database was refreshed over the holiday? If so we need to re-create this ARO so we can investigate the data. I agree the report is not producing the correct results.

Thanks,

Jim Dahlby
PowerPlan Consultants
jdahlby@pwrplan.com
(678) 269-7950

From: Crescente, Angela [mailto:Angela.Crescente@lge-ku.com]
Sent: Wednesday, 24 November, 2010 02:26 PM
To: jdahlby@pwrplan.com; Josh Hirschel; Jim Ogilvie; Ann Koch; support
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: RE: Re: Accretion

Jim:

I have also attached ARO-1008 for November because it appears to be calculating correctly the first month (November).

Thanks,
Angela

From: jdahlby@pwrplan.com [mailto:jdahlby@pwrplan.com]
Sent: Wednesday, November 24, 2010 2:11 PM
To: Crescente, Angela; Josh Hirschel; Jim Ogilvie; Ann Koch; support
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: Re: Accretion

What report are you reviewing for December? Can you send an example of the ARO-1008 Report for something in question?

Thanks,

Jim Dahlby
678-269-7950

Sent from mobile device.

----- Reply message -----

From: "Crescente, Angela" <Angela.Crescente@lge-ku.com>

Date: Wed, Nov 24, 2010 1:05 pm

Subject: Accretion

To: "Josh Hirschel" <jhirschel@pwrplan.com>, "Jim Ogilvie" <jogilvie@pwrplan.com>, "Ann Koch" <akoch@pwrplan.com>, "support" <support@pwrplan.com>, "Jim Dahlby" <jdahlby@pwrplan.com>

Cc: "Wacker, Diana" <Diana.Wacker@lge-ku.com>, "Kinder, Debra" <Debra.Kinder@lge-ku.com>, "Wiseman, Sara" <Sara.Wiseman@lge-ku.com>

Just as an FYI, Diana was finally able to close LGE and it did the same thing to accretion. So, both companies are calculating December incorrectly.

From: Crescente, Angela

Sent: Wednesday, November 24, 2010 10:20 AM

To: 'Josh Hirschel'; 'Jim Ogilvie'; 'Ann Koch'; 'support'; 'Jim Dahlby'

Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara

Subject: Accretion

All:

November accretion looks good for the transition AROs that we posted for KU, however accretion for December looks like it almost triples. We need to get this fixed **no later than Monday** to test as December calculates as soon as we close the books for November. Please help. I have attached reports to reflect this for one asset that I selected.

<<Angela0001.pdf>>

Thanks,

Angela

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Crescente, Angela

From: Jim Dahlby <jdahlby@pwrplan.com>
Sent: Tuesday, November 30, 2010 6:34 PM
To: Crescente, Angela; 'Josh Hirschel'; 'Jim Ogilvie'; 'Ann Koch'; 'support'
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: RE: Re: Accretion

I have identified the data issue, but trying to isolate the issue.

I have a pending transaction for KU for 12/2010 that needs to be posted, can someone run Post in Dev for this transaction.

I have a script to correct the issue but trying to find the root cause.

Thanks,

Jim Dahlby
PowerPlan Consultants
jdahlby@pwrplan.com
(678) 269-7950

From: Crescente, Angela [mailto:Angela.Crescente@lge-ku.com]
Sent: Tuesday, 30 November, 2010 11:57 AM
To: Jim Dahlby; Josh Hirschel; Jim Ogilvie; Ann Koch; support
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: RE: Re: Accretion

I set up the same AROs this week as last week so the one we were looking at is BR Ash Pond Test.

From: Jim Dahlby [mailto:jdahlby@pwrplan.com]
Sent: Tuesday, November 30, 2010 11:52 AM
To: Crescente, Angela; 'Josh Hirschel'; 'Jim Ogilvie'; 'Ann Koch'; 'support'
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: RE: Re: Accretion

Quantity doesn't matter and we may have changed that over time to make it less confusing, since AROs are only financial assets.

So is the original ARO from your email in Dev or did new AROs get setup in Dev?

Thanks,

Jim Dahlby
PowerPlan Consultants
jdahlby@pwrplan.com
(678) 269-7950

From: Crescente, Angela [mailto:Angela.Crescente@lge-ku.com]
Sent: Tuesday, 30 November, 2010 11:43 AM
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Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
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Subject: RE: Re: Accretion

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Sent from mobile device.

----- Reply message -----

From: "Crescente, Angela" <Angela.Crescente@lge-ku.com>
Date: Wed, Nov 24, 2010 1:05 pm
Subject: Accretion
To: "Josh Hirschel" <jhirschel@pwrplan.com>, "Jim Ogilvie" <jogilvie@pwrplan.com>, "Ann Koch" <akoch@pwrplan.com>, "support" <support@pwrplan.com>, "Jim Dahlby" <jdahlby@pwrplan.com>
Cc: "Wacker, Diana" <Diana.Wacker@lge-ku.com>, "Kinder, Debra" <Debra.Kinder@lge-ku.com>, "Wiseman, Sara" <Sara.Wiseman@lge-ku.com>

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jdahlby@pwrplan.com
(678) 269-7950

From: Crescente, Angela [mailto:Angela.Crescente@lge-ku.com]
Sent: Tuesday, 30 November, 2010 11:43 AM
To: Jim Dahlby; Josh Hirschel; Jim Ogilvie; Ann Koch; support
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: RE: Re: Accretion

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Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
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Sent from mobile device.

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Date: Wed, Nov 24, 2010 1:05 pm
Subject: Accretion
To: "Josh Hirschel" <jhirschel@pwrplan.com>, "Jim Ogilvie" <jogilvie@pwrplan.com>, "Ann Koch" <akoch@pwrplan.com>, "support" <support@pwrplan.com>, "Jim Dahlby" <jdahlby@pwrplan.com>
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<<Angela0001.pdf>>

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Cc: Wacker, Diana; Kinder, Debra
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Then I re-ran Accretion for November and the December accretion for BR Ash Pond Test is now as expected at 41K.

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```
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where (aro_id, layer_id) in
(select aro_id, layer_id from
(select c.company_id,c.description, c.aro_status_id,b.aro_status_id, b.aro_id, b.layEr_id,b.gl_posting_mo_yr,
b.annual_eff_rate, a.month_yr, a.stream_id, cash_flow, date_disc_rate
from aro_layer_stream a, aro_layer b, aro c
where a.aro_id = b.aro_id
and b.layer_Id = a.layEr_Id
and b.aro_id = c.aro_id
and c.aro_status_id <> 4
and date_disc_rate <> annual_eff_rate
and date_disc_rate <> 0)
)
;
commit;
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from aro_layer_stream a, aro_layer b, aro c
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;
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What report are you reviewing for December? Can you send an example of the ARO-1008 Report for something in question?

Thanks,

Jim Dahlby
678-269-7950

Sent from mobile device.

----- Reply message -----

From: "Crescente, Angela" <Angela.Crescente@lge-ku.com>

Date: Wed, Nov 24, 2010 1:05 pm

Subject: Accretion

To: "Josh Hirschel" <jhirschel@pwrplan.com>, "Jim Ogilvie" <jogilvie@pwrplan.com>, "Ann Koch" <akoch@pwrplan.com>, "support" <support@pwrplan.com>, "Jim Dahlby" <jdahlby@pwrplan.com>

Cc: "Wacker, Diana" <Diana.Wacker@lge-ku.com>, "Kinder, Debra" <Debra.Kinder@lge-ku.com>, "Wiseman, Sara" <Sara.Wiseman@lge-ku.com>

Just as an FYI, Diana was finally able to close LGE and it did the same thing to accretion. So, both companies are calculating December incorrectly.

From: Crescente, Angela
Sent: Wednesday, November 24, 2010 10:20 AM
To: 'Josh Hirschel'; 'Jim Ogilvie'; 'Ann Koch'; 'support'; 'Jim Dahlby'
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: Accretion

All:

November accretion looks good for the transition AROs that we posted for KU, however accretion for December looks like it almost triples. We need to get this fixed **no later than Monday** to test as December calculates as soon as we close the books for November. Please help. I have attached reports to reflect this for one asset that I selected.

<<Angela0001.pdf>>

Thanks,

Angela

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Cc: Kinder, Debra
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Jim Dahlby
PowerPlan Consultants
jdahlby@pwrplan.com
(678) 269-7950

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Then I re-ran Accretion for November and the December accretion for BR Ash Pond Test is now as expected at 41K.

Thanks,

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```
update aro_layer_stream a
set date_disc_rate = (select annual_eff_rate from aro_layer b where a.aro_id = b.aro_id
                                and b.layer_id = a.layerR_id)
where (aro_id, layer_id) in
(select aro_id, layer_id from
(select c.company_id,c.description, c.aro_status_id,b.aro_status_id, b.aro_id, b.layEr_id,b.gl_posting_mo_yr,
b.annual_eff_rate, a.month_yr, a.stream_id, cash_flow, date_disc_rate
from aro_layer_stream a, aro_layer b, aro c
where a.aro_id = b.aro_id
```

```
and b.layer_id = a.layeR_id
and b.aro_id = c.aro_id
and c.aro_status_id <> 4
and date_disc_rate <> annual_eff_rate
and date_disc_rate <> 0)
)
;
commit;
```

Jim Dahlby
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jdahlby@pwrplan.com
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From: Wiseman, Sara [mailto:Sara.Wiseman@lge-ku.com]
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jdahlby@pwrplan.com
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Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
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jdahlby@pwrplan.com
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PowerPlan Consultants
jdahlby@pwrplan.com
(678) 269-7950

From: Crescente, Angela [mailto:Angela.Crescente@lge-ku.com]
Sent: Wednesday, 24 November, 2010 02:26 PM
To: jdahlby@pwrplan.com; Josh Hirschel; Jim Ogilvie; Ann Koch; support
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
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Cc: "Wacker, Diana" <Diana.Wacker@lge-ku.com>, "Kinder, Debra" <Debra.Kinder@lge-ku.com>, "Wiseman, Sara" <Sara.Wiseman@lge-ku.com>

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Crescente, Angela

From: Jim Dahlby <jdahlby@pwrplan.com>
Sent: Wednesday, December 01, 2010 2:19 PM
To: Crescente, Angela; Wacker, Diana
Cc: 'Ann Koch'; 'Josh Hirschel'
Subject: RE: Re: Accretion

I can't duplicate the issue, can you try to add a new ARO. I must be doing things in a different order somehow that is not triggering this to happen.

And have Ann run the following SQL and check the DATE_DISC_RATE along various steps.

```
select * from aro_layer_stream
where aro_id = 30296062
order by 1 desc;
```

Jim Dahlby
PowerPlan Consultants
jdahlby@pwrplan.com
(678) 269-7950

From: Crescente, Angela [mailto:Angela.Crescente@lge-ku.com]
Sent: Wednesday, 01 December, 2010 12:58 PM
To: Jim Dahlby
Subject: RE: Re: Accretion

Jim,

I just finished ARO processing for KU for December in DEV. Let me know if you need me to do anything else.

Thanks,
Angela

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b.annual_eff_rate, a.month_yr, a.stream_id, cash_flow, date_disc_rate
from aro_layer_stream a, aro_layer b, aro c
where a.aro_id = b.aro_id
and b.layer_id = a.layerR_id
and b.aro_id = c.aro_id
and c.aro_status_id <> 4
and date_disc_rate <> annual_eff_rate
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;
commit;
```

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From: "Crescente, Angela" <Angela.Crescente@lge-ku.com>
Date: Wed, Nov 24, 2010 1:05 pm
Subject: Accretion
To: "Josh Hirschel" <jhirschel@pwrplan.com>, "Jim Ogilvie" <jogilvie@pwrplan.com>, "Ann Koch" <akoch@pwrplan.com>, "support" <support@pwrplan.com>, "Jim Dahlby" <jdahlby@pwrplan.com>
Cc: "Wacker, Diana" <Diana.Wacker@lge-ku.com>, "Kinder, Debra" <Debra.Kinder@lge-ku.com>, "Wiseman, Sara" <Sara.Wiseman@lge-ku.com>

Just as an FYI, Diana was finally able to close LGE and it did the same thing to accretion. So, both companies are calculating December incorrectly.

From: Crescente, Angela
Sent: Wednesday, November 24, 2010 10:20 AM

Charnas

To: 'Josh Hirschel'; 'Jim Ogilvie'; 'Ann Koch'; 'support'; 'Jim Dahlby'

Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara

Subject: Accretion

All:

November accretion looks good for the transition AROs that we posted for KU, however accretion for December looks like it almost triples. We need to get this fixed **no later than Monday** to test as December calculates as soon as we close the books for November. Please help. I have attached reports to reflect this for one asset that I selected.

<<Angela0001.pdf>>

Thanks,

Angela

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Charnas

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Crescente, Angela

From: Jim Dahlby <jdahlby@pwrplan.com>
Sent: Tuesday, November 30, 2010 11:52 AM
To: Crescente, Angela; 'Josh Hirschel'; 'Jim Ogilvie'; 'Ann Koch'; 'support'
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: RE: Re: Accretion

Quantity doesn't matter and we may have changed that over time to make it less confusing, since AROs are only financial assets.

So is the original ARO from your email in Dev or did new AROs get setup in Dev?

Thanks,

Jim Dahlby
PowerPlan Consultants
jdahlby@pwrplan.com
(678) 269-7950

From: Crescente, Angela [mailto:Angela.Crescente@lge-ku.com]
Sent: Tuesday, 30 November, 2010 11:43 AM
To: Jim Dahlby; Josh Hirschel; Jim Ogilvie; Ann Koch; support
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: RE: Re: Accretion

Jim,

I'm sorry it took so long, I wanted to run through all of the transactions we were expecting to do for November to make sure everything looks OK plus we had some trouble getting my transactions to post. I only closed KU since that was the company that has the ARO on it that I used for an example below in the hopes that I can use LGE to test for the accretion fix. Ann said that she can get you in our DEV environment on Jim's computer that we keep for him here.

On a sort of related note, all of the transition AROs that were set up show "0" as the quantity instead of "1". Why is it doing that, does it matter, and how can I fix it?

Thanks,
Angela

From: Jim Dahlby [mailto:jdahlby@pwrplan.com]
Sent: Monday, November 29, 2010 1:35 PM
To: Crescente, Angela; 'Josh Hirschel'; 'Jim Ogilvie'; 'Ann Koch'; 'support'
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: RE: Re: Accretion

Let us know when you have some data available for us to analyze.

Thanks,

Jim Dahlby
PowerPlan Consultants
jdahlby@pwrplan.com
(678) 269-7950

From: Crescente, Angela [mailto:Angela.Crescente@lge-ku.com]
Sent: Monday, 29 November, 2010 09:11 AM
To: Jim Dahlby; Josh Hirschel; Jim Ogilvie; Ann Koch; support
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: RE: Re: Accretion

Jim,

Yes it was supposed to be refreshed and we are planning on re-creating all of the transition AROs early this week. We will do KU first since that is the company that this particular ARO is on so you can take a look at it. I will let you know as soon as it is done.

Thanks,
Angela

From: Jim Dahlby [mailto:jdahlby@pwrplan.com]
Sent: Monday, November 29, 2010 6:46 AM
To: Crescente, Angela; 'Josh Hirschel'; 'Jim Ogilvie'; 'Ann Koch'; 'support'
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: RE: Re: Accretion

Angela-

Do you know if the test database was refreshed over the holiday? If so we need to re-create this ARO so we can investigate the data. I agree the report is not producing the correct results.

Thanks,

Jim Dahlby
PowerPlan Consultants
jdahlby@pwrplan.com
(678) 269-7950

From: Crescente, Angela [mailto:Angela.Crescente@lge-ku.com]
Sent: Wednesday, 24 November, 2010 02:26 PM
To: jdahlby@pwrplan.com; Josh Hirschel; Jim Ogilvie; Ann Koch; support
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: RE: Re: Accretion

Jim:

I have also attached ARO-1008 for November because it appears to be calculating correctly the first month (November).

Thanks,
Angela

From: jdahlby@pwrplan.com [mailto:jdahlby@pwrplan.com]
Sent: Wednesday, November 24, 2010 2:11 PM
To: Crescente, Angela; Josh Hirschel; Jim Ogilvie; Ann Koch; support
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: Re: Accretion

What report are you reviewing for December? Can you send an example of the ARO-1008 Report for something in question?

Thanks,

Jim Dahlby
678-269-7950

Sent from mobile device.

----- Reply message -----

From: "Crescente, Angela" <Angela.Crescente@lge-ku.com>

Date: Wed, Nov 24, 2010 1:05 pm

Subject: Accretion

To: "Josh Hirschel" <jhirschel@pwrplan.com>, "Jim Ogilvie" <jogilvie@pwrplan.com>, "Ann Koch" <akoch@pwrplan.com>, "support" <support@pwrplan.com>, "Jim Dahlby" <jdahlby@pwrplan.com>

Cc: "Wacker, Diana" <Diana.Wacker@lge-ku.com>, "Kinder, Debra" <Debra.Kinder@lge-ku.com>, "Wiseman, Sara" <Sara.Wiseman@lge-ku.com>

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From: Crescente, Angela

Sent: Wednesday, November 24, 2010 10:20 AM

To: 'Josh Hirschel'; 'Jim Ogilvie'; 'Ann Koch'; 'support'; 'Jim Dahlby'

Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara

Subject: Accretion

All:

November accretion looks good for the transition AROs that we posted for KU, however accretion for December looks like it almost triples. We need to get this fixed **no later than Monday** to test as December calculates as soon as we close the books for November. Please help. I have attached reports to reflect this for one asset that I selected.

<<Angela0001.pdf>>

Thanks,

Angela

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Clark, Ed

From: Wiseman, Sara
Sent: Friday, December 17, 2010 4:38 PM
To: 'eonaudit@us.pwc.com'; 'jeffrey.m.zoglmann@us.pwc.com'
Cc: Crescente, Angela
Subject: ARO support

Jeff:

Please find attached the support you requested for the AROs. I will be out next week, so if you have questions please contact Angela.

Thanks and have a safe holiday.



Sara0001.pdf



Sara 20001.pdf

Brown Ash Pond

ASH POND LOCATION	ACRES	COST PER ACRE	TOTAL ARO COST
KENTUCKY UTILITIES COMPANY			
GHENT	257	\$120,500.00	\$30,968,500.00
GHENT - GYPSUM STACK	50	\$120,500.00	\$6,025,000.00
GREEN RIVER	55	\$120,500.00	\$6,627,500.00
BROWN	126	\$120,500.00	\$15,183,000.00 ✓
BROWN AUX	30	\$120,500.00	\$3,615,000.00
TYRONE	9	\$120,500.00	\$1,084,500.00
PINEVILLE	10	\$120,500.00	\$1,205,000.00
LOUISVILLE GAS & ELECTRIC			
MILL CREEK	84	\$120,500.00	\$10,122,000.00
CANE RUN	55	\$120,500.00	\$6,627,500.00
TRIMBLE COUNTY	119	\$120,500.00	\$14,339,500.00

Activity	2002	2010			Units	Total Cost
	Cost	Escalated Cost	Actual Cost	Adjusted Costs		
Engineering	\$0	\$0	\$250,000	\$250,000	1	\$250,000
Construction						
Mobilization	\$21,000	\$33,471		\$33,471	1	\$33,471
Site Grading	\$225,000	\$358,616		\$358,616	1	\$358,616
1' Clay Cover	\$0	\$0	\$8	\$8	18000	\$144,000
1' Vegetative Cover	\$0	\$0	\$6	\$6	18000	\$108,000
Drainage Ditches	\$25	\$40		\$40	3500	\$139,462
Seeding & Mulching	\$0	\$0	\$2,000	\$2,000	11	\$22,000
Demolition	\$20,000	\$31,877		\$31,877	1	\$31,877
Post Closure Care						
Ground Water Monitoring	\$2,480	\$3,953		\$3,953	1	\$3,953
Maintenace	\$3,000	\$4,782		\$4,782	1	\$4,782

Sub-Total \$1,096,160

Bond \$8,221

Contingency 20% \$219,232

Total for 11 acres \$1,323,613

Total Per Acre \$120,328.43

Brown Auxillary Pond

ASH POND LOCATION	ACRES	COST PER ACRE	TOTAL ARO COST
KENTUCKY UTILITIES COMPANY			
GHENT	257	\$120,500.00	\$30,968,500.00
GHENT - GYPSUM STACK	50	\$120,500.00	\$6,025,000.00
GREEN RIVER	55	\$120,500.00	\$6,627,500.00
BROWN	126	\$120,500.00	\$15,183,000.00
BROWN AUX	30	\$120,500.00	\$3,615,000.00
TYRONE	9	\$120,500.00	\$1,084,500.00
PINEVILLE	10	\$120,500.00	\$1,205,000.00
LOUISVILLE GAS & ELECTRIC			
MILL CREEK	84	\$120,500.00	\$10,122,000.00
CANE RUN	55	\$120,500.00	\$6,627,500.00
TRIMBLE COUNTY	119	\$120,500.00	\$14,339,500.00



Activity	2002	2010			Units	Total Cost
	Cost	Escalated Cost	Actual Cost	Adjusted Costs		
Engineering	\$0	\$0	\$250,000	\$250,000	1	\$250,000
Construction						
<i>Mobilization</i>	\$21,000	\$33,471		\$33,471	1	\$33,471
<i>Site Grading</i>	\$225,000	\$358,616		\$358,616	1	\$358,616
<i>1' Clay Cover</i>	\$0	\$0	\$8	\$8	18000	\$144,000
<i>1' Vegetative Cover</i>	\$0	\$0	\$6	\$6	18000	\$108,000
<i>Drainage Ditches</i>	\$25	\$40		\$40	3500	\$139,462
<i>Seeding & Mulching</i>	\$0	\$0	\$2,000	\$2,000	11	\$22,000
<i>Demolition</i>	\$20,000	\$31,877		\$31,877	1	\$31,877
Post Closure Care						
<i>Ground Water Monitoring</i>	\$2,480	\$3,953		\$3,953	1	\$3,953
<i>Maintenace</i>	\$3,000	\$4,782		\$4,782	1	\$4,782

Sub-Total \$1,096,160

Bond \$8,221

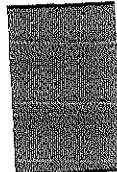
Contingency 20% \$219,232

Total for 11 acres \$1,323,613

Total Per Acre \$120,328.43

Ghent Ash Pond

ASH POND LOCATION	ACRES	COST PER ACRE	TOTAL ARO COST
KENTUCKY UTILITIES COMPANY			
GHENT	257	\$120,500.00	\$30,968,500.00
GHENT - GYPSUM STACK	50	\$120,500.00	\$6,025,000.00
GREEN RIVER	55	\$120,500.00	\$6,627,500.00
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BROWN AUX	30	\$120,500.00	\$3,615,000.00
TYRONE	9	\$120,500.00	\$1,084,500.00
PINEVILLE	10	\$120,500.00	\$1,205,000.00
LOUISVILLE GAS & ELECTRIC			
MILL CREEK	84	\$120,500.00	\$10,122,000.00
CANE RUN	55	\$120,500.00	\$6,627,500.00
TRIMBLE COUNTY	119	\$120,500.00	\$14,339,500.00



Activity	2002	2010			Units	Total Cost
	Cost	Escalated Cost	Actual Cost	Adjusted Costs		
Engineering	\$0	\$0	\$250,000	\$250,000	1	\$250,000
Construction						
Mobilization	\$21,000	\$33,471		\$33,471	1	\$33,471
Site Grading	\$225,000	\$358,616		\$358,616	1	\$358,616
1' Clay Cover	\$0	\$0	\$8	\$8	18000	\$144,000
1' Vegetative Cover	\$0	\$0	\$6	\$6	18000	\$108,000
Drainage Ditches	\$25	\$40		\$40	3500	\$139,462
Seeding & Mulching	\$0	\$0	\$2,000	\$2,000	11	\$22,000
Demolition	\$20,000	\$31,877		\$31,877	1	\$31,877
Post Closure Care						
Ground Water Monitoring	\$2,480	\$3,953		\$3,953	1	\$3,953
Maintenace	\$3,000	\$4,782		\$4,782	1	\$4,782

Sub-Total \$1,096,160

Bond \$8,221

Contingency 20% \$219,232

Total for 11 acres \$1,323,613

Total Per Acre \$120,328.43

Ghent Unit 2- ASB

9-Sep-2010

Ghent Unit 1 - 511 MW

	Base Cost	MW Multiplier	Adjustments	Total	
		3			
Penthouse	-	-	-	-	Abatement Complete
External Furnace	-	-	-	-	Abatement Complete
Piping, External - Operating Floor up	319	1,106	-	1,106	
Pipe and Equipment, below Operating floor	191	664	-	664	
Ductwork, Equipment, Operating floor up	383	1,327	-	1,327	
Ductwork, under Operating floor	255	885	-	885	
Survey, Air Testing, Permits, etc.	128	442	-	442	Surveying, testing, permits virtually the same for all units
Contingency	511	1,769	-	1,769	
Siding	-	-	849	849	Estimated from drawings and InCorp quote.
Coal Handling	-	-	1,276	1,276	Estimated from drawings and InCorp quote.
Total:	1,787	6,193	2,125	8,318	

Ghent Unit 2 - 511 MW

	Base Cost	MW Multiplier	Adjustments	Total	
		3			
Penthouse	191	664	-	664	Testing negative to date.
External Furnace	957	3,318	-	3,318	Testing negative to date.
Piping, External - Operating Floor up	319	1,106	-	1,106	
Pipe and Equipment, below Operating floor	191	664	-	664	
Ductwork, Equipment, Operating floor up	383	1,327	-	1,327	
Ductwork, under Operating floor	255	885	-	885	
Survey, Air Testing, Permits, etc.	128	442	-	442	Surveying, testing, permits virtually the same for all units
Contingency	511	1,769	-	1,769	
Siding	-	-	849	849	Estimated from drawings and InCorp quote.
Total:	2,935	10,174	849	11,023	

Ghent Unit 3 - 511 MW

	Base Cost (100MW)	MW Escalation	Adjustments	Total	
		3			
Penthouse	-	-	-	-	
External Furnace	-	-	-	-	
Piping, External - Operating Floor up	-	-	-	-	
Pipe and Equipment, below Operating floor	-	-	-	-	
Ductwork, Equipment, Operating floor up	-	-	-	-	
Ductwork, under Operating floor	-	-	-	-	
Survey, Air Testing, Permits, etc.	128	442	-	442	Surveying, testing, permits virtually the same for all units
Siding	-	-	849	849	Estimated from drawings and InCorp quote.
Contingency	191	664	-	664	
Total:	319	1,106	849	1,955	

Ghent Unit 4 - 511 MW

	Base Cost (100MW)	MW Escalation	Adjustments	Total	
		3	1,106		
Penthouse	-	-	-	-	
External Furnace	-	-	-	-	
Piping, External - Operating Floor up	-	-	-	-	
Pipe and Equipment, below Operating floor	-	-	-	-	
Ductwork, Equipment, Operating floor up	-	-	-	-	
Ductwork, under Operating floor	-	-	-	-	
Survey, Air Testing, Permits, etc.	128	442	-	442	Surveying, testing, permits virtually the same for all units
Siding	-	-	849	849	Estimated from drawings and InCorp quote.
Contingency	191	664	-	664	
Total:	319	1,106	1,955	1,955	

Assumptions:

1. Multiplication factor of 15% per 25MW of additional unit capacity
2. NEC information from Cane Run used as a base.
3. All 2005 estimates were correct.
4. There has been no change in the amount of exposure over the past 5 years.
5. Annual inflation rate for asbestos removal averaged 5% over the past 5 years.

Ghent Gypsum Stack- GH 1 Scrubber

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KENTUCKY UTILITIES COMPANY			
GHENT	257	\$120,500.00	\$30,968,500.00
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GREEN RIVER	55	\$120,500.00	\$6,627,500.00
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<i>Maintenace</i>	\$3,000	\$4,782		\$4,782	1	\$4,782

Sub-Total \$1,096,160

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GR Ash Pond

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PINEVILLE	10	\$120,500.00	\$1,205,000.00
LOUISVILLE GAS & ELECTRIC			
MILL CREEK	84	\$120,500.00	\$10,122,000.00
CANE RUN	55	\$120,500.00	\$6,627,500.00
TRIMBLE COUNTY	119	\$120,500.00	\$14,339,500.00

Activity	2002	2010		Units	Total Cost	
	Cost	Escalated Cost	Actual Cost			Adjusted Costs
Engineering	\$0	\$0	\$250,000	\$250,000	1	\$250,000
Construction						
Mobilization	\$21,000	\$33,471		\$33,471	1	\$33,471
Site Grading	\$225,000	\$358,616		\$358,616	1	\$358,616
1' Clay Cover	\$0	\$0	\$8	\$8	18000	\$144,000
1' Vegetative Cover	\$0	\$0	\$6	\$6	18000	\$108,000
Drainage Ditches	\$25	\$40		\$40	3500	\$139,462
Seeding & Mulching	\$0	\$0	\$2,000	\$2,000	11	\$22,000
Demolition	\$20,000	\$31,877		\$31,877	1	\$31,877
Post Closure Care						
Ground Water Monitoring	\$2,480	\$3,953		\$3,953	1	\$3,953
Maintenace	\$3,000	\$4,782		\$4,782	1	\$4,782

Sub-Total \$1,096,160

Bond \$8,221

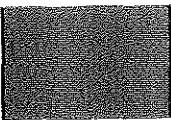
Contingency 20% \$219,232

Total for 11 acres \$1,323,613

Total Per Acre \$120,328.43

LG&E

Center Gas Storage Field- UGS



PLUGGING COSTS FOR FIELD ABANDONMENT

CASE	ITEM	CASING SIZE	COST
1	Well w/acid line and using retainer	4.5 or 5.5"	\$22,939
2	Well w/acid line and using retainer	7"	\$25,952
3	Well w/no acid line and using retainer	4.5 or 5.5"	\$18,442
4	Well w/no acid line and using retainer	7"	\$20,887
5	Well w/no acid line and not using retainer	all	\$7,817
6	Disposal Well	7"	\$20,403

CASE	FIELD	NUMBER OF WELLS	COST
1	Magnolia Deep	16	\$367,024
3	Magnolia Deep	32	\$590,144
4	Magnolia Deep	2	\$41,774
5	Magnolia Deep	21	\$164,157
	MAGNOLIA DEEP TOTAL	71	\$1,163,099
1	Magnolia Upper	3	\$68,817
2	Magnolia Upper	9	\$233,568
3	Magnolia Upper	25	\$461,050
4	Magnolia Upper	40	\$835,480
5	Magnolia Upper	9	\$70,353
	MAGNOLIA UPPER TOTAL	86	\$1,669,268
1	Center	111	\$2,546,229
2	Center		
3	Center	77	\$1,420,034
4	Center		
5	Center	11	\$85,987
	CENTER TOTAL	199	\$4,052,250
1	Muldraugh		
2	Muldraugh		
3	Muldraugh	28	\$516,376
4	Muldraugh	28	\$584,836
5	Muldraugh	1	\$7,817
	MULDRAUGH TOTAL	57	\$1,109,029
1	Doe Run	19	\$435,841
2	Doe Run	2	\$51,904
3	Doe Run	117	\$2,157,714
4	Doe Run	4	\$83,548
5	Doe Run	0	\$0
6	Doe Run	1	\$20,403
	DOE RUN TOTAL	143	\$2,749,410
	GRAND TOTAL		\$10,743,056

Note: Doe Run totals include Deep wells and assume all will need retainers and 1/2 have acid lines.
Rev. 082610

CR Ash Pond

ASH POND LOCATION	ACRES	COST PER ACRE	TOTAL ARO COST
KENTUCKY UTILITIES COMPANY			
GHENT	257	\$120,500.00	\$30,968,500.00
GHENT - GYPSUM STACK	50	\$120,500.00	\$6,025,000.00
GREEN RIVER	55	\$120,500.00	\$6,627,500.00
BROWN	126	\$120,500.00	\$15,183,000.00
BROWN AUX	30	\$120,500.00	\$3,615,000.00
TYRONE	9	\$120,500.00	\$1,084,500.00
PINEVILLE	10	\$120,500.00	\$1,205,000.00
LOUISVILLE GAS & ELECTRIC			
MILL CREEK	84	\$120,500.00	\$10,122,000.00
CANE RUN	55	\$120,500.00	\$6,627,500.00
TRIMBLE COUNTY	119	\$120,500.00	\$14,339,500.00

Activity	2002	2010		Units	Total Cost	
	Cost	Escalated Cost	Actual Cost			Adjusted Costs
Engineering	\$0	\$0	\$250,000	\$250,000	1	\$250,000
Construction						
Mobilization	\$21,000	\$33,471		\$33,471	1	\$33,471
Site Grading	\$225,000	\$358,616		\$358,616	1	\$358,616
1' Clay Cover	\$0	\$0	\$8	\$8	18000	\$144,000
1' Vegetative Cover	\$0	\$0	\$6	\$6	18000	\$108,000
Drainage Ditches	\$25	\$40		\$40	3500	\$139,462
Seeding & Mulching	\$0	\$0	\$2,000	\$2,000	11	\$22,000
Demolition	\$20,000	\$31,877		\$31,877	1	\$31,877
Post Closure Care						
Ground Water Monitoring	\$2,480	\$3,953		\$3,953	1	\$3,953
Maintenance	\$3,000	\$4,782		\$4,782	1	\$4,782

Sub-Total \$1,096,160

Bond \$8,221

Contingency 20% \$219,232

Total for 11 acres \$1,323,613

Total Per Acre \$120,328.43

Gas Main and Serv Abandons- Dist

Mains

Large Scale Main Replacement	2007	2008	Total
Miles Installed	25.34	26.35	51.69
Retirement Expenditures	\$ 138,924	\$ 205,985	\$ 344,909
\$/mile	\$ 5,481	\$ 7,819	\$ 6,673

KY - LG&E - Transmission	375 miles
KY - KU - Transmission	11 miles
IN - LG&E - Transmission	10 miles
KY - LG&E - Distribution	4249 miles

Pipeline Inventory	4645 miles
Retirement Cost	\$ 30,994,343

Services

meters	320,787
Labor Rate (burdened)	\$ 70.83
Cost of Lock	\$ 5.00
Cost of tamperproof lockoff valve	\$ 10.00
manhours / lock installed	0.25
manhours / valve installed	0.25
% in need of valve	25%
Cost to retire all services	\$ 9,506,322

\$40,500,605

MC Ash Pond

ASH POND LOCATION	ACRES	COST PER ACRE	TOTAL ARO COST
KENTUCKY UTILITIES COMPANY			
GHENT	257	\$120,500.00	\$30,968,500.00
GHENT - GYPSUM STACK	50	\$120,500.00	\$6,025,000.00
GREEN RIVER	55	\$120,500.00	\$6,627,500.00
BROWN	126	\$120,500.00	\$15,183,000.00
BROWN AUX	30	\$120,500.00	\$3,615,000.00
TYRONE	9	\$120,500.00	\$1,084,500.00
PINEVILLE	10	\$120,500.00	\$1,205,000.00
LOUISVILLE GAS & ELECTRIC			
MILL CREEK	84	\$120,500.00	\$10,122,000.00
CANE RUN	55	\$120,500.00	\$6,627,500.00
TRIMBLE COUNTY	119	\$120,500.00	\$14,339,500.00

Activity	2002	2010			Units	Total Cost
	Cost	Escalated Cost	Actual Cost	Adjusted Costs		
Engineering	\$0	\$0	\$250,000	\$250,000	1	\$250,000
Construction						
<i>Mobilization</i>	\$21,000	\$33,471		\$33,471	1	\$33,471
<i>Site Grading</i>	\$225,000	\$358,616		\$358,616	1	\$358,616
<i>1' Clay Cover</i>	\$0	\$0	\$8	\$8	18000	\$144,000
<i>1' Vegetative Cover</i>	\$0	\$0	\$6	\$6	18000	\$108,000
<i>Drainage Ditches</i>	\$25	\$40		\$40	3500	\$139,462
<i>Seeding & Mulching</i>	\$0	\$0	\$2,000	\$2,000	11	\$22,000
<i>Demolition</i>	\$20,000	\$31,877		\$31,877	1	\$31,877
Post Closure Care						
<i>Ground Water Monitoring</i>	\$2,480	\$3,953		\$3,953	1	\$3,953
<i>Maintenace</i>	\$3,000	\$4,782		\$4,782	1	\$4,782

Sub-Total \$1,096,160

Bond \$8,221

Contingency 20% \$219,232

Total for 11 acres \$1,323,613

Total Per Acre \$120,328.43

Paddy's (Unit 11)- ASB

Location		(5000's)				
Asset Retirement Obligations						
Asset Description	Location	Quantity by year of Installation	Removal Cost per Asset (\$'s)	Incremental Cost of Disposal (\$'s)	Estimated Retirement Date	
Asbestos						
Cane Run						
CR1 Asbestos Abatement	Cane Run Unit 1 Plant		2,700	60		Ductwork, Equip. External, Operating Floor up \$300k; Ductwork External, Under Operating Floor \$200k; Piping External, Operating Floor up \$250k; Pipe and Equip. Under Operating Floor \$400k; Penthouse \$150k; Furnace External \$750k; Air Testing, permits, survey \$100k; Boiler misc. \$400k; Coal Handling \$150k
CR2 Asbestos Abatement	Cane Run Unit 2 Plant		2,550	50		Ductwork, Equip. External, Operating Floor up \$300k; Ductwork External, Under Operating Floor \$200k; Piping External, Operating Floor up \$250k; Pipe and Equip. Under Operating Floor \$400k; Penthouse \$150k; Furnace External \$750k; Air Testing, permits, survey \$100k; Boiler misc. \$400k
CR3 Asbestos Abatement	Cane Run Unit 3 Plant		2,880	50		Ductwork, Equip. External, Operating Floor up \$345k; Ductwork External, Under Operating Floor \$200k; Piping External, Operating Floor up \$300k; Pipe and Equip. Under Operating Floor \$400k; Penthouse \$175k; Furnace External \$670k; Air Testing, permits, survey \$100k; Boiler misc. \$460k
CR4 Asbestos Abatement	Cane Run Unit 4 Plant		3,065	50		Ductwork, Equip. External, Operating Floor up \$500k; Ductwork External, Under Operating Floor \$350k; Piping External, Operating Floor up \$200k; Pipe and Equip. Under Operating Floor \$500k; Penthouse \$150k; Furnace External \$1065k; Air Testing, permits, survey \$100k; Boiler misc. \$400k
CR5 Asbestos Abatement	Cane Run Unit 5 Plant		2,500	40		Ductwork, Equip. External, Operating Floor up \$450k; Ductwork External, Under Operating Floor \$300k; Piping External, Operating Floor up \$200k; Pipe and Equip. Under Operating Floor \$200k; Penthouse \$150k; Furnace External \$700k; Air Testing, permits, survey \$100k; Boiler misc. \$400k
CR6 Asbestos Abatement	Cane Run Unit 6 Plant		2,870	50		Ductwork, Equip. External, Operating Floor up \$650k; Ductwork External, Under Operating Floor \$400k; Piping External, Operating Floor up \$350k; Pipe and Equip. Under Operating Floor \$500k; Penthouse \$200k; Furnace External \$470k; Air Testing, permits, survey \$100k; Boiler misc. \$400k
Paddy's Run						
Plant Asbestos Abatement	Total Plant		4,500	100		Lump Sum price for total removal, cleanup and disposal of asbestos materials from all units including the Service Building and exterior SDRS ductwork. A price quote was received April 2010.
Canal						
Plant Asbestos Abatement	Total Plant		1,500	75		Lump Sum price for total removal, cleanup and disposal of asbestos materials from all units. A price quote was received April 2010.
Ohio Falls						
Plant Asbestos Abatement	Total Plant		600	20		Estimate based upon actual removal cost of unit 7 performed in 2005 (\$60k) plus additional \$25k for asbestos contained outside of the unit.
Zorn						
Plant Asbestos Abatement	Total CT Plant		100	5		CT Exhaust Stack, misc. piping and housing insulation, wiring, baskets, etc.
Batter						

TC Ash Pond

ASH POND LOCATION	ACRES	COST PER ACRE	TOTAL ARO COST
KENTUCKY UTILITIES COMPANY			
GHENT	257	\$120,500.00	\$30,968,500.00
GHENT - GYPSUM STACK	50	\$120,500.00	\$6,025,000.00
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Water Monitoring	\$2,480	\$3,953		\$3,953	1	\$3,953
nace	\$3,000	\$4,782		\$4,782	1	\$4,782

Sub-Total \$1,096,160
Bond \$8,221
Contingency 20% \$219,232

Total for 11 acres \$1,323,613
Total Per Acre \$120,328.43

Clark, Ed

From: Bell, Derek
Sent: Thursday, December 16, 2010 9:47 AM
To: Raible, Eric; Crescente, Angela
Cc: Wiseman, Sara; Wacker, Diana
Subject: RE: Regulatory Credits - ARO entry

Okay Thanks. I went ahead and moved it manually on the November financial statements.

From: Raible, Eric
Sent: Thursday, December 16, 2010 9:31 AM
To: Crescente, Angela; Bell, Derek
Cc: Bell, Derek; Wiseman, Sara; Wacker, Diana
Subject: RE: Regulatory Credits - ARO entry

Thanks Angela.

Derek – sounds like were good and can move forward with the monthly financials.

Thanks,
T. Eric Raible, CPA
Manager, Regulatory Accounting & Reporting
Controller Group
LG&E and KU
P: 627-3426
F: 627-3820

From: Crescente, Angela
Sent: Thursday, December 16, 2010 9:25 AM
To: Bell, Derek
Cc: Raible, Eric; Bell, Derek; Wiseman, Sara; Wacker, Diana
Subject: RE: Regulatory Credits - ARO entry

Derek,

I actually noticed that and have plans to correct the product code in December's work. The account was correct, the product code was wrong. I apologize for the confusion.

Thanks,
Angela

From: Wiseman, Sara
Sent: Wednesday, December 15, 2010 8:38 PM
To: Crescente, Angela; Wacker, Diana
Cc: Raible, Eric; Bell, Derek
Subject: FW: Regulatory Credits - ARO entry

Angela/Diana:

Would you please take a look at this and get back with Derek? Thanks.

From: Bell, Derek
Sent: Wednesday, December 15, 2010 5:24 PM
To: Wiseman, Sara
Cc: Raible, Eric
Subject: Regulatory Credits - ARO entry

Sara-

The attached spreadsheet contains two highlighted entries that we think might have been coded incorrectly. The entries recorded look like they were related to one of the plant's ARO. The entry credits account 407406 - Regulatory Credits – Gas Accretion account for (80,239.73). The entry is causing a variance between our Income Statement page and our Electric and Gas Revenue and expenses page of the Financial Statements. The account currently is mapped to our Gas Revenues and expenses page because of the description on the account. The entries don't appear in the Gas Expenses balance for regulatory credits because the report only pulls the Gas product code 131. The attached entries were recorded to product code 111. Can you please review the attachment and let us know if the entries need to be reclassified next month to another account, or if we need to change our mapping to include this account in the Electric Revenues and Expense page despite the description of the account.

<< File: GL_Account Analysis Detail.xls >>

Clark, Ed

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GL_Account
Analysis Detail.xls...

Clark, Ed

From: Scott, Valerie
Sent: Tuesday, December 14, 2010 6:41 PM
To: Wiseman, Sara
Cc: Charnas, Shannon; Motyka, Marlene (US - New York); Crescente, Angela; Hannagan, Peter (US - Washington D.C.)
Subject: Re: 7 EVII ARO Decommissioning Cost - annualized discount rates v12 with cash.xlsx

Sara

I am ok if you are.

Sent from my iPhone

On Dec 14, 2010, at 1:20 PM, "Wiseman, Sara" <Sara.Wiseman@lge-ku.com> wrote:

[7 EVII ARO Decommissioning Cost - annualized discount rates v12 with cash.xlsx](#)

Shannon/Valerie:

Peter, Angela and I have worked together on this schedule. The schedule now rounds to the dollar and incorporates cash for pending settlements. The final numbers tie to the GL on the last purchase accounting file sent by Lesley.

Peter and Marlene are waiting on the final OK to this schedule to release another (final?) draft of the schedules. Please let us know if this accomplishes what we are needing.

Thanks!

<[7 EVII ARO Decommissioning Cost - annualized discount rates v12 with cash.xlsx](#)>

Clark, Ed

From: Fackler, Andrea
Sent: Wednesday, December 22, 2010 11:58 AM
To: Crescente, Angela
Subject: RE: ARO Rollforward

Angela,

Do you have rollforwards that cover 2009 and 2008 as well? If so, please send those to me as well. If not, we'll have to figure out how to get the breakout for the PY cash flows, so we are consistent across the years.

Thanks,
Andrea

Andrea Fackler, CPA
Accounting Analyst II
LG&E and KU Energy, LLC
220 W. Main Street, 9th Floor
Louisville, KY 40202
P. (502) 627-3442

From: Crescente, Angela
Sent: Monday, December 20, 2010 9:10 AM
To: Fackler, Andrea
Subject: FW: ARO Rollforward

Andrea,

Please see the attached.

Thanks,
Angela

From: Fackler, Andrea
Sent: Sunday, December 19, 2010 5:48 PM
To: Crescente, Angela
Subject: ARO Rollforward

Angela,

I apologize if I already sent you this request, but I can't find any proof in my outlook that I did. I was told that you prepare an ARO rollforward and can help me get the change in AROs from 12/31/09 to 10/31/10 in my cash flow workpapers. Can you send me your rollforward and then I'll arrange a time to chat about the specifics of placement in the cash flow statement?

Thanks!
Andrea

Clark, Ed

From: Jim Dahlby <jdahlby@pwrplan.com>
Sent: Tuesday, December 21, 2010 11:33 PM
To: Crescente, Angela; 'Josh Hirschel'; 'Jim Ogilvie'; 'support'
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: RE: ARO Depr Group Adjustment

I didn't follow why the transition amount for October would be booked to Reg asset account instead of Accum Reserve. Under original transition rules, the entry was CR 108 and DR 182, so I would have expected something along those lines for this case.

Feel free to give me a call to discuss the accounting further.

Jim Dahlby
PowerPlan Consultants
jdahlby@pwrplan.com
(678) 269-7950

From: Crescente, Angela [mailto:Angela.Crescente@lge-ku.com]
Sent: Tuesday, 21 December, 2010 03:38 PM
To: Jim Dahlby; Josh Hirschel; Jim Ogilvie; support
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: RE: ARO Depr Group Adjustment

Well, technically, because of the ARO transition process, the expense amount for each month would be correct, but the reserve amount is not quite right because an extra ½ month booked (essentially October's depreciation). I was hoping I could debit 108107 and credit 182317 (not posting to GL) in order to fix the ledger and my regulatory account at the same time. I fixed these on the regular GL, but I am trying to fix PowerPlant now. I was wanting to changing the reserve without changing the monthly expense. So, I guess this isn't possible? Does that mean I will have to do manual reg entries to fix the 182 (regulatory asset) side as well?

From: Jim Dahlby [mailto:jdahlby@pwrplan.com]
Sent: Tuesday, December 21, 2010 3:23 PM
To: Crescente, Angela; 'Josh Hirschel'; 'Jim Ogilvie'; 'support'
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: RE: ARO Depr Group Adjustment

No, when you adjust the reserve it is going to adjust the future depreciation expense. This is the nature of using individual asset depreciation using a Remaining Life calculation, the monthly calculation is Net Book/Remaining Life, so if you adjust the reserve then it changes the net book value, thus changing the future depreciation expense. If you made the adjustment from depreciation expense to another account other than reserve then the reserve would be right.

Why do you want it to not change the depreciation answer?

Jim Dahlby
PowerPlan Consultants
jdahlby@pwrplan.com
(678) 269-7950

From: Crescente, Angela [mailto:Angela.Crescente@lge-ku.com]
Sent: Tuesday, 21 December, 2010 02:58 PM
To: Josh Hirschel; Jim Ogilvie; Jim Dahlby; support
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: ARO Depr Group Adjustment

All:

In November, we set up our new AROs as transition AROs for Purchase Accounting in order to capture November's accretion. In doing so, the system (with good reason) booked 1 ½ months of depreciation. One full month was treated as a reserve adjustment and the other ½ month ran through as current depr expense. Due to Purchase Accounting requirements, I reversed the extra ½ month of depreciation on a top-side entry to make the GL correct.

I need to go back and change the depr ledger to reflect this. However, I know that depr adjustments on individually depreciated assets that are not fully depreciated doesn't adjust quite how we would like for it to. Is there a way that we can adjust the depr ledger for a one-time adjustment without it recalculating a different depr expense amount over the remaining life?

I have attached screenshots to show what I am talking about. The first one shows the \$31,807.14 in the reserve adjustment column for the set up of the transition ARO and \$15,903.56 for the current month's ½ depr expense. The second one shows the (\$15,903.56) depr adjustment that I performed in DEV. I used reserve adj as the activity code. The current depr expense for the month changes to \$31,857.65 instead of \$31,807.14 like I wanted it to. Although this doesn't seem to be much of an amount different, this will be need to be done to all of the 100 or so assets that I set up the transition AROs for and that could add up to a lot of difference. Is there any way to correct the reserve to reduce it without changing the monthly depr expense?

<<Angela0001.pdf>>

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.

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Clark, Ed

From: Jim Dahlby <jdahlby@pwrplan.com>
Sent: Tuesday, December 21, 2010 3:23 PM
To: Crescente, Angela; 'Josh Hirschel'; 'Jim Ogilvie'; 'support'
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: RE: ARO Depr Group Adjustment

No, when you adjust the reserve it is going to adjust the future depreciation expense. This is the nature of using individual asset depreciation using a Remaining Life calculation, the monthly calculation is Net Book/Remaining Life, so if you adjust the reserve then it changes the net book value, thus changing the future depreciation expense. If you made the adjustment from depreciation expense to another account other than reserve then the reserve would be right.

Why do you want it to not change the depreciation answer?

Jim Dahlby
PowerPlan Consultants
jdahlby@pwrplan.com
(678) 269-7950

From: Crescente, Angela [<mailto:Angela.Crescente@lge-ku.com>]
Sent: Tuesday, 21 December, 2010 02:58 PM
To: Josh Hirschel; Jim Ogilvie; Jim Dahlby; support
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: ARO Depr Group Adjustment

All:

In November, we set up our new AROs as transition AROs for Purchase Accounting in order to capture November's accretion. In doing so, the system (with good reason) booked 1 ½ months of depreciation. One full month was treated as a reserve adjustment and the other ½ month ran through as current depr expense. Due to Purchase Accounting requirements, I reversed the extra ½ month of depreciation on a top-side entry to make the GL correct.

I need to go back and change the depr ledger to reflect this. However, I know that depr adjustments on individually depreciated assets that are not fully depreciated doesn't adjust quite how we would like for it to. Is there a way that we can adjust the depr ledger for a one-time adjustment without it recalculating a different depr expense amount over the remaining life?

I have attached screenshots to show what I am talking about. The first one shows the \$31,807.14 in the reserve adjustment column for the set up of the transition ARO and \$15,903.56 for the current month's ½ depr expense. The second one shows the (\$15,903.56) depr adjustment that I performed in DEV. I used reserve adj as the activity code. The current depr expense for the month changes to \$31,857.65 instead of \$31,807.14 like I wanted it to. Although this doesn't seem to be much of an amount different, this will be need to be done to all of the 100 or so assets that I set up the transition AROs for and that could add up to a lot of difference. Is there any way to correct the reserve to reduce it without changing the monthly depr expense?

<<Angela0001.pdf>>

Thanks,

Angela

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Angela0001.pdf

Thanks,
Angela

GPR Depreciation			
Set of Books:	Financial		Update
Asset Id:	30304469	Eng In Service Year:	10/2010
Asset Description:	Purc-GR Ash Pond		Cancel
Company:	LOUISVILLE GAS & ELECTRIC COMPANY		Prev Mo
Depr Group:	LGE-131707-ARO Cost Steam (Eqp)		Next Mo
Accounting Month:	12/2010	Depreciation Base:	\$5,017,576.75
Initial Life(mo):	158	Beginning Reserve:	\$47,710.70
Remaining Life:	157.5	Current Depr Expense:	\$31,857.65
Monthly Calc Rate:	0.6349%	Input Expense Adj:	\$0.00
Est. Salvage Pct:	0.0000%	Calc Expense Adj:	\$0.00
Beginning Value:	\$5,057,335.67	Reserve Adj:	(\$15,903.56)
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:	\$5,057,335.67	Salvage Proceeds:	\$0.00
		Loss (Gain):	\$0.00
		*Ending Reserve:	\$63,664.79
		Mid-Period Method:	Straight Line
		Mid-Period Conv.:	0.5
		Depreciation Method:	<none>
		Begin Year Reserve:	\$0.00
		YTD Depr Exp:	\$47,761.21
		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:	Financial		Update
Asset Id:	30304469	Eng In Service Year:	10/2010
Asset Description:	Purc CR Ash Pond		Cancel
Company:	LOUISVILLE GAS & ELECTRIC COMPANY		Prev Mo
Depr Group:	LGE-131707-ARO (Cost Steam (Eq))		Next Mo
Accounting Month:	11/2010	Depreciation Base:	\$2,512,764.27
Initial Life(mo):	158	Beginning Reserve:	\$0.00
Remaining Life:	158	Current Depr Expense:	\$15,903.56
Monthly Calc Rate:	0.6329%	Input Expense Adj:	\$0.00
Est. Salvage Pct:	0.0000%	Calc Expense Adj:	\$0.00
Beginning Value:	\$0.00	Reserve Adj:	\$31,807.14
Net Add / Adj:	\$5,057,335.67	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:	\$5,057,335.67	Salvage Proceeds:	\$0.00
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		Mid-Period Method:	Straight Line
		Mid-Period Conv:	0.5
		Depreciation Method:	<none>
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		Account Distribution Details:	
		403111	
		True-Up Reserve:	Depr Adjustment
		Adjustment History:	Audits

* NOTE: Ending Reserve is not calculated until Depreciation Approval has been run.

Clark, Ed

From: Fackler, Andrea
Sent: Monday, December 20, 2010 12:44 PM
To: Crescente, Angela
Subject: RE: ARO Rollforward

Ok, I just need to know what to call the items and whether any are cash entries. I will try to get my thoughts together (I'm missing the training, so I can continue working on cash flows), and we can meet in the morning. I'll send you a meeting request. If you get out early, can you go ahead and stop by tonight, so I can put the AROs to rest?

Thanks,
Andrea

Andrea Fackler, CPA
Accounting Analyst II
LG&E and KU Energy, LLC
220 W. Main Street, 9th Floor
Louisville, KY 40202
P: (502) 627-3442

From: Crescente, Angela
Sent: Monday, December 20, 2010 12:43 PM
To: Fackler, Andrea
Subject: RE: ARO Rollforward

We can, but we are going to be in the training for the rest of the day, so how about tomorrow?

From: Fackler, Andrea
Sent: Monday, December 20, 2010 12:40 PM
To: Crescente, Angela
Subject: RE: ARO Rollforward

Hey Angela,

Can we chat about the monthly activity when you get a chance? I can come by your desk or you can stop by mine.

Thanks,
Andrea

Andrea Fackler, CPA
Accounting Analyst II
LG&E and KU Energy, LLC
220 W. Main Street, 9th Floor
Louisville, KY 40202
P: (502) 627-3442

From: Crescente, Angela
Sent: Monday, December 20, 2010 9:10 AM

To: Fackler, Andrea
Subject: FW: ARO Rollforward

Andrea,

Please see the attached.

Thanks,
Angela

From: Fackler, Andrea
Sent: Sunday, December 19, 2010 5:48 PM
To: Crescente, Angela
Subject: ARO Rollforward

Angela,

I apologize if I already sent you this request, but I can't find any proof in my outlook that I did. I was told that you prepare an ARO rollforward and can help me get the change in AROs from 12/31/09 to 10/31/10 in my cash flow workpapers. Can you send me your rollforward and then I'll arrange a time to chat about the specifics of placement in the cash flow statement?

Thanks!
Andrea

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Thanks!
Andrea

Clark, Ed

From: PowerPlantAlerts@eon-us.com
Sent: Saturday, December 25, 2010 6:00 AM
To: Crescente, Angela
Subject: PowerPlant Alerts - E.ON - AIP - ARO

Project 130710 has ARO

[login to powerplant](#)

Clark, Ed

From: PowerPlantAlerts@eon-us.com
Sent: Wednesday, December 29, 2010 6:00 AM
To: Crescente, Angela
Subject: PowerPlant Alerts - E.ON - AIP - ARO

Project 130713 has ARO

[login to powerplant](#)

Clark, Ed

From: PowerPlantAlerts@eon-us.com
Sent: Tuesday, December 28, 2010 6:00 AM
To: Crescente, Angela
Subject: PowerPlant Alerts - E.ON - AIP - ARO

Project 130735 has ARO

[login to powerplant](#)

Crescente, Angela

From: Kugler, Jeanne
Sent: Monday, November 22, 2010 4:37 PM
To: Hannagan, Peter (US - Washington D.C.); Wiseman, Sara; Charnas, Shannon; Scott, Valerie; Crescente, Angela; tjhenninger@pplweb.com; Wiedmar, John; Skaggs, Jennifer; Elmore, Barry; Strange, Vicki
Cc: Motyka, Marlene (US - New York); Francis, Omar (US - New York); Schaeffer, Joshua B (US - New York); Ziglar, Jim (US - New York)
Subject: RE: Revised draft schedules

I didn't change AROs. The emission allowances changed to reflect the discounting of the forward SO2 prices.

From: Hannagan, Peter (US - Washington D.C.) [mailto:phannagan@deloitte.com]
Sent: Monday, November 22, 2010 4:26 PM
To: Wiseman, Sara; Charnas, Shannon; Scott, Valerie; Crescente, Angela; tjhenninger@pplweb.com; Wiedmar, John; Skaggs, Jennifer; Elmore, Barry; Strange, Vicki; Kugler, Jeanne
Cc: Motyka, Marlene (US - New York); Francis, Omar (US - New York); Schaeffer, Joshua B (US - New York); Ziglar, Jim (US - New York)
Subject: RE: Revised draft schedules

All

Please see a revised set of schedules. The ARO analysis changed per discussions with Jeanne Kugler.

Please let us know if you have questions

thanks

Peter Hannagan
Deloitte Financial Advisory Services, LLP

Tel: +1 202 378 5057
Fax: +1 202 661 1113
Mobile: + 1 202 368 0417
phannagan@deloitte.com
www.deloitte.com

From: Hannagan, Peter (US - Washington D.C.)
Sent: Thursday, November 18, 2010 6:05 PM
To: 'Wiseman, Sara'; 'Charnas, Shannon'; 'Scott, Valerie'; 'Crescente, Angela'; 'tjhenninger@pplweb.com'; 'Wiedmar, John'; 'Skaggs, Jennifer'; 'Elmore, Barry'; 'vicki.strange@eon-us.com'
Cc: Motyka, Marlene (US - New York); Francis, Omar (US - New York); Schaeffer, Joshua B (US - New York); Ziglar, Jim (US - New York)
Subject: RE: Revised draft schedules

All

Please see attached the most recent complete set of schedules reflecting minor changes to ARO valuation.

thanks

Peter Hannagan
Deloitte Financial Advisory Services, LLP

Tel: +1 202 378 5057
Fax: +1 202 661 1113
Mobile: + 1 202 368 0417
phannagan@deloitte.com
www.deloitte.com

From: Hannagan, Peter (US - Washington D.C.)
Sent: Wednesday, November 17, 2010 11:21 AM
To: Schaeffer, Joshua B (US - New York); Wiseman, Sara; Charnas, Shannon; Scott, Valerie; Crescente, Angela; tjhenninger@pplweb.com; Wiedmar, John; 'Skaggs, Jennifer'; Elmore, Barry
Cc: Motyka, Marlene (US - New York); Francis, Omar (US - New York); vicki.strange@eon-us.com
Subject: RE: Revised draft schedules

All

Based on discussions with Jenny Skaggs, we updated OVEC. I am attaching a full set of revised exhibits that include this update, as well as the updated Century analysis from yesterday.

Peter

Peter Hannagan
Deloitte Financial Advisory Services, LLP

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Fax: +1 202 661 1113
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phannagan@deloitte.com
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Sent: Tuesday, November 16, 2010 4:42 PM
To: Hannagan, Peter (US - Washington D.C.); Wiseman, Sara; Charnas, Shannon; Scott, Valerie; Crescente, Angela; tjhenninger@pplweb.com; Wiedmar, John; 'Skaggs, Jennifer'; Elmore, Barry
Cc: Motyka, Marlene (US - New York); Francis, Omar (US - New York); vicki.strange@eon-us.com
Subject: RE: Revised draft schedules

All,

We just spoke with Vicki Strange and made a small change to the Century exhibit based on the credit support payment.

Please find the latest exhibit 10 attached.

Josh

From: Hannagan, Peter (US - Washington D.C.)
Sent: Tuesday, November 16, 2010 4:31 PM
To: Wiseman, Sara; Charnas, Shannon; Scott, Valerie; Crescente, Angela; tjhenninger@pplweb.com; Wiedmar, John; 'Skaggs, Jennifer'; Elmore, Barry
Cc: Motyka, Marlene (US - New York); Schaeffer, Joshua B (US - New York); Francis, Omar (US - New York)
Subject: RE: Revised draft schedules

All

Please see a slightly revised set of schedules that have been updated for a minor change to the ARO schedules.

Peter

Peter Hannagan
Deloitte Financial Advisory Services, LLP

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Cc: Motyka, Marlene (US - New York); Andy Chu; Francis, Omar (US - New York)
Subject: Revised draft schedules

All

With the revisions to various schedules over the last few days, we wanted to send out a full set of the latest schedules.

Please see attached and let us know if you have any questions.

Regards
Peter

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Crescente, Angela

From: Hannagan, Peter (US - Washington D.C.) <phannagan@deloitte.com>
Sent: Monday, November 22, 2010 4:39 PM
To: Kugler, Jeanne; Wiseman, Sara; Charnas, Shannon; Scott, Valerie; Crescente, Angela; tjhenninger@pplweb.com; Wiedmar, John; Skaggs, Jennifer; Elmore, Barry; Strange, Vicki
Cc: Motyka, Marlene (US - New York); Francis, Omar (US - New York); Schaeffer, Joshua B (US - New York); Ziglar, Jim (US - New York)
Subject: RE: Revised draft schedules

Apologies – yes emission allowances changed, not AROs

Peter Hannagan
Deloitte Financial Advisory Services, LLP

Tel: +1 202 378 5057
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Subject: RE: Revised draft schedules

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Crescente, Angela

From: johann.r.narvekar@us.pwc.com
Sent: Monday, November 22, 2010 6:13 PM
To: Crescente, Angela
Cc: Kinder, Debra; gregory.l.maggard@us.pwc.com; Wiseman, Sara
Subject: Fw: Request for initial evidence for Key reports

Angela -

I just wanted to follow up with you on the open request items for the ARO liability and Depreciation Comparison report. I know you all are busy wrapping up for the holiday weekend. I would appreciate if you can communicate to me as to when you foresee being able to send our request items along.

Regards,
Johann

Johann R Narvekar | Risk Assurance | PricewaterhouseCoopers | Mobile: +1 317 442 8318 | johann.r.narvekar@us.pwc.com

----- Forwarded by Johann R Narvekar/US/ABAS/PwC on 11/22/2010 06:10 PM -----

From: "Crescente, Angela" <Angela.Crescente@lge-ku.com>
To: Johann R Narvekar/US/ABAS/PwC@Americas-US
Cc: "Kinder, Debra" <Debra.Kinder@lge-ku.com>, Gregory L Maggard/US/ABAS/PwC@Americas-US, "Wiseman, Sara" <Sara.Wiseman@lge-ku.com>
Date: 11/11/2010 01:19 PM
Subject: RE: Request for initial evidence for Key reports

Johann,

If 9:30-10:30 will work for you, I will set up a meeting notice and reserve the conference room.

Thanks,
Angela

From: johann.r.narvekar@us.pwc.com [<mailto:johann.r.narvekar@us.pwc.com>]
Sent: Thursday, November 11, 2010 12:05 PM
To: Crescente, Angela
Cc: Kinder, Debra; gregory.l.maggard@us.pwc.com; Wiseman, Sara
Subject: RE: Request for initial evidence for Key reports

Angela,

We are fairly open for the day. We can meet with you anytime during the day.

Thanks,
Johann

Johann R Narvekar | Risk Assurance | PricewaterhouseCoopers | Mobile: +1 317 442 8318 | johann.r.narvekar@us.pwc.com

From: "Crescente, Angela" <Angela.Crescente@lge-ku.com>
To: Johann R Narvekar/US/ABAS/PwC@Americas-US

Charnas

Cc: "Kinder, Debra" <Debra.Kinder@lge-ku.com>, Gregory L Maggard/US/ABAS/PwC@Americas-US, "Wiseman, Sara" <Sara.Wiseman@lge-ku.com>
Date: 11/11/2010 11:05 AM
Subject: RE: Request for initial evidence for Key reports

Johann,

It looks like the best day for us to meet would be on Wednesday of next week. Please let us know if that will work for you. If Wednesday works in your schedule, let us know what time you prefer. Then, we can get a conference room set up since you will be on-site.

Thanks,
Angela

From: johann.r.narvekar@us.pwc.com [<mailto:johann.r.narvekar@us.pwc.com>]
Sent: Thursday, November 11, 2010 9:58 AM
To: Crescente, Angela
Cc: Kinder, Debra; gregory.l.maggard@us.pwc.com; Wiseman, Sara
Subject: RE: Request for initial evidence for Key reports

Angela,

Thanks for that information and we will note that for our testing.

Unfortunately, our methodology states that we need to obtain systematic evidence (screen shots of the last modified date/time, etc) to ensure no changes have been made. As a result, I think we will still need to meet with your group sometime next week when you're available to reconfirm our understanding.

Feel free to reach out to me at (317) 442 - 8318, if you have any additional questions.

Regards,
Johann

Johann R Narvekar | Risk Assurance | PricewaterhouseCoopers | Mobile: +1 317 442 8318 | johann.r.narvekar@us.pwc.com

From: "Crescente, Angela" <Angela.Crescente@lge-ku.com>

To: Johann R Narvekar/US/ABAS/PwC@Americas-US, "Wiseman, Sara" <Sara.Wiseman@lge-ku.com>, "Kinder, Debra" <Debra.Kinder@lge-ku.com>

Cc: Gregory L Maggard/US/ABAS/PwC@Americas-US

Date: 11/11/2010 09:50 AM

Subject: RE: Request for initial evidence for Key reports

Johann,

There have been no changes to the logic and application of these reports in 2010.

Thanks,
Angela

From: johann.r.narvekar@us.pwc.com [<mailto:johann.r.narvekar@us.pwc.com>]
Sent: Thursday, November 11, 2010 9:18 AM
To: Wiseman, Sara; Kinder, Debra; Crescente, Angela
Cc: gregory.l.maggard@us.pwc.com
Subject: PwC: Request for initial evidence for Key reports

Sara/Debra/Angela,

I am with the PwC IT audit team supporting the financial statement audit. We support the financial audit team by testing some key reports. We tested the following reports in 2009 for PowerPlant;

- Depreciation Comparison by Account Report
- IFRS ARO Liability Balances and Activity Report

Would it be possible for either or all of you to meet with us anytime tomorrow or early next week for about an hour to discuss the report and any changes that may have occurred to the logic and application of the report in 2010.

Feel free to reach out to me at (317) 442 - 8318, if you have any questions.

Regards,
Johann

Johann R Narvekar | Risk Assurance | PricewaterhouseCoopers | Mobile: +1 317 442 8318 | johann.r.narvekar@us.pwc.com

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Crescente, Angela

From: Crescente, Angela
Sent: Wednesday, November 24, 2010 10:20 AM
To: 'Josh Hirschel'; 'Jim Ogilvie'; 'Ann Koch'; 'support'; 'Jim Dahlby'
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: Accretion

All:

November accretion looks good for the transition AROs that we posted for KU, however accretion for December looks like it almost triples. We need to get this fixed **no later than Monday** to test as December calculates as soon as we close the books for November. Please help. I have attached reports to reflect this for one asset that I selected.



Angela0001.pdf

Thanks,
Angela

Company GL Account	Beginning Liability	Liabilities Incurred	Liabilities Settled	Accretion	Revisions	Gain/Loss	Accretion and Liab. Adjust	Ending Liability
KENTUCKY UTILITIES COMPANY								
0012-ASSET RETIREMENT OBLIGATION								
IFRS-GH-Oil Storage	\$9,622.73	\$0.00	\$0.00	\$29.69	\$0.00	\$0.00	\$0.00	\$9,652.42
GH-Oil Storage	\$7,107.48	\$0.00	\$0.00	\$18.28	\$0.00	(\$7,125.76)	\$0.00	\$0.00
IFRS-TY-Station Fuel Oil Piping	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
IFRS-Tyrone Unit 1 (Retired) - ASB	\$627,075.84	\$0.00	\$0.00	\$2,257.47	\$0.00	\$0.00	\$0.00	\$629,333.31
IFRS-Tyrone Unit 2 (Retired) - ASB	\$617,302.22	\$0.00	\$0.00	\$2,222.29	\$0.00	\$0.00	\$0.00	\$619,524.51
TY-Oil Storage	\$7,515.71	\$0.00	\$0.00	\$14.13	\$0.00	(\$7,529.84)	\$0.00	\$0.00
TY Oil Store - Test	\$0.00	\$9,736.29	\$0.00	\$30.02	\$0.00	\$0.00	\$0.00	\$9,766.31
GH-Chemical Storage	\$13,048.39	\$0.00	\$0.00	\$38.51	\$0.00	(\$13,086.90)	\$0.00	\$0.00
TY-Ash Pond	\$866,925.20	\$0.00	\$0.00	\$1,630.19	\$0.00	(\$868,555.39)	\$0.00	\$0.00
BR Ash Pond Test	\$0.00	\$10,223,658.28	\$0.00	\$41,746.60	\$0.00	\$0.00	\$0.00	\$10,265,404.88
BR Oil Storage - Test	\$0.00	\$6,795.74	\$0.00	\$27.75	\$0.00	\$0.00	\$0.00	\$6,823.49
IFRS-GR-Coal Storage	\$201,419.09	\$0.00	\$0.00	\$535.94	\$0.00	\$0.00	\$0.00	\$201,955.03
GH Ash Pond - Test	\$0.00	\$14,370,079.59	\$0.00	\$64,665.36	\$0.00	\$0.00	\$0.00	\$14,434,744.95
BR-Ash Pond	\$9,997,113.67	\$0.00	\$0.00	\$25,709.04	\$0.00	(\$10,022,822.71)	\$0.00	\$0.00
IFRS-GR-Limestone Silo	\$1,479.81	\$0.00	\$0.00	\$3.94	\$0.00	\$0.00	\$0.00	\$1,483.75
GH-TRN-GH Spare GSU - Test	\$0.00	\$1,288.63	\$0.00	\$5.80	\$0.00	\$0.00	\$0.00	\$1,294.43
GH-TRN-GH1 GSU - Test	\$0.00	\$2,026.29	\$0.00	\$6.92	\$0.00	\$0.00	\$0.00	\$2,033.21
GR Oil Store - Test	\$0.00	\$900.78	\$0.00	\$2.78	\$0.00	\$0.00	\$0.00	\$903.56
GR-trn-GR4 GSU Transformer	\$5,405.86	\$0.00	\$0.00	\$28.91	\$0.00	(\$5,434.77)	\$0.00	\$0.00
Ghent 2 ASB - Test	\$0.00	\$2,415,126.79	\$0.00	\$11,069.33	\$0.00	\$0.00	\$0.00	\$2,426,196.12
Ghent Unit 4 - ASB	\$572,082.42	\$0.00	\$0.00	\$1,730.08	\$0.00	(\$573,812.50)	\$0.00	\$0.00
IFRS-Brown Unit 3 - ASB	\$2,659,017.98	\$0.00	\$0.00	\$9,572.47	\$0.00	\$0.00	\$0.00	\$2,668,590.45
IFRS-GH-Nuclear Sources	\$150,677.44	\$0.00	\$0.00	\$524.61	\$0.00	\$0.00	\$0.00	\$151,202.05
IFRS-GR-Mercury Sources	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
IFRS-Ghent Unit 4 - ASB	\$507,646.78	\$0.00	\$0.00	\$1,827.53	\$0.00	\$0.00	\$0.00	\$509,474.31
IFRS-TY-Oil Storage	\$9,803.71	\$0.00	\$0.00	\$26.09	\$0.00	\$0.00	\$0.00	\$9,829.80
Pineville Ash Pond - Test	\$0.00	\$1,085,801.42	\$0.00	\$3,347.89	\$0.00	\$0.00	\$0.00	\$1,089,149.31
GR Coal Store - Test	\$0.00	\$200,039.50	\$0.00	\$616.79	\$0.00	\$0.00	\$0.00	\$200,656.29
TY-Chemical Storage	\$317.88	\$0.00	\$0.00	\$0.60	\$0.00	(\$318.48)	\$0.00	\$0.00
TY-Mercury Sources	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
TY-Service Water Pump Structure	\$170,823.29	\$0.00	\$0.00	\$321.22	\$0.00	(\$171,144.51)	\$0.00	\$0.00

*Rate
4.90%*

ARO Liability Balances and Activity

Charnas

Period Beginning: 12/1/2010

Period Ending: 12/1/2010

Company GL Account	Beginning Liability	Liabilities Incurred	Liabilities Settled	Accretion	Revisions	Gain/Loss	Accretion and Liab. Adjust	Ending Liability
ENTUCKY UTILITIES COMPANY								
30012-ASSET RETIREMENT OBLIGAT								
BR-Nuclear Sources	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$10,852.65
BR-Sewage Treatment Plant	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$6,792.18
BR Ash Pond Test	\$10,265,404.88	\$0.00	\$0.00	\$121,614.42	\$0.00	\$0.00	\$0.00	\$0.00
BR-Oil Storage	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$95,642.80
BR-Station Fuel Oil Piping	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$11,529.26
BR-Coal Storage	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$40,703.04
BR Oil Store CT - Test	\$17,870.87	\$0.00	\$0.00	\$230.55	\$0.00	\$0.00	\$0.00	\$0.00
BR-Ash Pond	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$6,733,098.77
BR Oil Storage - Test	\$6,823.49	\$0.00	\$0.00	\$80.13	\$0.00	\$0.00	\$0.00	\$0.00
BR-Lab	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$12,206.35
BR Lab - Test	\$15,783.27	\$0.00	\$0.00	\$149.00	\$0.00	\$0.00	\$0.00	\$0.00
BR-Auxiliary Pond	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
BR Aux Pond - Test	\$2,444,144.09	\$0.00	\$0.00	\$28,955.82	\$0.00	\$0.00	\$0.00	\$0.00
BR-Coal Pile Retention Pond	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$125,481.70
BR-Oil Storage CT - OP	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$153,565.98
BR Nuc Source - Test	\$15,442.34	\$0.00	\$0.00	\$182.95	\$0.00	\$0.00	\$0.00	\$0.00
BR-CT Fuel Oil Piping - OP	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$16,743.45
GL Account Total:	\$12,765,468.94	\$0.00	\$0.00	\$151,212.87	\$0.00	\$0.00	\$0.00	\$7,206,616.18
30017-ASSET RETIREMENT OBLIGAT								
BR Coal Storage - Test	\$62,540.44	\$0.00	\$0.00	\$739.54	\$0.00	\$0.00	\$0.00	\$0.00
GL Account Total:	\$62,540.44	\$0.00	\$0.00	\$739.54	\$0.00	\$0.00	\$0.00	\$0.00
Company Total:	\$12,828,009.38	\$0.00	\$0.00	\$151,952.41	\$0.00	\$0.00	\$0.00	\$7,206,616.18
Grand Total:	\$12,828,009.38	\$0.00	\$0.00	\$151,952.41	\$0.00	\$0.00	\$0.00	\$7,206,616.18

Rate
4.90%

Crescente, Angela

From: Crescente, Angela
Sent: Friday, November 19, 2010 5:56 PM
To: 'Jim Ogilvie'; 'Ann Koch'; 'support'
Cc: 'Josh Hirschel'; Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: Post Error

Importance: High

All:

I have approved, staged and sent to pending transactions 3 transition AROs in PTAXDEV. However, they will not post and show a Post 300 error. Please see screenshot attached. The user's guide says this is an error in the code internal to the stored procedure. I successfully created transition AROs in September and October in PTAXPROD, so I am unsure of what has changed.



Doc3.docx

Thanks,
Angela

PowerPlant PTAXDEV Database - [Pending Transaction Administration]

File Administration

Unr Cat Projects Budgets Assets Depr Tables CR Admn MyPlant Help Calc Print Win

ClassCd Test Ret Reports Post Dbg Post Cntr Error Audit Out Help

Highlight All

Company	Gl Je Code	Month	Posting Status
LOUISVILLE GAS	ARO	11/2010	approved/failed

Select Refresh Defer Search Wo

Work Orders: AHO Filter Clear Select All

Selected Pending Transactions

ount	Existing Asset In Service Year	Existing Asset Eng In Service	New In Service Year	Posting Error
nt In	00/00/0000		10/2010	
nt In	00/00/0000		10/2010	
nt In	00/00/0000		10/2010	POST 300: ERROR: company is null

Update Detail Subledger Basis Delete Delete ALL Approve ALL Post ALL Report Summ Rpt Cancel

Ready

Crescente, Angela

From: Jim Ogilvie <jogilvie@pwrplan.com>
Sent: Monday, November 22, 2010 9:34 AM
To: Wacker, Diana; 'support'
Cc: Crescente, Angela; akoch@pwrplan.com
Subject: RE: Post Error

Diana,

I think this error has to do with transition ARO's not ever being setup as a journal entry type in PP. Ann and I will look at it this morning.

--
Jim Ogilvie
jogilvie@pwrplan.com
678-421-4809

From: Wacker, Diana [<mailto:Diana.Wacker@lge-ku.com>]
Sent: Monday, 22 November, 2010 9:21 AM
To: support
Cc: Jim Ogilvie; Crescente, Angela
Subject: FW: Post Error
Importance: High

Sunjin: This post error is holding us up in testing to get these transition ARO's posted by month end. This is critical for the Purchase Accounting Adjustments that have to be booked for the PPL Acquisition. Help???

Thanks,

Diana

From: Crescente, Angela
Sent: Friday, November 19, 2010 5:56 PM
To: 'Jim Ogilvie'; 'Ann Koch'; 'support'
Cc: 'Josh Hirschel'; Wacker, Diana; Kinder, Debra; Wiseman, Sara
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<<Doc3.docx>>

Thanks,

Angela

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Crescente, Angela

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Cc: 'Jim Ogilvie'; Crescente, Angela
Subject: FW: Post Error

Importance: High

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Diana

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To: 'Jim Ogilvie'; 'Ann Koch'; 'support'
Cc: 'Josh Hirschel'; Wacker, Diana; Kinder, Debra; Wiseman, Sara
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Doc3.docx

Thanks,
Angela

Crescente, Angela

From: Wacker, Diana
Sent: Monday, November 22, 2010 9:36 AM
To: 'Jim Ogilvie'; 'support'
Cc: Crescente, Angela; akoch@pwrplan.com
Subject: RE: Post Error

Jim: We posted transition ARO's in September/October – wouldn't that indicate that the JE type was set up? Diana

From: Jim Ogilvie [<mailto:jogilvie@pwrplan.com>]
Sent: Monday, November 22, 2010 9:34 AM
To: Wacker, Diana; 'support'
Cc: Crescente, Angela; akoch@pwrplan.com
Subject: RE: Post Error

Diana,

I think this error has to do with transition ARO's not ever being setup as a journal entry type in PP. Ann and I will look at it this morning.

--
Jim Ogilvie
jogilvie@pwrplan.com
678-421-4809

From: Wacker, Diana [<mailto:Diana.Wacker@lge-ku.com>]
Sent: Monday, 22 November, 2010 9:21 AM
To: support
Cc: Jim Ogilvie; Crescente, Angela
Subject: FW: Post Error
Importance: High

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To: 'Jim Ogilvie'; 'Ann Koch'; 'support'
Cc: 'Josh Hirschel'; Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: Post Error
Importance: High

All:

Charnas

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Thanks,

Angela

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Crescente, Angela

From: Wacker, Diana
Sent: Tuesday, November 23, 2010 2:56 PM
To: 'support'; 'Jim Ogilvie'
Cc: Crescente, Angela; Wiseman, Sara
Subject: RE: Post Error

I am again trying to Post ARO transactions in DEV – I am still getting this error message. Below, Jim suggested that the JE type wasn't set up – can someone tell me how to look this up and if not – to set it up? I am now on hold with this and really need to get this done for purchase accounting testing.

PowerPlant ----- PTAXDEV Database

File Administration

Unit Cat Projects Assets Depr Tables CR Admin MyPPlant Help Calc Print Win

ClassCd Test Ret Reports Post Dbg Post Cntr Error Audit Quit Help

Pending Transaction Administration

Highlight All

Company	Gl Je Code	Month	Posting Status
KENTUCKY UTIL	ARO	11/2010	approved/failed
KENTUCKY UTIL	ARO RETIREM	11/2010	pending
LOUISVILLE GAS	ARO	11/2010	pending
LOUISVILLE GAS	ARO RETIREM	11/2010	pending
LOUISVILLE GAS	TRANSFER	11/2010	pending

Select Refresh Defer Search Wo

Work Orders
ARO

Selected Pending Transactions

ng Asset n Service	New In Service Year	Posting Error	Submitted By	Approved B
	10/2010			
	10/2010			
	10/2010			
	10/2010			
	10/2010			
	10/2010			
	10/2010			
	10/2010			
	10/2010			
	10/2010			
	10/2010			
	10/2010	POST 300: ERROR: company is null		

Rows 46 to 57 of 57

From: Wacker, Diana
 Sent: Tuesday, November 23, 2010 10:03 AM
 To: 'support'; 'Jim Ogilvie'

Cc: Crescente, Angela; Wiseman, Sara
Subject: FW: Post Error

Jim/Sunjin: Any word on this? We need to close DEV for our ARO testing for purchase accounting. I really hoped this would happen today – could this have anything to do with the new POST we got last month?

Thanks,
Diana

From: Wacker, Diana
Sent: Monday, November 22, 2010 9:36 AM
To: 'Jim Ogilvie'; 'support'
Cc: Crescente, Angela; akoch@pwrplan.com
Subject: RE: Post Error

Jim: We posted transition ARO's in September/October – wouldn't that indicate that the JE type was set up? Diana

From: Jim Ogilvie [<mailto:jogilvie@pwrplan.com>]
Sent: Monday, November 22, 2010 9:34 AM
To: Wacker, Diana; 'support'
Cc: Crescente, Angela; akoch@pwrplan.com
Subject: RE: Post Error

Diana,

I think this error has to do with transition ARO's not ever being setup as a journal entry type in PP. Ann and I will look at it this morning.

--
Jim Ogilvie
jogilvie@pwrplan.com
678-421-4809

From: Wacker, Diana [<mailto:Diana.Wacker@lge-ku.com>]
Sent: Monday, 22 November, 2010 9:21 AM
To: support
Cc: Jim Ogilvie; Crescente, Angela
Subject: FW: Post Error
Importance: High

Sunjin: This post error is holding us up in testing to get these transition ARO's posted by month end. This is critical for the Purchase Accounting Adjustments that have to be booked for the PPL Acquisition. Help???

Thanks,

Diana

From: Crescente, Angela
Sent: Friday, November 19, 2010 5:56 PM
To: 'Jim Ogilvie'; 'Ann Koch'; 'support'
Cc: 'Josh Hirschel'; Wacker, Diana; Kinder, Debra; Wiseman, Sara

Subject: Post Error
Importance: High

All:

I have approved, staged and sent to pending transactions 3 transition AROs in PTAXDEV. However, they will not post and show a Post 300 error. Please see screenshot attached. The user's guide says this is an error in the code internal to the stored procedure. I successfully created transition AROs in September and October in PTAXPROD, so I am unsure of what has changed.

<<Doc3.docx>>

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.

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Crescente, Angela

From: Josh Hirschel <jhirschel@pwrplan.com>
Sent: Tuesday, November 23, 2010 4:17 PM
To: Crescente, Angela; 'Jim Ogilvie'; 'Ann Koch'; 'support'
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: RE: Post Error

Did this get resolved?

From: Crescente, Angela [<mailto:Angela.Crescente@lge-ku.com>]
Sent: Friday, November 19, 2010 5:56 PM
To: Jim Ogilvie; Ann Koch; support
Cc: Josh Hirschel; Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: Post Error
Importance: High

All:

I have approved, staged and sent to pending transactions 3 transition AROs in PTAXDEV. However, they will not post and show a Post 300 error. Please see screenshot attached. The user's guide says this is an error in the code internal to the stored procedure. I successfully created transition AROs in September and October in PTAXPROD, so I am unsure of what has changed.

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Thanks,

Angela

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Crescente, Angela

From: Wacker, Diana
Sent: Tuesday, November 23, 2010 4:19 PM
To: 'Josh Hirschel'; Crescente, Angela; 'Jim Ogilvie'; 'Ann Koch'; 'support'
Cc: Kinder, Debra; Wiseman, Sara
Subject: RE: Post Error

No – I still can't post. I have been sending emails all day to Jim/Ann/ and Support, but haven't received any answers. I am ready to do the full test of the ARO's for purchase accounting – i.e. retire the old and set up transitions for the new – Angela is out sick, so I have been working on this for her.

Diana – 502-627-4054

From: Josh Hirschel [<mailto:jhirschel@pwrplan.com>]
Sent: Tuesday, November 23, 2010 4:17 PM
To: Crescente, Angela; 'Jim Ogilvie'; 'Ann Koch'; 'support'
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: RE: Post Error

Did this get resolved?

From: Crescente, Angela [<mailto:Angela.Crescente@lge-ku.com>]
Sent: Friday, November 19, 2010 5:56 PM
To: Jim Ogilvie; Ann Koch; support
Cc: Josh Hirschel; Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: Post Error
Importance: High

All:

I have approved, staged and sent to pending transactions 3 transition AROs in PTAXDEV. However, they will not post and show a Post 300 error. Please see screenshot attached. The user's guide says this is an error in the code internal to the stored procedure. I successfully created transition AROs in September and October in PTAXPROD, so I am unsure of what has changed.

<<Doc3.docx>>

Thanks,

Angela

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Crescente, Angela

From: support <support@pwrplan.com>
Sent: Tuesday, November 23, 2010 4:33 PM
To: Wacker, Diana; 'Josh Hirschel'; Crescente, Angela; 'Jim Ogilvie'; 'Ann Koch'
Cc: Kinder, Debra; Wiseman, Sara
Subject: RE: Post Error

Diana,
We don't have a way to remote connecting into E.On.

Jim/Ann,
Can you call me with the connection token numbers?

Sunjin
PowerPlant Support
770-937-3000

From: Wacker, Diana [<mailto:Diana.Wacker@lge-ku.com>]
Sent: Tuesday, 23 November, 2010 04:19 PM
To: Josh Hirschel; Crescente, Angela; Jim Ogilvie; Ann Koch; support
Cc: Kinder, Debra; Wiseman, Sara
Subject: RE: Post Error

No – I still can't post. I have been sending emails all day to Jim/Ann/ and Support, but haven't received any answers. I am ready to do the full test of the ARO's for purchase accounting – i.e. retire the old and set up transitions for the new – Angela is out sick, so I have been working on this for her.

Diana – 502-627-4054

From: Josh Hirschel [<mailto:jhirschel@pwrplan.com>]
Sent: Tuesday, November 23, 2010 4:17 PM
To: Crescente, Angela; 'Jim Ogilvie'; 'Ann Koch'; 'support'
Cc: Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: RE: Post Error

Did this get resolved?

From: Crescente, Angela [<mailto:Angela.Crescente@lge-ku.com>]
Sent: Friday, November 19, 2010 5:56 PM
To: Jim Ogilvie; Ann Koch; support
Cc: Josh Hirschel; Wacker, Diana; Kinder, Debra; Wiseman, Sara
Subject: Post Error
Importance: High

All:

I have approved, staged and sent to pending transactions 3 transition AROs in PTAXDEV. However, they will not post and show a Post 300 error. Please see screenshot attached. The user's guide says this is an error in the code internal to the stored procedure. I successfully created transition AROs in September and October in PTAXPROD, so I am unsure of what has changed.

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Thanks,

Angela

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Crescente, Angela

From: Wiseman, Sara
Sent: Wednesday, November 24, 2010 1:35 PM
To: Charnas, Shannon
Cc: Wacker, Diana; Crescente, Angela
Subject: ARO entries

Shannon:

We have prepared the opening balance entries for the ARO and posted them to the ledger as agreed upon in our meeting last Friday. The need Valerie's and your signatures. How would you like for me to go about obtaining those?

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

Crescente, Angela

From: Crescente, Angela
Sent: Monday, October 18, 2010 5:01 PM
To: McDaniels, Jason
Cc: Wiseman, Sara
Subject: ARO Rollforward LGE KU Balance Ended Sep 10 for Jason.xls

Jason,

Here is my support as you requested:



ARO Rollforward
LGE KU Balanc...

Thanks,
Angela

Clark, Ed

From: Crescente, Angela
Sent: Monday, December 20, 2010 9:10 AM
To: Fackler, Andrea
Subject: FW: ARO Rollforward
Attachments: ARO Rollforward LGE KU Balance Ended Oct 10 for auditors.xls

Andrea,

Please see the attached.

Thanks,
Angela

From: Fackler, Andrea
Sent: Sunday, December 19, 2010 5:48 PM
To: Crescente, Angela
Subject: ARO Rollforward

Angela,

I apologize if I already sent you this request, but I can't find any proof in my outlook that I did. I was told that you prepare an ARO rollforward and can help me get the change in AROs from 12/31/09 to 10/31/10 in my cash flow workpapers. Can you send me your rollforward and then I'll arrange a time to chat about the specifics of placement in the cash flow statement?

Thanks!
Andrea

Kentucky Utilities Company
 ARO Rollover Schedule - 2010

Ending Balance Dec31st4th Quarter	ARW-ARO Total	COR Parent	ARO Liabilities	Regulatory Asset	Regulatory Liability	Accrual Expense	Depreciation Exp	Depreciation Expense	Accrual Expense	Depreciation Expense	Accrual Expense	Cash
	101107.8701115	108107.8701115	200012.1315	18207.7201115	18207.7201115	411155.411155	411155.411155	407421.407421	407421.407421	407421.407421	407421.407421	100000.000000
January Activity												
ARO Accrual												
ARO Depreciation												
ARO RWIP												
Accrual COR												
Settlement Activity												
Ending Balance Jan10	9,350,183.87	6,953,311.41	2,388,400.00	29,070,298.17	4,452,173.33	2,151,184.08	1,788,724.85	987,744.88	2,151,184.08	308,987.78	308,987.78	(553,787.33)
February Activity												
ARO Accrual												
ARO Depreciation												
ARO RWIP												
Accrual COR												
Settlement Activity												
Ending Balance Feb10	9,350,183.87	6,953,311.41	2,388,400.00	29,070,298.17	4,452,173.33	2,151,184.08	1,788,724.85	987,744.88	2,151,184.08	308,987.78	308,987.78	(553,787.33)
March Activity												
ARO Accrual												
ARO Depreciation												
ARO RWIP												
Accrual COR												
Settlement Activity												
Ending Balance Mar10	9,350,183.87	6,953,311.41	2,388,400.00	29,070,298.17	4,452,173.33	2,151,184.08	1,788,724.85	987,744.88	2,151,184.08	308,987.78	308,987.78	(553,787.33)
April Activity												
ARO Accrual												
ARO Depreciation												
ARO RWIP												
Accrual COR												
Settlement Activity												
Ending Balance Apr10	9,350,183.87	6,953,311.41	2,388,400.00	29,070,298.17	4,452,173.33	2,151,184.08	1,788,724.85	987,744.88	2,151,184.08	308,987.78	308,987.78	(553,787.33)
May Activity												
ARO Accrual												
ARO Depreciation												
ARO RWIP												
Accrual COR												
Settlement Activity												
Ending Balance May10	9,350,183.87	6,953,311.41	2,388,400.00	29,070,298.17	4,452,173.33	2,151,184.08	1,788,724.85	987,744.88	2,151,184.08	308,987.78	308,987.78	(553,787.33)
June Activity												
ARO Accrual												
ARO Depreciation												
ARO RWIP												
Accrual COR												
Settlement Activity												
Ending Balance Jun10	9,350,183.87	6,953,311.41	2,388,400.00	29,070,298.17	4,452,173.33	2,151,184.08	1,788,724.85	987,744.88	2,151,184.08	308,987.78	308,987.78	(553,787.33)
July Activity												
ARO Accrual												
ARO Depreciation												
ARO RWIP												
Accrual COR												
Settlement Activity												
Ending Balance Jul10	9,350,183.87	6,953,311.41	2,388,400.00	29,070,298.17	4,452,173.33	2,151,184.08	1,788,724.85	987,744.88	2,151,184.08	308,987.78	308,987.78	(553,787.33)
August Activity												
ARO Accrual												
ARO Depreciation												
ARO RWIP												
Accrual COR												
Settlement Activity												
Ending Balance Aug10	9,350,183.87	6,953,311.41	2,388,400.00	29,070,298.17	4,452,173.33	2,151,184.08	1,788,724.85	987,744.88	2,151,184.08	308,987.78	308,987.78	(553,787.33)
September Activity												
ARO Accrual												
ARO Depreciation												
ARO RWIP												
Accrual COR												
Settlement Activity												
Ending Balance Sep10	9,350,183.87	6,953,311.41	2,388,400.00	29,070,298.17	4,452,173.33	2,151,184.08	1,788,724.85	987,744.88	2,151,184.08	308,987.78	308,987.78	(553,787.33)
October Activity												
ARO Accrual												
ARO Depreciation												
ARO RWIP												
Accrual COR												
Settlement Activity												
Ending Balance Oct10	9,350,183.87	6,953,311.41	2,388,400.00	29,070,298.17	4,452,173.33	2,151,184.08	1,788,724.85	987,744.88	2,151,184.08	308,987.78	308,987.78	(553,787.33)
November Activity												
ARO Accrual												
ARO Depreciation												
ARO RWIP												
Accrual COR												
Settlement Activity												
Ending Balance Nov10	9,350,183.87	6,953,311.41	2,388,400.00	29,070,298.17	4,452,173.33	2,151,184.08	1,788,724.85	987,744.88	2,151,184.08	308,987.78	308,987.78	(553,787.33)
December Activity												
ARO Accrual												
ARO Depreciation												
ARO RWIP												
Accrual COR												
Settlement Activity												
Ending Balance Dec10	9,350,183.87	6,953,311.41	2,388,400.00	29,070,298.17	4,452,173.33	2,151,184.08	1,788,724.85	987,744.88	2,151,184.08	308,987.78	308,987.78	(553,787.33)

Clark, Ed

From: Crescente, Angela
Sent: Wednesday, December 22, 2010 1:45 PM
To: Fackler, Andrea
Subject: RE: ARO Rollforward
Attachments: ARO Rollforward LGE & KU Ltd 200812 for auditors.xls; ARO Rollforward LGE KU Balance Ended Dec 09 for auditors.xls

Andrea:

Please see the attached.

Thanks,
Angela

From: Fackler, Andrea
Sent: Wednesday, December 22, 2010 11:58 AM
To: Crescente, Angela
Subject: RE: ARO Rollforward

Angela,

Do you have rollforwards that cover 2009 and 2008 as well? If so, please send those to me as well. If not, we'll have to figure out how to get the breakout for the PY cash flows, so we are consistent across the years.

Thanks,
Andrea

Andrea Fackler, CPA
Accounting Analyst II
LG&E and KU Energy, LLC
220 W. Main Street, 9th Floor
Louisville, KY 40202
P: (502) 627-3442

From: Crescente, Angela
Sent: Monday, December 20, 2010 9:10 AM
To: Fackler, Andrea
Subject: FW: ARO Rollforward

Andrea,

Please see the attached.

Thanks,
Angela

From: Fackler, Andrea

Sent: Sunday, December 19, 2010 5:48 PM

To: Crescente, Angela

Subject: ARO Rollforward

Angela,

I apologize if I already sent you this request, but I can't find any proof in my outlook that I did. I was told that you prepare an ARO rollforward and can help me get the change in AROs from 12/31/09 to 10/31/10 in my cash flow workpapers. Can you send me your rollforward and then I'll arrange a time to chat about the specifics of placement in the cash flow statement?

Thanks!

Andrea

Louisville Gas and Electric Company
ARO Rollforward Schedule - 2008

	ARO Assets 101107 & 101125 101207, 101225, 101325	Accum Deprec 108107, 117 & 125 108207 & 225, 108325	R/WIP-ARO Legal 108789	COR 108909	ARO Liabilities 230002, 3, 5, 7-9d 230012, 13, 15-17	Regulatory Assets 182317 - 182318 182325 - 182327 254014 - 254018	Regulatory Liabilities 411150 - 411151 411155 - 411157	Accretion Expense 411150 - 411151 411155 - 411157	Depreciation Exp Parent 403600	Depreciation Expense 403111 - 403115 403211 - 403311	Accr Regulatory Cr 407401 - 407402 407405 - 407407	Depr Regulatory Cr 407421 - 407422 407425 - 407427	Cash
Ending Balance 2008Q3	6,844,555.28	(2,772,487.28)		2,881,814.08	(29,533,818.84)	26,801,684.88	(3,139,270.28)	1,408,544.53	80,405.57	144,650.80	(1,409,544.53)	(132,788.74)	(243,327.57)
ARO Accretion					(160,204.81)	160,204.81		160,204.81			(160,204.81)	(14,754.82)	
ARO Depreciation		(14,754.82)				14,754.82				14,754.82		(14,754.82)	
Misc Adjustments													
Incurrd COR - Gen					115,188.87								(115,188.87)
Accrue COR							(8,118.54)		8,118.54				
Ending Balance Oct08	6,844,555.28	(2,787,241.90)		2,881,814.08	(29,638,638.78)	26,776,624.41	(3,148,378.82)	1,568,749.34	88,524.11	159,405.42	(1,569,749.34)	(147,543.38)	(338,514.44)
ARO Accretion					(161,003.70)	161,003.70		161,003.70			(161,003.70)	(14,754.81)	
ARO Depreciation		(14,754.81)				14,754.81				14,754.81		(14,754.81)	
Misc Adjustments			1,895,491.82		(1,895,491.82)								(57,952.98)
Incurrd COR - Gen					57,952.95								
Accrue COR							(8,118.54)		8,118.54				
Ending Balance Nov08	6,844,555.28	(2,801,998.51)	1,895,491.82	2,881,814.08	(31,437,478.34)	26,982,382.72	(3,154,447.35)	1,727,753.04	78,642.65	174,200.03	(1,727,753.04)	(162,297.97)	(416,467.40)
ARO Accretion					(161,808.83)	161,808.83		161,808.83			(161,808.83)	(14,754.83)	
ARO Depreciation		(14,754.83)				14,754.83				14,754.83		(14,754.83)	
Misc Adjustments			11,138.12		(11,138.12)								(12,828.08)
Incurrd COR - Gen					12,828.08								
Accrue COR							(8,118.54)		8,118.54				
Ending Balance Dec08	6,844,555.28	(2,816,751.14)	1,708,629.94	2,881,814.08	(31,567,588.01)	27,128,643.98	(3,162,565.90)	1,890,559.87	84,761.19	188,954.88	(1,890,559.87)	(177,052.60)	(428,283.48)
ARO Accretion	-	-	-	-	(1,890,559.87)	1,890,559.87	-	1,890,559.87	-	-	(1,890,559.87)	-	-
ARO Depreciation	-	(188,954.88)	-	-	-	177,052.60	-	-	-	188,954.88	-	(177,052.60)	-
Misc Adjustments	-	-	1,708,629.94	-	(1,708,629.94)	2,822,875.60	(2,822,875.60)	-	-	-	-	-	-
Incurrd COR - Gen	-	-	-	-	428,283.48	-	-	-	-	-	-	-	(428,283.48)
Accrue COR	-	-	-	-	-	-	(84,761.19)	-	84,761.19	-	-	-	-
Ending Balance 2008Q4	6,844,555.28	(2,884,671.47)	1,708,629.94	2,881,814.08	(32,749,571.82)	29,066,987.69	(3,243,103.85)	5,728,518.62	84,761.19	539,755.10	(5,728,513.83)	(539,770.00)	(428,283.48)
31-Dec-08	6,844,555.28	(2,884,671.45)	1,708,629.94	2,881,814.08	(32,749,571.82)	29,066,987.69	(3,243,103.85)	5,728,518.62	0.00	188,954.84	-1,889,558.67	-177,052.58	-
end	0.00	(0.02)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.02	0.00	(0.02)	-

Kentucky Utilities Company
 ARO Rollforward Schedule - 2008

	ARO Assets 101107 & 101125 101207,101225,101325	Accum Deprec 108107, 117 & 125 108207&225,108325	RWIP-ARO Legal 108799	COR Parent	ARO Liabilities 230002-3,5,7 old 230012,13,15,17	Regulatory Assets 182317 - 182318 182325 - 182327	Regulatory Liabilities 254014 - 254018	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	Cash
Ending Balance 2008Q3	9,354,776.00	(4,585,390.62)		2,388,400.00	(31,696,674.24)	27,289,847.42	(3,838,505.51)	1,474,352.84	189,144.18	259,987.13	(1,474,352.84)	(220,728.81)	(82,737.86)
FIN 47 Implementation													
FAS 143 SL Deprec Corr													
ARO Accretion					(188,188.63)	188,188.63		168,188.63			(168,188.63)		
ARO Depreciation		(24,748.94)				24,748.94				24,748.94		(24,748.94)	
Misc JE													
Incurrd COR - Gen													
Accrue COR								(20,972.84)	20,972.84				
As of Oct 31, 2008	9,354,776.00	(4,610,139.56)	0.00	2,388,400.00	(31,894,862.87)	27,482,784.99	(3,858,478.35)	1,642,541.47	210,117.02	284,716.07	(1,642,541.47)	(245,475.55)	(82,737.86)
FIN 47 Implementation													
FAS 143 SL Deprec Corr													
ARO Accretion					(169,072.59)	169,072.59		169,072.59			(169,072.59)		
ARO Depreciation		(24,748.91)				24,748.98				24,748.91		(24,748.98)	
Misc JE			362,213.38		(362,213.38)								
Incurrd COR - Gen													
Accrue COR								(20,972.84)	20,972.84				
As of Nov 30, 2008	9,354,776.00	(4,634,888.47)	362,213.38	2,388,400.00	(32,396,148.84)	27,676,606.56	(3,880,451.19)	1,811,614.06	231,089.86	309,484.98	(1,811,614.06)	(270,224.53)	(82,737.86)
	9,354,776.16	4,635,233.78			32,396,148.84	27,676,606.43	3,880,451.19						
	(0.16)	345.31			-	0.13	-						
FIN 47 Implementation													
FAS 143 SL Deprec Corr													
ARO Accretion					(169,961.27)	169,961.27		169,961.27			(169,961.27)		
ARO Depreciation		(24,748.93)				24,748.93				24,748.93		(24,748.93)	
Misc JE													
Incurrd COR - Gen													
Accrue COR								(20,972.84)	20,972.84				
Ending Balance Dec08	9,354,776.00	(4,659,837.40)	362,213.38	2,388,400.00	(32,566,110.11)	27,871,316.76	(3,901,424.03)	1,981,575.33	252,062.70	334,213.91	(1,981,575.33)	(264,973.46)	(82,737.86)
FIN 47 Implementation													
FAS 143 SL Deprec Corr													
ARO Accretion					(1,981,575.33)	1,981,575.33		1,981,575.33			(1,981,575.33)		
ARO Depreciation		(334,213.91)				294,673.46				334,213.91		(264,973.46)	
Misc JE			362,213.38		(362,213.38)	1,478,500.00	(1,478,500.00)						
Incurrd COR - Gen					92,737.86								(92,737.86)
Accrue COR								(252,062.70)	252,062.70				
Ending Balance 2008Q4-Dec	9,354,776.00	(4,659,837.40)	362,213.38	2,388,400.00	(32,566,110.11)	27,871,316.76	(3,901,424.03)	1,981,575.33	252,062.70	334,213.91	(1,981,575.33)	(264,973.46)	(82,737.86)

Clark, Ed

From: Fackler, Andrea
Sent: Monday, December 27, 2010 9:51 AM
To: Crescente, Angela
Subject: FW: ARO Rollforward
Attachments: ARO Rollforward LGE & KU ltd 200812 for auditors.xls; ARO Rollforward LGE KU Balance Ended Dec 09 for auditors.xls

Angela,

Callie found a couple errors in formulas in the PY ARO rollforwards you gave us. See her email below and let us know if this will affect anything. We are using the monthly activity as our cash flow support.

Also, Callie also just told me that in the 2008 rollforward, there is only 4th quarter activity. Was that the first time we booked AROs? If not, is there another reason why we don't have any activity prior to 4th quarter. Note I haven't gone back to look at balances during that time period at this time. Thought I would just add the question to this email before I sent it.

Thanks,
Andrea

Andrea Fackler, CPA
Accounting Analyst II
LG&E and KU Energy, LLC
220 W. Main Street, 9th Floor
Louisville, KY 40202
P: (502) 627-3442

From: McRae, Callie
Sent: Monday, December 27, 2010 9:37 AM
To: Fackler, Andrea
Subject: FW: ARO Rollforward

Andrea,
When working on the ARO Rollforward for 2009, I found a problem with 2 of the formulas for KU in Q3. The RWIP-ARO Legal 108799 total activity for 3rd Qtr does not include the ARO RWIP for August. The Regulatory Assets 182317-182318, 182325-182327 total activity for the 3rd QTR does not include the ARO Accretion for September.

Thanks.
Callie

From: Fackler, Andrea
Sent: Wednesday, December 22, 2010 2:46 PM
To: McRae, Callie
Subject: FW: ARO Rollforward

From: Crescente, Angela
Sent: Wednesday, December 22, 2010 1:45 PM

To: Fackler, Andrea
Subject: RE: ARO Rollforward

Andrea:

Please see the attached.

Thanks,
Angela

From: Fackler, Andrea
Sent: Wednesday, December 22, 2010 11:58 AM
To: Crescente, Angela
Subject: RE: ARO Rollforward

Angela,

Do you have rollforwards that cover 2009 and 2008 as well? If so, please send those to me as well. If not, we'll have to figure out how to get the breakout for the PY cash flows, so we are consistent across the years.

Thanks,
Andrea

Andrea Fackler, CPA
Accounting Analyst II
LG&E and KU Energy, LLC
220 W. Main Street, 9th Floor
Louisville, KY 40202
P: (502) 627-3442

From: Crescente, Angela
Sent: Monday, December 20, 2010 9:10 AM
To: Fackler, Andrea
Subject: FW: ARO Rollforward

Andrea,

Please see the attached.

Thanks,
Angela

From: Fackler, Andrea
Sent: Sunday, December 19, 2010 5:48 PM
To: Crescente, Angela
Subject: ARO Rollforward

Angela,

I apologize if I already sent you this request, but I can't find any proof in my outlook that I did. I was told that you prepare an ARO rollforward and can help me get the change in AROs from 12/31/09 to 10/31/10 in my cash flow workpapers. Can you send me your rollforward and then I'll arrange a time to chat about the specifics of placement in the cash flow statement?

Thanks!
Andrea

Charnes

	Accum Deprec	ARO FARGO Total	ARO Liabilities	Regulatory Assets	Regulatory Liabilities	Accretion Expense	Depreciation Exp	Depreciation Expense	Accr Regulatory C	Depr Regulatory C	Cash
	108107, 11 & 125	29002, 3, 5, 7, 9 & 108799	29002, 3, 5, 7, 9 & 108799	182017 - 182018	241153 - 241157	411150 - 411151	40311, 14, 15 & 40303	40311, 14, 15 & 40303	407401 - 407402	407401 - 407402	407401 - 407402
	8,644,555.28	(2,772,487.28)	(2,981,914.68)	(29,363,818.84)	(3,138,270.28)	(429,544.53)	80,465.57	14,930.80	(1,409,544.63)	(132,726.74)	(243,327.87)
Ending Balance 2008Q3											
ARO Accretion			(14,754.82)	180,204.81		180,204.81		14,754.82	(180,204.81)	(14,754.82)	
ARO Depreciation				14,754.82							
Misc Adjustments											
Incurred COR - Gen			115,186.87		(8,118.54)		8,118.54				(115,186.87)
Accrue COR											
Ending Balance Oct08	8,644,555.28	(2,787,241.80)	(2,981,914.68)	(29,639,636.70)	(3,146,388.82)	(1,950,749.34)	80,524.11	150,445.42	(1,690,749.34)	(147,543.90)	(308,974.44)
ARO Accretion			(14,754.81)	161,003.70		161,003.70		14,754.81	(161,003.70)	(14,754.81)	
ARO Depreciation				14,754.81							
Misc Adjustments											
Incurred COR - Gen			1,665,461.82		(8,118.54)		8,118.54				(1,665,461.82)
Accrue COR											
Ending Balance Nov08	6,844,555.28	(2,801,868.51)	(2,861,914.68)	(31,437,479.34)	(3,154,447.30)	(1,727,753.04)	79,642.65	174,200.00	(1,727,753.04)	(162,287.87)	(418,467.40)
ARO Accretion			(14,754.03)	161,803.63		161,803.63		14,754.03	(161,803.63)	(14,754.03)	
ARO Depreciation				14,754.03							
Misc Adjustments											
Incurred COR - Gen			1,108,112		(8,118.54)		8,118.54				(1,108,112)
Accrue COR											
Ending Balance Dec08	6,844,555.28	(2,818,751.14)	(2,881,914.68)	(31,437,479.34)	(3,162,565.88)	(1,889,549.67)	84,731.19	188,954.86	(1,889,549.67)	(177,052.60)	(429,283.48)
ARO Accretion			(189,854.69)	1,889,549.67		1,889,549.67		189,854.66	(1,889,549.67)	(189,854.66)	
ARO Depreciation				177,052.60							
Misc Adjustments											
Incurred COR - Gen			1,708,929.94		(2,822,675.60)						(1,708,929.94)
Accrue COR											
Ending Balance 2009Q4	6,844,555.28	(2,834,671.47)	(2,881,914.68)	(31,746,571.82)	(3,243,106.66)	(1,889,549.67)	84,731.19	639,755.10	(1,889,549.67)	(177,052.60)	(429,283.48)
31-Dec-08	6,844,555.28	(2,984,671.45)	(2,981,914.68)	(29,639,636.70)	(3,243,106.66)	(1,889,549.67)	84,731.19	188,954.84	(1,889,549.67)	(177,052.60)	(429,283.48)
end	0.00	(6.02)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Kentucky Utilities Company
 ARO Rollforward Schedule - 2008

	ARO Assets 101107 & 101125 101207-101225-101325	Accum Deprec 108107, 117 & 125 108207&225-108325	RWIP-ARO Legal 108799	COR Parent	ARO Liabilities 230002-3,5,7 old 230012,13,15,17	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	Cash
Ending Balance 2008Q3	9,354,776.00	(4,585,360.62)		2,388,400.00	(31,896,674.24)	27,289,847.42	(3,838,505.51)	1,474,352.84	188,144.18	259,967.13	(1,474,352.84)	(220,728.61)	(92,737.86)
FIN 47 Implementation													
FAS 143 SL Deprec Corr													
ARO Accretion					(168,188.93)	168,188.63		168,188.63			(168,188.63)		
ARO Depreciation		(24,748.94)				24,748.94				24,748.94		(24,748.94)	
Misc JE													
Incurred COR - Gen													
Accrue COR							(20,972.84)		20,972.84				
As of Oct 31, 2008	9,354,776.00	(4,610,139.56)	0.00	2,388,400.00	(31,884,862.87)	27,482,784.99	(3,859,478.35)	1,642,541.47	210,117.02	284,716.07	(1,642,541.47)	(245,475.55)	(92,737.86)
FIN 47 Implementation													
FAS 143 SL Deprec Corr													
ARO Accretion					(169,072.59)	169,072.59		169,072.59			(169,072.59)		
ARO Depreciation		(24,748.91)				24,748.98				24,748.91		(24,748.98)	
Misc JE			362,213.38		(362,213.38)								
Incurred COR - Gen													
Accrue COR							(20,972.84)		20,972.84				
As of Nov 30, 2008	9,354,776.00	(4,634,888.47)	362,213.38	2,388,400.00	(32,396,148.84)	27,676,606.56	(3,880,451.19)	1,811,614.06	231,089.86	309,464.98	(1,811,614.06)	(270,224.53)	(92,737.86)
	9,354,776.19	(4,635,233.78)			32,396,148.84	27,676,606.43	3,880,451.19						
	(0.19)	345.31			-	0.13	-						
FIN 47 Implementation													
FAS 143 SL Deprec Corr													
ARO Accretion					(169,961.27)	169,961.27		169,961.27			(169,961.27)		
ARO Depreciation		(24,748.93)				24,748.93				24,748.93		(24,748.93)	
Misc JE													
Incurred COR - Gen													
Accrue COR							(20,972.84)		20,972.84				
Ending Balance Dec08	9,354,776.00	(4,659,637.40)	362,213.38	2,388,400.00	(32,566,110.11)	27,871,318.76	(3,901,424.03)	1,981,575.33	252,062.70	334,213.91	(1,981,575.33)	(294,973.48)	(92,737.86)
FIN 47 Implementation	-	-	-	-	-	-	-	-	-	-	-	-	-
FAS 143 SL Deprec Corr	-	-	-	-	-	-	-	-	-	-	-	-	-
ARO Accretion	-	-	-	-	(1,981,575.33)	1,981,575.33	-	1,981,575.33	-	-	(1,981,575.33)	-	-
ARO Depreciation	-	(334,213.91)	-	-	-	294,973.48	-	-	-	334,213.91	-	(294,973.48)	-
Misc JE	-	-	362,213.38	-	(362,213.38)	1,476,500.00	(1,476,500.00)	-	-	-	-	-	-
Incurred COR - Gen	-	-	-	-	92,737.86	-	-	-	-	-	-	-	(92,737.86)
Accrue COR	-	-	-	-	-	-	(252,062.70)	-	252,062.70	-	-	-	-
Ending Balance 2008Q4-Dec	9,354,776.00	(4,659,637.40)	362,213.38	2,388,400.00	(32,566,110.11)	27,871,318.76	(3,901,424.03)	1,981,575.33	252,062.70	334,213.91	(1,981,575.33)	(294,973.48)	(92,737.86)

Clark, Ed

From: Leenerts, Patricia
Sent: Monday, December 27, 2010 2:31 PM
To: McRae, Callie
Cc: Fackler, Andrea; Crescente, Angela
Subject: ARO Rollforward LGE & KU ltd as of 2008 to Andrea Fackler 12272010.xls

As requested, sorry for the delay, I had a couple of fires that popped up. Let me know if you have any questions.



ARO Rollforward
LGE_KU ltd a...

Angela, here is the link for the file: [I:\FIN 47\2008 Files\ARO Rollforward LGE & KU ltd as of 2008 to Andrea Fackler 12272010.xls](file:///I:\FIN 47\2008 Files\ARO Rollforward LGE & KU ltd as of 2008 to Andrea Fackler 12272010.xls)

Kentucky Utilities Company
 ARO Rollforward Schedule - 2008

	ARO Assets 101107 & 101125 101207, 101225, 101325	Accum Deprec 108107, 117 & 125 108207 & 225, 108325	RWP-ARO Legal 108799	COR Parent	ARO Liabilities 230002-3, 5, 7 old 230012, 13, 15, 17	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	Cumm Eff - Reg Cr 407411 - 407412 407415 - 407417
Ending Balance 2007Q4-Dec	9,354,776.00	(4,325,423.49)		2,388,400.00	(30,315,059.26)	24,116,267.97	(2,170,861.33)	1,861,362.72	252,192.24	199,428.60	(1,861,362.72)	(239,840.64)	-
2008													
FIN 47 Implementation													
FAS 143 SL Deprec Corr													
ARO Accretion					(165,157.94)	165,157.94		165,157.94			(165,157.94)		
ARO Depreciation		(24,577.92)				24,577.92				24,577.92		(24,577.92)	
Misc JE													
Incurred COR - Gen													
Accrue COR							(21,016.02)		21,016.02				
As of January 31, 2008	9,354,776.00	(4,350,001.41)		2,388,400.00	(30,480,217.20)	24,306,009.89	(2,191,877.35)	185,157.94	21,016.02	24,577.92	(165,157.94)	(24,577.92)	-
FIN 47 Implementation													
FAS 143 SL Deprec Corr													
ARO Accretion					(165,157.94)	165,157.94		165,157.94			(165,157.94)		
ARO Depreciation		(24,577.92)				24,577.92				24,577.92		(24,577.92)	
Misc JE													
Incurred COR - Gen													
Accrue COR							(21,016.02)		21,016.02				
As of February 28, 2008	9,354,776.00	(4,374,579.33)		2,388,400.00	(30,645,375.14)	24,495,739.89	(2,212,893.37)	330,315.88	42,032.04	49,155.84	(330,315.88)	(49,155.84)	-
FIN 47 Implementation													
FAS 143 SL Deprec Corr													
ARO Accretion					(165,157.94)	165,157.94		165,157.94			(165,157.94)		
ARO Depreciation		(24,577.92)				24,577.92				24,577.92		(24,577.92)	
Misc JE													
Incurred COR - Gen													
Accrue COR							(21,016.02)		21,016.02				
Ending Balance Mar08	9,354,776.00	(4,399,157.25)		2,388,400.00	(30,810,533.08)	24,685,475.55	(2,233,909.39)	495,473.82	63,048.06	73,733.76	(495,473.82)	(73,733.76)	-
FIN 47 Implementation													
FAS 143 SL Deprec Corr													
ARO Accretion					(495,473.82)	495,473.82		495,473.82			(495,473.82)		
ARO Depreciation		(73,733.76)				73,733.76				73,733.76		(73,733.76)	
Misc JE													
Incurred COR - Gen													
Accrue COR							(63,048.08)		63,048.06				
Ending Balance 2008Q1	9,354,776.00	(4,399,157.25)		2,388,400.00	(30,810,533.08)	24,685,475.55	(2,233,909.39)	495,473.82	63,048.06	73,733.76	(495,473.82)	(73,733.76)	-
FIN 47 Implementation													
FAS 143 SL Deprec Corr													
ARO Accretion					(165,157.94)	165,157.94		165,157.94			(165,157.94)		
ARO Depreciation		(64,643.16)				24,577.92				64,643.16		(24,577.92)	
Misc JE													
Incurred COR - Gen													
Accrue COR							(21,016.02)		21,016.02				
As of April 30, 2008	9,354,776.00	(4,483,800.41)		2,388,400.00	(30,975,691.02)	24,875,211.41	(2,254,925.41)	660,631.76	84,064.08	138,376.92	(660,631.76)	(98,311.68)	-

Kentucky Utilities Company
 ARO Rollforward Schedule - 2008

ARO Assets	Accum Deprac	RWIP-ARO Legal	COR	ARO Liabilities	Regulatory Assets	Regulatory Liabilities	Accretion Expense	Depreciation Exp	Depreciation Expense	Accr Regulatory Cr	Depr Regulatory Cr	Cumm Eff - Reg Cr
101107 & 101125	108107, 117 & 125	108799	Parent	230002-3,5,7,old	182317 - 182318	254014 - 254016	411150 - 411151	Parent	403111-403115	407401 - 407402	407421 - 407422	407411 - 407412
101207, 101225, 101325	108207, 8225, 108325			230012, 13, 15, 17	182325 - 182327		411155 - 411157	403000	403211 - 12, 403311	407405 - 407407	407425 - 407427	407415 - 407417

FIN 47 Implementation												
FAS 143 SL Deprac Corr												
ARO Accretion				(149,714.83)	149,714.63		149,714.63			(149,714.63)		
ARO Depreciation	(22,594.41)				22,594.41				22,594.41		(22,594.41)	
Misc JE												
Incurred COR - Gen							(21,016.02)		21,016.02			
Accrue COR												
As of May 31, 2008	9,354,776.00	(4,496,394.82)	2,388,400.00	(31,125,405.85)	25,047,520.45	(2,275,941.43)	810,348.99	105,080.10	160,971.33	(810,348.39)	(120,908.09)	-

FIN 47 Implementation												
FAS 143 SL Deprac Corr												
ARO Accretion				(164,698.58)	164,698.58		164,698.58			(164,698.58)		
ARO Depreciation	(24,748.95)				25,573.87				24,748.95		(25,573.87)	
Misc JE												
Incurred COR - Gen							(21,016.02)		21,016.02			
Accrue COR												
Ending Balance Jun08	9,354,776.00	(4,511,143.77)	2,388,400.00	(31,290,104.23)	25,237,792.70	(2,296,957.45)	975,044.97	126,095.12	185,720.28	(975,044.97)	(146,479.76)	-

FIN 47 Implementation	-	-	-	-	-	-	-	-	-	-	-	-
FAS 143 SL Deprac Corr	-	-	-	-	-	-	-	-	-	-	-	-
ARO Accretion	-	-	-	(975,044.97)	975,044.97	-	975,044.97	-	-	(975,044.97)	-	-
ARO Depreciation	-	(185,720.28)	-	-	146,479.76	-	-	-	185,720.28	-	(146,479.76)	-
Misc JE	-	-	-	-	-	-	-	-	-	-	-	-
Incurred COR - Gen	-	-	-	-	-	-	-	-	-	-	-	-
Accrue COR	-	-	-	-	-	(126,095.12)	-	126,095.12	-	-	-	-
Ending Balance 2008Q2	9,354,776.00	(185,720.28)	2,388,400.00	(975,044.97)	1,121,524.73	(126,095.12)	975,044.97	126,095.12	185,720.28	(975,044.97)	(146,479.76)	-

FIN 47 Implementation												
FAS 143 SL Deprac Corr												
ARO Accretion				(165,564.25)	165,564.25		165,564.25			(165,564.25)		
ARO Depreciation	(24,748.95)				24,748.95				24,748.95		(24,748.95)	
Misc JE												
Incurred COR - Gen				89,943.81								
Accrue COR							(21,016.02)		21,016.02			
As of July 31, 2008	9,354,776.00	(210,469.23)	2,388,400.00	(1,050,665.41)	1,311,837.93	(147,112.14)	1,140,609.22	147,112.14	210,469.23	(1,140,609.22)	(171,228.71)	-

FIN 47 Implementation												
FAS 143 SL Deprac Corr												
ARO Accretion				(166,434.43)	166,434.43		166,434.43			(166,434.43)		
ARO Depreciation	(24,748.95)				24,748.95				24,748.95		(24,748.95)	
Misc JE												
Incurred COR - Gen												
Accrue COR							(21,016.02)		21,016.02			
As of August 31, 2008	9,354,776.00	(235,218.18)	2,388,400.00	(1,217,099.84)	1,503,021.31	(168,128.16)	1,307,043.65	168,128.16	235,218.18	(1,307,043.65)	(195,977.66)	-

FIN 47 Implementation
 FAS 143 SL Deprac Corr

Kentucky Utilities Company
ARO Rollforward Schedule - 2008

	ARO Assets 101107 & 101125 101207, 101225, 101325	Accum Deprec 108107, 117 & 125 108207, 8225, 108325	RWIP-ARO Legal 108799	COR Parent	ARO Liabilities 230002-315, 7 old 230012, 13, 15, 17	Regulatory Assets 182317 - 182318 182325 - 182327	Regulatory Liabilities 254014 - 254016	Accretion Expense 411150 - 411151 411155 - 411157	Depreciation Exp Parent 403000	Depreciation Expense 403111-403115 403211-403311	Accr. Regulatory Cr 407401 - 407402 407405 - 407407	Depr. Regulatory Cr 407421 - 407422 407425 - 407427	Cumm. Eff. - Reg Cr 407411 - 407412 407415 - 407417
ARO Accretion					(187,309.19)	187,309.19		187,309.19			(187,309.19)		
ARO Depreciation		(24,748.95)				24,748.95				24,748.95		(24,748.95)	
Misc JE						(1,478,500.00)	(1,478,500.00)						
Incurred COR - Gen					2,794.05								
Accrue COR							(21,016.02)		21,016.02				
Ending Balance Sep08	9,354,776.00	(259,967.13)		2,388,400.00	(1,381,614.98)	3,173,579.45	(1,667,644.18)	1,474,352.84	189,144.18	259,967.13	(1,474,352.84)	(220,726.61)	-
FIN 47 Implementation	-	-	-	-	-	-	-	-	-	-	-	-	-
FAS 143 SL Deprec Corr	-	-	-	-	-	-	-	-	-	-	-	-	-
ARO Accretion	-	-	-	-	(1,474,352.84)	1,474,352.84	-	1,474,352.84	-	-	(1,474,352.84)	-	-
ARO Depreciation	-	(259,967.13)	-	-	-	220,726.61	-	-	-	259,967.13	-	(220,726.61)	-
Misc JE	-	-	-	-	-	1,478,500.00	(1,478,500.00)	-	-	-	-	-	-
Incurred COR - Gen	-	-	-	-	92,737.86	-	-	-	-	-	-	-	-
Accrue COR	-	-	-	-	-	-	(189,144.18)	-	189,144.18	-	-	-	-
Ending Balance 2008Q3	9,354,776.00	(4,585,390.82)		2,388,400.00	(31,696,674.24)	27,289,847.42	(3,838,505.51)	1,474,352.84	189,144.18	259,967.13	(1,474,352.84)	(220,726.61)	-
FIN 47 Implementation	-	-	-	-	-	-	-	-	-	-	-	-	-
FAS 143 SL Deprec Corr	-	-	-	-	-	-	-	-	-	-	-	-	-
ARO Accretion	-	-	-	-	(168,188.63)	168,188.63	-	168,188.63	-	-	(168,188.63)	-	-
ARO Depreciation	-	(24,748.94)	-	-	-	24,748.94	-	-	-	24,748.94	-	(24,748.94)	-
Misc JE	-	-	-	-	-	-	-	-	-	-	-	-	-
Incurred COR - Gen	-	-	-	-	-	-	-	-	-	-	-	-	-
Accrue COR	-	-	-	-	-	-	(20,972.84)	-	20,972.84	-	-	-	-
As of Oct 31, 2008	9,354,776.00	(4,610,139.56)		2,388,400.00	(31,864,862.97)	27,482,784.99	(3,859,478.35)	1,642,541.47	210,117.02	284,716.07	(1,642,541.47)	(245,475.55)	-
FIN 47 Implementation	-	-	-	-	-	-	-	-	-	-	-	-	-
FAS 143 SL Deprec Corr	-	-	-	-	-	-	-	-	-	-	-	-	-
ARO Accretion	-	-	-	-	(169,072.59)	169,072.59	-	169,072.59	-	-	(169,072.59)	-	-
ARO Depreciation	-	(24,748.91)	-	-	-	24,748.99	-	-	-	24,748.91	-	(24,748.66)	-
Misc JE	-	-	362,213.38	-	(362,213.38)	-	-	-	-	-	-	-	-
Incurred COR - Gen	-	-	-	-	-	-	-	-	-	-	-	-	-
Accrue COR	-	-	-	-	-	-	(20,972.84)	-	20,972.84	-	-	-	-
As of Nov 30, 2008	9,354,776.00	(4,634,888.47)	362,213.38	2,388,400.00	(32,396,146.84)	27,676,606.55	(3,880,451.19)	1,811,614.06	231,089.86	309,464.98	(1,811,614.06)	(270,224.53)	-
FIN 47 Implementation	-	-	-	-	-	-	-	-	-	-	-	-	-
FAS 143 SL Deprec Corr	-	-	-	-	-	-	-	-	-	-	-	-	-
ARO Accretion	-	-	-	-	(169,961.27)	169,961.27	-	169,961.27	-	-	(169,961.27)	-	-
ARO Depreciation	-	(24,748.93)	-	-	-	24,748.93	-	-	-	24,748.93	-	(24,748.93)	-
Misc JE	-	-	-	-	-	-	-	-	-	-	-	-	-
Incurred COR - Gen	-	-	-	-	-	-	-	-	-	-	-	-	-
Accrue COR	-	-	-	-	-	-	(20,972.84)	-	20,972.84	-	-	-	-
Ending Balance Dec08	9,354,776.00	(4,659,637.40)	362,213.38	2,388,400.00	(32,566,110.11)	27,871,316.76	(3,901,424.03)	1,981,575.33	252,062.70	334,213.91	(1,981,575.33)	(294,973.46)	-
FIN 47 Implementation	-	-	-	-	-	-	-	-	-	-	-	-	-
FAS 143 SL Deprec Corr	-	-	-	-	-	-	-	-	-	-	-	-	-
ARO Accretion	-	-	-	-	(1,981,575.33)	1,981,575.33	-	1,981,575.33	-	-	(1,981,575.33)	-	-
ARO Depreciation	-	(334,213.91)	-	-	-	294,973.46	-	-	-	334,213.91	-	(294,973.46)	-

Kentucky Utilities Company
 ARO Rollforward Schedule - 2008

ARO Assets	Accum. Deprec	RWP-ARO Legal	COR Parent	ARO Liabilities	Regulatory Assets	Regulatory Liabilities	Regulatory Liabilities	Accretion Expense	Depletion Exp Parent	Depletion Expense	Accr. Regulatory Cr	Depr. Regulatory Cr	Cumm. Eff. Reg Cr
101107 & 101125	108107, 17 & 125	108795	108795	2900023, 5, 7, old	182317 - 182318	254074 - 254075	411150 - 411151	403111, 403115	403369	403111, 403115	407401 - 407402	407421 - 407422	407441 - 407442
101207, 101225, 101325	108207 & 225, 109325			290012, 13, 15, 17	182325 - 182327	254074 - 254075	411155 - 411157	403211, 403311		403211, 403311	407405 - 407407	407425 - 407427	407445 - 407447
-	-	362,213.38	-	(362,213.98)	1,478,500.00	(1,478,500.00)	-	-	-	-	-	-	-
-	-	-	-	52,737.85	-	(252,062.70)	-	-	252,062.70	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
9,354,776.00	(4,659,537.40)	362,213.38	2,388,400.00	(32,556,110.11)	27,871,316.76	(3,901,424.03)	1,981,575.33	334,213.81	252,062.70	(1,881,575.33)	(294,873.46)	-	-

Misc JE
 Incurred COR - Gen
 Accrue COR

Ending Balance 2008Q4-Dec

Kentucky Utilities Company
 ARO Rollforward Schedule - 200

	Cum Eff of Acctg Chg 435000	Cash	
Ending Balance 2007Q4-Dec	-	(27,510.00)	
2008			
FIN 47 Implementation	-	-	-
FAS 143 SL Deprec Corr	-	-	-
ARO Accretion	-	-	-
ARO Depreciation	-	-	-
Misc JE	-	-	-
Incurred COR - Gen	-	-	-
Accrue COR	-	-	-
As of January 31, 2008	-	-	-
FIN 47 Implomentation	-	-	-
FAS 143 SL Deprec Corr	-	-	-
ARO Accretion	-	-	-
ARO Depreciation	-	-	-
Misc JE	-	-	-
Incurred COR - Gen	-	-	-
Accrue COR	-	-	-
As of February 28, 2008	-	-	-
FIN 47 Implementation	-	-	-
FAS 143 SL Deprec Corr	-	-	-
ARO Accretion	-	-	-
ARO Depreciation	-	-	-
Misc JE	-	-	-
Incurred COR - Gen	-	-	-
Accrue COR	-	-	-
Ending Balance Mar08	-	-	-
FIN 47 Implementation	-	-	-
FAS 143 SL Deprec Corr	-	-	-
ARO Accretion	-	-	-
ARO Depreciation	-	-	-
Misc JE	-	-	-
Incurred COR - Gen	-	-	-
Accrue COR	-	-	-
Ending Balance 2008Q1	-	-	-
FIN 47 Implementation	-	-	-
FAS 143 SL Deprec Corr	-	-	-
ARO Accretion	-	-	-
ARO Depreciation	-	-	-
Misc JE	-	-	-
Incurred COR - Gen	-	-	-
Accrue COR	-	-	-
Ending Balance 2008Q2	-	-	-
FIN 47 Implementation	-	-	-
FAS 143 SL Deprec Corr	-	-	-
ARO Accretion	-	-	-
ARO Depreciation	-	-	-
Misc JE	-	-	-
Incurred COR - Gen	-	-	-
Accrue COR	-	-	-
As of April 30, 2008	-	-	-

Kentucky Utilities Company
 ARO Rollforward Schedule - 200

Cum Eff of Acctg Chg 435xxx	Cash
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FIN 47 Implementation	-	-	-
FAS 143 SL Deprec Corr	-	-	-
ARO Accretion	-	-	-
ARO Depreciation	-	-	-
Misc JE	-	-	-
Incurred COR - Gen	-	-	-
Accrue COR	-	-	-

As of May 31, 2008 - - -

FIN 47 Implementation	-	-	-
FAS 143 SL Deprec Corr	-	-	-
ARO Accretion	-	-	-
ARO Depreciation	-	-	-
Misc JE	-	-	-
Incurred COR - Gen	-	-	-
Accrue COR	-	-	-

Ending Balance Jun08 - - -

FIN 47 Implementation	-	-	-
FAS 143 SL Deprec Corr	-	-	-
ARO Accretion	-	-	-
ARO Depreciation	-	-	-
Misc JE	-	-	-
Incurred COR - Gen	-	-	-
Accrue COR	-	-	-

Ending Balance 2008Q2 - - -

FIN 47 Implementation	-	-	-
FAS 143 SL Deprec Corr	-	-	-
ARO Accretion	-	-	-
ARO Depreciation	-	-	-
Misc JE	-	-	-
Incurred COR - Gen	(89,943.81)	-	-
Accrue COR	-	-	-

As of July 31, 2008 - (89,943.81) -

FIN 47 Implementation	-	-	-
FAS 143 SL Deprec Corr	-	-	-
ARO Accretion	-	-	-
ARO Depreciation	-	-	-
Misc JE	-	-	-
Incurred COR - Gen	-	-	-
Accrue COR	-	-	-

As of August 31, 2008 - (89,943.81) -

FIN 47 Implementation	-	-	-
FAS 143 SL Deprec Corr	-	-	-

Kentucky Utilities Company
 ARO Rollforward Schedule - 200

	Cum Eff of Acctg Chg 435xxx	Cash	
ARO Accretion	-	-	-
ARO Depreciation	-	-	-
Misc JE	-	-	-
Incurred COR - Gen	(2,794.05)	-	-
Accrue COR	-	-	-
Ending Balance Sep08	-	(92,737.86)	-
FIN 47 Implementation	-	-	-
FAS 143 SL Deprec Corr	-	-	-
ARO Accretion	-	-	-
ARO Depreciation	-	-	-
Misc JE	-	-	-
Incurred COR - Gen	(92,737.86)	-	-
Accrue COR	-	-	-
Ending Balance 2008Q3	-	(92,737.86)	-
FIN 47 Implementation	-	-	-
FAS 143 SL Deprec Corr	-	-	-
ARO Accretion	-	-	-
ARO Depreciation	-	-	-
Misc JE	-	-	-
Incurred COR - Gen	-	-	-
Accrue COR	-	-	-
As of Oct 31, 2008	-	(92,737.86)	-
FIN 47 Implementation	-	-	-
FAS 143 SL Deprec Corr	-	-	-
ARO Accretion	-	-	-
ARO Depreciation	-	-	-
Misc JE	-	-	-
Incurred COR - Gen	-	-	-
Accrue COR	-	-	-
As of Nov 30, 2008	-	(92,737.86)	-
FIN 47 Implementation	-	-	-
FAS 143 SL Deprec Corr	-	-	-
ARO Accretion	-	-	-
ARO Depreciation	-	-	-
Misc JE	-	-	-
Incurred COR - Gen	-	-	-
Accrue COR	-	-	-
Ending Balance Dec08	-	(92,737.86)	-
FIN 47 Implementation	-	-	-
FAS 143 SL Deprec Corr	-	-	-
ARO Accretion	-	-	-
ARO Depreciation	-	-	-

Kentucky Utilities Company
 ARO Rollforward Schedule - 200

	Cum Eff of Acctg Chg 435xxx	Cash	
Misc JE	-	-	-
Incurred COR - Gen	-	(92,737.86)	-
Accrue COR	-	-	-
Ending Balance 2008Q4-Dec	-	(92,737.86)	-

Clark, Ed

From: Leichty, Doug
Sent: Wednesday, December 29, 2010 9:35 AM
To: Crescente, Angela
Cc: Wiseman, Sara
Subject: FW: ARO Rollforward LGE KU Balance Ended Dec 09 for auditors.xls
Attachments: ARO Rollforward LGE KU Balance Ended Dec 09 for auditors.xls

I will need the attached file for the period ending December 31, 2010 by February 1, 2010.

Thanks,
Doug

From: Crescente, Angela
Sent: Friday, July 16, 2010 9:35 AM
To: Leichty, Doug
Subject: ARO Rollforward LGE KU Balance Ended Dec 09 for auditors.xls

	ARO Assets	Asset Depreciation	Accumulated Depreciation	ARO Liabilities	Liability Depreciation	Accumulated Depreciation	ARO Equity	Equity Depreciation	Accumulated Depreciation	ARO Retained Earnings	Retained Earnings Depreciation	Accumulated Depreciation	ARO Total	Total Depreciation	Accumulated Depreciation
Ending Balance Dec/31/2019	1,059,532.24	(6,658,745.93)	(2,469,974.93)	2,469,974.93	(6,658,745.93)	(2,469,974.93)	1,059,532.24	(6,658,745.93)	(2,469,974.93)	2,469,974.93	(6,658,745.93)	(2,469,974.93)	1,059,532.24	(6,658,745.93)	(2,469,974.93)
January Activity															
ARO Accrual	10,107,810.12	(14,754.60)													
ARO Depreciation	(19,397,012.55)	1,037.99													
ARO RMP															
Ending Balance Jan/09	8,844,552.78	(20,776,462.59)	(2,469,974.93)	2,469,974.93	(20,776,462.59)	(2,469,974.93)	8,844,552.78	(20,776,462.59)	(2,469,974.93)	2,469,974.93	(20,776,462.59)	(2,469,974.93)	8,844,552.78	(20,776,462.59)	(2,469,974.93)
February Activity															
ARO Accrual															
ARO Depreciation															
ARO RMP															
Ending Balance Feb/09	8,844,552.78	(20,776,462.59)	(2,469,974.93)	2,469,974.93	(20,776,462.59)	(2,469,974.93)	8,844,552.78	(20,776,462.59)	(2,469,974.93)	2,469,974.93	(20,776,462.59)	(2,469,974.93)	8,844,552.78	(20,776,462.59)	(2,469,974.93)
March Activity															
ARO Accrual															
ARO Depreciation															
ARO RMP															
Ending Balance Mar/09	8,844,552.78	(20,776,462.59)	(2,469,974.93)	2,469,974.93	(20,776,462.59)	(2,469,974.93)	8,844,552.78	(20,776,462.59)	(2,469,974.93)	2,469,974.93	(20,776,462.59)	(2,469,974.93)	8,844,552.78	(20,776,462.59)	(2,469,974.93)
April Activity															
ARO Accrual															
ARO Depreciation															
ARO RMP															
Ending Balance Apr/09	8,844,552.78	(20,776,462.59)	(2,469,974.93)	2,469,974.93	(20,776,462.59)	(2,469,974.93)	8,844,552.78	(20,776,462.59)	(2,469,974.93)	2,469,974.93	(20,776,462.59)	(2,469,974.93)	8,844,552.78	(20,776,462.59)	(2,469,974.93)
May Activity															
ARO Accrual															
ARO Depreciation															
ARO RMP															
Ending Balance May/09	8,844,552.78	(20,776,462.59)	(2,469,974.93)	2,469,974.93	(20,776,462.59)	(2,469,974.93)	8,844,552.78	(20,776,462.59)	(2,469,974.93)	2,469,974.93	(20,776,462.59)	(2,469,974.93)	8,844,552.78	(20,776,462.59)	(2,469,974.93)
June Activity															
ARO Accrual															
ARO Depreciation															
ARO RMP															
Ending Balance Jun/09	8,844,552.78	(20,776,462.59)	(2,469,974.93)	2,469,974.93	(20,776,462.59)	(2,469,974.93)	8,844,552.78	(20,776,462.59)	(2,469,974.93)	2,469,974.93	(20,776,462.59)	(2,469,974.93)	8,844,552.78	(20,776,462.59)	(2,469,974.93)
July Activity															
ARO Accrual															
ARO Depreciation															
ARO RMP															
Ending Balance Jul/09	8,844,552.78	(20,776,462.59)	(2,469,974.93)	2,469,974.93	(20,776,462.59)	(2,469,974.93)	8,844,552.78	(20,776,462.59)	(2,469,974.93)	2,469,974.93	(20,776,462.59)	(2,469,974.93)	8,844,552.78	(20,776,462.59)	(2,469,974.93)
August Activity															
ARO Accrual															
ARO Depreciation															
ARO RMP															
Ending Balance Aug/09	8,844,552.78	(20,776,462.59)	(2,469,974.93)	2,469,974.93	(20,776,462.59)	(2,469,974.93)	8,844,552.78	(20,776,462.59)	(2,469,974.93)	2,469,974.93	(20,776,462.59)	(2,469,974.93)	8,844,552.78	(20,776,462.59)	(2,469,974.93)
September Activity															
ARO Accrual															
ARO Depreciation															
ARO RMP															
Ending Balance Sep/09	8,844,552.78	(20,776,462.59)	(2,469,974.93)	2,469,974.93	(20,776,462.59)	(2,469,974.93)	8,844,552.78	(20,776,462.59)	(2,469,974.93)	2,469,974.93	(20,776,462.59)	(2,469,974.93)	8,844,552.78	(20,776,462.59)	(2,469,974.93)
October Activity															
ARO Accrual															
ARO Depreciation															
ARO RMP															
Ending Balance Oct/09	8,844,552.78	(20,776,462.59)	(2,469,974.93)	2,469,974.93	(20,776,462.59)	(2,469,974.93)	8,844,552.78	(20,776,462.59)	(2,469,974.93)	2,469,974.93	(20,776,462.59)	(2,469,974.93)	8,844,552.78	(20,776,462.59)	(2,469,974.93)
November Activity															
ARO Accrual															
ARO Depreciation															
ARO RMP															
Ending Balance Nov/09	8,844,552.78	(20,776,462.59)	(2,469,974.93)	2,469,974.93	(20,776,462.59)	(2,469,974.93)	8,844,552.78	(20,776,462.59)	(2,469,974.93)	2,469,974.93	(20,776,462.59)	(2,469,974.93)	8,844,552.78	(20,776,462.59)	(2,469,974.93)
December Activity															
ARO Accrual															
ARO Depreciation															
ARO RMP															
Ending Balance Dec/31/2019	9,044,532.24	(6,658,745.93)	(2,469,974.93)	2,469,974.93	(6,658,745.93)	(2,469,974.93)	9,044,532.24	(6,658,745.93)	(2,469,974.93)	2,469,974.93	(6,658,745.93)	(2,469,974.93)	9,044,532.24	(6,658,745.93)	(2,469,974.93)

Louisville Gas and Electric Company
ARO Rollforward Schedule - 2019

Leakville Gas and Electric Company
ARO Rollforward Schedule e - 2009

	ARO Assets	ARO Liabilities	Regulatory Assets	Regulatory Liabilities	Correlation Expense	Depreciation Expense	ACE Regulatory C	Dept Regulatory C	COE	COE	COE
	101107 & 101124	2000121518-17	102317 - 102318	102317 - 102318	411552 - 411551	40311 - 40311	407481 - 407402	407421 - 407422	Non-Parent	Parent	Parent
	101207, 101225, 101226	200012101457	102325 - 102327	204014 - 204016	411552 - 411551	40311 - 40311	407481 - 407402	407421 - 407422	100000	100000	100000
	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Settlement Activity	1,272,858.00	2,883,924.00	1,843,124.00	3,726,948.00	3,726,948.00	3,726,948.00	3,726,948.00	3,726,948.00	3,726,948.00	3,726,948.00	3,726,948.00
Ending Balance Oct09	(14,039.74)	(162,029.20)	162,029.20	162,029.20	162,029.20	162,029.20	162,029.20	162,029.20	162,029.20	162,029.20	162,029.20
November Activity											
ARO Allocation	287,244.17		14,630.74								
ARO Depreciation											
Accrued COE											
Ending Balance Nov09	(14,039.74)	(162,029.20)	162,029.20	162,029.20	162,029.20	162,029.20	162,029.20	162,029.20	162,029.20	162,029.20	162,029.20
December Activity											
ARO Allocation											
ARO Depreciation											
Accrued COE											
Ending Balance Dec09/4th Quarter	(14,039.74)	(162,029.20)	162,029.20	162,029.20	162,029.20	162,029.20	162,029.20	162,029.20	162,029.20	162,029.20	162,029.20
Total Activity 4th Quarter	287,244.17		14,630.74								
	10,568.23	(88,410.00)	116,715.73	210,200.10	400,720.00	400,720.00	400,720.00	400,720.00	400,720.00	400,720.00	400,720.00
	(28,705.27)										
	91,329.07										

Louisville Gas and Electric Company - IFRS
ARO Rollforward Schedule - 2009

	ARO Assets 101107 & 101125 101207, 101225, 101325	Accum Deprec 108107, 117 & 125 108207&225, 108325	RWIP-ARO Legal 230018	ARO Liabilities 230012, 13, 15-17 230012, 13, 15-17	Accretion Expense 411150 - 411151 411155 - 411157	Depreciation Expense 403111-403115 403211-12, 403311	Cash	Gain/Loss 421105/421205
Ending Balance Dec08/4th Quarter	18,892,143.34	(3,619,053.93)	1,706,629.94	(48,082,777.79)	2,035,389.00	188,954.64	(1,706,629.94)	-
January Activity								
ARO Accretion	-	-	-	(109,655.36)	109,655.36	-	-	-
ARO Depreciation	-	(57,552.19)	-	-	-	57,552.19	-	-
ARO RWIP	-	-	-	-	-	-	-	-
Ending Balance Jan09	18,892,143.34	(3,676,606.12)	1,706,629.94	(48,192,433.15)	109,655.36	57,552.19	(1,706,629.94)	-
February Activity								
ARO Accretion	-	-	-	(109,910.98)	109,910.98	-	-	-
ARO Depreciation	-	(57,552.23)	-	-	-	57,552.23	-	-
ARO RWIP	-	-	-	-	-	-	-	-
Ending Balance Feb09	18,892,143.34	(3,734,158.35)	1,706,629.94	(48,302,344.13)	219,566.34	115,104.42	(1,706,629.94)	-
March Activity								
ARO Accretion	-	-	-	(110,167.24)	110,167.24	-	-	-
ARO Depreciation	-	(57,552.22)	-	-	-	57,552.22	-	-
ARO RWIP	-	-	30,715.17	-	-	-	(30,715.17)	-
Ending Balance Mar09/1st Quarter	18,892,143.34	(3,791,710.57)	1,737,345.11	(48,412,511.37)	329,733.58	172,656.64	(1,737,345.11)	-
Total Activity 1st Quarter	-	(172,656.64)	30,715.17	(329,733.58)	329,733.58	172,656.64	(30,715.17)	-
April Activity								
ARO Accretion	-	-	-	(110,424.04)	110,424.04	-	-	-
ARO Depreciation	-	(450,365.10)	-	-	-	56,929.70	-	-
ARO RWIP	-	-	16,360.55	-	-	-	(16,360.55)	-
Settlement Activity	(419,836.56)	419,836.56	(13,397.08)	1,013,342.98	-	-	-	(606,510.50)
Ending Balance Apr09	18,472,306.78	(3,822,239.11)	1,740,308.58	(47,509,592.43)	440,157.62	229,586.34	(1,753,705.66)	(606,510.50)
May Activity								
ARO Accretion	-	-	-	(107,967.41)	107,967.41	-	-	-
ARO Depreciation	-	(56,929.71)	-	-	-	56,929.71	-	-
ARO RWIP	-	-	-	-	-	-	-	-
Ending Balance May09	18,472,306.78	(3,879,168.82)	1,740,308.58	(47,617,559.84)	548,125.03	286,516.05	(1,753,705.66)	-
June Activity								
ARO Accretion	-	-	-	(108,218.20)	108,218.20	-	-	-

Louisville Gas and Electric Company - IFRS
ARO Rollforward Schedule - 2009

	ARO Assets 101107 & 101125 101207, 101225, 101325	Accum Deprec 108107, 117 & 125 108207&225, 108325	RWIP-ARO Legal 230018	ARO Liabilities 230012, 13, 15-17 230012, 13, 15-17	Accretion Expense 411150 - 411151 411155 - 411157	Depreciation Expense 403111-403115 403211-12, 403311	Cash	Gain/Loss 421105/421205
ARO Depreciation	-	(62,476.89)	-	-	-	62,476.89	-	-
ARO RWIP	-	-	15,691.22	-	-	-	(15,691.22)	-
Revaluation	3,478,950.34	-	-	(3,478,950.34)	-	-	-	-
Ending Balance Jun09/2nd Quarter	21,951,257.12	(3,941,645.71)	1,755,999.80	(51,204,728.38)	656,343.23	348,992.94	(1,769,396.88)	-
Total Activity 2nd Quarter	3,059,113.78	(149,935.14)	18,654.69	(2,792,217.01)	326,609.65	176,336.30	(32,051.77)	(606,510.50)
July Activity								
ARO Accretion	-	-	-	(174,765.47)	174,765.47	-	-	-
ARO Depreciation	-	(68,049.46)	-	-	-	68,049.46	-	-
ARO RWIP	-	-	159,689.47	-	-	-	(159,689.47)	-
Ending Balance Jul09	21,951,257.12	(4,009,695.17)	1,915,689.27	(51,379,493.85)	831,108.70	417,042.40	(1,929,086.35)	-
August Activity								
ARO Accretion	-	-	-	(175,367.85)	175,367.85	-	-	-
ARO Depreciation	-	(68,049.41)	-	-	-	68,049.41	-	-
ARO RWIP	-	-	148,953.88	-	-	-	(148,953.88)	-
Ending Balance Aug09	21,951,257.12	(4,077,744.58)	2,064,643.15	(51,554,861.70)	1,006,476.55	485,091.81	(2,078,040.23)	-
September Activity								
ARO Accretion	-	-	-	(175,972.35)	175,972.35	-	-	-
ARO Depreciation	-	(237,693.45)	-	-	-	67,970.39	-	-
ARO RWIP	-	-	284,892.19	-	-	-	(284,892.19)	-
Settlement Activity	(104,259.52)	104,259.52	(667,753.29)	667,753.29	-	-	-	169,723.06
Ending Balance Sep09/3rd Quarter	21,846,997.60	(4,211,178.51)	1,681,782.05	(51,063,080.76)	1,182,448.90	553,062.20	(2,362,932.42)	169,723.06
Total Activity 3rd Quarter	(104,259.52)	(289,532.80)	(74,217.75)	141,647.62	526,105.67	204,069.26	(593,535.54)	169,723.06
October Activity								
ARO Accretion	-	-	-	(174,063.80)	174,063.80	-	-	-
ARO Depreciation	-	(418,207.82)	-	-	-	67,630.19	-	-
ARO RWIP	-	-	13,141.59	-	-	-	(13,141.59)	-
Settlement Activity	(126,543.83)	126,543.83	(422,317.18)	422,317.18	-	-	-	350,577.63
Ending Balance Oct09	21,720,453.77	(4,502,842.50)	1,272,606.46	(50,814,827.38)	1,356,512.70	620,692.39	(1,929,086.35)	520,300.69

Louisville Gas and Electric Company - IFRS
ARO Rollforward Schedule - 2009

	ARO Assets 101107 & 101125 101207, 101225, 101325	Accum Deprec 108107, 117 & 125 108207&225, 108325	RWIP-ARO Legal 230018	ARO Liabilities 230012, 13, 15-17 230012, 13, 15-17	Accretion Expense 411150 - 411151 411155 - 411157	Depreciation Expense 403111-403115 403211-12, 403311	Cash	Gain/Loss 421105/421205
November Activity								
ARO Accretion	-	-	-	(173,326.15)	173,326.15	-	-	-
ARO Depreciation	-	(67,367.58)	-	-	-	67,367.58	-	-
ARO RWIP	-	-	287,344.17	-	-	-	(287,344.17)	-
Ending Balance Nov09	21,720,453.77	(4,570,210.08)	1,559,950.63	(50,988,153.53)	1,529,838.85	688,059.97	(2,078,040.23)	-
December Activity								
ARO Accretion	-	-	-	(173,923.25)	173,923.25	-	-	-
ARO Depreciation	-	(82,550.05)	-	-	-	82,550.05	-	-
ARO RWIP	-	-	132,427.65	-	-	-	(132,427.65)	-
Revaluation	9,404,965.69	-	-	(9,404,965.69)	-	-	-	-
Ending Balance Dec09/4th Quarter	31,125,419.46	(4,652,760.13)	1,692,378.28	(60,567,042.47)	1,703,762.10	770,610.02	(2,362,932.42)	520,300.69
Total Activity 4th Quarter	9,278,421.86	(441,581.62)	10,596.23	(9,926,278.89)	521,313.20	217,547.82	(432,913.41)	350,577.63

Kennedy Utilities Company
 ARO Rollforward Schedule - 2009

	ARO Assets 101107 & 101125 102207, 10225-102525	Accum Deprec 100107, 1017 & 125 100070225, 100422	WIP/ARO Legal 100100	ARO Liabilities 200121, 213, 215, 217 102325 - 102327	Regulatory Assets 182317 - 182318 102325 - 102327	Regulatory Liabilities 24014 - 24016	Accrual Expense 411150 - 411151 411155 - 411157	Depreciation Exp 40311 - 403110 40311 - 403110	Depreciation Exp 40311 - 403110 40311 - 403110	Parent 40701 - 40702 40703 - 40707	Non-Parent 40701 - 40702 40703 - 40707	Other 40701 - 40702 40703 - 40707	Cash Parent Other
Ending Balance Dec31st Quarter	9,354,776.19	(4,859,827.21)	392,213.38	(2,595,100.45)	27,671,316.69	(3,951,424.69)	1,981,973.53	334,213.37	1,313,023.43	(1,981,973.53)	(24,748.89)	(24,748.89)	(392,213.38)
January Activity	-	-	-	-	-	-	-	-	-	-	-	-	-
ARO Accrual	-	(24,748.89)	-	-	170,854.00	-	170,854.00	-	-	(170,854.00)	(24,748.89)	-	-
ARO Depreciation	-	-	-	-	24,748.89	-	24,748.89	-	-	-	-	-	-
Accrue COR	-	(4,859,827.21)	392,213.38	2,389,402.00	29,099,920.15	(3,977,388.87)	170,854.00	24,748.89	(170,854.00)	(24,748.89)	-	-	(392,213.38)
Ending Balance Jan09	9,354,776.19	(4,859,827.21)	392,213.38	(2,595,100.45)	27,671,316.69	(3,951,424.69)	1,981,973.53	334,213.37	1,313,023.43	(1,981,973.53)	(24,748.89)	(24,748.89)	(392,213.38)
February Activity	-	-	-	-	-	-	-	-	-	-	-	-	-
ARO Accrual	-	(24,748.89)	-	-	171,752.67	-	171,752.67	-	-	(171,752.67)	(24,748.89)	-	-
ARO Depreciation	-	-	-	-	24,748.89	-	24,748.89	-	-	-	-	-	-
Accrue COR	-	(4,859,827.21)	392,213.38	2,389,402.00	29,099,920.15	(3,977,388.87)	171,752.67	24,748.89	(171,752.67)	(24,748.89)	-	-	(392,213.38)
Ending Balance Feb09	9,354,776.19	(4,859,827.21)	392,213.38	(2,595,100.45)	27,671,316.69	(3,951,424.69)	1,981,973.53	334,213.37	1,313,023.43	(1,981,973.53)	(24,748.89)	(24,748.89)	(392,213.38)
March Activity	-	-	-	-	-	-	-	-	-	-	-	-	-
ARO Accrual	-	(24,744.47)	-	-	172,656.46	-	172,656.46	-	-	(172,656.46)	(24,744.47)	-	-
ARO Depreciation	-	-	-	-	24,744.47	-	24,744.47	-	-	-	-	-	-
Accrue COR	-	(4,859,827.21)	392,213.38	2,389,402.00	29,099,920.15	(3,977,388.87)	172,656.46	24,744.47	(172,656.46)	(24,744.47)	-	-	(392,213.38)
Ending Balance Mar09 1st Quarter	9,354,776.19	(4,859,827.21)	392,213.38	(2,595,100.45)	27,671,316.69	(3,951,424.69)	1,981,973.53	334,213.37	1,313,023.43	(1,981,973.53)	(24,748.89)	(24,748.89)	(392,213.38)
Total Activity 1st Quarter	-	(74,242.23)	-	-	(63,341.27)	-	519,262.79	74,242.32	(74,242.32)	(63,341.27)	(74,242.23)	-	0.00
April Activity	-	-	-	-	-	-	-	-	-	-	-	-	-
ARO Accrual	-	(24,748.09)	-	-	173,563.02	-	173,563.02	-	-	(173,563.02)	(24,748.09)	-	-
ARO Depreciation	-	-	-	-	24,748.09	-	24,748.09	-	-	-	-	-	-
Instrued COR - Osm	-	-	-	-	-	-	-	-	-	-	-	-	-
Accrue COR	-	(4,859,827.21)	392,213.38	2,389,402.00	29,099,920.15	(3,977,388.87)	173,563.02	24,748.09	(173,563.02)	(24,748.09)	-	-	(392,213.38)
Ending Balance Apr09	9,354,776.19	(4,859,827.21)	392,213.38	(2,595,100.45)	27,671,316.69	(3,951,424.69)	1,981,973.53	334,213.37	1,313,023.43	(1,981,973.53)	(24,748.09)	(24,748.09)	(392,213.38)
May Activity	-	-	-	-	-	-	-	-	-	-	-	-	-
ARO Accrual	-	(24,748.09)	-	-	174,475.34	-	174,475.34	-	-	(174,475.34)	(24,748.09)	-	-
ARO Depreciation	-	-	-	-	24,748.09	-	24,748.09	-	-	-	-	-	-
Accrue COR	-	(4,859,827.21)	392,213.38	2,389,402.00	29,099,920.15	(3,977,388.87)	174,475.34	24,748.09	(174,475.34)	(24,748.09)	-	-	(392,213.38)
Ending Balance May09	9,354,776.19	(4,859,827.21)	392,213.38	(2,595,100.45)	27,671,316.69	(3,951,424.69)	1,981,973.53	334,213.37	1,313,023.43	(1,981,973.53)	(24,748.09)	(24,748.09)	(392,213.38)
June Activity	-	-	-	-	-	-	-	-	-	-	-	-	-
ARO Accrual	-	(24,748.09)	-	-	175,382.41	-	175,382.41	-	-	(175,382.41)	(24,748.09)	-	-
ARO Depreciation	-	-	-	-	24,748.09	-	24,748.09	-	-	-	-	-	-
Accrue COR	-	(4,859,827.21)	392,213.38	2,389,402.00	29,099,920.15	(3,977,388.87)	175,382.41	24,748.09	(175,382.41)	(24,748.09)	-	-	(392,213.38)
Ending Balance Jun09 2nd Quarter	9,354,776.19	(4,859,827.21)	392,213.38	(2,595,100.45)	27,671,316.69	(3,951,424.69)	1,981,973.53	334,213.37	1,313,023.43	(1,981,973.53)	(24,748.09)	(24,748.09)	(392,213.38)
Total Activity 2nd Quarter	-	(74,246.89)	-	-	(63,340.77)	-	523,430.77	74,246.89	(74,246.89)	(63,340.77)	(74,246.89)	-	0.00
July Activity	-	-	-	-	-	-	-	-	-	-	-	-	-
ARO Accrual	-	(24,748.09)	-	-	176,314.35	-	176,314.35	-	-	(176,314.35)	(24,748.09)	-	-
ARO Depreciation	-	-	-	-	24,748.09	-	24,748.09	-	-	-	-	-	-
Accrue COR	-	(4,859,827.21)	392,213.38	2,389,402.00	29,099,920.15	(3,977,388.87)	176,314.35	24,748.09	(176,314.35)	(24,748.09)	-	-	(392,213.38)
Ending Balance Jul09	9,354,776.19	(4,859,827.21)	392,213.38	(2,595,100.45)	27,671,316.69	(3,951,424.69)	1,981,973.53	334,213.37	1,313,023.43	(1,981,973.53)	(24,748.09)	(24,748.09)	(392,213.38)
August Activity	-	-	-	-	-	-	-	-	-	-	-	-	-
ARO Accrual	-	(24,748.09)	-	-	177,241.15	-	177,241.15	-	-	(177,241.15)	(24,748.09)	-	-
ARO Depreciation	-	-	-	-	24,748.09	-	24,748.09	-	-	-	-	-	-
Accrue COR	-	(4,859,827.21)	392,213.38	2,389,402.00	29,099,920.15	(3,977,388.87)	177,241.15	24,748.09	(177,241.15)	(24,748.09)	-	-	(392,213.38)
Ending Balance Aug09	9,354,776.19	(4,859,827.21)	392,213.38	(2,595,100.45)	27,671,316.69	(3,951,424.69)	1,981,973.53	334,213.37	1,313,023.43	(1,981,973.53)	(24,748.09)	(24,748.09)	(392,213.38)
September Activity	-	-	-	-	-	-	-	-	-	-	-	-	-
ARO Accrual	-	(27,822.51)	-	-	178,172.83	-	178,172.83	-	-	(178,172.83)	(27,822.51)	-	-
ARO Depreciation	-	-	-	-	27,822.51	-	27,822.51	-	-	-	-	-	-
Accrue COR	-	(4,859,827.21)	392,213.38	2,389,402.00	29,099,920.15	(3,977,388.87)	178,172.83	27,822.51	(178,172.83)	(27,822.51)	-	-	(392,213.38)
Ending Balance Sep09 3rd Quarter	9,354,776.19	(4,859,827.21)	392,213.38	(2,595,100.45)	27,671,316.69	(3,951,424.69)	1,981,973.53	334,213.37	1,313,023.43	(1,981,973.53)	(24,748.09)	(24,748.09)	(392,213.38)
Total Activity 3rd Quarter	-	(72,603.97)	-	-	(62,526.13)	-	523,430.77	72,603.97	(72,603.97)	(62,526.13)	(72,603.97)	-	(68,738.48)
October Activity	-	-	-	-	-	-	-	-	-	-	-	-	-
ARO Accrual	-	(24,745.10)	-	-	177,854.89	-	177,854.89	-	-	(177,854.89)	(24,745.10)	-	-
ARO Depreciation	-	-	-	-	24,745.10	-	24,745.10	-	-	-	-	-	-
Accrue COR	-	(4,859,827.21)	392,213.38	2,389,402.00	29,099,920.15	(3,977,388.87)	177,854.89	24,745.10	(177,854.89)	(24,745.10)	-	-	(392,213.38)
Ending Balance Oct09	9,354,776.19	(4,859,827.21)	392,213.38	(2,595,100.45)	27,671,316.69	(3,951,424.69)	1,981,973.53	334,213.37	1,313,023.43	(1,981,973.53)	(24,745.10)	(24,745.10)	(392,213.38)
Total Activity 4th Quarter	-	(24,745.10)	-	-	(177,854.89)	-	177,854.89	-	-	(177,854.89)	(24,745.10)	-	(35,922.23)

Kentucky Utilities Company - IFRS
ARO Rollforward Schedule - 2009

	ARO Assets 101107 & 101125 101207,101225,101325	Accum Deprec 108107, 117 & 125 108207&225, 108325	RWIP-ARO Legal 230018	ARO Liabilities 230012, 13, 15, 17	Accretion Expense 411150 - 411151 411155 - 411157	Depreciation Expense 403111-403115 403211-12, 403311	Cash	Gain/Loss 421105/421205
Ending Balance Dec08/4th Quarter	18,563,487.56	(3,964,047.85)	362,213.38	(47,487,731.64)	1,945,636.81	956,286.04	(362,213.38)	-
January Activity								
ARO Accretion	-	-	-	(131,703.25)	131,703.25	-	-	-
ARO Depreciation	-	(69,873.46)	-	-	-	69,873.46	-	-
ARO RWIP	-	-	-	-	-	-	-	-
JE Correction	(69.37)	-	-	-	-	-	-	-
Ending Balance Jan09	18,563,418.19	(4,053,921.31)	362,213.38	(47,619,434.89)	131,703.25	69,873.46	(362,213.38)	-
February Activity								
ARO Accretion	-	-	-	(102,896.16)	102,896.16	-	-	-
ARO Depreciation	-	(69,873.50)	-	-	-	69,873.50	-	-
ARO RWIP	-	-	-	-	-	-	-	-
Ending Balance Feb09	18,563,418.19	(4,123,794.81)	362,213.38	(47,722,331.05)	234,599.41	139,746.96	(362,213.38)	-
March Activity								
ARO Accretion	-	-	-	(103,127.59)	103,127.59	-	-	-
ARO Depreciation	-	(69,873.43)	-	-	-	69,873.43	-	-
ARO RWIP	-	-	-	-	-	-	-	-
Ending Balance Mar09/1st Quarter	18,563,418.19	(4,193,668.24)	362,213.38	(47,825,458.64)	337,727.00	209,620.39	(362,213.38)	-
Total Activity 1st Quarter	-	(209,620.39)	-	(337,727.00)	337,727.00	209,620.39	-	-
April Activity								
ARO Accretion	-	-	-	(103,359.54)	103,359.54	-	-	-
ARO Depreciation	-	(69,873.49)	-	-	-	69,873.49	-	-
ARO RWIP	-	-	-	-	-	-	-	-
Ending Balance Apr09	18,563,418.19	(4,263,541.73)	362,213.38	(47,928,818.18)	441,086.54	279,493.88	(362,213.38)	-
May Activity								
ARO Accretion	-	-	-	(103,591.99)	103,591.99	-	-	-
ARO Depreciation	-	(69,873.46)	-	-	-	69,873.46	-	-
ARO RWIP	-	-	-	-	-	-	-	-
Ending Balance May09	18,563,418.19	(4,333,415.19)	362,213.38	(48,032,410.17)	544,678.53	349,367.34	(362,213.38)	-
June Activity								
ARO Accretion	-	-	-	(103,824.99)	103,824.99	-	-	-
ARO Depreciation	-	(77,820.09)	-	-	-	77,820.09	-	-
ARO RWIP	-	-	-	-	-	-	-	-
Revaluation	4,141,261.15	-	-	(4,141,261.15)	-	-	-	-
Ending Balance Jun09/2nd Quarter	22,704,679.34	(4,411,235.28)	362,213.38	(52,277,496.31)	648,503.52	427,187.43	(362,213.38)	-

Kentucky Utilities Company - IFRS
ARO Rollforward Schedule - 2009

	ARO Assets 101107 & 101125 101207,101225,101325	Accum Deprec 106107, 117 & 125 108207&225,108325	RWIP-ARO Legal 230018	ARO Liabilities 230012,13,15,17	Accretion Expense 411150 - 411151 411155 - 411157	Depreciation Expense 403111-403115 403211-12,403311	Cash	Gain/Loss 421105/421205
Total Activity 2nd Quarter	4,141,261.15	(217,567.04)	-	(4,452,037.67)	310,776.92	217,567.04	-	-
July Activity								
ARO Accretion	-	-	-	(167,233.28)	167,233.28	-	-	-
ARO Depreciation	-	(85,820.65)	-	-	-	85,820.65	-	-
ARO RWIP	-	-	-	-	-	-	-	-
Ending Balance Jul09	22,704,679.34	(4,497,055.93)	362,213.38	(52,444,729.59)	815,736.80	513,008.08	(362,213.38)	-
August Activity								
ARO Accretion	-	-	-	(167,780.87)	167,780.87	-	-	-
ARO Depreciation	-	(85,820.65)	-	-	-	85,820.65	-	-
ARO RWIP	-	-	134,545.10	-	-	-	(134,545.10)	-
Ending Balance Aug09	22,704,679.34	(4,582,876.58)	496,758.48	(52,612,510.46)	983,517.67	598,828.73	(496,758.48)	-
September Activity								
ARO Accretion	-	-	-	(168,330.23)	168,330.23	-	-	-
ARO Depreciation	-	(144,740.14)	-	-	-	85,792.09	-	-
ARO RWIP	-	-	-	-	-	-	-	-
Settlement Activity	(43,086.28)	43,086.28	(306,997.18)	306,997.18	-	-	-	58,948.05
Ending Balance Sep09/3rd Quarter	22,661,593.06	(4,684,530.44)	189,761.30	(52,473,843.51)	1,151,847.90	684,620.82	(496,758.48)	58,948.05
Total Activity 3rd Quarter	(43,086.28)	(273,295.16)	(172,452.08)	(196,347.20)	503,344.38	257,433.39	(134,545.10)	58,948.05
October Activity								
ARO Accretion	-	-	-	(167,725.08)	167,725.08	-	-	-
ARO Depreciation	-	(85,763.41)	-	-	-	85,763.41	-	-
ARO RWIP	-	-	35,922.25	-	-	-	(35,922.25)	-
Ending Balance Oct09	22,661,593.06	(4,770,293.85)	225,683.55	(52,641,568.59)	1,319,572.98	770,384.23	(532,680.73)	58,948.05
November Activity								
ARO Accretion	-	-	-	(168,273.89)	168,273.89	-	-	-
ARO Depreciation	-	(85,763.37)	-	-	-	85,763.37	-	-
ARO RWIP	-	-	21,086.60	-	-	-	(21,086.60)	-
Ending Balance Nov09	22,661,593.06	(4,856,057.22)	246,770.15	(52,809,842.48)	1,487,846.87	856,147.60	(553,767.33)	58,948.05
December Activity								
ARO Accretion	-	-	-	(168,824.41)	168,824.41	-	-	-
ARO Depreciation	-	(98,900.33)	-	-	-	98,900.33	-	-
ARO RWIP	-	-	-	-	-	-	-	-
Revaluation	8,250,642.78	-	-	(8,250,642.78)	-	-	-	-

Kentucky Utilities Company - IFRS
 ARO Rollforward Schedule - 2009

	ARO Assets 101107 & 101125	Accum Deprec 108107, 117 & 125	RWIP-ARO Legal 230018	ARO Liabilities 230012, 13, 15, 17	Accretion Expense 411150 - 411151	Depreciation Expense 403111-403115	Cash	Gain/Loss 421105/421205
Ending Balance Dec09/4th Quarter	101207, 101225, 101325	108207&225, 108325			411155 - 411157	403211-12, 403311		
	30,912,235.84	(4,954,957.55)	246,770.15	(61,229,309.67)	1,656,671.28	955,047.93	(553,767.33)	58,948.05
Total Activity 4th Quarter	8,250,642.78	(270,427.11)	57,008.85	(8,755,466.16)	504,823.38	270,427.11	(57,008.85)	-

Crescente, Angela

From: Crescente, Angela
Sent: Friday, September 17, 2010 11:24 AM
To: Ogilvie, Jim
Cc: Wacker, Diana; Wiseman, Sara; Kinder, Debra
Subject: ARO Monthly JE Activity

Jim,

I have attached the monthly activity of my colored spreadsheet and included screenshots of the reg entries that perform the 254 reclass and reversal since that activity is not on the spreadsheet. I happened to already have some numbers in here so I thought it might be useful to keep them and easier to see the in and out activity.

During this testing, we only deleted the reg entry that reversed the GAAP 254 reclass and all other reg entries that reversed GAAP activity. Please keep in mind, the amount in the 182 account is the total of depreciation and accretion. The new journal entries are only reversing accretion.



ARO TEST.xlsx



ARO 254 Reg Entry
Activity.doc...

Thanks,
Angela

Chart 1

Co. 0110	101	125	152	200	403	457	471	471	200018	100709	72,305.44	72,305.44
01 (September 1, 2009)	29,873.70	(10,886.52)	205,103.46	(223,884.94)	200.00	(1,059.09)			200.00	1,059.09		
02 (September 1, 2009)		(650.00)		(1,059.09)								
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PowerPlant ----- PTAXDEV Database

File Edit Subsystem Batch Admin Preferences Window Help

Unit Cat. Projects Budgets Assets Depr Tables CR Admin MyPlant Help Calc Print Win

Manual Reports Quit Help Calc Print Win

Regulatory Entry Maintenance

Entry Name	Regulatory Entry Type	Add	Update
PCOR - REG LIAB LGE TRANS (1353 COR Expense			
PCOR-REGLIAB KUGEN(312/314/314) COR Expense		Add Like	
PSAL - REG LIAB KU GEN (131101) Salvage Depreciation Expense		Delete	Cancel

Entry Id: 08

Entry Name: PCOR-REGLIAB KUGEN(312/314/3

Entry Type: COR Expense

Factor (0 to 1): 1

Regulatory GI Account: 108116-ACCUM. DEPR. - COR

Offset GI Account: 254014-REGULATORY LIABILIT

GI Je Code: ARD

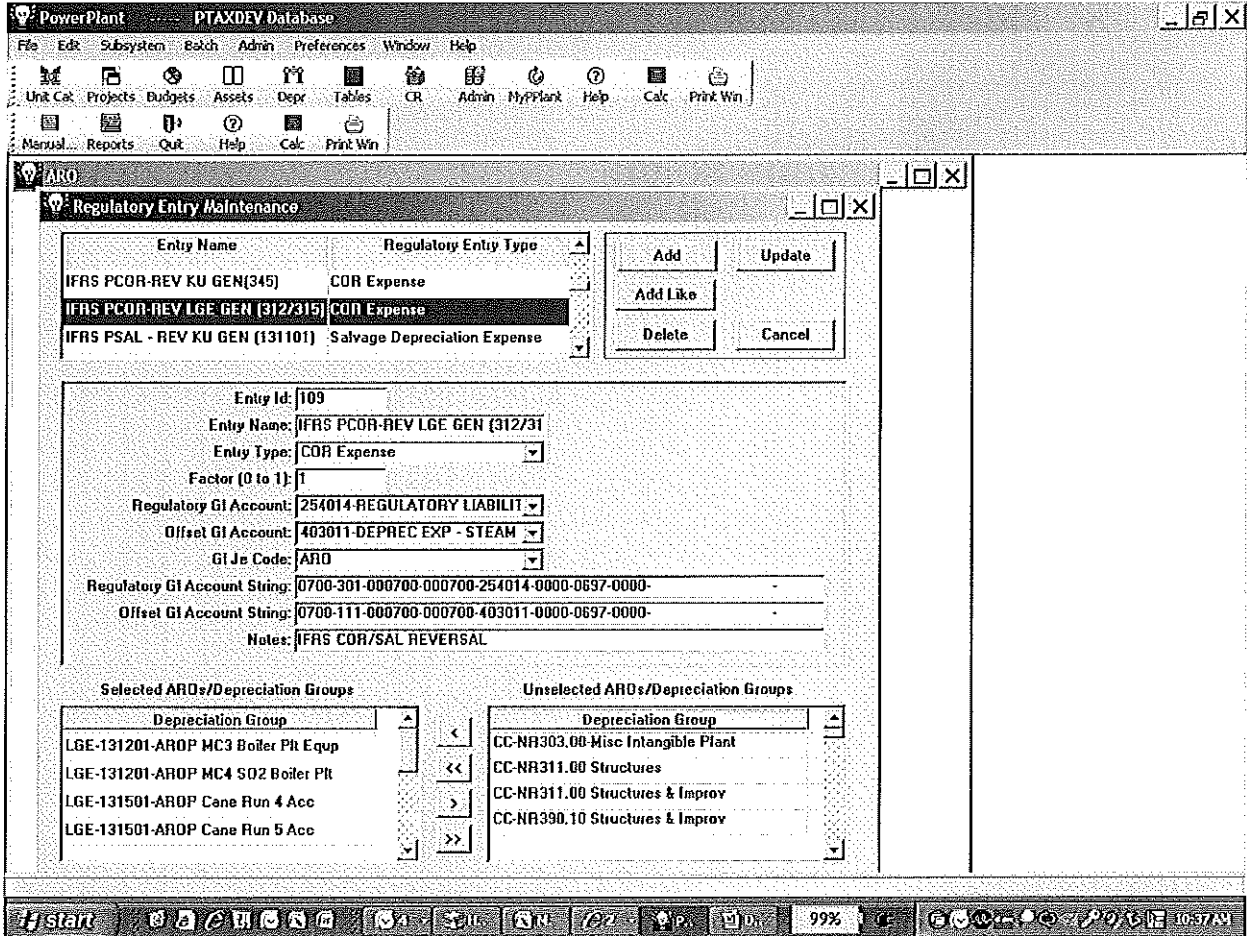
Regulatory GI Account String: 0110-301-015590-015590-108116-0000-0697-0000-

Offset GI Account String: 0110-301-015590-015590-254014-0000-0697-0000-

Notes: COR/SAL REG LIABILITY

Selected ARDs/Depreciation Groups		Unselected ARDs/Depreciation Groups	
Depreciation Group		Depreciation Group	
KU-131201-AROP EWB 1 Boiler Pll Eq	< << > >>	CC-NR303.00-Misc Intangible Plant	< << > >>
KU-131201-AROP EWB 3 Boiler Pll Eq		CC-NR311.00 Structures	
KU-131201-AROP GH 1 Boiler Pll Equip		CC-NR311.00 Structures & Improv	
KU-131201-AROP GH 1SC Boiler Pll Eq		CC-NR390.10 Structures & Improv	

start [Taskbar icons] 99% 10:35 AM



Crescente, Angela

From: support <support@pwrplan.com>
Sent: Thursday, September 16, 2010 9:13 AM
To: Crescente, Angela
Cc: Kinder, Debra; Wacker, Diana; Wiseman, Sara; jdahlby@pwrplan.com; jholt@pwrplan.com; Ogilvie, Jim
Subject: RE: ARO Transfer Issues

You can make manual reserve transfers to correct the reserve balances.
Do you need help with the manual reserve transfers?

Sunjin
PowerPlant Support
770-937-3000

From: Crescente, Angela [<mailto:Angela.Crescente@eon-us.com>]
Sent: Thursday, 16 September, 2010 09:10 AM
To: support
Cc: Kinder, Debra; Wacker, Diana; Wiseman, Sara; jdahlby@pwrplan.com; jholt@pwrplan.com; Ogilvie, Jim
Subject: RE: ARO Transfer Issues

Yes.

From: support [<mailto:support@pwrplan.com>]
Sent: Thursday, September 16, 2010 9:08 AM
To: Crescente, Angela
Cc: Kinder, Debra; Wacker, Diana; Wiseman, Sara; jdahlby@pwrplan.com; jholt@pwrplan.com; Ogilvie, Jim
Subject: RE: ARO Transfer Issues

Oh, this is an old problem... good.
I was afraid the new v10.2 post program was bad again.

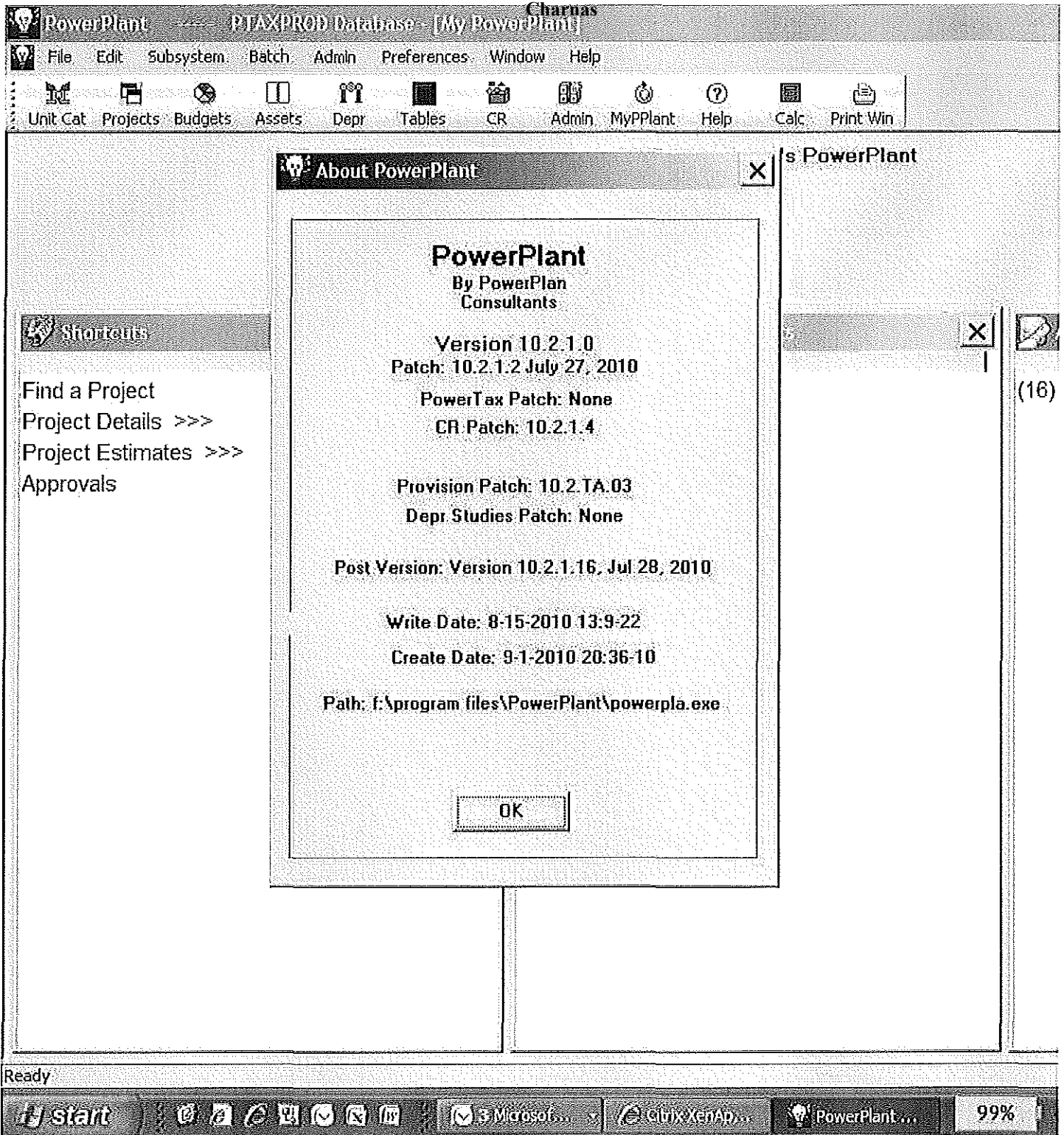
Are you trying to fix the reserve transfer problem from May 2009 month end?

Sunjin
PowerPlant Support
770-937-3000

From: Crescente, Angela [<mailto:Angela.Crescente@eon-us.com>]
Sent: Thursday, 16 September, 2010 09:04 AM
To: support
Cc: Kinder, Debra; Wacker, Diana; Wiseman, Sara; jdahlby@pwrplan.com; jholt@pwrplan.com; Ogilvie, Jim
Subject: RE: ARO Transfer Issues

Sunjin,

I think you may have already sent the fix to prevent this from happening again (I will forward you the email). However, we are having trouble getting the ledger fixed from the time that it did happen (the history). I attached the screenshot you requested below.



Thanks,
Angela

From: support [mailto:support@pwrplan.com]
Sent: Wednesday, September 15, 2010 4:39 PM
To: Crescente, Angela
Cc: Kinder, Debra; Wacker, Diana; Wiseman, Sara; jdahlby@pwrplan.com; jholt@pwrplan.com; Ogilvie, Jim
Subject: RE: ARO Transfer Issues

Please send me a screenshot of your About Powerplant window.

Sunjin
PowerPlant Support
770-937-3000

From: Crescente, Angela [<mailto:Angela.Crescente@eon-us.com>]
Sent: Monday, 13 September, 2010 04:52 PM
To: support@pwrplan.com
Cc: Kinder, Debra; Wacker, Diana; Wiseman, Sara; jdahlby@pwrplan.com; jholt@pwrplan.com; Ogilvie, Jim
Subject: ARO Transfer Issues

Well...we have another issue that is mingled in with the one I sent you earlier in that the same depr groups are . We thought we could fix it because we know what went wrong. However, the system will not let us do a reserve adjustment to correct the problem that happened when we transferred some ARO Assets. Basically, we transferred all of the assets out of a specific depr group into a different one in May 2009, but the signs somehow flipped. So, one depr group is overstated and the other one is understated and depreciation is going the wrong way. I have attached detailed screenshots of the situation.

<<ARO-Transfer Problems-Support.pdf>>

Please feel free to contact me if you have any questions.

Thanks,

Angela

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Crescente, Angela

From: Crescente, Angela
Sent: Friday, July 16, 2010 9:35 AM
To: Leichty, Doug
Subject: ARO Rollforward LGE KU Balance Ended Dec 09 for auditors.xls



ARO Rollforward
LGE KU Balanc...

Louisville Gas and Electric Company
 ARO Rollforward Schedule - 2009

	2009 Jan	2009 Feb	2009 Mar	2009 Apr	2009 May	2009 Jun	2009 Jul	2009 Aug	2009 Sep	2009 Oct	2009 Nov	2009 Dec	2009 Total	2008 Total	2007 Total	2006 Total	2005 Total	2004 Total	2003 Total	2002 Total	2001 Total	2000 Total			
October Activity																									
Ending Balance Oct09	6,532,039.00																								
November Activity																									
ARO Accretion																									
ARO Depreciation																									
ARO RAMP																									
Ending Balance Nov09	6,532,039.00																								
December Activity																									
ARO Accretion																									
ARO Depreciation																									
ARO RAMP																									
Ending Balance Dec09/4th Quarter	6,532,039.00																								
Total Activity 4th Quarter																									

YTD Activity (P0)

51,929.97

Louisville Gas and Electric Company - IFRS
ARO Rollforward Schedule - 2009

	ARO Assets 101107 & 101125 101207,101225,101325	Accum Deprec 108107, 117 & 125 108207&225,108325	RWIP-ARO Legal 230018	ARO Liabilities 230012,13,15-17 230012,13,15-17	Accretion Expense 411150 - 411151 411155 - 411157	Depreciation Expense 403111-403115 403211-12,403311	Cash	Gain/Loss 421105/421205	
Ending Balance Dec08/4th Quarter	18,892,143.34	(3,619,053.93)	1,706,629.94	(48,082,777.79)	2,035,389.00	188,954.64	(1,706,629.94)	-	
January Activity									
ARO Accretion	-	-	-	(109,655.36)	109,655.36	-	-	-	
ARO Depreciation	-	(57,552.19)	-	-	-	57,552.19	-	-	
ARO RWIP	-	-	-	-	-	-	-	-	
Ending Balance Jan09	18,892,143.34	(3,676,606.12)	1,706,629.94	(48,192,433.15)	109,655.36	57,552.19	(1,706,629.94)	-	
February Activity									
ARO Accretion	-	-	-	(109,910.98)	109,910.98	-	-	-	
ARO Depreciation	-	(57,552.23)	-	-	-	57,552.23	-	-	
ARO RWIP	-	-	-	-	-	-	-	-	
Ending Balance Feb09	18,892,143.34	(3,734,158.35)	1,706,629.94	(48,302,344.13)	219,566.34	115,104.42	(1,706,629.94)	-	
March Activity									
ARO Accretion	-	-	-	(110,167.24)	110,167.24	-	-	-	
ARO Depreciation	-	(57,552.22)	-	-	-	57,552.22	-	-	
ARO RWIP	-	-	30,715.17	-	-	-	(30,715.17)	-	
Ending Balance Mar09/1st Quarter	18,892,143.34	(3,791,710.57)	1,737,345.11	(48,412,511.37)	329,733.58	172,656.64	(1,737,345.11)	-	
Total Activity 1st Quarter	-	(172,656.64)	30,715.17	(329,733.58)	329,733.58	172,656.64	(30,715.17)	-	
April Activity									
ARO Accretion	-	-	-	(110,424.04)	110,424.04	-	-	-	
ARO Depreciation	-	(450,365.10)	-	-	-	56,929.70	-	-	
ARO RWIP	-	-	16,360.55	-	-	-	(16,360.55)	-	
Settlement Activity	(419,836.56)	419,836.56	(13,397.08)	1,013,342.98	-	-	-	(606,510.50)	
Ending Balance Apr09	18,472,306.78	(3,822,239.11)	1,740,308.58	(47,509,592.43)	440,157.62	229,586.34	(1,753,705.66)	(606,510.50)	
May Activity									
ARO Accretion	-	-	-	(107,967.41)	107,967.41	-	-	-	
ARO Depreciation	-	(56,929.71)	-	-	-	56,929.71	-	-	
ARO RWIP	-	-	-	-	-	-	-	-	
Ending Balance May09	18,472,306.78	(3,879,168.82)	1,740,308.58	(47,617,559.84)	548,125.03	286,516.05	(1,753,705.66)	-	
June Activity									
ARO Accretion	-	-	-	(108,218.20)	108,218.20	-	-	-	

Louisville Gas and Electric Company - IFRS
ARO Rollforward Schedule - 2009

	ARO Assets 101107 & 101125 101207,101225,101325	Accum Deprec 108107, 117 & 125 108207&225,108325	RWIP-ARO Legal 230018	ARO Liabilities 230012,13,15-17 230012,13,15-17	Accretion Expense 411150 - 411151 411155 - 411157	Depreciation Expense 403111-403115 403211-12,403311	Cash	Gain/Loss 421105/421205
ARO Depreciation	-	(62,476.89)	-	-	-	62,476.89	-	-
ARO RWIP	-	-	15,691.22	-	-	-	(15,691.22)	-
Revaluation	3,478,950.34	-	-	(3,478,950.34)	-	-	-	-
Ending Balance Jun09/2nd Quarter	21,951,257.12	(3,941,645.71)	1,755,999.80	(51,204,728.38)	656,343.23	348,992.94	(1,769,396.88)	-
Total Activity 2nd Quarter	3,059,113.78	(149,935.14)	18,654.69	(2,792,217.01)	326,609.65	176,336.30	(32,051.77)	(606,510.50)
July Activity								
ARO Accretion	-	-	-	(174,765.47)	174,765.47	-	-	-
ARO Depreciation	-	(68,049.46)	-	-	-	68,049.46	-	-
ARO RWIP	-	-	159,689.47	-	-	-	(159,689.47)	-
Ending Balance Jul09	21,951,257.12	(4,009,695.17)	1,915,689.27	(51,379,493.85)	831,108.70	417,042.40	(1,929,086.35)	-
August Activity								
ARO Accretion	-	-	-	(175,367.85)	175,367.85	-	-	-
ARO Depreciation	-	(68,049.41)	-	-	-	68,049.41	-	-
ARO RWIP	-	-	148,953.88	-	-	-	(148,953.88)	-
Ending Balance Aug09	21,951,257.12	(4,077,744.58)	2,064,643.15	(51,554,861.70)	1,006,476.55	485,091.81	(2,078,040.23)	-
September Activity								
ARO Accretion	-	-	-	(175,972.35)	175,972.35	-	-	-
ARO Depreciation	-	(237,893.45)	-	-	-	67,970.39	-	-
ARO RWIP	-	-	284,892.19	-	-	-	(284,892.19)	-
Settlement Activity	(104,259.52)	104,259.52	(667,753.29)	667,753.29	-	-	-	169,723.06
Ending Balance Sep09/3rd Quarter	21,846,997.60	(4,211,178.51)	1,681,782.05	(51,063,080.76)	1,182,448.90	553,062.20	(2,362,932.42)	169,723.06
Total Activity 3rd Quarter	(104,259.52)	(269,532.80)	(74,217.75)	141,647.62	526,105.67	204,069.26	(593,535.54)	169,723.06
October Activity								
ARO Accretion	-	-	-	(174,063.80)	174,063.80	-	-	-
ARO Depreciation	-	(418,207.82)	-	-	-	67,630.19	-	-
ARO RWIP	-	-	13,141.59	-	-	-	(13,141.59)	-
Settlement Activity	(126,543.83)	126,543.83	(422,317.18)	422,317.18	-	-	-	350,577.63
Ending Balance Oct09	21,720,453.77	(4,502,842.50)	1,272,606.46	(50,814,827.38)	1,356,512.70	620,692.39	(1,929,086.35)	520,300.69

Louisville Gas and Electric Company - IFRS
 ARO Rollforward Schedule - 2009

	ARO Assets	Accum Deprec	RWIP:ARO/Legal	ARO Liabilities	Accretion Expense	Depreciation Expense		Gain/Loss
	101107 & 101125	108107, 117 & 125	230018	230012,13,15-17	411150 - 411151	403111-403115		421105/421205
	101207,101225,101325	108207&225,108325		230012,13,15-17	411155 - 411157	403211-12,403311	Cash	
November Activity								
ARO Accretion	-	-	-	(173,326.15)	173,326.15	-	-	-
ARO Depreciation	-	(67,367.58)	-	-	-	67,367.58	-	-
ARO RWIP	-	-	287,344.17	-	-	-	(287,344.17)	-
Ending Balance Nov09	21,720,453.77	(4,570,210.08)	1,559,950.63	(50,988,153.53)	1,529,838.85	688,059.97	(2,078,040.23)	-
December Activity								
ARO Accretion	-	-	-	(173,923.25)	173,923.25	-	-	-
ARO Depreciation	-	(82,550.05)	-	-	-	82,550.05	-	-
ARO RWIP	-	-	132,427.65	-	-	-	(132,427.65)	-
Revaluation	9,404,965.69	-	-	(9,404,965.69)	-	-	-	-
Ending Balance Dec09/4th Quarter	31,125,419.46	(4,652,760.13)	1,692,378.28	(60,567,042.47)	1,703,762.10	770,610.02	(2,362,932.42)	520,300.69
Total Activity 4th Quarter	9,278,421.86	(441,581.62)	10,596.23	(9,926,278.89)	521,313.20	217,547.82	(432,913.41)	350,577.63

Kentucky Utilities Company - IFRS
ARO Rollforward Schedule - 2009

	ARO Assets 101107 & 101125 101207,101225,101325	Accum Deprec 108107, 117 & 125 108207&225,108325	RWIP-ARO Legal 230018	ARO Liabilities 230012,13,15,17	Accretion Expense 411150 - 411151 411155 - 411157	Depreciation Expense 403111-403115 403211-12,403311	Cash	Gain/Loss 421105/421205
Ending Balance Dec08/4th Quarter	18,563,487.56	(3,984,047.85)	362,213.38	(47,487,731.64)	1,945,636.81	956,286.04	(362,213.38)	-
January Activity								
ARO Accretion	-	-	-	(131,703.25)	131,703.25	-	-	-
ARO Depreciation	-	(69,873.46)	-	-	-	69,873.46	-	-
ARO RWIP	-	-	-	-	-	-	-	-
JE Correction	(69.37)	-	-	-	-	-	-	-
Ending Balance Jan09	18,563,418.19	(4,053,921.31)	362,213.38	(47,619,434.89)	131,703.25	69,873.46	(362,213.38)	-
February Activity								
ARO Accretion	-	-	-	(102,896.16)	102,896.16	-	-	-
ARO Depreciation	-	(69,873.50)	-	-	-	69,873.50	-	-
ARO RWIP	-	-	-	-	-	-	-	-
Ending Balance Feb09	18,563,418.19	(4,123,794.81)	362,213.38	(47,722,331.05)	234,599.41	139,748.96	(362,213.38)	-
March Activity								
ARO Accretion	-	-	-	(103,127.59)	103,127.59	-	-	-
ARO Depreciation	-	(69,873.43)	-	-	-	69,873.43	-	-
ARO RWIP	-	-	-	-	-	-	-	-
Ending Balance Mar09/1st Quarter	18,563,418.19	(4,193,668.24)	362,213.38	(47,825,458.64)	337,727.00	209,620.39	(362,213.38)	-
Total Activity 1st Quarter	-	(209,620.39)	-	(337,727.00)	337,727.00	209,620.39	-	-
April Activity								
ARO Accretion	-	-	-	(103,359.54)	103,359.94	-	-	-
ARO Depreciation	-	(69,873.49)	-	-	-	69,873.49	-	-
ARO RWIP	-	-	-	-	-	-	-	-
Ending Balance Apr09	18,563,418.19	(4,263,541.73)	362,213.38	(47,928,818.18)	441,086.54	279,493.88	(362,213.38)	-
May Activity								
ARO Accretion	-	-	-	(103,591.99)	103,591.99	-	-	-
ARO Depreciation	-	(69,873.46)	-	-	-	69,873.46	-	-
ARO RWIP	-	-	-	-	-	-	-	-
Ending Balance May09	18,563,418.19	(4,333,415.19)	362,213.38	(48,032,410.17)	544,678.53	349,367.34	(362,213.38)	-
June Activity								
ARO Accretion	-	-	-	(103,824.99)	103,824.99	-	-	-
ARO Depreciation	-	(77,820.09)	-	-	-	77,820.09	-	-
ARO RWIP	-	-	-	-	-	-	-	-
Revaluation	4,141,261.15	-	-	(4,141,261.15)	-	-	-	-
Ending Balance Jun09/2nd Quarter	22,704,679.34	(4,411,235.28)	362,213.38	(52,277,496.31)	648,503.52	427,187.43	(362,213.38)	-

Kentucky Utilities Company - IFRS
ARO Rollforward Schedule - 2009

	ARO Assets 101107 & 101125 101207, 101225, 101325	Accum Deprec 108107, 117 & 125 108207, 225, 108325	RWIP-ARO Legal 230018	ARO Liabilities 230012, 13, 15, 17	Accretion Expense 411150 - 411151 411155 - 411157	Depreciation Expense 403111-403115 403211-12, 403311	Cash	Gain/Loss 421105/421205
Total Activity 2nd Quarter	4,141,261.15	(217,567.04)	-	(4,452,037.67)	310,776.92	217,567.04	-	-
July Activity								
ARO Accretion	-	-	-	(167,233.28)	167,233.28	-	-	-
ARO Depreciation	-	(85,820.65)	-	-	-	85,820.65	-	-
ARO RWIP	-	-	-	-	-	-	-	-
Ending Balance Jul09	22,704,679.34	(4,497,055.93)	362,213.38	(52,444,729.59)	815,736.80	513,008.08	(362,213.38)	-
August Activity								
ARO Accretion	-	-	-	(167,780.87)	167,780.87	-	-	-
ARO Depreciation	-	(85,820.65)	-	-	-	85,820.65	-	-
ARO RWIP	-	-	134,545.10	-	-	-	(134,545.10)	-
Ending Balance Aug09	22,704,679.34	(4,582,876.58)	496,758.48	(52,612,510.46)	983,517.67	598,828.73	(496,758.48)	-
September Activity								
ARO Accretion	-	-	-	(168,330.23)	168,330.23	-	-	-
ARO Depreciation	-	(144,740.14)	-	-	-	85,792.09	-	-
ARO RWIP	-	-	-	-	-	-	-	-
Settlement Activity	(43,086.28)	43,086.28	(306,997.18)	306,997.18	-	-	-	58,948.05
Ending Balance Sep09/3rd Quarter	22,661,593.06	(4,684,530.44)	189,761.30	(52,473,843.51)	1,151,847.90	684,620.82	(496,758.48)	58,948.05
Total Activity 3rd Quarter	(43,086.28)	(273,295.16)	(172,452.08)	(196,347.20)	503,344.38	257,433.39	(134,545.10)	58,948.05
October Activity								
ARO Accretion	-	-	-	(167,725.08)	167,725.08	-	-	-
ARO Depreciation	-	(85,763.41)	-	-	-	85,763.41	-	-
ARO RWIP	-	-	35,922.25	-	-	-	(35,922.25)	-
Ending Balance Oct09	22,661,593.06	(4,770,293.85)	225,683.55	(52,641,568.59)	1,319,572.98	770,384.23	(532,680.73)	58,948.05
November Activity								
ARO Accretion	-	-	-	(168,273.89)	168,273.89	-	-	-
ARO Depreciation	-	(85,763.37)	-	-	-	85,763.37	-	-
ARO RWIP	-	-	21,086.60	-	-	-	(21,086.60)	-
Ending Balance Nov09	22,661,593.06	(4,856,057.22)	246,770.15	(52,809,842.48)	1,487,846.87	858,147.60	(553,767.33)	58,948.05
December Activity								
ARO Accretion	-	-	-	(168,824.41)	168,824.41	-	-	-
ARO Depreciation	-	(98,900.33)	-	-	-	98,900.33	-	-
ARO RWIP	-	-	-	-	-	-	-	-
Revaluation	8,250,642.78	-	-	(8,250,642.78)	-	-	-	-

Kentucky Utilities Company - IFRS
 ARO Rollforward Schedule - 2009

	ARO Assets 101107 & 101125 101207, 101225, 101325	Accum Deprec 108107, 117 & 125 108207 & 225, 108325	RWIP-ARO Legal 230018	ARO Liabilities 230012, 13, 15, 17	Accretion Expense 411150 - 411151 411155 - 411157	Depreciation Expense 403111 - 403115 403211 - 12, 403311	Cash	Gain/Loss 421105/421205
Ending Balance Dec09/4th Quarter	30,912,235.84	(4,954,957.55)	246,770.15	(61,229,309.67)	1,656,671.28	955,047.93	(553,767.33)	58,948.05
Total Activity 4th Quarter	8,250,642.78	(270,427.11)	57,008.85	(8,755,466.16)	504,823.38	270,427.11	(57,008.85)	-

Crescente, Angela

From: Wiseman, Sara
Sent: Friday, June 11, 2010 4:47 PM
To: Hennekes, Lisa
Cc: Clark, Lynda; Crescente, Angela
Subject: Asbestos

Hi Lisa:

Here are the files/emails for the asbestos support for AROs.

Distribution subs from Tony Durbin:



Asbestos Liability
estimate fo...

General Facilities from Karan Kapp:



ASBESTOS
REMOVAL EST C...

City Gate from Mark Satkamp:



FW: Identifying
Asbestos Remov...

Magnolia from Tom Rieth:



Magnolia asbestos -
updated

Manholes from Scott Cooke:



FW: Cost to
Remove Asbesto...

Muldraugh from Steve Beatty:



RE: Asbestos

Sara Wiseman
Manager, Property Accounting
Office 502.627.3189
Cell 502.338.0886

Crescente, Angela

From: Wiseman, Sara
Sent: Friday, June 11, 2010 4:18 PM
To: Miller, Jon
Cc: Crescente, Angela; Clark, Ed
Subject: ARO transmission emails



ARO backup



ARO Transmission

Hi Jon:

Here are the emails and files we received originally regarding asbestos in the Transmission area. This is in preparation of our Monday meeting.

Thanks.

Crescente, Angela

From: Welsh, Elaine
Sent: Wednesday, October 12, 2005 10:12 AM
To: Kinder, Debra; Riggs, Eric; Wiseman, Sara
Subject: ARO backup

All -

The 10 transmission substations that were assumed to have asbestos are:

Algonquin
Ashbottom
Breckenridge
Canal
Cane Run
Fern Valley
Middletown
Paddy's Run
Northside
Paddy's West

System Operations/System Control was consulted and rendered this list. The costs for asbestos removal were based on the costs submitted by Distribution (Tony Durbin).

System Operations/System Control at Dix Dam was consulted with regard to KU transmission substations and determined that of the 69 substations, 70% of them probably contained asbestos wiring.

Please let me know if I need to supply anything further.

Elaine Welsh

LG&E Energy Services Co.
Budget Analyst III - Transmission
elaine.welsh@lgeenergy.com
Phone (502) 627-3578
Fax (502) 627-4716

Crescente, Angela

From: Crescente, Angela
Sent: Thursday, October 21, 2010 9:12 AM
To: 'erin.m.schroering@us.pwc.com'
Cc: Wiseman, Sara
Subject: RE: ARO rollforwards
Attachments: ARO Rollforward LGE KU Balance Ended Sep 10 for auditors - GAAP.xls

Erin,

Please see the attached.

Thanks,
Angela

From: erin.m.schroering@us.pwc.com [mailto:erin.m.schroering@us.pwc.com]
Sent: Wednesday, October 20, 2010 5:00 PM
To: Crescente, Angela
Subject: RE: ARO rollforwards

Hey Angela,

If you could go ahead and send over the GAAP rollforwards that would be great. IFRS can just be sent when completed.

Thanks for your help!

Erin M Schroering
Assurance Associate

PricewaterhouseCoopers LLP (pwc.com)
500 West Main Street Suite 1800
Louisville, KY 40202-4264
Telephone: +1 502 585 7743
Facsimile: +1 813 281 6504
Mobile: +1 502 419 0288

erin.m.schroering@us.pwc.com

Print less, think more.

From: "Crescente, Angela" <Angela.Crescente@eon-us.com>
To: Erin M Schroering/US/ABAS/PwC@Americas-US
Date: 10/20/2010 04:42 PM
Subject: RE: ARO rollforwards

Erin,

I will try to have them completed by COB on Monday.

Thanks,
Angela

From: erin.m.schroering@us.pwc.com [mailto:erin.m.schroering@us.pwc.com]
Sent: Wednesday, October 20, 2010 4:14 PM
To: Crescente, Angela
Subject: RE: ARO rollforwards

Hey Angela,

When do you expect to have the IFRS ones completed?

Erin M Schroering
Assurance Associate

PricewaterhouseCoopers LLP (pwc.com)
500 West Main Street Suite 1800
Louisville, KY 40202-4264
Telephone: +1 502 585 7743
Facsimile: +1 813 281 6504
Mobile: +1 502 419 0288

erin.m.schroering@us.pwc.com

Print less, think more.

From: "Crescente, Angela" <Angela.Crescente@eon-us.com>
To: Erin M Schroering/US/ABAS/PwC@Americas-US
Cc: "Wiseman, Sara" <Sara.Wiseman@eon-us.com>
Date: 10/20/2010 04:11 PM
Subject: RE: ARO rollforwards

Erin,

I do have the GAAP ARO rollforwards completed, but I have not finished the IFRS ones. When do you need to have these by? Do you want me to go ahead and send you the GAAP ones or wait and send all of them at once as usual?

Thanks,
Angela

From: erin.m.schroering@us.pwc.com [mailto:erin.m.schroering@us.pwc.com]
Sent: Wednesday, October 20, 2010 10:52 AM
To: Crescente, Angela
Subject: ARO rollforwards

Hey Angela,

I know on the client assistance listing we asked for the ARO rollforwards you generally provide for the quarters in November. If it isn't too much trouble, do you think we could also obtain these for Q3. Please get back with me at your earliest convenience. Thank you for your help!

Erin M Schroering
Assurance Associate

PricewaterhouseCoopers LLP (pwc.com)
500 West Main Street Suite 1800
Louisville, KY 40202-4264
Telephone: +1 502 585 7743
Facsimile: +1 813 281 6504
Mobile: +1 502 419 0288

erin.m.schroering@us.pwc.com

Print less, think more.

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Kentucky Utilities Company
ARO Rollforward Schedule - 2010

	ARO Assets	Accum Deprec.	RWIP-ARO Legal	CR	ARO Liabilities	Regulatory Assets	Regulatory Liabilities	Accrual Expenses	Depreciation Exp	Depreciation Cap	Parent	Non-Parent	Dep. Regulatory C	Dep. Regulatory C	Corr	Cash
	101107 & 101125	10507 & 10525	00700	10000	20012, 315	102307, 102310	25004, 25015	411105	40311-40315	40300	40742	40742	40742	40742	10000	
	(6,955,301.67)	(6,955,311.41)	240,770.15	2,308,400.00	(64,995,307.65)	20,070,250.12	(4,422,123.13)	2,103,184.09	230,744.05	1,753,274.53	(2,103,184.09)	(230,744.05)	308,097.18	(230,744.05)	(853,767.33)	
Ending Balance Dec31st Quarter																
January Activity																
ARO Accrual	-	(24,658.09)	-	-	(180,473.34)	160,473.35	-	160,473.35	-	-	-	-	-	-	-	-
ARO Depreciation	-	-	-	-	-	24,658.09	-	-	24,658.09	-	-	-	-	(24,658.09)	-	-
ARO RWIP	-	-	-	-	-	-	(10,000.20)	-	-	10,000.20	-	-	-	-	-	-
Accrue COR	(174.58)	-	-	-	14,896.24	(14,896.24)	-	-	-	-	-	-	-	-	-	-
Ending Balance Jan10	9,350,183.09	(6,979,967.72)	231,053.01	2,308,400.00	(64,930,944.70)	20,189,754.89	(4,437,023.33)	1,991,733.39	24,800.65	1,753,053.73	(2,103,184.09)	(230,744.05)	308,097.18	(230,744.05)	(853,767.33)	
February Activity																
ARO Accrual	-	(24,744.06)	-	-	(181,362.59)	161,362.62	-	161,362.62	-	-	-	-	-	-	-	-
ARO Depreciation	-	-	-	-	-	24,744.06	-	-	24,744.06	-	-	-	-	(24,744.06)	-	-
ARO RWIP	-	-	-	-	-	-	(10,000.20)	-	-	10,000.20	-	-	-	-	-	-
Accrue COR	(1,000.00)	-	-	-	1,000.00	-	-	-	-	-	-	-	-	-	-	-
Ending Balance Feb10	9,350,183.09	(7,004,711.78)	231,053.01	2,308,400.00	(64,712,207.11)	20,398,852.40	(4,481,643.53)	3,015,096.01	49,544.72	1,753,053.73	(2,103,184.09)	(230,744.05)	308,097.18	(230,744.05)	(853,767.33)	
March Activity																
ARO Accrual	-	(24,744.06)	-	-	(182,300.02)	162,300.02	-	162,300.02	-	-	-	-	-	-	-	-
ARO Depreciation	-	-	-	-	-	24,744.06	-	-	24,744.06	-	-	-	-	(24,744.06)	-	-
ARO RWIP	-	-	-	-	-	-	(10,000.20)	-	-	10,000.20	-	-	-	-	-	-
Accrue COR	(1,000.00)	-	-	-	1,000.00	-	-	-	-	-	-	-	-	-	-	-
Ending Balance Mar1st Quarter	9,350,183.09	(7,029,455.84)	231,053.01	2,308,400.00	(64,594,903.69)	20,573,952.92	(4,531,643.73)	3,177,396.03	74,288.78	1,753,053.73	(2,103,184.09)	(230,744.05)	308,097.18	(230,744.05)	(853,767.33)	
Total Activity 1st Quarter																
April Activity																
ARO Accrual	-	(24,744.06)	-	-	(183,265.63)	163,265.63	-	163,265.63	-	-	-	-	-	-	-	-
ARO Depreciation	-	-	-	-	-	24,744.06	-	-	24,744.06	-	-	-	-	(24,744.06)	-	-
ARO RWIP	-	-	-	-	-	-	(10,000.20)	-	-	10,000.20	-	-	-	-	-	-
Accrue COR	(1,000.00)	-	-	-	1,000.00	-	-	-	-	-	-	-	-	-	-	-
Ending Balance April10	9,350,183.09	(7,054,200.12)	240,072.11	2,308,400.00	(64,477,050.70)	20,781,914.79	(4,581,643.93)	3,340,661.66	99,032.84	1,753,053.73	(2,103,184.09)	(230,744.05)	308,097.18	(230,744.05)	(853,767.33)	
Total Activity 2nd Quarter																
May Activity																
ARO Accrual	-	(24,744.06)	-	-	(184,200.00)	164,200.00	-	164,200.00	-	-	-	-	-	-	-	-
ARO Depreciation	-	-	-	-	-	24,744.06	-	-	24,744.06	-	-	-	-	(24,744.06)	-	-
ARO RWIP	-	-	-	-	-	-	(10,000.20)	-	-	10,000.20	-	-	-	-	-	-
Accrue COR	(1,000.00)	-	-	-	1,000.00	-	-	-	-	-	-	-	-	-	-	-
Ending Balance May10	9,350,183.09	(7,078,944.18)	240,072.11	2,308,400.00	(64,359,050.70)	20,996,914.79	(4,631,643.93)	3,524,861.66	123,776.90	1,753,053.73	(2,103,184.09)	(230,744.05)	308,097.18	(230,744.05)	(853,767.33)	
June Activity																
ARO Accrual	-	(24,744.06)	-	-	(185,196.30)	165,196.30	-	165,196.30	-	-	-	-	-	-	-	-
ARO Depreciation	-	-	-	-	-	24,744.06	-	-	24,744.06	-	-	-	-	(24,744.06)	-	-
ARO RWIP	-	-	-	-	-	-	(10,000.20)	-	-	10,000.20	-	-	-	-	-	-
Accrue COR	(1,000.00)	-	-	-	1,000.00	-	-	-	-	-	-	-	-	-	-	-
Ending Balance June1st Quarter	9,350,183.09	(7,103,688.24)	240,072.11	2,308,400.00	(64,247,050.70)	21,201,914.79	(4,681,643.93)	3,710,058.00	148,520.96	1,753,053.73	(2,103,184.09)	(230,744.05)	308,097.18	(230,744.05)	(853,767.33)	
Total Activity 2nd Quarter																
July Activity																
ARO Accrual	-	(24,744.06)	-	-	(186,173.78)	166,173.78	-	166,173.78	-	-	-	-	-	-	-	-
ARO Depreciation	-	-	-	-	-	24,744.06	-	-	24,744.06	-	-	-	-	(24,744.06)	-	-
ARO RWIP	-	-	-	-	-	-	(10,000.20)	-	-	10,000.20	-	-	-	-	-	-
Accrue COR	(1,000.00)	-	-	-	1,000.00	-	-	-	-	-	-	-	-	-	-	-
Ending Balance July1st Quarter	9,350,183.09	(7,128,432.30)	240,072.11	2,308,400.00	(64,135,050.70)	21,407,914.79	(4,731,643.93)	3,896,231.78	173,265.02	1,753,053.73	(2,103,184.09)	(230,744.05)	308,097.18	(230,744.05)	(853,767.33)	
Total Activity 2nd Quarter																
August Activity																
ARO Accrual	-	(24,744.06)	-	-	(187,153.30)	167,153.30	-	167,153.30	-	-	-	-	-	-	-	-
ARO Depreciation	-	-	-	-	-	24,744.06	-	-	24,744.06	-	-	-	-	(24,744.06)	-	-
ARO RWIP	-	-	-	-	-	-	(10,000.20)	-	-	10,000.20	-	-	-	-	-	-
Accrue COR	(1,000.00)	-	-	-	1,000.00	-	-	-	-	-	-	-	-	-	-	-
Ending Balance August10	9,350,183.09	(7,153,176.36)	240,072.11	2,308,400.00	(64,023,050.70)	21,614,914.79	(4,781,643.93)	4,063,385.08	198,009.08	1,753,053.73	(2,103,184.09)	(230,744.05)	308,097.18	(230,744.05)	(853,767.33)	
September Activity																
ARO Accrual	-	(24,539.02)	-	-	(188,138.12)	168,138.12	-	168,138.12	-	-	-	-	-	-	-	-
ARO Depreciation	-	-	-	-	-	24,539.02	-	-	24,539.02	-	-	-	-	(24,539.02)	-	-
ARO RWIP	-	-	-	-	-	-	(10,000.20)	-	-	10,000.20	-	-	-	-	-	-
Accrue COR	(1,000.00)	-	-	-	1,000.00	-	-	-	-	-	-	-	-	-	-	-
Ending Balance Sep1st Quarter	9,350,183.09	(7,177,715.38)	240,072.11	2,308,400.00	(63,915,050.70)	21,821,914.79	(4,831,643.93)	4,231,523.20	222,548.10	1,753,053.73	(2,103,184.09)	(230,744.05)	308,097.18	(230,744.05)	(853,767.33)	
Total Activity 3rd Quarter																
October Activity																
ARO Accrual	-	(24,539.02)	-	-	(189,123.12)	169,123.12	-	169,123.12	-	-	-	-	-	-	-	-
ARO Depreciation	-	-	-	-	-	24,539.02	-	-	24,539.02	-	-	-	-	(24,539.02)	-	-
ARO RWIP	-	-	-	-	-	-	(10,000.20)	-	-	10,000.20	-	-	-	-	-	-
Accrue COR	(1,000.00)	-	-	-	1,000.00	-	-	-	-	-	-	-	-	-	-	-
Ending Balance Oct1st Quarter	9,350,183.09	(7,202,254.40)	240,072.11	2,308,400.00	(63,807,050.70)	22,026,914.79	(4,881,643.93)	4,400,646.32	247,087.12	1,753,053.73	(2,103,184.09)	(230,744.05)	308,097.18	(230,744.05)	(853,767.33)	
Total Activity 3rd Quarter																
November Activity																
ARO Accrual	-	(24,539.02)	-	-	(190,108.04)	170,108.04	-	170,108.04	-	-	-	-	-	-	-	-
ARO Depreciation	-	-	-	-	-	24,539.02	-	-	24,539.02	-	-	-	-	(24,539.02)	-	-
ARO RWIP	-	-	-	-	-	-	(10,000.20)	-	-	10,000.20	-	-	-	-	-	-
Accrue COR	(1,000.00)	-	-	-	1,000.00	-	-	-	-	-	-	-	-	-	-	-
Ending Balance Nov1st Quarter	9,350,183.09	(7,226,793.42)	240,072.11	2,308,400.00	(63,701,050.70)	22,231,914.79	(4,931,643.93)	4,570,754.36	271,626.14	1,753,053.73	(2,103,184.09)	(230,744.05)	308,097.18	(230,744.05)	(853,767.33)	
Total Activity 3rd Quarter																
December Activity																
ARO Accrual	-	(24,539.02)	-	-	(191,092.96)	171,092.96	-	171,092.96	-	-	-	-	-	-	-	-
ARO Depreciation	-	-	-	-	-	24,539.02	-	-	24,539.02	-	-	-	-	(24,539.02)	-	-
ARO RWIP	-	-	-	-	-	-	(10,000.20)	-	-	10,000.20	-	-	-	-	-	-
Accrue COR	(1,000.00)	-	-	-	1,000.00	-	-	-								

Account Name	ARO Assets	Accum Debit	RWP-ARO Legal	COR	ARO Liabilities	Regulatory Assets	Regulatory Liabilities	Accretion Expense	Depreciation Exp	Depreciation Expense	Asset Repairs/C	Dist Regulatory Cr	Dist Regulatory Cr	Non-Parent	COR
	101197419125	101071174135	10707102219132	10207102219132	230012115117	102317102319	24074124076	41110141104	Parent	40811140813	40740140742	40740140742	40740140742	Parent	40811140813
	10207102219132	10207102219132	10207102219132	10207102219132	230012115117	102317102319	24074124076	41110141104	40811140813	40740140742	40740140742	40740140742	40740140742	40811140813	40811140813
	0.532,459.00	0.532,459.00	1,052,272.29	1,052,272.29	2,851,014.98	63,253,070.10	20,959,412.09	1,039,280.12	459,022.22	252,007.03	(1,859,289.14)	(223,931.03)	1,103,457.25	(209,339.79)	(1,859,289.14)
Ending Balance Dec/31st Quarter															
January Activity															
ARO Accretion								164,593.41							
ARO Depreciation									6,098.91						
Accrue COR										14,939.78					
Ending Balance Jan/10															
February Activity															
ARO Accretion								164,593.41							
ARO Depreciation															
ARO RWP															
Ending Balance Feb/10															
March Activity															
ARO Accretion								164,593.41							
ARO Depreciation															
ARO RWP															
Ending Balance Mar/1st Quarter															
Total Activity 1st Quarter															
April Activity															
ARO Accretion								167,045.35							
ARO Depreciation															
Accrue COR															
Ending Balance Apr/10															
May Activity															
ARO Accretion								167,045.35							
ARO Depreciation															
ARO RWP															
Ending Balance May/10															
June Activity															
ARO Accretion								167,045.35							
ARO Depreciation															
Accrue COR															
Ending Balance Jun/2nd Quarter															
Total Activity 2nd Quarter															
July Activity															
ARO Accretion								166,504.97							
ARO Depreciation															
ARO RWP															
Ending Balance July/10															
August Activity															
ARO Accretion								166,504.97							
ARO Depreciation															
Accrue COR															
Ending Balance Aug/10															
September Activity															
ARO Accretion								171,265.79							
ARO Depreciation															
ARO RWP															
Ending Balance Sep/10															
Total Activity 3rd Quarter															

Louisville Gas and Electric Company
ARO Reallocation Schedule - 2015

Crescente, Angela

From: Crescente, Angela
Sent: Monday, October 25, 2010 3:18 PM
To: 'erin.m.schroering@us.pwc.com'
Cc: Wiseman, Sara
Subject: IFRS Rollforwards

Erin,

Please see the attached as you requested:



ARO Rollforward
LGE KU Balanc...

Please note, this includes the GAAP and IFRS Rollforwards as I would have normally sent them if they were on the original interim request for September.

Thanks,
Angela

7490 35065	Account	AWP-ARO Local	COG	ARO Liabilities	Regulatory Assets	Regulatory	Accrued Expense	Depreciation Exp	Depreciation Expense	Dep. Regulatory C	Dep. Regulatory C	COG
0107 419125	0810111 4135	18796	18796	335512.313157	182317.45237	263014238416	41165.41157	405111246311	405111246311	40724.46722	40724.46722	18796
10125 70125 9125	10125 70125 9125	18796	18796	335512.313157	182317.45237	263014238416	41165.41157	405111246311	405111246311	40724.46722	40724.46722	18796
6,532,499.00	(6,532,499.00)	1,892,378.28	2,884,776.56	(53,943,029.14)	20,590,442.89	(9,074,270.84)	1,989,789.12	499,520.22	235,687.95	(1,089,789.14)	1,133,467.55	(299,359.79)
Ending Balance Dec/31/14												
January Activity												
ARO Accretion												
ARO Depreciation												
Accrued COG												
Ending Balance Jan/10												
February Activity												
ARO Accretion												
ARO Depreciation												
ARO RMP												
Ending Balance Feb/10												
March Activity												
ARO Accretion												
ARO Depreciation												
ARO RMP												
Ending Balance Mar/10												
April Activity												
ARO Accretion												
ARO Depreciation												
ARO RMP												
Ending Balance Apr/10												
May Activity												
ARO Accretion												
ARO Depreciation												
ARO RMP												
Ending Balance May/10												
June Activity												
ARO Accretion												
ARO Depreciation												
ARO RMP												
Ending Balance Jun/10												
July Activity												
ARO Accretion												
ARO Depreciation												
ARO RMP												
Ending Balance Jul/10												
August Activity												
ARO Accretion												
ARO Depreciation												
ARO RMP												
Ending Balance Aug/10												
September Activity												
ARO Accretion												
ARO Depreciation												
ARO RMP												
Ending Balance Sep/10												
October Activity												
ARO Accretion												
ARO Depreciation												
ARO RMP												
Ending Balance Oct/10												
November Activity												
ARO Accretion												
ARO Depreciation												
ARO RMP												
Ending Balance Nov/10												
December Activity												
ARO Accretion												
ARO Depreciation												
ARO RMP												
Ending Balance Dec/10												
Total Activity 1st Quarter												
April Activity												
ARO Accretion												
ARO Depreciation												
ARO RMP												
Ending Balance Apr/10												
May Activity												
ARO Accretion												
ARO Depreciation												
ARO RMP												
Ending Balance May/10												
June Activity												
ARO Accretion												
ARO Depreciation												
ARO RMP												
Ending Balance Jun/10												
July Activity												
ARO Accretion												
ARO Depreciation												
ARO RMP												
Ending Balance Jul/10												
August Activity												
ARO Accretion												
ARO Depreciation												
ARO RMP												
Ending Balance Aug/10												
September Activity												
ARO Accretion												
ARO Depreciation												
ARO RMP												
Ending Balance Sep/10												
October Activity												
ARO Accretion												
ARO Depreciation												
ARO RMP												
Ending Balance Oct/10												
November Activity												
ARO Accretion												
ARO Depreciation												
ARO RMP												
Ending Balance Nov/10												
December Activity												
ARO Accretion												
ARO Depreciation												
ARO RMP												
Ending Balance Dec/10												

Louisville Gas and Electric Company
ARO Rollforward Schedule - 2010

Louisville Gas and Electric Company - IFRS
ARO Rollforward Schedule - 2010

	ARO Assets 101107 & 101125 101207, 101225, 101325	Accum Deprec 108107, 117 & 125 108207 & 225, 108325	RWIP-ARO Legal 230018	ARO Liabilities 230012, 13, 15-17 230012, 13, 15-17	Accretion Expense 411150 - 411151 411155 - 411157	Depreciation Expense 403111-403115 403211-12, 403311	Cash	Gain/Loss 421105/421205
Ending Balance Dec09/4th Quarter	31,125,419.46	(4,652,760.13)	1,692,378.28	(60,567,042.47)	1,703,762.10	770,610.02	(2,362,932.42)	520,300.69
January Activity								
ARO Accretion	-	-	-	(196,348.02)	196,348.02	-	-	-
ARO Depreciation	-	(97,802.24)	-	-	-	97,802.24	-	-
ARO RWIP	-	-	-	-	-	-	-	-
Ending Balance Jan10	31,125,419.46	(4,750,562.37)	1,692,378.28	(60,763,390.49)	196,348.02	97,802.24	(1,692,378.28)	-
February Activity								
ARO Accretion	-	-	-	(196,991.73)	196,991.73	-	-	-
ARO Depreciation	-	(97,802.24)	-	-	-	97,802.24	-	-
ARO RWIP	-	-	1,470.84	-	-	-	(1,470.84)	-
Ending Balance Feb10	31,125,419.46	(4,848,364.61)	1,693,849.12	(60,960,382.22)	393,339.75	195,604.48	(1,693,849.12)	-
March Activity								
ARO Accretion	-	-	-	(197,637.69)	197,637.69	-	-	-
ARO Depreciation	-	(97,802.19)	-	-	-	97,802.19	-	-
ARO RWIP	-	-	37,638.44	-	-	-	(37,638.44)	-
Ending Balance Mar10/1st Quarter	31,125,419.46	(4,946,166.80)	1,731,487.56	(61,158,019.91)	590,977.44	293,406.67	(1,731,487.56)	-
Total Activity 1st Quarter	-	(293,406.67)	39,109.28	(590,977.44)	590,977.44	293,406.67	(39,109.28)	-
April Activity								
ARO Accretion	-	-	-	(198,285.75)	198,285.75	-	-	-
ARO Depreciation	-	(97,802.23)	-	-	-	97,802.23	-	-
ARO RWIP	-	-	44,377.72	-	-	-	(44,377.72)	-
Ending Balance Apr10	31,125,419.46	(5,043,969.03)	1,775,865.28	(61,356,305.66)	789,263.19	391,208.90	(1,775,865.28)	-
May Activity								
ARO Accretion	-	-	-	(198,935.96)	198,935.96	-	-	-
ARO Depreciation	-	(97,802.24)	-	-	-	97,802.24	-	-
ARO RWIP	-	-	115,585.90	-	-	-	(115,585.90)	-
Ending Balance May10	31,125,419.46	(5,141,771.27)	1,891,451.18	(61,555,241.62)	988,199.15	489,011.14	(1,891,451.18)	-
June Activity								
ARO Accretion	-	-	-	(199,588.32)	199,588.32	-	-	-
ARO Depreciation	-	(97,802.15)	-	-	-	97,802.15	-	-
ARO RWIP	-	-	191,122.53	-	-	-	(191,122.53)	-
Ending Balance Jun10/2nd Quarter	31,125,419.46	(5,239,573.42)	2,082,573.71	(61,754,829.94)	1,187,787.47	588,813.29	(2,082,573.71)	-

Louisville Gas and Electric Company - IFRS
ARO Rollforward Schedule - 2010

	ARO Assets 101107 & 101125 101207,101225,101325	Accum Deprec 108107, 117 & 125 108207&225,108325	RWIP-ARO Legal 230018	ARO Liabilities 230012,13,15-17 230012,13,15-17	Accretion Expense 411150 - 411151 411155 - 411157	Depreciation Expense 403111-403115 403211-12,403311	Cash	Gain/Loss 421105/421205
Total Activity 2nd Quarter	-	(293,406.62)	351,086.15	(596,810.03)	596,810.03	293,406.62	(351,086.15)	-
July Activity								
ARO Accretion	-	-	-	(200,242.85)	200,242.85	-	-	-
ARO Depreciation	-	(97,802.26)	-	-	-	97,802.26	-	-
ARO RWIP	-	-	231,353.94	-	-	-	(231,353.94)	-
Ending Balance Jul10	31,125,419.46	(5,337,375.68)	2,313,927.65	(61,955,072.79)	1,388,030.32	684,615.55	(2,313,927.65)	-
August Activity								
ARO Accretion	-	-	-	(200,899.52)	200,899.52	-	-	-
ARO Depreciation	-	(97,802.23)	-	-	-	97,802.23	-	-
ARO RWIP	-	-	102,672.97	-	-	-	(102,672.97)	-
Ending Balance Aug10	31,125,419.46	(5,435,177.91)	2,416,600.62	(62,155,972.31)	1,588,929.84	782,417.78	(2,416,600.62)	-
September Activity								
ARO Accretion	-	-	-	(201,558.36)	201,558.36	-	-	-
ARO Depreciation	-	(95,364.42)	-	-	-	95,364.42	-	-
ARO Revaluation	2,128,319.76	-	-	(2,128,319.76)	-	-	-	-
ARO Settlements	(12,514.95)	1,910.13	-	35,580.29	-	-	-	-
ARO RWIP	-	-	79,840.16	-	-	-	(79,840.16)	24,975.47
Ending Balance Sep10/3rd Quarter	33,241,224.27	(5,528,632.20)	2,496,440.78	(64,450,270.14)	1,790,488.20	877,782.20	(2,496,440.78)	-
Total Activity 3rd Quarter	2,115,804.81	(289,058.78)	413,867.07	(602,700.73)	602,700.73	290,968.91	(413,867.07)	24,975.47

Kentucky Utilities Company - IFRS
ARO Rollforward Schedule - 2010

	ARO Assets 101107 & 101125	Accum Deprec 108107 & 108125	RWIP-ARO Legal 230018	ARO Liabilities 230012,13,15	Accretion Expense 411150 - 411151 411155	Depreciation Expense 403111-403115	Cash	Gain/Loss 421105/421205
Ending Balance Dec09/4th Quarter	30,912,235.84	(4,954,957.55)	246,770.15	(61,229,309.67)	1,656,671.28	955,047.93	(553,767.33)	58,948.05
January Activity								
ARO Accretion	-	-	-	(187,948.47)	187,948.47	-	-	-
ARO Depreciation	-	(115,370.39)	-	-	-	112,111.60	-	-
ARO RWIP	-	-	-	-	-	-	-	-
Settlement Activity	(3,336.18)	3,336.18	(14,836.24)	14,836.24	-	-	-	3,258.79
Ending Balance Jan10	30,908,899.66	(5,066,991.76)	231,933.91	(61,402,421.90)	187,948.47	112,111.60	(231,933.91)	3,258.79
February Activity								
ARO Accretion	-	-	-	(188,485.65)	188,485.65	-	-	-
ARO Depreciation	-	(112,109.57)	-	-	-	112,109.57	-	-
ARO RWIP	-	-	-	-	-	-	-	-
Ending Balance Feb10	30,908,899.66	(5,179,101.33)	231,933.91	(61,590,907.55)	376,434.12	224,221.17	(231,933.91)	-
March Activity								
ARO Accretion	-	-	-	(189,077.98)	189,077.98	-	-	-
ARO Depreciation	-	(112,109.58)	-	-	-	112,109.58	-	-
ARO RWIP	-	-	-	-	-	-	-	-
Ending Balance Mar10/1st Quarter	30,908,899.66	(5,291,210.91)	231,933.91	(61,779,985.53)	565,512.10	336,330.75	(231,933.91)	-
Total Activity 1st Quarter	(3,336.18)	(336,253.36)	(14,836.24)	(550,675.86)	565,512.10	336,330.75	-	3,258.79
April Activity								
ARO Accretion	-	-	-	(189,672.20)	189,672.20	-	-	-
ARO Depreciation	-	(112,109.55)	-	-	-	112,109.55	-	-
ARO RWIP	-	-	8,088.60	-	-	-	(8,088.60)	-
Ending Balance Apr10	30,908,899.66	(5,403,320.46)	240,022.51	(61,969,657.73)	755,184.30	448,440.30	(240,022.51)	3,258.79
May Activity								
ARO Accretion	-	-	-	(190,268.32)	190,268.32	-	-	-
ARO Depreciation	-	(112,109.53)	-	-	-	112,109.53	-	-
ARO RWIP	-	-	35.26	-	-	-	(35.26)	-
Ending Balance May10	30,908,899.66	(5,515,429.99)	240,057.77	(62,159,926.05)	945,452.62	560,549.83	(240,057.77)	3,258.79
June Activity								
ARO Accretion	-	-	-	(190,866.35)	190,866.35	-	-	-
ARO Depreciation	-	(112,109.55)	-	-	-	112,109.55	-	-
ARO RWIP	-	-	-	-	-	-	-	-
Ending Balance Jun10/2nd Quarter	30,908,899.66	(5,627,539.54)	240,057.77	(62,350,792.40)	1,136,318.97	672,659.38	(240,057.77)	3,258.79
Total Activity 2nd Quarter	-	(336,328.63)	8,123.86	(570,806.87)	570,806.87	336,328.63	(8,123.86)	-
July Activity								

Kentucky Utilities Company - IFRS
ARO Rollforward Schedule - 2010

	ARO Assets 101107 & 101125	Accum Deprec 108107 & 108125	RWIP-ARO Legal 230018	ARO Liabilities 230012,13,15	Accretion Expense 411150 - 411151 411155	Depreciation Expense 403111-403115	Cash	Gain/Loss 421105/421205
ARO Accretion	-	-	-	(191,466.36)	191,466.36	-	-	-
ARO Depreciation	-	(112,109.52)	-	-	-	112,109.52	-	-
ARO RWIP	-	-	-	-	-	-	-	-
Ending Balance Jul10	30,908,899.66	(5,739,649.06)	240,057.77	(62,542,258.76)	1,327,785.33	784,768.90	(240,057.77)	3,258.79
August Activity								
ARO Accretion	-	-	-	(192,068.17)	192,068.17	-	-	-
ARO Depreciation	-	(112,109.53)	-	-	-	112,109.53	-	-
ARO RWIP	-	-	-	-	-	-	-	-
Ending Balance Aug10	30,908,899.66	(5,851,758.59)	240,057.77	(62,734,326.93)	1,519,853.50	896,878.43	(240,057.77)	3,258.79
September Activity								
ARO Accretion	-	-	-	(204,336.71)	204,336.71	-	-	-
ARO Depreciation	-	(76,708.95)	-	-	-	76,708.95	-	-
ARO Revaluation	1,922,004.01	-	-	(1,922,004.01)	-	-	-	-
ARO Settlements	(114,234.87)	46,507.79	-	294,146.85	-	-	-	226,419.77
ARO RWIP	-	-	-	-	-	-	-	-
Ending Balance Sep10/3rd Quarter	32,716,668.80	(5,881,959.75)	240,057.77	(64,566,520.80)	1,724,190.21	973,587.38	(240,057.77)	229,678.56
Total Activity 3rd Quarter	1,807,769.14	(254,420.21)	-	(2,215,728.40)	587,871.24	300,928.00	-	226,419.77

Crescente, Angela

From: Crescente, Angela
Sent: Thursday, November 11, 2010 5:50 PM
To: 'eonaudit@us.pwc.com'
Cc: Wiseman, Sara
Subject: I.F.5

Please see the attached rollforward as of October 31, 2010.



ARO Rollforward
LGE KU Balanc...

I have attached PowerPlant System journal entries for the GAAP revaluation performed September 30, 2010 to support I.F.5a.



LGE Journal
Entries.xls



KU Journal
Entries.xls

I have attached the detail of the discount rates used during the GAAP revaluation performed September 30, 2010 to support I.F.5b. Our Treasury Department provided us the rates highlighted in yellow based on the Treasury Yield Curve. The rates that are not highlighted were derived using a "stair step" approach in an effort to build up to the rates provided.



Interest Rates for
Provisions ...

Thanks,
Angela

	ARO Assets	Accum Deprec	R/WP-ARO Liab	ARO Liabilities	Regulatory Assets	Regulatory Liabilities	Accum Expense	Depreciation Expense	Depreciation Exp	Accr Regulatory Cr	Depreciation Cr	Non-Parent	Parent	Shareholder	CR
	10107-431125	10107-431125	10107-431125	10107-431125	10107-431125	10107-431125	10107-431125	10107-431125	10107-431125	10107-431125	10107-431125	10107-431125	10107-431125	10107-431125	10107-431125
	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00
Ending Balance Dec 31st 4th Quarter	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00
January Activity															
ARO Accretion															
ARO Depreciation															
Accrue COR															
Ending Balance Jan 31st	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00
February Activity															
ARO Accretion															
ARO Depreciation															
ARO R/WP															
Accrue COR															
Ending Balance Feb 28	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00
March Activity															
ARO Accretion															
ARO Depreciation															
ARO R/WP															
Accrue COR															
Ending Balance Mar 31st 1st Quarter	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00
April Activity															
ARO Accretion															
ARO Depreciation															
ARO R/WP															
Accrue COR															
Ending Balance April 30	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00
May Activity															
ARO Accretion															
ARO Depreciation															
ARO R/WP															
Accrue COR															
Ending Balance May 31st 2nd Quarter	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00
June Activity															
ARO Accretion															
ARO Depreciation															
ARO R/WP															
Accrue COR															
Ending Balance June 30 3rd Quarter	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00
July Activity															
ARO Accretion															
ARO Depreciation															
ARO R/WP															
Accrue COR															
Ending Balance July 31st 4th Quarter	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00
August Activity															
ARO Accretion															
ARO Depreciation															
ARO R/WP															
Accrue COR															
Ending Balance August 31st	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00
September Activity															
ARO Accretion															
ARO Depreciation															
ARO R/WP															
Accrue COR															
Ending Balance September 30 5th Quarter	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00
October Activity															
ARO Accretion															
ARO Depreciation															
ARO R/WP															
Accrue COR															
Ending Balance October 31st	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00	0.532,499.00

Louisiana Gas and Electric Company
ARO Rollforward Schedule - 2010

Kentucky Utilities Company
 ARO Rollforward Schedule - 2010

	ARO Assets 01/10/2011	Accum Deprec (8,707,478.72)	(RWIP-ARO) Legal 08/19	CSX 1089x	(ARO) Collist 2007,210,13	Regulatory Assets 183,182,295.71	Regulatory 2,547,235,601.5	Accrual Expense 411,119,113	Depreciation Exp 4,628x	Depreciation Expense 407,111,463.19	Accr Regulatory Cr 407,111,463.19	Defr Regulatory Cr 407,111,463.19	GOR 1089x	GOR 1089x	Cash (19,220,80)
ARO Revaluation	2,708.77	(5,288.89)	19,320.40		(7,708.77)	554,073.88				5,288.88					
ARO Resclass	(655,577.85)	10,544.10					(10,000.00)								(19,220.80)
Acome RWIP			298,326.27			34,517,089.88	4,234,237.11	3,687,482.10		1,353,549.82					
Ending Balance Oct10	31,098,457.54	(8,095,203.37)	2,388,408.09		(68,372,272.02)	34,517,089.88	4,234,237.11	3,687,482.10		1,353,549.82					(259,384.27)

company_number	debit_credit_indicator	amount	gl_je_code	gl_account
0100	0	\$ 649,439.58	ARO	0100|306|006250|006250|230012|0000|0699|0000|
0100	0	\$ (10,855.22)	ARO	0100|306|006250|006250|230012|0000|0699|0000|
0100	0	\$ (135,610.14)	ARO	0100|306|006250|006250|230012|0000|0699|0000|
0100	0	\$ 1,788,688.85	ARO	0100|306|006250|006250|230012|0000|0699|0000|
0100	0	\$ 4,535,718.99	ARO	0100|306|006250|006250|230012|0000|0699|0000|
0100	0	\$ 5,416.47	ARO	0100|306|006250|006250|230012|0000|0699|0000|
0100	0	\$ 486,499.00	ARO	0100|306|006250|006250|230012|0000|0699|0000|
0100	0	\$ 293,288.48	ARO	0100|306|006250|006250|230012|0000|0699|0000|
0100	0	\$ 583,424.46	ARO	0100|306|006250|006250|230012|0000|0699|0000|
0100	0	\$ 469,013.39	ARO	0100|306|006250|006250|230012|0000|0699|0000|
0100	0	\$ 440,426.12	ARO	0100|306|006250|006250|230012|0000|0699|0000|
0100	0	\$ 248,278.44	ARO	0100|306|006250|006250|230012|0000|0699|0000|
0100	0	\$ 742,287.71	ARO	0100|306|006250|006250|230012|0000|0699|0000|
0100	0	\$ (127,741.82)	ARO	0100|306|006250|006250|230012|0000|0699|0000|
0100	0	\$ 14,638.17	ARO	0100|306|006250|006250|230012|0000|0699|0000|
0100	0	\$ 286,742.62	ARO	0100|306|006250|006250|230012|0000|0699|0000|
0100	0	\$ 206,907.38	ARO	0100|306|006250|006250|230012|0000|0699|0000|
0100	0	\$ 237,221.68	ARO	0100|306|006250|006250|230012|0000|0699|0000|
0100	0	\$ 207,829.52	ARO	0100|306|006250|006250|230012|0000|0699|0000|
0100	0	\$ 27,038.08	ARO	0100|306|006250|006250|230012|0000|0699|0000|
0100	0	\$ 236,975.37	ARO	0100|306|006250|006250|230012|0000|0699|0000|
0100	0	\$ (687.48)	ARO	0100|306|006250|006250|230012|0000|0699|0000|
0100	0	\$ 365,310.45	ARO	0100|306|006250|006250|230012|0000|0699|0000|
0100	0	\$ 4,980.08	ARO	0100|306|006250|006250|230012|0000|0699|0000|
0100	0	\$ 1,784.17	ARO	0100|306|006250|006250|230012|0000|0699|0000|
0100	0	\$ 1,910.68	ARO	0100|306|006250|006250|230012|0000|0699|0000|
0100	0	\$ 1,433.01	ARO	0100|306|006250|006250|230012|0000|0699|0000|
0100	0	\$ 2,042,268.31	ARO	0100|306|006250|006250|230012|0000|0699|0000|
0100	0	\$ (1,161,138.32)	ARO	0100|306|006250|006250|230012|0000|0699|0000|
0100	0	\$ 14,508.83	ARO	0100|306|006250|006250|230012|0000|0699|0000|
0100	0	\$ (75,678.72)	ARO	0100|306|006250|006250|230012|0000|0699|0000|
0100	0	\$ 2,586,571.24	ARO	0100|306|006250|006250|230012|0000|0699|0000|
0100	0	\$ (3,787,843.29)	ARO	0100|306|006250|006250|230012|0000|0699|0000|
0100	0	\$ 7,872.72	ARO	0100|306|006250|006250|230012|0000|0699|0000|
0100	0	\$ (83,553.53)	ARO	0100|306|006250|006250|230012|0000|0699|0000|
0100	0	\$ 540,398.87	ARO	0100|306|006250|006250|230012|0000|0699|0000|

company_number	debit_credit_indicator	amount	gl_je_code	gl_account
0100	0	\$ (120,336.39)	ARO	0100|306|006250|006250|230012|0000|0699|0000| |
0100	0	\$ 9,885.98	ARO	0100|306|006250|006250|230012|0000|0699|0000| |
0100	0	\$ (1,888.19)	ARO	0100|306|006250|006250|230012|0000|0699|0000| |
0100	0	\$ 13,714.81	ARO	0100|306|006250|006250|230013|0000|0699|0000| |
0100	0	\$ 50,607.24	ARO	0100|306|006250|006250|230015|0000|0699|0000| |
0100	0	\$ 810,276.94	ARO	0100|306|006250|006250|230015|0000|0699|0000| |
0100	0	\$ 9,952.50	ARO	0100|506|006250|006250|230016|0000|0699|0000| |
0100	0	\$ 19,351,418.20	ARO	0100|506|006250|006250|230016|0000|0699|0000| |
0100	0	\$ (57,229.21)	ARO	0100|506|006250|006250|230016|0000|0699|0000| |
0100	0	\$ (824,627.06)	ARO	0100|506|006250|006250|230016|0000|0699|0000| |
0100	0	\$ 581.53	ARO	0100|506|006250|006250|230016|0000|0699|0000| |
0100	0	\$ 6,721.11	ARO	0100|506|006250|006250|230016|0000|0699|0000| |
0100	0	\$ 4,881.41	ARO	0100|506|006250|006250|230016|0000|0699|0000| |
0100	0	\$ 11,990.61	ARO	0100|506|006250|006250|230016|0000|0699|0000| |
0100	0	\$ (66,387.90)	ARO	0100|506|006250|006250|230016|0000|0699|0000| |
0100	0	\$ 10,467.12	ARO	0100|506|006250|006250|230016|0000|0699|0000| |
0100	0	\$ (541,546.98)	ARO	0100|506|006250|006250|230016|0000|0699|0000| |
0100	0	\$ 3,455.93	ARO	0100|506|006250|006250|230016|0000|0699|0000| |
0100	0	\$ 8,603.08	ARO	0100|506|006250|006250|230016|0000|0699|0000| |
0100	0	\$ 2,611.95	ARO	0100|506|006250|006250|230016|0000|0699|0000| |
0100	0	\$ 921.90	ARO	0100|506|006250|006250|230016|0000|0699|0000| |
0100	0	\$ 113,616.18	ARO	0100|706|006250|006250|230017|0000|0699|0000| |
		\$ 30,441,454.91		

company_number	debit_credit_indicator	amount	gl_je_code	gl_account
0100	1	\$ 742,287.71	ARO	0100|347|006250|006250|101107|0000|0699|0000||
0100	1	\$ 2,586,571.24	ARO	0100|347|006250|006250|101107|0000|0699|0000||
0100	1	\$ 9,885.98	ARO	0100|347|006250|006250|101107|0000|0699|0000||
0100	1	\$ 5,416.47	ARO	0100|347|006250|006250|101107|0000|0699|0000||
0100	1	\$ (127,741.82)	ARO	0100|347|006250|006250|101107|0000|0699|0000||
0100	1	\$ (1,161,138.32)	ARO	0100|347|006250|006250|101107|0000|0699|0000||
0100	1	\$ (1,888.19)	ARO	0100|347|006250|006250|101107|0000|0699|0000||
0100	1	\$ 540,398.87	ARO	0100|347|006250|006250|101107|0000|0699|0000||
0100	1	\$ 4,980.08	ARO	0100|347|006250|006250|101107|0000|0699|0000||
0100	1	\$ 236,975.37	ARO	0100|347|006250|006250|101107|0000|0699|0000||
0100	1	\$ 293,288.48	ARO	0100|347|006250|006250|101107|0000|0699|0000||
0100	1	\$ 14,508.83	ARO	0100|347|006250|006250|101107|0000|0699|0000||
0100	1	\$ 365,310.45	ARO	0100|347|006250|006250|101107|0000|0699|0000||
0100	1	\$ 1,788,688.85	ARO	0100|347|006250|006250|101107|0000|0699|0000||
0100	1	\$ 4,535,718.99	ARO	0100|347|006250|006250|101107|0000|0699|0000||
0100	1	\$ 583,424.46	ARO	0100|347|006250|006250|101107|0000|0699|0000||
0100	1	\$ (135,610.14)	ARO	0100|347|006250|006250|101107|0000|0699|0000||
0100	1	\$ (10,855.22)	ARO	0100|347|006250|006250|101107|0000|0699|0000||
0100	1	\$ (83,553.53)	ARO	0100|347|006250|006250|101107|0000|0699|0000||
0100	1	\$ 7,872.72	ARO	0100|347|006250|006250|101107|0000|0699|0000||
0100	1	\$ (120,336.39)	ARO	0100|347|006250|006250|101107|0000|0699|0000||
0100	1	\$ 206,907.38	ARO	0100|347|006250|006250|101107|0000|0699|0000||
0100	1	\$ 237,221.68	ARO	0100|347|006250|006250|101107|0000|0699|0000||
0100	1	\$ 286,742.62	ARO	0100|347|006250|006250|101107|0000|0699|0000||
0100	1	\$ 649,439.58	ARO	0100|347|006250|006250|101107|0000|0699|0000||
0100	1	\$ 207,829.52	ARO	0100|347|006250|006250|101107|0000|0699|0000||
0100	1	\$ (3,787,843.29)	ARO	0100|347|006250|006250|101107|0000|0699|0000||
0100	1	\$ (75,678.72)	ARO	0100|347|006250|006250|101107|0000|0699|0000||
0100	1	\$ 486,499.00	ARO	0100|347|006250|006250|101107|0000|0699|0000||
0100	1	\$ (687.48)	ARO	0100|347|006250|006250|101107|0000|0699|0000||
0100	1	\$ 14,638.17	ARO	0100|347|006250|006250|101107|0000|0699|0000||
0100	1	\$ 2,042,268.31	ARO	0100|347|006250|006250|101107|0000|0699|0000||
0100	1	\$ 810,276.94	ARO	0100|347|006250|006250|101125|0000|0699|0000||
0100	1	\$ 50,607.24	ARO	0100|347|006250|006250|101125|0000|0699|0000||
0100	1	\$ 13,714.81	ARO	0100|347|006250|006250|101125|0000|0699|0000||
0100	1	\$ 27,038.08	ARO	0100|347|006250|006250|101125|0000|0699|0000||

company_number	debit_credit_indicator	amount	gl_je_code	gl_account
0100	1	\$ (57,229.21)	ARO	0100|547|006250|006250|101207|0000|0699|0000| |
0100	1	\$ 19,351,418.20	ARO	0100|547|006250|006250|101207|0000|0699|0000| |
0100	1	\$ 10,467.12	ARO	0100|547|006250|006250|101207|0000|0699|0000| |
0100	1	\$ 2,611.95	ARO	0100|547|006250|006250|101207|0000|0699|0000| |
0100	1	\$ (824,627.06)	ARO	0100|547|006250|006250|101207|0000|0699|0000| |
0100	1	\$ 8,603.08	ARO	0100|547|006250|006250|101207|0000|0699|0000| |
0100	1	\$ 9,952.50	ARO	0100|547|006250|006250|101207|0000|0699|0000| |
0100	1	\$ 11,990.61	ARO	0100|547|006250|006250|101207|0000|0699|0000| |
0100	1	\$ 921.90	ARO	0100|547|006250|006250|101207|0000|0699|0000| |
0100	1	\$ (66,387.90)	ARO	0100|547|006250|006250|101207|0000|0699|0000| |
0100	1	\$ (541,546.98)	ARO	0100|547|006250|006250|101207|0000|0699|0000| |
0100	1	\$ 3,455.93	ARO	0100|547|006250|006250|101225|0000|0699|0000| |
0100	1	\$ 6,721.11	ARO	0100|547|006250|006250|101225|0000|0699|0000| |
0100	1	\$ 581.53	ARO	0100|547|006250|006250|101225|0000|0699|0000| |
0100	1	\$ 4,881.41	ARO	0100|547|006250|006250|101225|0000|0699|0000| |
0100	1	\$ 113,616.18	ARO	0100|747|006250|006250|101325|0000|0699|0000| |
		<u>\$ 29,278,609.10</u>		

company_number	debit_credit_indicator	amount	gl_je_code	gl_account
0110	0	\$ 418,321.60	ARO	0110|306|015590|015590|230012|0000|0699|0000|
0110	0	\$ 7,787.29	ARO	0110|306|015590|015590|230012|0000|0699|0000|
0110	0	\$ 1,666.92	ARO	0110|306|015590|015590|230012|0000|0699|0000|
0110	0	\$ 188,321.80	ARO	0110|306|015590|015590|230012|0000|0699|0000|
0110	0	\$ 613,734.40	ARO	0110|306|015590|015590|230012|0000|0699|0000|
0110	0	\$ 2,210.54	ARO	0110|306|015590|015590|230012|0000|0699|0000|
0110	0	\$ (4,150,216.12)	ARO	0110|306|015590|015590|230012|0000|0699|0000|
0110	0	\$ (10,966.79)	ARO	0110|306|015590|015590|230012|0000|0699|0000|
0110	0	\$ (2,708.77)	ARO	0110|306|015590|015590|230012|0000|0699|0000|
0110	0	\$ 411,875.41	ARO	0110|306|015590|015590|230012|0000|0699|0000|
0110	0	\$ 53,005.65	ARO	0110|306|015590|015590|230012|0000|0699|0000|
0110	0	\$ 561,818.67	ARO	0110|306|015590|015590|230012|0000|0699|0000|
0110	0	\$ 393,088.25	ARO	0110|306|015590|015590|230012|0000|0699|0000|
0110	0	\$ 12,958.54	ARO	0110|306|015590|015590|230012|0000|0699|0000|
0110	0	\$ (4,671.05)	ARO	0110|306|015590|015590|230012|0000|0699|0000|
0110	0	\$ 11,361.30	ARO	0110|306|015590|015590|230012|0000|0699|0000|
0110	0	\$ 146,428.53	ARO	0110|306|015590|015590|230012|0000|0699|0000|
0110	0	\$ 191,923.13	ARO	0110|306|015590|015590|230012|0000|0699|0000|
0110	0	\$ 2,839,814.39	ARO	0110|306|015590|015590|230012|0000|0699|0000|
0110	0	\$ 3,381.26	ARO	0110|306|015590|015590|230012|0000|0699|0000|
0110	0	\$ 366,072.87	ARO	0110|306|015590|015590|230012|0000|0699|0000|
0110	0	\$ 52,730.99	ARO	0110|306|015590|015590|230012|0000|0699|0000|
0110	0	\$ 558,870.28	ARO	0110|306|015590|015590|230012|0000|0699|0000|
0110	0	\$ 1,784,271.24	ARO	0110|306|015590|015590|230012|0000|0699|0000|
0110	0	\$ 543,446.55	ARO	0110|306|015590|015590|230012|0000|0699|0000|
0110	0	\$ 2,153,809.25	ARO	0110|306|015590|015590|230012|0000|0699|0000|
0110	0	\$ 448,217.47	ARO	0110|306|015590|015590|230012|0000|0699|0000|
0110	0	\$ 777,827.04	ARO	0110|306|015590|015590|230012|0000|0699|0000|
0110	0	\$ 661,771.06	ARO	0110|306|015590|015590|230012|0000|0699|0000|
0110	0	\$ 4,104,738.27	ARO	0110|306|015590|015590|230012|0000|0699|0000|
0110	0	\$ 393,088.25	ARO	0110|306|015590|015590|230012|0000|0699|0000|
0110	0	\$ 547,040.22	ARO	0110|306|015590|015590|230012|0000|0699|0000|
0110	0	\$ 111,857.27	ARO	0110|306|015590|015590|230012|0000|0699|0000|
0110	0	\$ 4,132,355.63	ARO	0110|306|015590|015590|230012|0000|0699|0000|
0110	0	\$ (2,708.77)	ARO	0110|306|015590|015590|230012|0000|0699|0000|
0110	0	\$ (166,162.68)	ARO	0110|306|015590|015590|230012|0000|0699|0000|

company_number	debit_credit_indicator	amount	gl_je_code	gl_account
0110	0	\$ 158,194.85	ARO	0110|306|015590|015590|230012|0000|0699|0000|
0110	0	\$ 145,861.17	ARO	0110|306|015590|015590|230012|0000|0699|0000|
0110	0	\$ 43,697.91	ARO	0110|306|015590|015590|230012|0000|0699|0000|
0110	0	\$ 37,291.31	ARO	0110|306|015590|015590|230012|0000|0699|0000|
0110	0	\$ (45,417.34)	ARO	0110|306|015590|015590|230012|0000|0699|0000|
0110	0	\$ 2,074,184.94	ARO	0110|306|015590|015590|230012|0000|0699|0000|
0110	0	\$ 1,971.02	ARO	0110|306|015590|015590|230012|0000|0699|0000|
0110	0	\$ (98,993.70)	ARO	0110|306|015590|015590|230012|0000|0699|0000|
0110	0	\$ (106,106.02)	ARO	0110|306|015590|015590|230012|0000|0699|0000|
0110	0	\$ 6,910.43	ARO	0110|306|015590|015590|230012|0000|0699|0000|
0110	0	\$ 2,689,871.41	ARO	0110|306|015590|015590|230012|0000|0699|0000|
0110	0	\$ (4,258.30)	ARO	0110|306|015590|015590|230012|0000|0699|0000|
0110	0	\$ (37,325.32)	ARO	0110|306|015590|015590|230012|0000|0699|0000|
0110	0	\$ 8,205.00	ARO	0110|306|015590|015590|230012|0000|0699|0000|
0110	0	\$ 129,251.15	ARO	0110|306|015590|015590|230013|0000|0699|0000|
0110	0	\$ 180,052.30	ARO	0110|306|015590|015590|230015|0000|0699|0000|
0110	0	\$ 5,941.21	ARO	0110|306|015590|015590|230015|0000|0699|0000|
0110	0	\$ 208,268.17	ARO	0110|306|015590|015590|230015|0000|0699|0000|
		\$ 23,553,960.08		

company_number	debit_credit_indicator	amount	gl_je_code	gl_account
0110	1	3,381.26	ARO	0110|347|015590|015590|101107|0000|0699|0000| |
0110	1	8,205.00	ARO	0110|347|015590|015590|101107|0000|0699|0000| |
0110	1	1,784,271.24	ARO	0110|347|015590|015590|101107|0000|0699|0000| |
0110	1	547,040.22	ARO	0110|347|015590|015590|101107|0000|0699|0000| |
0110	1	561,818.67	ARO	0110|347|015590|015590|101107|0000|0699|0000| |
0110	1	558,870.28	ARO	0110|347|015590|015590|101107|0000|0699|0000| |
0110	1	393,088.25	ARO	0110|347|015590|015590|101107|0000|0699|0000| |
0110	1	53,005.65	ARO	0110|347|015590|015590|101107|0000|0699|0000| |
0110	1	1,971.02	ARO	0110|347|015590|015590|101107|0000|0699|0000| |
0110	1	52,730.99	ARO	0110|347|015590|015590|101107|0000|0699|0000| |
0110	1	11,361.30	ARO	0110|347|015590|015590|101107|0000|0699|0000| |
0110	1	4,132,355.63	ARO	0110|347|015590|015590|101107|0000|0699|0000| |
0110	1	4,104,738.27	ARO	0110|347|015590|015590|101107|0000|0699|0000| |
0110	1	543,446.55	ARO	0110|347|015590|015590|101107|0000|0699|0000| |
0110	1	111,857.27	ARO	0110|347|015590|015590|101107|0000|0699|0000| |
0110	1	2,839,814.39	ARO	0110|347|015590|015590|101107|0000|0699|0000| |
0110	1	(2,708.77)	ARO	0110|347|015590|015590|101107|0000|0699|0000| |
0110	1	448,217.47	ARO	0110|347|015590|015590|101107|0000|0699|0000| |
0110	1	2,689,871.41	ARO	0110|347|015590|015590|101107|0000|0699|0000| |
0110	1	145,861.17	ARO	0110|347|015590|015590|101107|0000|0699|0000| |
0110	1	2,074,184.94	ARO	0110|347|015590|015590|101107|0000|0699|0000| |
0110	1	37,291.31	ARO	0110|347|015590|015590|101107|0000|0699|0000| |
0110	1	2,153,809.25	ARO	0110|347|015590|015590|101107|0000|0699|0000| |
0110	1	(4,671.05)	ARO	0110|347|015590|015590|101107|0000|0699|0000| |
0110	1	(4,150,216.12)	ARO	0110|347|015590|015590|101107|0000|0699|0000| |
0110	1	(37,325.32)	ARO	0110|347|015590|015590|101107|0000|0699|0000| |
0110	1	6,910.43	ARO	0110|347|015590|015590|101107|0000|0699|0000| |
0110	1	191,923.13	ARO	0110|347|015590|015590|101107|0000|0699|0000| |
0110	1	(10,966.79)	ARO	0110|347|015590|015590|101107|0000|0699|0000| |
0110	1	158,194.85	ARO	0110|347|015590|015590|101107|0000|0699|0000| |
0110	1	(2,708.77)	ARO	0110|347|015590|015590|101107|0000|0699|0000| |
0110	1	(45,417.34)	ARO	0110|347|015590|015590|101107|0000|0699|0000| |
0110	1	661,771.06	ARO	0110|347|015590|015590|101107|0000|0699|0000| |
0110	1	(98,993.70)	ARO	0110|347|015590|015590|101107|0000|0699|0000| |
0110	1	777,827.04	ARO	0110|347|015590|015590|101107|0000|0699|0000| |
0110	1	(4,258.30)	ARO	0110|347|015590|015590|101107|0000|0699|0000| |

company_number	debit_credit_indicator	amount	gl_je_code	gl_account
0110	1	146,428.53	ARO	0110|347|015590|015590|101107|0000|0699|0000| |
0110	1	393,088.25	ARO	0110|347|015590|015590|101107|0000|0699|0000| |
0110	1	43,697.91	ARO	0110|347|015590|015590|101107|0000|0699|0000| |
0110	1	(166,162.68)	ARO	0110|347|015590|015590|101107|0000|0699|0000| |
0110	1	366,072.87	ARO	0110|347|015590|015590|101107|0000|0699|0000| |
0110	1	411,875.41	ARO	0110|347|015590|015590|101107|0000|0699|0000| |
0110	1	12,958.54	ARO	0110|347|015590|015590|101107|0000|0699|0000| |
0110	1	(106,106.02)	ARO	0110|347|015590|015590|101107|0000|0699|0000| |
0110	1	129,251.15	ARO	0110|347|015590|015590|101125|0000|0699|0000| |
0110	1	5,941.21	ARO	0110|347|015590|015590|101125|0000|0699|0000| |
0110	1	208,268.17	ARO	0110|347|015590|015590|101125|0000|0699|0000| |
0110	1	180,052.30	ARO	0110|347|015590|015590|101125|0000|0699|0000| |

22,321,917.53

GAAP interest rates for provisions as of September 2010

Term	Year	Treasury Yield Curve
1	2010	0.270
2	2011	0.420
3	2012	0.640
4	2013	0.960
5	2014	1.270
6	2015	1.520
7	2016	1.770
8	2017	2.030
9	2018	2.280
10	2019	2.530
11	2020	2.620
12	2021	2.700
13	2022	2.790
14	2023	2.870
15	2024	2.960
16	2025	3.040
17	2026	3.130
18	2027	3.210
19	2028	3.300
20	2029	3.380
21	2030	3.411
22	2031	3.442
23	2032	3.470
24	2033	3.500
25	2034	3.540
26	2035	3.570
27	2036	3.600
28	2037	3.630
29	2038	3.660
30	2039	3.690
31+	2040	3.690

Crescente, Angela

From: Crescente, Angela
Sent: Tuesday, July 13, 2010 5:12 PM
To: 'eonaudit@us.pwc.com'
Cc: Wiseman, Sara
Subject: II.3a-d

Please see the attached to answer questions a,c, and d. In regard to the answer for b, there were no additions during the 2nd Quarter.



ARO Liability KU
GAAP - 2nd Q....



ARO Liability KU
IFRS - 2nd Q....



ARO Liability LGE
GAAP - 2nd Q...



ARO Liability LGE
IFRS - 2nd Q...



ARO Rollforward
LGE KU Balanc...

Thanks,
Angela

Company GL Account	Beginning Liability	Liabilities Incurred	Liabilities Settled	Accretion	Revisions	Gain/Loss	Accretion and Liab. Adjust	Ending Liability
KENTUCKY UTILITIES COMPANY								
230012-ASSET RETIREMENT OBLIGATI								
BR-BR 3 Fuel Oil Tanks	\$107,551.17	\$0.00	\$0.00	\$1,734.85	\$0.00	\$0.00	\$0.00	\$109,286.02
Green River Unit 1 - ASB	\$208,078.64	\$0.00	\$0.00	\$2,972.10	\$0.00	\$0.00	\$0.00	\$211,050.74
BR-Br 1 Coal Storage	\$45,770.94	\$0.00	\$0.00	\$738.31	\$0.00	\$0.00	\$0.00	\$46,509.25
BR-CT9 Fuel Oil Tanks - OP	\$172,686.34	\$0.00	\$0.00	\$2,785.52	\$0.00	\$0.00	\$0.00	\$175,471.86
Green River Unit 4 - ASB	\$213,613.59	\$0.00	\$0.00	\$3,051.17	\$0.00	\$0.00	\$0.00	\$216,664.76
TY-Mercury Sources	\$2,610.96	\$0.00	\$0.00	\$42.11	\$0.00	\$0.00	\$0.00	\$2,653.07
TY-Sewage Treatment Plant	\$4,341.56	\$0.00	\$0.00	\$70.03	\$0.00	\$0.00	\$0.00	\$4,411.59
TY-Fuel Oil Tanks	\$43,415.01	\$0.00	\$0.00	\$700.30	\$0.00	\$0.00	\$0.00	\$44,115.31
GR-Coal Storage	\$78,159.97	\$0.00	\$0.00	\$1,260.76	\$0.00	\$0.00	\$0.00	\$79,420.73
GH-trn-GH2 GSU Transformer	\$1,478.23	\$0.00	\$0.00	\$23.85	\$0.00	\$0.00	\$0.00	\$1,502.08
TY-Ash Pond	\$652,165.74	\$0.00	\$0.00	\$10,519.76	\$0.00	\$0.00	\$0.00	\$662,685.50
Green River Unit 2 - ASB	\$191,207.54	\$0.00	\$0.00	\$2,731.12	\$0.00	\$0.00	\$0.00	\$193,938.66
GH-Chemical Tanks GH4	\$5,907.45	\$0.00	\$0.00	\$95.28	\$0.00	\$0.00	\$0.00	\$6,002.73
BR-CT Fuel Oil Piping - OP	\$18,828.18	\$0.00	\$0.00	\$303.72	\$0.00	\$0.00	\$0.00	\$19,131.90
GR-trn-GR4 GSU Transformer	\$5,207.75	\$0.00	\$0.00	\$84.00	\$0.00	\$0.00	\$0.00	\$5,291.75
TY-Service Water Pump Structure	\$157,185.80	\$0.00	\$0.00	\$2,535.48	\$0.00	\$0.00	\$0.00	\$159,721.28
GH-Sewage Treatment Plant GH1	\$7,296.24	\$0.00	\$0.00	\$117.69	\$0.00	\$0.00	\$0.00	\$7,413.93
Tyronne Unit 2 (Retired) - ASB	\$423,258.41	\$0.00	\$0.00	\$6,045.63	\$0.00	\$0.00	\$0.00	\$429,304.04
Pineville - ASB	\$172,559.03	\$0.00	\$0.00	\$2,464.75	\$0.00	\$0.00	\$0.00	\$175,023.78
GR-Sewage Treatment Plant	\$4,148.62	\$0.00	\$0.00	\$66.93	\$0.00	\$0.00	\$0.00	\$4,215.55
GR-Hazardous Material Tanks	\$4,997.43	\$0.00	\$0.00	\$80.61	\$0.00	\$0.00	\$0.00	\$5,078.04
GR-Limestone Silo	\$5,220.84	\$0.00	\$0.00	\$84.21	\$0.00	\$0.00	\$0.00	\$5,305.05
Brown Unit 3 - ASB	\$836,274.26	\$0.00	\$0.00	\$11,944.96	\$0.00	\$0.00	\$0.00	\$848,219.22
GH-Underground Tank Coal Yard GH	\$9,489.41	\$0.00	\$0.00	\$153.07	\$0.00	\$0.00	\$0.00	\$9,642.48
BR-Lab	\$13,726.15	\$0.00	\$0.00	\$221.41	\$0.00	\$0.00	\$0.00	\$13,947.56
Green River Unit 3 - ASB	\$113,759.53	\$0.00	\$0.00	\$1,624.89	\$0.00	\$0.00	\$0.00	\$115,384.42
Ghent Unit 3 - ASB	\$172,311.71	\$0.00	\$0.00	\$2,461.22	\$0.00	\$0.00	\$0.00	\$174,772.93
GH-Coal Storage	\$495,294.74	\$0.00	\$0.00	\$7,989.34	\$0.00	\$0.00	\$0.00	\$503,284.08
GH-Ash Pond GH4	\$10,454,502.13	\$0.00	\$0.00	\$168,636.31	\$0.00	\$0.00	\$0.00	\$10,623,138.44
GH-Radiation Sources	\$83,546.44	\$0.00	\$0.00	\$1,347.64	\$0.00	\$0.00	\$0.00	\$84,894.08
BR-Station Fuel Oil Piping	\$12,964.77	\$0.00	\$0.00	\$209.13	\$0.00	\$0.00	\$0.00	\$13,173.90

Company GL Account	Beginning Liability	Liabilities Incurred	Liabilities Settled	Accretion	Revisions	Gain/Loss	Accretion and Liab. Adjust	Ending Liability
KENTUCKY UTILITIES COMPANY								
230012-ASSET RETIREMENT OBLIGATI								
GH-trn-GH1 GSU Transformer	\$1,750.74	\$0.00	\$0.00	\$28.23	\$0.00	\$0.00	\$0.00	\$1,778.97
GH-trn-GH Spare GSU Transformer	\$1,103.30	\$0.00	\$0.00	\$17.79	\$0.00	\$0.00	\$0.00	\$1,121.09
GR-Mercury Sources	\$1,670.43	\$0.00	\$0.00	\$26.94	\$0.00	\$0.00	\$0.00	\$1,697.37
BR-BR3 Sewage Treatment Plant	\$7,637.88	\$0.00	\$0.00	\$123.21	\$0.00	\$0.00	\$0.00	\$7,761.09
GR-GR4 Oil Storage tanks	\$8,324.76	\$0.00	\$0.00	\$134.28	\$0.00	\$0.00	\$0.00	\$8,459.04
Dix Dam - ASB - Hydro	\$38,857.37	\$0.00	\$0.00	\$555.02	\$0.00	\$0.00	\$0.00	\$39,412.39
TY-Fuel Oil Tanks Unit 1	\$44,294.13	\$0.00	\$0.00	\$714.48	\$0.00	\$0.00	\$0.00	\$45,008.61
Brown Unit 2 - ASB	\$370,683.84	\$0.00	\$0.00	\$5,294.68	\$0.00	\$0.00	\$0.00	\$375,978.52
Tyronne Unit 1 (Retired) - ASB	\$423,258.41	\$0.00	\$0.00	\$6,045.63	\$0.00	\$0.00	\$0.00	\$429,304.04
GR-Ash Pond	\$8,475,672.39	\$0.00	\$0.00	\$136,716.81	\$0.00	\$0.00	\$0.00	\$8,612,389.20
GH-trn-GH4 GSU Transformer	\$1,105.40	\$0.00	\$0.00	\$17.83	\$0.00	\$0.00	\$0.00	\$1,123.23
TY-Coal Storage	\$26,048.21	\$0.00	\$0.00	\$420.17	\$0.00	\$0.00	\$0.00	\$26,468.38
Tyronne Unit 3 - ASB	\$121,408.08	\$0.00	\$0.00	\$1,734.14	\$0.00	\$0.00	\$0.00	\$123,142.22
Brown Unit 1 - ASB	\$156,829.14	\$0.00	\$0.00	\$2,240.07	\$0.00	\$0.00	\$0.00	\$159,069.21
Ghent Unit 4 - ASB	\$172,311.71	\$0.00	\$0.00	\$2,461.22	\$0.00	\$0.00	\$0.00	\$174,772.93
GH-Gypsum Stack-GH 1 Scrubber	\$664,279.81	\$0.00	\$0.00	\$10,715.17	\$0.00	\$0.00	\$0.00	\$674,994.98
Ghent Unit 2 - ASB	\$971,446.58	\$0.00	\$0.00	\$13,875.71	\$0.00	\$0.00	\$0.00	\$985,322.29
BR-Ash Pond	\$7,571,429.47	\$0.00	\$0.00	\$122,130.91	\$0.00	\$0.00	\$0.00	\$7,693,560.38
GR-Nuclear Source	\$821.89	\$0.00	\$0.00	\$13.26	\$0.00	\$0.00	\$0.00	\$835.15
GH-Station Fuel Oil Piping GH2	\$2,461.29	\$0.00	\$0.00	\$39.69	\$0.00	\$0.00	\$0.00	\$2,500.98
GR-trn-GSU Spare Transformer	\$5,201.05	\$0.00	\$0.00	\$83.89	\$0.00	\$0.00	\$0.00	\$5,284.94
GR-Underground Tanks 1&2	\$11,293.65	\$0.00	\$0.00	\$182.17	\$0.00	\$0.00	\$0.00	\$11,475.82
TY-Station Fuel Oil Piping	\$12,158.88	\$0.00	\$0.00	\$196.14	\$0.00	\$0.00	\$0.00	\$12,355.02
BR-Radiation Sources	\$12,203.89	\$0.00	\$0.00	\$196.86	\$0.00	\$0.00	\$0.00	\$12,400.75
BR-Coal Pile Retention Pond	\$141,105.31	\$0.00	\$0.00	\$2,276.10	\$0.00	\$0.00	\$0.00	\$143,381.41
Ghent Unit 1 - ASB	\$732,999.71	\$0.00	\$0.00	\$10,469.84	\$0.00	\$0.00	\$0.00	\$743,469.55
GR-trn-G1-2 GSU Transformer	\$5,414.48	\$0.00	\$0.00	\$87.34	\$0.00	\$0.00	\$0.00	\$5,501.82
GR-trn-GR3 GSU Transformer	\$5,442.44	\$0.00	\$0.00	\$87.79	\$0.00	\$0.00	\$0.00	\$5,530.23
GH-trn-GH3 GSU Transformer	\$1,241.06	\$0.00	\$0.00	\$20.02	\$0.00	\$0.00	\$0.00	\$1,261.08
GL Account Total:	\$34,706,013.88	\$0.00	\$0.00	\$550,001.54	\$0.00	\$0.00	\$0.00	\$35,256,015.42

Company GL Account	Beginning Liability	Liabilities Incurred	Liabilities Settled	Accretion	Revisions	Gain/Loss	Accretion and Liab. Adjust	Ending Liability
KENTUCKY UTILITIES COMPANY								
230013-ASSET RETIREMENT OBLIGATI								
KU Transmission Subs (69) - ASB	\$43,088.64	\$0.00	\$0.00	\$615.45	\$0.00	\$0.00	\$0.00	\$43,704.09
GL Account Total:	\$43,088.64	\$0.00	\$0.00	\$615.45	\$0.00	\$0.00	\$0.00	\$43,704.09
230015-ASSET RETIREMENT OBLIGATI								
KU - Various Substations - ASB-Dist	\$89,236.00	\$0.00	\$0.00	\$1,274.61	\$0.00	\$0.00	\$0.00	\$90,510.61
Big Stone Gap Substation - ASB-Dist	\$2,598.29	\$0.00	\$0.00	\$37.11	\$0.00	\$0.00	\$0.00	\$2,635.40
KU Distrib Subs (478) - ASB-Dist	\$53,667.12	\$0.00	\$0.00	\$766.56	\$0.00	\$0.00	\$0.00	\$54,433.68
GL Account Total:	\$145,501.41	\$0.00	\$0.00	\$2,078.28	\$0.00	\$0.00	\$0.00	\$147,579.69
Company Total:	\$34,894,603.93	\$0.00	\$0.00	\$552,695.27	\$0.00	\$0.00	\$0.00	\$35,447,299.20
Grand Total:	\$34,894,603.93	\$0.00	\$0.00	\$552,695.27	\$0.00	\$0.00	\$0.00	\$35,447,299.20

Company GL Account	Beginning Liability	Liabilities Incurred	Liabilities Settled	Accretion	Revisions	Gain/Loss	Accretion and Liab. Adjust	Ending Liability
KENTUCKY UTILITIES COMPANY								
230012-ASSET RETIREMENT OBLIGATI								
IFRS-TY-Sewage Treatment Plant	\$5,567.14	\$0.00	\$0.00	\$39.63	\$0.00	\$0.00	\$0.00	\$5,606.77
IFRS-TY-Fuel Oil Tanks	\$55,670.66	\$0.00	\$0.00	\$396.20	\$0.00	\$0.00	\$0.00	\$56,066.86
IFRS-BR-Br 1 Coal Storage	\$62,790.45	\$0.00	\$0.00	\$530.50	\$0.00	\$0.00	\$0.00	\$63,320.95
IFRS-Brown Unit 2 - ASB	\$1,180,315.52	\$0.00	\$0.00	\$12,793.35	\$0.00	\$0.00	\$0.00	\$1,193,108.87
IFRS-GH-Ash Pond GH4	\$19,166,662.45	\$0.00	\$0.00	\$189,412.16	\$0.00	\$0.00	\$0.00	\$19,356,074.61
IFRS-GH-Coal Storage	\$699,730.23	\$0.00	\$0.00	\$5,996.23	\$0.00	\$0.00	\$0.00	\$705,726.46
IFRS-GH-Sewage Treatment Plant GH	\$10,320.30	\$0.00	\$0.00	\$88.44	\$0.00	\$0.00	\$0.00	\$10,408.74
IFRS-GH-trn-GH2 GSU Transformer	\$2,321.20	\$0.00	\$0.00	\$21.00	\$0.00	\$0.00	\$0.00	\$2,342.20
IFRS-Green River Unit 1 - ASB	\$662,555.37	\$0.00	\$0.00	\$7,181.39	\$0.00	\$0.00	\$0.00	\$669,736.76
IFRS-Green River Unit 2 - ASB	\$608,834.70	\$0.00	\$0.00	\$6,599.12	\$0.00	\$0.00	\$0.00	\$615,433.82
IFRS-TY-Ash Pond	\$836,178.04	\$0.00	\$0.00	\$5,950.93	\$0.00	\$0.00	\$0.00	\$842,128.97
IFRS-BR-Ash Pond	\$10,191,881.11	\$0.00	\$0.00	\$81,573.36	\$0.00	\$0.00	\$0.00	\$10,273,454.47
IFRS-BR-CT Fuel Oil Piping	\$30,381.83	\$0.00	\$0.00	\$278.46	\$0.00	\$0.00	\$0.00	\$30,660.29
IFRS-Brown Unit 3 - ASB	\$2,662,828.00	\$0.00	\$0.00	\$28,862.20	\$0.00	\$0.00	\$0.00	\$2,691,690.20
IFRS-Dix Dam - ASB	\$123,557.59	\$0.00	\$0.00	\$1,339.24	\$0.00	\$0.00	\$0.00	\$124,896.83
IFRS-Green River Unit 3 - ASB	\$664,346.08	\$0.00	\$0.00	\$7,200.81	\$0.00	\$0.00	\$0.00	\$671,546.89
IFRS-Pineville - ASB	\$549,455.37	\$0.00	\$0.00	\$5,955.51	\$0.00	\$0.00	\$0.00	\$555,410.88
IFRS-TY-Coal Storage	\$33,402.89	\$0.00	\$0.00	\$237.72	\$0.00	\$0.00	\$0.00	\$33,640.61
IFRS-GR-Limestone Silo	\$6,680.25	\$0.00	\$0.00	\$47.54	\$0.00	\$0.00	\$0.00	\$6,727.79
IFRS-GR-Mercury Sources	\$2,189.16	\$0.00	\$0.00	\$16.55	\$0.00	\$0.00	\$0.00	\$2,205.71
IFRS-BR-CT9 Fuel Oil Tanks	\$271,777.54	\$0.00	\$0.00	\$2,458.81	\$0.00	\$0.00	\$0.00	\$274,236.35
IFRS-Ghent Unit 1 - ASB	\$2,333,985.67	\$0.00	\$0.00	\$25,297.90	\$0.00	\$0.00	\$0.00	\$2,359,283.57
IFRS-GH-Chemical Tanks GH4	\$10,822.65	\$0.00	\$0.00	\$106.95	\$0.00	\$0.00	\$0.00	\$10,929.60
IFRS-GH-Underground Tank Coal Ya	\$13,416.74	\$0.00	\$0.00	\$114.97	\$0.00	\$0.00	\$0.00	\$13,531.71
IFRS-GH-trn-GH1 GSU Transformer	\$2,477.02	\$0.00	\$0.00	\$21.24	\$0.00	\$0.00	\$0.00	\$2,498.26
IFRS-GR-Ash Pond	\$10,866,971.97	\$0.00	\$0.00	\$77,338.25	\$0.00	\$0.00	\$0.00	\$10,944,310.22
IFRS-GR-Hazardous Material Tanks	\$6,566.69	\$0.00	\$0.00	\$49.65	\$0.00	\$0.00	\$0.00	\$6,616.34
IFRS-Ghent Unit 3 - ASB	\$548,667.51	\$0.00	\$0.00	\$5,946.96	\$0.00	\$0.00	\$0.00	\$554,614.47
IFRS-TY-Station Fuel Oil Piping	\$15,587.52	\$0.00	\$0.00	\$110.94	\$0.00	\$0.00	\$0.00	\$15,698.46
IFRS-TY-Fuel Oil Tanks Unit 1	\$56,784.59	\$0.00	\$0.00	\$404.13	\$0.00	\$0.00	\$0.00	\$57,188.72
IFRS-BR-Station Fuel Oil Piping	\$17,790.92	\$0.00	\$0.00	\$150.30	\$0.00	\$0.00	\$0.00	\$17,941.22

Company GL Account	Beginning Liability	Liabilities Incurred	Liabilities Settled	Accretion	Revisions	Gain/Loss	Accretion and Liab. Adjust	Ending Liability
KENTUCKY UTILITIES COMPANY								
230012-ASSET RETIREMENT OBLIGATI								
IFRS-GH-trn-GH3 GSU Transformer	\$2,142.41	\$0.00	\$0.00	\$20.40	\$0.00	\$0.00	\$0.00	\$2,162.81
IFRS-BR-BR3 Sewage Treatment Pla	\$10,464.95	\$0.00	\$0.00	\$88.41	\$0.00	\$0.00	\$0.00	\$10,553.36
IFRS-BR-Coal Pile Retention Pond	\$193,603.49	\$0.00	\$0.00	\$1,635.69	\$0.00	\$0.00	\$0.00	\$195,239.18
IFRS-BR-Radiation Sources	\$16,744.36	\$0.00	\$0.00	\$141.47	\$0.00	\$0.00	\$0.00	\$16,885.83
IFRS-Brown Unit 1 - ASB	\$736,224.38	\$0.00	\$0.00	\$7,979.89	\$0.00	\$0.00	\$0.00	\$744,204.27
IFRS-GH-Gypsum Stack-GH 1 Scrubl	\$894,175.36	\$0.00	\$0.00	\$7,156.76	\$0.00	\$0.00	\$0.00	\$901,332.12
IFRS-GH-trn-GH Spare GSU Transfor	\$1,998.17	\$0.00	\$0.00	\$19.74	\$0.00	\$0.00	\$0.00	\$2,017.91
IFRS-GR-Coal Storage	\$100,207.86	\$0.00	\$0.00	\$713.16	\$0.00	\$0.00	\$0.00	\$100,921.02
IFRS-GR-Nuclear Source	\$1,094.18	\$0.00	\$0.00	\$8.27	\$0.00	\$0.00	\$0.00	\$1,102.45
IFRS-GR-trn-G1-2 GSU Transformer	\$6,958.52	\$0.00	\$0.00	\$49.53	\$0.00	\$0.00	\$0.00	\$7,008.05
IFRS-GR-trn-GR3 GSU Transformer	\$6,958.52	\$0.00	\$0.00	\$49.53	\$0.00	\$0.00	\$0.00	\$7,008.05
IFRS-GR-trn-GSU Spare Transformer	\$6,840.62	\$0.00	\$0.00	\$51.73	\$0.00	\$0.00	\$0.00	\$6,892.35
IFRS-GH-Radiation Sources	\$153,180.29	\$0.00	\$0.00	\$1,513.78	\$0.00	\$0.00	\$0.00	\$154,694.07
IFRS-GH-Station Fuel Oil Piping GH2	\$3,868.85	\$0.00	\$0.00	\$35.00	\$0.00	\$0.00	\$0.00	\$3,903.85
IFRS-GH-trn-GH4 GSU Transformer	\$1,998.17	\$0.00	\$0.00	\$19.74	\$0.00	\$0.00	\$0.00	\$2,017.91
IFRS-GR-GR4 Oil Storage tanks	\$10,944.99	\$0.00	\$0.00	\$82.77	\$0.00	\$0.00	\$0.00	\$11,027.76
IFRS-GR-Sewage Treatment Plant	\$5,472.50	\$0.00	\$0.00	\$41.38	\$0.00	\$0.00	\$0.00	\$5,513.88
IFRS-Tyronne Unit 1 (Retired) - ASB	\$824,133.09	\$0.00	\$0.00	\$8,932.72	\$0.00	\$0.00	\$0.00	\$833,065.81
IFRS-BR-Lab	\$18,836.77	\$0.00	\$0.00	\$159.15	\$0.00	\$0.00	\$0.00	\$18,995.92
IFRS-BR-BR 3 Fuel Oil Tanks	\$147,557.39	\$0.00	\$0.00	\$1,246.66	\$0.00	\$0.00	\$0.00	\$148,804.05
IFRS-GR-Underground Tanks 1&2	\$14,474.42	\$0.00	\$0.00	\$103.02	\$0.00	\$0.00	\$0.00	\$14,577.44
IFRS-GR-trn-GR4 GSU Transformer	\$6,840.62	\$0.00	\$0.00	\$51.73	\$0.00	\$0.00	\$0.00	\$6,892.35
IFRS-Ghent Unit 2 - ASB	\$3,093,238.29	\$0.00	\$0.00	\$33,527.39	\$0.00	\$0.00	\$0.00	\$3,126,765.68
IFRS-Ghent Unit 4 - ASB	\$548,667.51	\$0.00	\$0.00	\$5,946.96	\$0.00	\$0.00	\$0.00	\$554,614.47
IFRS-Green River Unit 4 - ASB	\$778,950.27	\$0.00	\$0.00	\$8,442.99	\$0.00	\$0.00	\$0.00	\$787,393.26
IFRS-TY-Mercury Sources	\$3,340.13	\$0.00	\$0.00	\$23.76	\$0.00	\$0.00	\$0.00	\$3,363.89
IFRS-TY-Service Water Pump Structu	\$201,528.82	\$0.00	\$0.00	\$1,434.24	\$0.00	\$0.00	\$0.00	\$202,963.06
IFRS-Tyronne Unit 2 (Retired) - ASB	\$824,133.09	\$0.00	\$0.00	\$8,932.72	\$0.00	\$0.00	\$0.00	\$833,065.81
IFRS-Tyronne Unit 3 - ASB	\$754,489.44	\$0.00	\$0.00	\$8,177.85	\$0.00	\$0.00	\$0.00	\$762,667.29
GL Account Total:	\$61,069,584.62	\$0.00	\$0.00	\$563,106.88	\$0.00	\$0.00	\$0.00	\$61,632,691.50

Company GL Account	Beginning Liability	Liabilities Incurred	Liabilities Settled	Accretion	Revisions	Gain/Loss	Accretion and Liab. Adjust	Ending Liability
KENTUCKY UTILITIES COMPANY								
230013-ASSET RETIREMENT OBLIGATI								
IFRS-KU Transmission Subs (69) - A:	\$189,060.81	\$0.00	\$0.00	\$2,049.22	\$0.00	\$0.00	\$0.00	\$191,110.03
GL Account Total:	\$189,060.81	\$0.00	\$0.00	\$2,049.22	\$0.00	\$0.00	\$0.00	\$191,110.03
230015-ASSET RETIREMENT OBLIGATI								
IFRS-Big Stone Gap Substation - ASI	\$9,309.61	\$0.00	\$0.00	\$100.91	\$0.00	\$0.00	\$0.00	\$9,410.52
IFRS-KU - Various Substations - ASE	\$319,738.09	\$0.00	\$0.00	\$3,465.62	\$0.00	\$0.00	\$0.00	\$323,203.71
IFRS-KU Distrib Substations (478) -	\$192,292.31	\$0.00	\$0.00	\$2,084.24	\$0.00	\$0.00	\$0.00	\$194,376.55
GL Account Total:	\$521,340.01	\$0.00	\$0.00	\$5,650.77	\$0.00	\$0.00	\$0.00	\$526,990.78
Company Total:	\$61,779,985.44	\$0.00	\$0.00	\$570,806.87	\$0.00	\$0.00	\$0.00	\$62,350,792.31
Grand Total:	\$61,779,985.44	\$0.00	\$0.00	\$570,806.87	\$0.00	\$0.00	\$0.00	\$62,350,792.31

Company GL Account	Beginning Liability	Liabilities Incurred	Liabilities Settled	Accretion	Revisions	Gain/Loss	Accretion and Liab. Adjust	Ending Liability
LOUISVILLE GAS & ELECTRIC COMPANY								
230012-ASSET RETIREMENT OBLIGATI								
CR-Mercury Sources	\$4,146.04	\$0.00	\$0.00	\$66.87	\$0.00	\$0.00	\$0.00	\$4,212.91
TR-Ash Pond	\$3,059,535.36	\$0.00	\$0.00	\$49,351.82	\$0.00	\$0.00	\$0.00	\$3,108,887.18
MC-Lab Chemical Disposal	\$1,548.99	\$0.00	\$0.00	\$24.98	\$0.00	\$0.00	\$0.00	\$1,573.97
MC-Radiation Sources	\$12,417.11	\$0.00	\$0.00	\$200.29	\$0.00	\$0.00	\$0.00	\$12,617.40
Cane Run Unit 5 - ASB	\$300,821.09	\$0.00	\$0.00	\$4,296.79	\$0.00	\$0.00	\$0.00	\$305,117.88
Trn-MC Spare GSU	\$1,551.56	\$0.00	\$0.00	\$25.03	\$0.00	\$0.00	\$0.00	\$1,576.59
Mill Creek Unit 2 - ASB	\$472,205.20	\$0.00	\$0.00	\$6,744.76	\$0.00	\$0.00	\$0.00	\$478,949.96
Canal (Retired) - ASB	\$2,387,279.70	\$0.00	\$0.00	\$34,098.82	\$0.00	\$0.00	\$0.00	\$2,421,378.52
Ohio Falls - ASB	\$243,640.03	\$0.00	\$0.00	\$3,480.04	\$0.00	\$0.00	\$0.00	\$247,120.07
Trn-MC1 GSU	\$2,390.14	\$0.00	\$0.00	\$38.55	\$0.00	\$0.00	\$0.00	\$2,428.69
Paddy's (Unit 11) - ASB	\$1,690,799.41	\$0.00	\$0.00	\$24,150.61	\$0.00	\$0.00	\$0.00	\$1,714,950.02
Cane Run Unit 3 (Retired) - ASB	\$1,151,395.89	\$0.00	\$0.00	\$16,446.01	\$0.00	\$0.00	\$0.00	\$1,167,841.90
CR-Ash Pond	\$2,983,194.17	\$0.00	\$0.00	\$48,120.40	\$0.00	\$0.00	\$0.00	\$3,031,314.57
CR-Sewage Treatment Plant	\$4,147.95	\$0.00	\$0.00	\$66.90	\$0.00	\$0.00	\$0.00	\$4,214.85
Cane Run Unit 2 (Retired) - ASB	\$1,021,716.32	\$0.00	\$0.00	\$14,593.73	\$0.00	\$0.00	\$0.00	\$1,036,310.05
CR-Land Fill	\$1,001,327.13	\$0.00	\$0.00	\$16,151.91	\$0.00	\$0.00	\$0.00	\$1,017,479.04
Mill Creek Unit 4 - ASB	\$396,043.26	\$0.00	\$0.00	\$5,656.91	\$0.00	\$0.00	\$0.00	\$401,700.17
Trn-MC 3 GSU	\$1,924.16	\$0.00	\$0.00	\$31.04	\$0.00	\$0.00	\$0.00	\$1,955.20
Trn- CR Spare GSU	\$2,497.15	\$0.00	\$0.00	\$40.29	\$0.00	\$0.00	\$0.00	\$2,537.44
Waterside - ASB	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
CR-Coal Pile	\$212,907.97	\$0.00	\$0.00	\$3,434.31	\$0.00	\$0.00	\$0.00	\$216,342.28
MC-Ash Pond	\$2,890,115.65	\$0.00	\$0.00	\$46,619.00	\$0.00	\$0.00	\$0.00	\$2,936,734.65
Cane Run Unit 1 (Retired) - ASB	\$1,084,591.27	\$0.00	\$0.00	\$15,491.81	\$0.00	\$0.00	\$0.00	\$1,100,083.08
Trn-CR5 GSU	\$2,494.95	\$0.00	\$0.00	\$40.24	\$0.00	\$0.00	\$0.00	\$2,535.19
Mill Creek Unit 1 - ASB	\$516,706.40	\$0.00	\$0.00	\$7,380.39	\$0.00	\$0.00	\$0.00	\$524,086.79
MC-Landfill	\$4,226,167.08	\$0.00	\$0.00	\$68,170.17	\$0.00	\$0.00	\$0.00	\$4,294,337.25
TR-Nuclear Sources	\$7,232.73	\$0.00	\$0.00	\$116.67	\$0.00	\$0.00	\$0.00	\$7,349.40
Trn-CR6 GSU	\$2,498.41	\$0.00	\$0.00	\$40.30	\$0.00	\$0.00	\$0.00	\$2,538.71
Cane Run Unit 6 - ASB	\$297,022.15	\$0.00	\$0.00	\$4,242.54	\$0.00	\$0.00	\$0.00	\$301,264.69
TR-Hazardous Material Disposal	\$852.97	\$0.00	\$0.00	\$13.76	\$0.00	\$0.00	\$0.00	\$866.73
Trn-MC4 GSU	\$1,551.56	\$0.00	\$0.00	\$25.03	\$0.00	\$0.00	\$0.00	\$1,576.59

ARO Liability Balances and Activity

Company GL Account	Beginning Liability	Liabilities Incurred	Liabilities Settled	Accretion	Revisions	Gain/Loss	Accretion and Liab. Adjust	Ending Liability
LOUISVILLE GAS & ELECTRIC COMPANY								
230012-ASSET RETIREMENT OBLIGATI								
TR-Sewage Plant	\$1,706.12	\$0.00	\$0.00	\$27.51	\$0.00	\$0.00	\$0.00	\$1,733.63
Trn-MC2 GSU	\$2,297.28	\$0.00	\$0.00	\$37.06	\$0.00	\$0.00	\$0.00	\$2,334.34
Trn-CR4 GSU	\$2,494.95	\$0.00	\$0.00	\$40.24	\$0.00	\$0.00	\$0.00	\$2,535.19
CR-Nuclear Sources	\$36,596.06	\$0.00	\$0.00	\$590.31	\$0.00	\$0.00	\$0.00	\$37,186.37
MC-Storage Pile	\$240,538.76	\$0.00	\$0.00	\$3,880.00	\$0.00	\$0.00	\$0.00	\$244,418.76
Cane Run Unit 4 - ASB	\$362,425.85	\$0.00	\$0.00	\$5,176.72	\$0.00	\$0.00	\$0.00	\$367,602.57
MC-Storage Tanks	\$10,907.82	\$0.00	\$0.00	\$175.95	\$0.00	\$0.00	\$0.00	\$11,083.77
Zorn - ASB	\$15,994.03	\$0.00	\$0.00	\$228.45	\$0.00	\$0.00	\$0.00	\$16,222.48
MC-Hazardous Material Storage	\$15,501.98	\$0.00	\$0.00	\$250.06	\$0.00	\$0.00	\$0.00	\$15,752.04
MC-Chemical Tanks	\$5,000.78	\$0.00	\$0.00	\$80.67	\$0.00	\$0.00	\$0.00	\$5,081.45
TR-Coal Storage	\$105,876.75	\$0.00	\$0.00	\$1,707.85	\$0.00	\$0.00	\$0.00	\$107,584.60
Mill Creek Unit 3 - ASB	\$49,330.75	\$0.00	\$0.00	\$704.61	\$0.00	\$0.00	\$0.00	\$50,035.36
GL Account Total:	\$24,829,392.93	\$0.00	\$0.00	\$382,059.40	\$0.00	\$0.00	\$0.00	\$25,211,452.33
230013-ASSET RETIREMENT OBLIGATI								
LGE Transmission Subs (11) - ASB	\$13,186.81	\$0.00	\$0.00	\$188.35	\$0.00	\$0.00	\$0.00	\$13,375.16
GL Account Total:	\$13,186.81	\$0.00	\$0.00	\$188.35	\$0.00	\$0.00	\$0.00	\$13,375.16
230015-ASSET RETIREMENT OBLIGATI								
Distribution Substations (66) - ASB	\$149,296.94	\$0.00	\$0.00	\$2,132.48	\$0.00	\$0.00	\$0.00	\$151,429.42
Manholes - ASB	\$145,250.34	\$0.00	\$0.00	\$2,074.70	\$0.00	\$0.00	\$0.00	\$147,325.04
GL Account Total:	\$294,547.28	\$0.00	\$0.00	\$4,207.18	\$0.00	\$0.00	\$0.00	\$298,754.46
230016-ASSET RETIREMENT OBLIGATI								
Magnolia Gas Storage Field - UGS	\$2,189,160.57	\$0.00	\$0.00	\$30,382.05	\$0.00	\$0.00	\$0.00	\$2,219,542.62
City Gate Preston 237900 - Gas Dist	\$2,730.78	\$0.00	\$0.00	\$39.00	\$0.00	\$0.00	\$0.00	\$2,769.78
Doe Run Gas Storage Field - UGS	\$1,933,031.88	\$0.00	\$0.00	\$26,827.39	\$0.00	\$0.00	\$0.00	\$1,959,859.27
City Gate Doe Run 237900 - Gas Dist	\$2,730.78	\$0.00	\$0.00	\$39.00	\$0.00	\$0.00	\$0.00	\$2,769.78
Riggs Junction 235120 - UGS	\$10,842.96	\$0.00	\$0.00	\$154.87	\$0.00	\$0.00	\$0.00	\$10,997.83
Muldraugh 235120 - UGS	\$17,253.75	\$0.00	\$0.00	\$246.45	\$0.00	\$0.00	\$0.00	\$17,500.20
Muldraugh 235600 - UGS	\$19,882.81	\$0.00	\$0.00	\$283.99	\$0.00	\$0.00	\$0.00	\$20,166.80

Company GL Account	Beginning Liability	Liabilities Incurred	Liabilities Settled	Accretion	Revisions	Gain/Loss	Accretion and Liab. Adjust	Ending Liability
LOUISVILLE GAS & ELECTRIC COMPANY								
230016-ASSET RETIREMENT OBLIGATI								
Doe Run 235300 - UGS	\$41,994.87	\$0.00	\$0.00	\$599.83	\$0.00	\$0.00	\$0.00	\$42,594.70
Muldraugh Gas Storage Field - UGS	\$659,584.69	\$0.00	\$0.00	\$9,153.99	\$0.00	\$0.00	\$0.00	\$668,738.68
Magnolia 235120 - UGS	\$12,159.90	\$0.00	\$0.00	\$173.69	\$0.00	\$0.00	\$0.00	\$12,333.59
Magnolia 235300 - UGS	\$43,280.25	\$0.00	\$0.00	\$618.19	\$0.00	\$0.00	\$0.00	\$43,898.44
Gas Main & Serv Abandons - Gas Dist	\$1,203,513.33	\$0.00	\$0.00	\$17,190.44	\$0.00	\$0.00	\$0.00	\$1,220,703.77
Muldraugh 235300 - UGS	\$32,781.66	\$0.00	\$0.00	\$468.24	\$0.00	\$0.00	\$0.00	\$33,249.90
Center Gas Storage Field - UGS	\$2,197,394.26	\$0.00	\$0.00	\$30,496.32	\$0.00	\$0.00	\$0.00	\$2,227,890.58
Muldraugh 237510 - Gas Dist	\$2,848.66	\$0.00	\$0.00	\$40.69	\$0.00	\$0.00	\$0.00	\$2,889.35
Magnolia 235600 - UGS	\$4,272.41	\$0.00	\$0.00	\$61.03	\$0.00	\$0.00	\$0.00	\$4,333.44
GL Account Total:	\$8,373,463.56	\$0.00	\$0.00	\$116,775.17	\$0.00	\$0.00	\$0.00	\$8,490,238.73
230017-ASSET RETIREMENT OBLIGATI								
Seventh and Ormsby - ComGeneralF	\$29,202.51	\$0.00	\$0.00	\$417.12	\$0.00	\$0.00	\$0.00	\$29,619.63
GL Account Total:	\$29,202.51	\$0.00	\$0.00	\$417.12	\$0.00	\$0.00	\$0.00	\$29,619.63
Company Total:	\$33,539,793.09	\$0.00	\$0.00	\$503,647.22	\$0.00	\$0.00	\$0.00	\$34,043,440.31
Grand Total:	\$33,539,793.09	\$0.00	\$0.00	\$503,647.22	\$0.00	\$0.00	\$0.00	\$34,043,440.31

Company GL Account	Beginning Liability	Liabilities Incurred	Liabilities Settled	Accretion	Revisions	Gain/Loss	Accretion and Liab. Adjust	Ending Liability
LOUISVILLE GAS & ELECTRIC COMPANY								
230012-ASSET RETIREMENT OBLIGATI								
IFRS-MC-Radiation Sources	\$21,426.04	\$0.00	\$0.00	\$204.08	\$0.00	\$0.00	\$0.00	\$21,630.12
IFRS-TR-Hazardous Material Dispos	\$1,614.99	\$0.00	\$0.00	\$16.35	\$0.00	\$0.00	\$0.00	\$1,631.34
IFRS-Trn- CR Spare GSU	\$3,283.33	\$0.00	\$0.00	\$24.83	\$0.00	\$0.00	\$0.00	\$3,308.16
IFRS-Trn-MC2 GSU	\$3,139.70	\$0.00	\$0.00	\$26.53	\$0.00	\$0.00	\$0.00	\$3,166.23
IFRS-Cane Run Unit 2 (Retired) - AS	\$1,765,212.53	\$0.00	\$0.00	\$18,501.91	\$0.00	\$0.00	\$0.00	\$1,783,714.44
IFRS-Mill Creek Unit 3 - ASB	\$973,805.46	\$0.00	\$0.00	\$10,555.01	\$0.00	\$0.00	\$0.00	\$984,360.47
IFRS-MC-Storage Pile	\$323,789.96	\$0.00	\$0.00	\$2,591.53	\$0.00	\$0.00	\$0.00	\$326,381.49
IFRS-TR-Coal Storage	\$201,045.29	\$0.00	\$0.00	\$2,034.87	\$0.00	\$0.00	\$0.00	\$203,080.16
IFRS-CR-Land Fill	\$1,317,745.08	\$0.00	\$0.00	\$9,964.10	\$0.00	\$0.00	\$0.00	\$1,327,709.18
IFRS-MC-Landfill	\$7,298,304.93	\$0.00	\$0.00	\$69,516.95	\$0.00	\$0.00	\$0.00	\$7,367,821.88
IFRS-MC-Ash Pond	\$4,434,051.63	\$0.00	\$0.00	\$39,580.25	\$0.00	\$0.00	\$0.00	\$4,473,631.88
IFRS-Cane Run Unit 4 - ASB	\$1,290,810.14	\$0.00	\$0.00	\$13,991.00	\$0.00	\$0.00	\$0.00	\$1,304,801.14
IFRS-Cane Run Unit 3 (Retired) - AS	\$1,989,258.81	\$0.00	\$0.00	\$20,850.24	\$0.00	\$0.00	\$0.00	\$2,010,109.05
IFRS-MC-Hazardous Material Stora	\$26,782.55	\$0.00	\$0.00	\$255.11	\$0.00	\$0.00	\$0.00	\$27,037.66
IFRS-Paddy's (Unit 11) - ASB	\$4,599,676.77	\$0.00	\$0.00	\$49,855.57	\$0.00	\$0.00	\$0.00	\$4,649,532.34
IFRS-CR-Ash Pond	\$3,925,874.37	\$0.00	\$0.00	\$29,685.41	\$0.00	\$0.00	\$0.00	\$3,955,559.78
IFRS-CR-Sewage Treatment Plant	\$5,472.50	\$0.00	\$0.00	\$41.38	\$0.00	\$0.00	\$0.00	\$5,513.88
IFRS-TR-Nuclear Sources	\$13,725.91	\$0.00	\$0.00	\$138.92	\$0.00	\$0.00	\$0.00	\$13,864.83
IFRS-Trn-MC Spare GSU	\$2,678.26	\$0.00	\$0.00	\$25.51	\$0.00	\$0.00	\$0.00	\$2,703.77
IFRS-CR-Mercury Sources	\$5,472.50	\$0.00	\$0.00	\$41.38	\$0.00	\$0.00	\$0.00	\$5,513.88
IFRS-Cane Run Unit 6 - ASB	\$1,230,724.29	\$0.00	\$0.00	\$13,339.74	\$0.00	\$0.00	\$0.00	\$1,244,064.03
IFRS-Cane Run Unit 1 (Retired) - AS	\$1,873,840.92	\$0.00	\$0.00	\$19,640.49	\$0.00	\$0.00	\$0.00	\$1,893,481.41
IFRS-Mill Creek Unit 1 - ASB	\$1,473,139.68	\$0.00	\$0.00	\$15,967.25	\$0.00	\$0.00	\$0.00	\$1,489,106.93
IFRS-Mill Creek Unit 2 - ASB	\$1,284,594.42	\$0.00	\$0.00	\$13,923.63	\$0.00	\$0.00	\$0.00	\$1,298,518.05
IFRS-Mill Creek Unit 4 - ASB	\$1,077,401.71	\$0.00	\$0.00	\$11,677.88	\$0.00	\$0.00	\$0.00	\$1,089,079.59
IFRS-CR-Coal Pile	\$280,185.19	\$0.00	\$0.00	\$2,118.61	\$0.00	\$0.00	\$0.00	\$282,303.80
IFRS-MC-Chemical Tanks	\$6,566.69	\$0.00	\$0.00	\$49.65	\$0.00	\$0.00	\$0.00	\$6,616.34
IFRS-CR-Nuclear Sources	\$48,156.71	\$0.00	\$0.00	\$364.13	\$0.00	\$0.00	\$0.00	\$48,520.84
IFRS-Trn-CR4 GSU	\$3,283.33	\$0.00	\$0.00	\$24.83	\$0.00	\$0.00	\$0.00	\$3,308.16
IFRS-TR-Ash Pond	\$5,809,324.00	\$0.00	\$0.00	\$58,798.82	\$0.00	\$0.00	\$0.00	\$5,868,122.82
IFRS-Canal (Retired) - ASB	\$4,124,487.10	\$0.00	\$0.00	\$43,230.44	\$0.00	\$0.00	\$0.00	\$4,167,717.54

ARO Liability Balances and Activity

Company GL Account	Beginning Liability	Liabilities Incurred	Liabilities Settled	Accretion	Revisions	Gain/Loss	Accretion and Liab. Adjust	Ending Liability
LOUISVILLE GAS & ELECTRIC COMPANY								
230012-ASSET RETIREMENT OBLIGATI								
IFRS-Ohio Falls - ASB	\$420,935.20	\$0.00	\$0.00	\$4,412.00	\$0.00	\$0.00	\$0.00	\$425,347.20
IFRS-Cane Run Unit 5 - ASB	\$1,052,538.66	\$0.00	\$0.00	\$11,408.39	\$0.00	\$0.00	\$0.00	\$1,063,947.05
IFRS-MC-Lab Chemical Disposal	\$2,678.26	\$0.00	\$0.00	\$25.51	\$0.00	\$0.00	\$0.00	\$2,703.77
IFRS-MC-Storage Tanks	\$16,735.99	\$0.00	\$0.00	\$149.40	\$0.00	\$0.00	\$0.00	\$16,885.39
IFRS-Trn-CR6 GSU	\$3,283.33	\$0.00	\$0.00	\$24.83	\$0.00	\$0.00	\$0.00	\$3,308.16
IFRS-Trn-MC 3 GSU	\$2,953.41	\$0.00	\$0.00	\$26.36	\$0.00	\$0.00	\$0.00	\$2,979.77
IFRS-Trn-MC4 GSU	\$2,678.26	\$0.00	\$0.00	\$25.51	\$0.00	\$0.00	\$0.00	\$2,703.77
IFRS-Trn-MC1 GSU	\$3,216.75	\$0.00	\$0.00	\$25.74	\$0.00	\$0.00	\$0.00	\$3,242.49
IFRS-TR-Sewage Plant	\$3,229.60	\$0.00	\$0.00	\$32.69	\$0.00	\$0.00	\$0.00	\$3,262.29
IFRS-Zorn - ASB	\$43,510.52	\$0.00	\$0.00	\$471.61	\$0.00	\$0.00	\$0.00	\$43,982.13
IFRS-Trn-CR5 GSU	\$3,283.33	\$0.00	\$0.00	\$24.83	\$0.00	\$0.00	\$0.00	\$3,308.16
IFRS-Waterside - ASB	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
GL Account Total:	\$46,969,918.10	\$0.00	\$0.00	\$463,663.27	\$0.00	\$0.00	\$0.00	\$47,433,581.37
230013-ASSET RETIREMENT OBLIGATI								
IFRS-LGE Transmission Subs (11) - /	\$38,055.58	\$0.00	\$0.00	\$412.48	\$0.00	\$0.00	\$0.00	\$38,468.06
GL Account Total:	\$38,055.58	\$0.00	\$0.00	\$412.48	\$0.00	\$0.00	\$0.00	\$38,468.06
230015-ASSET RETIREMENT OBLIGATI								
IFRS-Manholes - ASB	\$786,680.84	\$0.00	\$0.00	\$8,526.78	\$0.00	\$0.00	\$0.00	\$795,207.62
IFRS-Distribution Substations (66)	\$414,221.74	\$0.00	\$0.00	\$4,489.72	\$0.00	\$0.00	\$0.00	\$418,711.46
GL Account Total:	\$1,200,902.58	\$0.00	\$0.00	\$13,016.50	\$0.00	\$0.00	\$0.00	\$1,213,919.08
230016-ASSET RETIREMENT OBLIGATI								
IFRS-Doe Run 235300 - UGS	\$95,704.81	\$0.00	\$0.00	\$1,037.34	\$0.00	\$0.00	\$0.00	\$96,742.15
IFRS-Magnolia 235600 - UGS	\$11,174.20	\$0.00	\$0.00	\$121.12	\$0.00	\$0.00	\$0.00	\$11,295.32
IFRS-Muldraugh 235600 - UGS	\$52,002.98	\$0.00	\$0.00	\$563.65	\$0.00	\$0.00	\$0.00	\$52,566.63
IFRS-Center Gas Storage Field - UGS	\$3,493,250.92	\$0.00	\$0.00	\$30,769.37	\$0.00	\$0.00	\$0.00	\$3,524,020.29
IFRS-City Gate Doe Run 237900 - Gas	\$7,002.92	\$0.00	\$0.00	\$75.90	\$0.00	\$0.00	\$0.00	\$7,078.82
IFRS-Doe Run Gas Storage Field - UK	\$2,650,622.13	\$0.00	\$0.00	\$23,347.31	\$0.00	\$0.00	\$0.00	\$2,673,969.44
IFRS-Muldraugh 235300 - UGS	\$74,708.25	\$0.00	\$0.00	\$809.76	\$0.00	\$0.00	\$0.00	\$75,518.01

Company GL Account	Beginning Liability	Liabilities Incurred	Liabilities Settled	Accretion	Revisions	Gain/Loss	Accretion and Liab. Adjust	Ending Liability
LOUISVILLE GAS & ELECTRIC COMPANY								
230016-ASSET RETIREMENT OBLIGATI								
IFRS-Muldraugh 237510 - Gas Dist	\$5,883.94	\$0.00	\$0.00	\$63.77	\$0.00	\$0.00	\$0.00	\$5,947.71
IFRS-City Gate Preston 237900 - Gas	\$7,002.92	\$0.00	\$0.00	\$75.90	\$0.00	\$0.00	\$0.00	\$7,078.82
IFRS-Muldraugh 235120 - UGS	\$45,126.52	\$0.00	\$0.00	\$489.13	\$0.00	\$0.00	\$0.00	\$45,615.65
IFRS-Gas Main & Serv Abandons - G	\$2,209,090.30	\$0.00	\$0.00	\$23,944.18	\$0.00	\$0.00	\$0.00	\$2,233,034.48
IFRS-Magnolia 235120 - UGS	\$31,803.45	\$0.00	\$0.00	\$344.71	\$0.00	\$0.00	\$0.00	\$32,148.16
IFRS-Muldraugh Gas Storage Field -	\$904,439.13	\$0.00	\$0.00	\$7,966.52	\$0.00	\$0.00	\$0.00	\$912,405.65
IFRS-Magnolia Gas Storage Field - U	\$3,114,252.11	\$0.00	\$0.00	\$27,431.06	\$0.00	\$0.00	\$0.00	\$3,141,683.17
IFRS-Riggs Junction 235120 - UGS	\$28,359.43	\$0.00	\$0.00	\$307.38	\$0.00	\$0.00	\$0.00	\$28,666.81
IFRS-Magnolia 235300 - UGS	\$98,634.46	\$0.00	\$0.00	\$1,069.09	\$0.00	\$0.00	\$0.00	\$99,703.55
GL Account Total:	\$12,829,058.47	\$0.00	\$0.00	\$118,416.19	\$0.00	\$0.00	\$0.00	\$12,947,474.66
230017-ASSET RETIREMENT OBLIGATI								
IFRS-Seventh and Ormsby - ComGer	\$120,085.18	\$0.00	\$0.00	\$1,301.59	\$0.00	\$0.00	\$0.00	\$121,386.77
GL Account Total:	\$120,085.18	\$0.00	\$0.00	\$1,301.59	\$0.00	\$0.00	\$0.00	\$121,386.77
Company Total:	\$61,158,019.91	\$0.00	\$0.00	\$596,810.03	\$0.00	\$0.00	\$0.00	\$61,754,829.94
Grand Total:	\$61,158,019.91	\$0.00	\$0.00	\$596,810.03	\$0.00	\$0.00	\$0.00	\$61,754,829.94

	ARO Assets	Accum Deprec	ROV/RAO Estm	COR Parent	ARO Liabilities	Regulatory Assets	Regulatory Liab	Acquisition Expense	Depreciation Exp	Construction Expense	Accr Regulatory Cr	Accr Regulatory Cr	COR Parent	COR Parent	Cash
	(10,973,191.25)	(8,810,174.35)	10,716	Parent	280,231,517	18,317,162.31	18,317,162.31	4,112,441.11	4,011,150.14	4,011,150.14	4,011,150.14	4,011,150.14	Parent	Parent	
	(1,237,707,258,012.25)	(1,869,742,533,000.00)	1,622,372.28	(1,237,707,258,012.25)	(3,280,432,620.14)	(23,099,412.00)	(23,099,412.00)	1,859,785.12	410,220.22	410,220.22	(1,024,710.14)	(1,024,710.14)	(2,333,306.79)	(2,333,306.79)	(2,755,846.03)
Ending Balance December 31st Quarter	0.532,409.00	(14,639.74)	1,622,372.28	164,583.41	(164,583.41)	164,583.41	164,583.41	164,583.41	14,639.74	14,639.74	(14,639.74)	(14,639.74)	(2,333,306.79)	(2,333,306.79)	(2,755,846.03)
January Activity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ARO Accrual	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ARO Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accruals COR	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending Balance Jan 31st Quarter	0.532,409.00	(14,639.74)	1,622,372.28	164,583.41	(164,583.41)	164,583.41	164,583.41	164,583.41	14,639.74	14,639.74	(14,639.74)	(14,639.74)	(2,333,306.79)	(2,333,306.79)	(2,755,846.03)
February Activity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ARO Accrual	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ARO Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ARO RAMP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending Balance Feb 29th Quarter	0.532,409.00	(14,639.74)	1,622,372.28	164,583.41	(164,583.41)	164,583.41	164,583.41	164,583.41	14,639.74	14,639.74	(14,639.74)	(14,639.74)	(2,333,306.79)	(2,333,306.79)	(2,755,846.03)
March Activity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ARO Accrual	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ARO Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ARO RAMP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending Balance March 31st Quarter	0.532,409.00	(14,639.74)	1,622,372.28	164,583.41	(164,583.41)	164,583.41	164,583.41	164,583.41	14,639.74	14,639.74	(14,639.74)	(14,639.74)	(2,333,306.79)	(2,333,306.79)	(2,755,846.03)
Total Activity 1st Quarter	(43,919.27)	(14,639.74)	1,622,372.28	164,583.41	(164,583.41)	164,583.41	164,583.41	164,583.41	14,639.74	14,639.74	(14,639.74)	(14,639.74)	(2,333,306.79)	(2,333,306.79)	(2,755,846.03)
April Activity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ARO Accrual	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ARO Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ARO RAMP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending Balance April 30th Quarter	0.532,409.00	(14,639.74)	1,622,372.28	164,583.41	(164,583.41)	164,583.41	164,583.41	164,583.41	14,639.74	14,639.74	(14,639.74)	(14,639.74)	(2,333,306.79)	(2,333,306.79)	(2,755,846.03)
May Activity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ARO Accrual	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ARO Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ARO RAMP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending Balance May 31st Quarter	0.532,409.00	(14,639.74)	1,622,372.28	164,583.41	(164,583.41)	164,583.41	164,583.41	164,583.41	14,639.74	14,639.74	(14,639.74)	(14,639.74)	(2,333,306.79)	(2,333,306.79)	(2,755,846.03)
June Activity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ARO Accrual	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ARO Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ARO RAMP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending Balance June 30th Quarter	0.532,409.00	(14,639.74)	1,622,372.28	164,583.41	(164,583.41)	164,583.41	164,583.41	164,583.41	14,639.74	14,639.74	(14,639.74)	(14,639.74)	(2,333,306.79)	(2,333,306.79)	(2,755,846.03)
Total Activity 2nd Quarter	(43,919.27)	(14,639.74)	1,622,372.28	164,583.41	(164,583.41)	164,583.41	164,583.41	164,583.41	14,639.74	14,639.74	(14,639.74)	(14,639.74)	(2,333,306.79)	(2,333,306.79)	(2,755,846.03)

Louisville Gas and Electric Company
ARO Rollforward Schedule - 2010

Louisville Gas and Electric Company - IFRS
ARO Rollforward Schedule - 2010

	ARO Assets 101107 & 101125 101207, 101225, 101325	Accum Deprec 108107, 117 & 125 108207 & 225, 108325	RWIP-ARO Legal 230018	ARO Liabilities 230012, 13, 15-17 230012, 13, 15-17	Accretion Expense 411150 - 411151 411155 - 411157	Depreciation Expense 403111-403115 403211-12, 403311	Cash	Gain/Loss 421105/421205
Ending Balance Dec09/4th Quarter	31,125,419.46	(4,652,760.13)	1,692,378.28	(60,567,042.47)	1,703,762.10	770,610.02	(2,362,932.42)	520,300.69
January Activity								
ARO Accretion	-	-	-	(196,348.02)	196,348.02	-	-	-
ARO Depreciation	-	(97,802.24)	-	-	-	97,802.24	-	-
ARO RWIP	-	-	-	-	-	-	-	-
Ending Balance Jan10	31,125,419.46	(4,750,562.37)	1,692,378.28	(60,763,390.49)	196,348.02	97,802.24	(1,692,378.28)	-
February Activity								
ARO Accretion	-	-	-	(196,991.73)	196,991.73	-	-	-
ARO Depreciation	-	(97,802.24)	-	-	-	97,802.24	-	-
ARO RWIP	-	-	1,470.84	-	-	-	(1,470.84)	-
Ending Balance Feb10	31,125,419.46	(4,848,364.61)	1,693,849.12	(60,960,382.22)	393,339.75	195,604.48	(1,693,849.12)	-
March Activity								
ARO Accretion	-	-	-	(197,637.69)	197,637.69	-	-	-
ARO Depreciation	-	(97,802.19)	-	-	-	97,802.19	-	-
ARO RWIP	-	-	37,638.44	-	-	-	(37,638.44)	-
Ending Balance Mar10/1st Quarter	31,125,419.46	(4,946,166.80)	1,731,487.56	(61,158,019.91)	590,977.44	293,406.67	(1,731,487.56)	-
Total Activity 1st Quarter	-	(293,406.67)	39,109.28	(590,977.44)	590,977.44	293,406.67	(39,109.28)	-
April Activity								
ARO Accretion	-	-	-	(198,285.75)	198,285.75	-	-	-
ARO Depreciation	-	(97,802.23)	-	-	-	97,802.23	-	-
ARO RWIP	-	-	44,377.72	-	-	-	(44,377.72)	-
Ending Balance Apr10	31,125,419.46	(5,043,969.03)	1,775,865.28	(61,356,305.66)	789,263.19	391,208.90	(1,775,865.28)	-
May Activity								
ARO Accretion	-	-	-	(198,935.96)	198,935.96	-	-	-
ARO Depreciation	-	(97,802.24)	-	-	-	97,802.24	-	-
ARO RWIP	-	-	115,585.90	-	-	-	(115,585.90)	-
Ending Balance May10	31,125,419.46	(5,141,771.27)	1,891,451.18	(61,555,241.62)	988,199.15	489,011.14	(1,891,451.18)	-
June Activity								
ARO Accretion	-	-	-	(199,588.32)	199,588.32	-	-	-
ARO Depreciation	-	(97,802.15)	-	-	-	97,802.15	-	-
ARO RWIP	-	-	191,122.53	-	-	-	(191,122.53)	-
Ending Balance Jun10/2nd Quarter	31,125,419.46	(5,239,573.42)	2,082,573.71	(61,754,829.94)	1,187,787.47	586,813.29	(2,082,573.71)	-

Louisville Gas and Electric Company - IFRS
 ARO Rollforward Schedule - 2010

ARO Assets	Accum Deprec	RWIP-ARO Legal	ARO Liabilities	Accretion Expense	Depreciation Expense	Gain/Loss
101107 & 101125	108107, 117 & 125	230018	230012, 13, 15-17	411150 - 411151	403111-403115	421105/421205
101207, 101225, 101325	108207&225, 108325		230012, 13, 15-17	411155 - 411157	403211-12, 403311	Cash
Total Activity 2nd Quarter	(293,406.62)	351,086.15	(596,810.03)	596,810.03	293,406.62	(351,086.15)

Kentucky Utilities Company
 ARO Rollforward Schedule - 2010

ARO Assets 10/10 & 10/12	Accum Deprec 10/10 & 10/12	R/WP/ARO Legal 10/10	CCR Parent	ARO [Liabilities] 10/10	Regulatory Assets 10/10	Regulatory Liabilities 10/10	Accrual Expense 10/10	Depreciation Exp Parent	Depreciation Expense 20/11-40/12	Accr (Regulatory Cr) 40/12-40/12	Depri (Regulatory Cr) 40/12-40/12	CCR Parent	CCR Parent	Cash
9,350,356.07	(4,095,311.14)	249,770.15	2,388,400.00	(54,355,307.49)	23,870,350.12	(4,152,125.13)	2,103,194.99	1,753,724.53	290,744.05	(2,103,194.99)	308,987.18	(20,744.05)	308,987.18	(553,307.35)
Ending Balance Dec09/4th Quarter														
January Activity														
ARO Accretion	-	-	-	(180,473.35)	180,473.35	-	180,473.35	-	-	(180,473.35)	-	-	-	-
ARO Depreciation	(24,858.66)	-	-	24,858.66	-	-	-	-	24,858.66	-	-	(24,858.66)	-	-
Accrual CCR	-	-	-	-	-	(19,009.20)	-	19,009.20	-	-	-	-	-	-
Settlement Activity	(176.58)	-	-	14,859.24	(14,859.24)	-	-	-	-	-	-	-	-	-
Ending Balance Jan10	9,350,185.00	(4,070,050.22)	249,770.15	(54,350,044.70)	23,865,520.87	(4,152,034.33)	2,103,194.99	1,773,033.73	24,858.66	(180,473.35)	-	(24,858.66)	-	(543,808.24)
February Activity														
ARO Accretion	-	-	-	(161,352.16)	161,352.16	-	161,352.16	-	-	(161,352.16)	-	-	-	-
ARO Depreciation	(24,744.60)	-	-	24,744.60	-	-	-	-	24,744.60	-	-	(24,744.60)	-	-
Accrual CCR	-	-	-	-	-	(19,809.20)	-	19,809.20	-	-	-	-	-	-
Ending Balance Feb10	9,350,185.00	(4,094,235.13)	249,770.15	(54,372,267.31)	23,865,520.87	(4,131,943.53)	2,103,194.99	1,793,842.93	49,603.26	(301,825.50)	-	(40,989.20)	-	(523,933.81)
March Activity														
ARO Accretion	-	-	-	(182,306.62)	182,306.62	-	182,306.62	-	-	(182,306.62)	-	-	-	-
ARO Depreciation	(24,744.60)	-	-	24,744.60	-	-	-	-	24,744.60	-	-	(24,744.60)	-	-
Accrual CCR	-	-	-	-	-	(19,809.20)	-	19,809.20	-	-	-	-	-	-
Ending Balance Mar10/1st Quarter	9,350,185.00	(4,078,453.33)	249,770.15	(54,384,603.93)	23,865,520.87	(4,111,752.73)	2,103,194.99	1,813,652.13	74,348.87	(584,132.82)	-	(53,988.20)	-	(523,933.81)
Total Activity 1st Quarter														
ARO Accretion	-	-	-	(571,205.28)	571,205.28	-	571,205.28	-	-	(571,205.28)	-	-	-	-
ARO Depreciation	(24,744.60)	-	-	24,744.60	-	-	-	-	24,744.60	-	-	(24,744.60)	-	-
Accrual CCR	-	-	-	-	-	(58,417.40)	-	58,417.40	-	-	-	-	-	-
Ending Balance Apr10	9,350,185.00	(4,094,235.13)	249,770.15	(54,377,889.70)	23,865,520.87	(4,221,781.83)	2,103,194.99	1,872,069.53	99,053.46	(777,368.63)	-	(90,950.40)	-	(240,922.31)
April Activity														
ARO Accretion	-	-	-	(163,265.83)	163,265.83	-	163,265.83	-	-	(163,265.83)	-	-	-	-
ARO Depreciation	(24,744.60)	-	-	24,744.60	-	-	-	-	24,744.60	-	-	(24,744.60)	-	-
Accrual CCR	-	-	-	-	-	(19,809.20)	-	19,809.20	-	-	-	-	-	-
Ending Balance Apr10	9,350,185.00	(4,094,235.13)	249,770.15	(54,377,889.70)	23,865,520.87	(4,221,781.83)	2,103,194.99	1,891,878.73	123,808.06	(940,634.46)	-	(100,700.80)	-	(240,922.31)
May Activity														
ARO Accretion	-	-	-	(164,230.08)	164,230.08	-	164,230.08	-	-	(164,230.08)	-	-	-	-
ARO Depreciation	(24,744.60)	-	-	24,744.60	-	-	-	-	24,744.60	-	-	(24,744.60)	-	-
Accrual CCR	-	-	-	-	-	(19,809.20)	-	19,809.20	-	-	-	-	-	-
Ending Balance May10	9,350,185.00	(4,078,453.33)	249,770.15	(54,382,089.14)	23,865,520.87	(4,241,591.03)	2,103,194.99	1,911,687.93	148,552.66	(1,104,864.54)	-	(100,700.80)	-	(240,922.31)
June Activity														
ARO Accretion	-	-	-	(165,199.36)	165,199.36	-	165,199.36	-	-	(165,199.36)	-	-	-	-
ARO Depreciation	(24,744.60)	-	-	24,744.60	-	-	-	-	24,744.60	-	-	(24,744.60)	-	-
Accrual CCR	-	-	-	-	-	(19,809.20)	-	19,809.20	-	-	-	-	-	-
Ending Balance Jun10/2nd Quarter	9,350,185.00	(4,093,717.97)	249,770.15	(54,417,889.20)	23,865,520.87	(4,261,390.23)	2,103,194.99	1,931,497.13	173,307.26	(1,270,063.90)	-	(100,700.80)	-	(240,922.31)
Total Activity 2nd Quarter														
ARO Accretion	-	-	-	(329,398.72)	329,398.72	-	329,398.72	-	-	(329,398.72)	-	-	-	-
ARO Depreciation	(24,744.60)	-	-	24,744.60	-	-	-	-	24,744.60	-	-	(24,744.60)	-	-
Accrual CCR	-	-	-	-	-	(58,226.60)	-	58,226.60	-	-	-	-	-	-
Ending Balance Jul10	9,350,185.00	(4,093,717.97)	249,770.15	(54,417,889.20)	23,865,520.87	(4,261,390.23)	2,103,194.99	1,990,723.73	198,051.86	(1,600,463.62)	-	(100,700.80)	-	(240,922.31)

Kentucky Utilities Company - IFRS
ARO Rollforward Schedule - 2010

	ARO Assets 101107 & 101125	Accum Deprec 108107 & 108125	RWIP-ARO Legal 230018	ARO Liabilities 230012, 13, 15	Accretion Expense 411150 - 411151 411155	Depreciation Expense 403111-403115	Cash	Gain/Loss 421105/421205
Ending Balance Dec09/4th Quarter	30,912,235.84	(4,954,957.55)	246,770.15	(61,229,309.67)	1,656,671.28	955,047.93	(553,767.33)	58,948.05
January Activity								
ARO Accretion	-	-	-	(187,948.47)	187,948.47	-	-	-
ARO Depreciation	-	(115,370.39)	-	-	-	112,111.60	-	-
ARO RWIP	-	-	-	-	-	-	-	-
Settlement Activity	(3,336.18)	3,336.18	(14,836.24)	14,836.24	-	-	-	3,258.79
Ending Balance Jan10	30,908,899.66	(5,066,991.76)	231,933.91	(61,402,421.90)	187,948.47	112,111.60	(231,933.91)	3,258.79
February Activity								
ARO Accretion	-	-	-	(188,485.65)	188,485.65	-	-	-
ARO Depreciation	-	(112,109.57)	-	-	-	112,109.57	-	-
ARO RWIP	-	-	-	-	-	-	-	-
Ending Balance Feb10	30,908,899.66	(5,179,101.33)	231,933.91	(61,590,907.55)	376,434.12	224,221.17	(231,933.91)	-
March Activity								
ARO Accretion	-	-	-	(189,077.98)	189,077.98	-	-	-
ARO Depreciation	-	(112,109.58)	-	-	-	112,109.58	-	-
ARO RWIP	-	-	-	-	-	-	-	-
Ending Balance Mar10/1st Quarter	30,908,899.66	(5,291,210.91)	231,933.91	(61,779,985.53)	565,512.10	336,330.75	(231,933.91)	-
Total Activity 1st Quarter	(3,336.18)	(336,253.36)	(14,836.24)	(550,675.86)	565,512.10	336,330.75	-	3,258.79
April Activity								
ARO Accretion	-	-	-	(189,672.20)	189,672.20	-	-	-
ARO Depreciation	-	(112,109.55)	-	-	-	112,109.55	-	-
ARO RWIP	-	-	8,088.60	-	-	-	(8,088.60)	-
Ending Balance Apr10	30,908,899.66	(5,403,320.46)	240,022.51	(61,969,657.73)	755,184.30	448,440.30	(240,022.51)	3,258.79
May Activity								
ARO Accretion	-	-	-	(190,268.32)	190,268.32	-	-	-
ARO Depreciation	-	(112,109.53)	-	-	-	112,109.53	-	-
ARO RWIP	-	-	35.26	-	-	-	(35.26)	-
Ending Balance May10	30,908,899.66	(5,515,429.99)	240,057.77	(62,159,926.05)	945,452.62	560,549.83	(240,057.77)	3,258.79
June Activity								
ARO Accretion	-	-	-	(190,866.35)	190,866.35	-	-	-
ARO Depreciation	-	(112,109.55)	-	-	-	112,109.55	-	-
ARO RWIP	-	-	-	-	-	-	-	-
Ending Balance Jun10/2nd Quarter	30,908,899.66	(5,627,539.54)	240,057.77	(62,350,792.40)	1,136,318.97	672,659.38	(240,057.77)	3,258.79
Total Activity 2nd Quarter	-	(336,328.63)	8,123.86	-	570,806.87	336,328.63	(8,123.86)	-

Crescente, Angela

From: Crescente, Angela
Sent: Tuesday, April 13, 2010 4:52 PM
To: 'eonaudit@us.pwc.com'
Cc: Wiseman, Sara
Subject: II.3a-d

Please see the attached to answer questions a,c, and d. In regard to the answer for b, there were no additions during the 1st quarter.



ARO Liability KU
GAAP - 1st Q,...



ARO Liability KU
IFRS - 1st Q,...



ARO Liability LGE
GAAP - 1st Q,...



ARO Liability LGE
IFRS - 1st Q,...



ARO Rollforward
LGE KU Balanc...

Thanks,
Angela

E.ON US

Company GL Account	Beginning Liability	Liabilities Incurred	Liabilities Settled	Accretion	Revisions	Gain/Loss	Accretion and Liab. Adjust	Ending Liability
KENTUCKY UTILITIES COMPANY								
230012-ASSET RETIREMENT OBLIGAT								
BR-Ash Pond	\$7,451,237.31	\$0.00	\$0.00	\$120,192.16	\$0.00	\$0.00	\$0.00	\$7,571,429.47
BR-Br 1 Coal Storage	\$45,044.35	\$0.00	\$0.00	\$726.59	\$0.00	\$0.00	\$0.00	\$45,770.94
BR-BR 3 Fuel Oil Tanks	\$105,843.86	\$0.00	\$0.00	\$1,707.31	\$0.00	\$0.00	\$0.00	\$107,551.17
BR-BR3 Sewage Treatment Plant	\$7,516.63	\$0.00	\$0.00	\$121.25	\$0.00	\$0.00	\$0.00	\$7,637.88
BR-Coal Pile Retention Pond	\$138,865.34	\$0.00	\$0.00	\$2,239.97	\$0.00	\$0.00	\$0.00	\$141,105.31
BR-CT Fuel Oil Piping - OP	\$18,529.29	\$0.00	\$0.00	\$298.89	\$0.00	\$0.00	\$0.00	\$18,828.18
BR-CT9 Fuel Oil Tanks - OP	\$169,945.04	\$0.00	\$0.00	\$2,741.30	\$0.00	\$0.00	\$0.00	\$172,686.34
BR-Lab	\$13,508.26	\$0.00	\$0.00	\$217.89	\$0.00	\$0.00	\$0.00	\$13,726.15
Brown Unit 1 - ASB	\$154,620.61	\$0.00	\$0.00	\$2,208.53	\$0.00	\$0.00	\$0.00	\$156,829.14
Brown Unit 2 - ASB	\$365,463.72	\$0.00	\$0.00	\$5,220.12	\$0.00	\$0.00	\$0.00	\$370,683.84
Brown Unit 3 - ASB	\$824,497.51	\$0.00	\$0.00	\$11,776.75	\$0.00	\$0.00	\$0.00	\$836,274.26
BR-Radiation Sources	\$12,010.16	\$0.00	\$0.00	\$193.73	\$0.00	\$0.00	\$0.00	\$12,203.89
BR-Station Fuel Oil Piping	\$12,758.96	\$0.00	\$0.00	\$205.81	\$0.00	\$0.00	\$0.00	\$12,964.77
Dix Dam - ASB - Hydro	\$38,310.17	\$0.00	\$0.00	\$547.20	\$0.00	\$0.00	\$0.00	\$38,857.37
GH-Ash Pond GH4	\$10,288,542.83	\$0.00	\$0.00	\$165,959.30	\$0.00	\$0.00	\$0.00	\$10,454,502.13
GH-Chemical Tanks GH4	\$5,813.67	\$0.00	\$0.00	\$93.78	\$0.00	\$0.00	\$0.00	\$5,907.45
GH-Coal Storage	\$487,432.22	\$0.00	\$0.00	\$7,862.52	\$0.00	\$0.00	\$0.00	\$495,294.74
Ghent Unit 1 - ASB	\$722,677.32	\$0.00	\$0.00	\$10,322.39	\$0.00	\$0.00	\$0.00	\$732,999.71
Ghent Unit 2 - ASB	\$957,766.28	\$0.00	\$0.00	\$13,680.30	\$0.00	\$0.00	\$0.00	\$971,446.58
Ghent Unit 3 - ASB	\$169,885.15	\$0.00	\$0.00	\$2,426.56	\$0.00	\$0.00	\$0.00	\$172,311.71
Ghent Unit 4 - ASB	\$169,885.15	\$0.00	\$0.00	\$2,426.56	\$0.00	\$0.00	\$0.00	\$172,311.71
GH-Gypsum Stack-GH 1 Scrubber	\$653,734.74	\$0.00	\$0.00	\$10,545.07	\$0.00	\$0.00	\$0.00	\$664,279.81
GH-Radiation Sources	\$82,220.19	\$0.00	\$0.00	\$1,326.25	\$0.00	\$0.00	\$0.00	\$83,546.44
GH-Sewage Treatment Plant GH1	\$7,180.42	\$0.00	\$0.00	\$115.82	\$0.00	\$0.00	\$0.00	\$7,296.24
GH-Station Fuel Oil Piping GH2	\$2,422.23	\$0.00	\$0.00	\$39.06	\$0.00	\$0.00	\$0.00	\$2,461.29
GH-trn-GH Spare GSU Transformer	\$1,085.78	\$0.00	\$0.00	\$17.52	\$0.00	\$0.00	\$0.00	\$1,103.30
GH-trn-GH1 GSU Transformer	\$1,722.96	\$0.00	\$0.00	\$27.78	\$0.00	\$0.00	\$0.00	\$1,750.74
GH-trn-GH2 GSU Transformer	\$1,454.77	\$0.00	\$0.00	\$23.46	\$0.00	\$0.00	\$0.00	\$1,478.23
GH-trn-GH3 GSU Transformer	\$1,221.36	\$0.00	\$0.00	\$19.70	\$0.00	\$0.00	\$0.00	\$1,241.06
GH-trn-GH4 GSU Transformer	\$1,087.85	\$0.00	\$0.00	\$17.55	\$0.00	\$0.00	\$0.00	\$1,105.40
GH-Underground Tank Coal Yard GI	\$9,338.77	\$0.00	\$0.00	\$150.64	\$0.00	\$0.00	\$0.00	\$9,489.41

E.ON US

Company GL Account	Beginning Liability	Liabilities Incurred	Liabilities Settled	Accretion	Revisions	Gain/Loss	Accretion and Liab. Adjust	Ending Liability
KENTUCKY UTILITIES COMPANY								
230012-ASSET RETIREMENT OBLIGAT								
GR-Ash Pond	\$8,341,125.88	\$0.00	\$0.00	\$134,546.51	\$0.00	\$0.00	\$0.00	\$8,475,672.39
GR-Coal Storage	\$76,919.22	\$0.00	\$0.00	\$1,240.75	\$0.00	\$0.00	\$0.00	\$78,159.97
Green River Unit 1 - ASB	\$205,148.40	\$0.00	\$0.00	\$2,930.24	\$0.00	\$0.00	\$0.00	\$208,078.64
Green River Unit 2 - ASB	\$188,514.88	\$0.00	\$0.00	\$2,692.66	\$0.00	\$0.00	\$0.00	\$191,207.54
Green River Unit 3 - ASB	\$112,157.52	\$0.00	\$0.00	\$1,602.01	\$0.00	\$0.00	\$0.00	\$113,759.53
Green River Unit 4 - ASB	\$210,605.41	\$0.00	\$0.00	\$3,008.18	\$0.00	\$0.00	\$0.00	\$213,613.59
GR-GR4 Oil Storage tanks	\$8,192.60	\$0.00	\$0.00	\$132.16	\$0.00	\$0.00	\$0.00	\$8,324.76
GR-Hazardous Material Tanks	\$4,918.11	\$0.00	\$0.00	\$79.32	\$0.00	\$0.00	\$0.00	\$4,997.43
GR-Limestone Silo	\$5,137.96	\$0.00	\$0.00	\$82.88	\$0.00	\$0.00	\$0.00	\$5,220.84
GR-Mercury Sources	\$1,643.91	\$0.00	\$0.00	\$26.52	\$0.00	\$0.00	\$0.00	\$1,670.43
GR-Nuclear Source	\$808.84	\$0.00	\$0.00	\$13.05	\$0.00	\$0.00	\$0.00	\$821.89
GR-Sewage Treatment Plant	\$4,082.76	\$0.00	\$0.00	\$65.86	\$0.00	\$0.00	\$0.00	\$4,148.62
GR-trn-G1-2 GSU Transformer	\$5,328.53	\$0.00	\$0.00	\$85.95	\$0.00	\$0.00	\$0.00	\$5,414.48
GR-trn-GR3 GSU Transformer	\$5,356.04	\$0.00	\$0.00	\$86.40	\$0.00	\$0.00	\$0.00	\$5,442.44
GR-trn-GR4 GSU Transformer	\$5,125.08	\$0.00	\$0.00	\$82.67	\$0.00	\$0.00	\$0.00	\$5,207.75
GR-trn-GSU Spare Transformer	\$5,118.49	\$0.00	\$0.00	\$82.56	\$0.00	\$0.00	\$0.00	\$5,201.05
GR-Underground Tanks 1&2	\$11,114.37	\$0.00	\$0.00	\$179.28	\$0.00	\$0.00	\$0.00	\$11,293.65
Pineville - ASB	\$170,128.98	\$0.00	\$0.00	\$2,430.05	\$0.00	\$0.00	\$0.00	\$172,559.03
TY-Ash Pond	\$641,812.98	\$0.00	\$0.00	\$10,352.76	\$0.00	\$0.00	\$0.00	\$652,165.74
TY-Coal Storage	\$25,634.71	\$0.00	\$0.00	\$413.50	\$0.00	\$0.00	\$0.00	\$26,048.21
TY-Fuel Oil Tanks	\$42,725.81	\$0.00	\$0.00	\$689.20	\$0.00	\$0.00	\$0.00	\$43,415.01
TY-Fuel Oil Tanks Unit 1	\$43,590.99	\$0.00	\$0.00	\$703.14	\$0.00	\$0.00	\$0.00	\$44,294.13
TY-Mercury Sources	\$2,569.51	\$0.00	\$0.00	\$41.45	\$0.00	\$0.00	\$0.00	\$2,610.96
Tyronne Unit 1 (Retired) - ASB	\$417,297.91	\$0.00	\$0.00	\$5,960.50	\$0.00	\$0.00	\$0.00	\$423,258.41
Tyronne Unit 2 (Retired) - ASB	\$417,297.91	\$0.00	\$0.00	\$5,960.50	\$0.00	\$0.00	\$0.00	\$423,258.41
Tyronne Unit 3 - ASB	\$119,698.37	\$0.00	\$0.00	\$1,709.71	\$0.00	\$0.00	\$0.00	\$121,408.08
TY-Service Water Pump Structure	\$154,690.56	\$0.00	\$0.00	\$2,495.24	\$0.00	\$0.00	\$0.00	\$157,185.80
TY-Sewage Treatment Plant	\$4,272.64	\$0.00	\$0.00	\$68.92	\$0.00	\$0.00	\$0.00	\$4,341.56
TY-Station Fuel Oil Piping	\$11,965.86	\$0.00	\$0.00	\$193.02	\$0.00	\$0.00	\$0.00	\$12,158.88
GL Account Total:	\$34,164,607.13	\$0.00	\$0.00	\$541,406.75	\$0.00	\$0.00	\$0.00	\$34,706,013.88

ARO Liability Balances and Activity

Charnas

Period Beginning: 1/1/2010

Period Ending: 3/1/2010

E.ON US

Company GL Account	Beginning Liability	Liabilities Incurred	Liabilities Settled	Accretion	Revisions	Gain/Loss	Accretion and Liab. Adjust	Ending Liability
KENTUCKY UTILITIES COMPANY								
230013-ASSET RETIREMENT OBLIGAT								
KU Transmission Subs (69) - ASB	\$57,248.12	\$0.00	\$0.00	\$676.76	\$0.00	(\$14,836.24)	\$0.00	\$43,088.64
GL Account Total:	\$57,248.12	\$0.00	\$0.00	\$676.76	\$0.00	(\$14,836.24)	\$0.00	\$43,088.64
230015-ASSET RETIREMENT OBLIGAT								
Big Stone Gap Substation - ASB-Dist	\$2,561.70	\$0.00	\$0.00	\$36.59	\$0.00	\$0.00	\$0.00	\$2,598.29
KU - Various Substations - ASB-Dist	\$87,979.34	\$0.00	\$0.00	\$1,256.66	\$0.00	\$0.00	\$0.00	\$89,236.00
KU Distrib Subs (478) - ASB-Dist	\$52,911.36	\$0.00	\$0.00	\$755.76	\$0.00	\$0.00	\$0.00	\$53,667.12
GL Account Total:	\$143,452.40	\$0.00	\$0.00	\$2,049.01	\$0.00	\$0.00	\$0.00	\$145,501.41
Company Total:	\$34,365,307.65	\$0.00	\$0.00	\$544,132.52	\$0.00	(\$14,836.24)	\$0.00	\$34,894,603.93
Grand Total:	\$34,365,307.65	\$0.00	\$0.00	\$544,132.52	\$0.00		\$0.00	\$34,894,603.93

ARO Liability Balances and Activity

Charnas

Period Beginning: 1/1/2010

Period Ending: 3/1/2010

E.ON US

Company GL Account	Beginning Liability	Liabilities Incurred	Liabilities Settled	Accretion	Revisions	Gain/Loss	Accretion and Liab. Adjust	Ending Liability
KENTUCKY UTILITIES COMPANY								
230012-ASSET RETIREMENT OBLIGAT								
IFRS-BR-Ash Pond	\$10,110,955.46	\$0.00	\$0.00	\$80,925.65	\$0.00	\$0.00	\$0.00	\$10,191,881.11
IFRS-BR-Br 1 Coal Storage	\$62,264.40	\$0.00	\$0.00	\$526.05	\$0.00	\$0.00	\$0.00	\$62,790.45
IFRS-BR-BR 3 Fuel Oil Tanks	\$146,321.17	\$0.00	\$0.00	\$1,236.22	\$0.00	\$0.00	\$0.00	\$147,557.39
IFRS-BR-BR3 Sewage Treatment Pl	\$10,377.28	\$0.00	\$0.00	\$87.67	\$0.00	\$0.00	\$0.00	\$10,464.95
IFRS-BR-Coal Pile Retention Pond	\$191,981.50	\$0.00	\$0.00	\$1,621.99	\$0.00	\$0.00	\$0.00	\$193,603.49
IFRS-BR-CT Fuel Oil Piping	\$30,105.89	\$0.00	\$0.00	\$275.94	\$0.00	\$0.00	\$0.00	\$30,381.83
IFRS-BR-CT9 Fuel Oil Tanks	\$269,340.78	\$0.00	\$0.00	\$2,436.76	\$0.00	\$0.00	\$0.00	\$271,777.54
IFRS-BR-Lab	\$18,678.96	\$0.00	\$0.00	\$157.81	\$0.00	\$0.00	\$0.00	\$18,836.77
IFRS-Brown Unit 1 - ASB	\$728,330.06	\$0.00	\$0.00	\$7,894.32	\$0.00	\$0.00	\$0.00	\$736,224.38
IFRS-Brown Unit 2 - ASB	\$1,167,659.35	\$0.00	\$0.00	\$12,656.17	\$0.00	\$0.00	\$0.00	\$1,180,315.52
IFRS-Brown Unit 3 - ASB	\$2,634,275.29	\$0.00	\$0.00	\$28,552.71	\$0.00	\$0.00	\$0.00	\$2,662,828.00
IFRS-BR-Radiation Sources	\$16,604.08	\$0.00	\$0.00	\$140.28	\$0.00	\$0.00	\$0.00	\$16,744.36
IFRS-BR-Station Fuel Oil Piping	\$17,641.88	\$0.00	\$0.00	\$149.04	\$0.00	\$0.00	\$0.00	\$17,790.92
IFRS-Dix Dam - ASB	\$122,232.72	\$0.00	\$0.00	\$1,324.87	\$0.00	\$0.00	\$0.00	\$123,557.59
IFRS-GH-Ash Pond GH4	\$18,979,103.82	\$0.00	\$0.00	\$187,558.63	\$0.00	\$0.00	\$0.00	\$19,166,662.45
IFRS-GH-Chemical Tanks GH4	\$10,716.74	\$0.00	\$0.00	\$105.91	\$0.00	\$0.00	\$0.00	\$10,822.65
IFRS-GH-Coal Storage	\$693,784.94	\$0.00	\$0.00	\$5,945.29	\$0.00	\$0.00	\$0.00	\$699,730.23
IFRS-Ghent Unit 1 - ASB	\$2,308,959.03	\$0.00	\$0.00	\$25,026.64	\$0.00	\$0.00	\$0.00	\$2,333,985.67
IFRS-Ghent Unit 2 - ASB	\$3,060,070.42	\$0.00	\$0.00	\$33,167.87	\$0.00	\$0.00	\$0.00	\$3,093,238.29
IFRS-Ghent Unit 3 - ASB	\$542,784.31	\$0.00	\$0.00	\$5,883.20	\$0.00	\$0.00	\$0.00	\$548,667.51
IFRS-Ghent Unit 4 - ASB	\$542,784.31	\$0.00	\$0.00	\$5,883.20	\$0.00	\$0.00	\$0.00	\$548,667.51
IFRS-GH-Gypsum Stack-GH 1 Scrub	\$887,075.42	\$0.00	\$0.00	\$7,099.94	\$0.00	\$0.00	\$0.00	\$894,175.36
IFRS-GH-Radiation Sources	\$151,681.31	\$0.00	\$0.00	\$1,498.98	\$0.00	\$0.00	\$0.00	\$153,180.29
IFRS-GH-Sewage Treatment Plant G	\$10,232.61	\$0.00	\$0.00	\$87.69	\$0.00	\$0.00	\$0.00	\$10,320.30
IFRS-GH-Station Fuel Oil Piping GH	\$3,834.16	\$0.00	\$0.00	\$34.69	\$0.00	\$0.00	\$0.00	\$3,868.85
IFRS-GH-trn-GH Spare GSU Transfo	\$1,978.61	\$0.00	\$0.00	\$19.56	\$0.00	\$0.00	\$0.00	\$1,998.17
IFRS-GH-trn-GH1 GSU Transformer	\$2,455.96	\$0.00	\$0.00	\$21.06	\$0.00	\$0.00	\$0.00	\$2,477.02
IFRS-GH-trn-GH2 GSU Transformer	\$2,300.38	\$0.00	\$0.00	\$20.82	\$0.00	\$0.00	\$0.00	\$2,321.20
IFRS-GH-trn-GH3 GSU Transformer	\$2,122.19	\$0.00	\$0.00	\$20.22	\$0.00	\$0.00	\$0.00	\$2,142.41
IFRS-GH-trn-GH4 GSU Transformer	\$1,978.61	\$0.00	\$0.00	\$19.56	\$0.00	\$0.00	\$0.00	\$1,998.17
IFRS-GH-Underground Tank Coal Y:	\$13,302.74	\$0.00	\$0.00	\$114.00	\$0.00	\$0.00	\$0.00	\$13,416.74

E.ON US

Company GL Account	Beginning Liability	Liabilities Incurred	Liabilities Settled	Accretion	Revisions	Gain/Loss	Accretion and Liab. Adjust	Ending Liability
KENTUCKY UTILITIES COMPANY								
230012-ASSET RETIREMENT OBLIGAT								
IFRS-GR-Ash Pond	\$10,790,180.23	\$0.00	\$0.00	\$76,791.74	\$0.00	\$0.00	\$0.00	\$10,866,971.97
IFRS-GR-Coal Storage	\$99,499.74	\$0.00	\$0.00	\$708.12	\$0.00	\$0.00	\$0.00	\$100,207.86
IFRS-Green River Unit 1 - ASB	\$655,450.99	\$0.00	\$0.00	\$7,104.38	\$0.00	\$0.00	\$0.00	\$662,555.37
IFRS-Green River Unit 2 - ASB	\$602,306.35	\$0.00	\$0.00	\$6,528.35	\$0.00	\$0.00	\$0.00	\$608,834.70
IFRS-Green River Unit 3 - ASB	\$657,222.49	\$0.00	\$0.00	\$7,123.59	\$0.00	\$0.00	\$0.00	\$664,346.08
IFRS-Green River Unit 4 - ASB	\$770,597.82	\$0.00	\$0.00	\$8,352.45	\$0.00	\$0.00	\$0.00	\$778,950.27
IFRS-GR-GR4 Oil Storage tanks	\$10,862.85	\$0.00	\$0.00	\$82.14	\$0.00	\$0.00	\$0.00	\$10,944.99
IFRS-GR-Hazardous Material Tanks	\$6,517.40	\$0.00	\$0.00	\$49.29	\$0.00	\$0.00	\$0.00	\$6,566.69
IFRS-GR-Limestone Silo	\$6,633.04	\$0.00	\$0.00	\$47.21	\$0.00	\$0.00	\$0.00	\$6,680.25
IFRS-GR-Mercury Sources	\$2,172.73	\$0.00	\$0.00	\$16.43	\$0.00	\$0.00	\$0.00	\$2,189.16
IFRS-GR-Nuclear Source	\$1,085.97	\$0.00	\$0.00	\$8.21	\$0.00	\$0.00	\$0.00	\$1,094.18
IFRS-GR-Sewage Treatment Plant	\$5,431.43	\$0.00	\$0.00	\$41.07	\$0.00	\$0.00	\$0.00	\$5,472.50
IFRS-GR-trn-G1-2 GSU Transformer	\$6,909.35	\$0.00	\$0.00	\$49.17	\$0.00	\$0.00	\$0.00	\$6,958.52
IFRS-GR-trn-GR3 GSU Transformer	\$6,909.35	\$0.00	\$0.00	\$49.17	\$0.00	\$0.00	\$0.00	\$6,958.52
IFRS-GR-trn-GR4 GSU Transformer	\$6,789.28	\$0.00	\$0.00	\$51.34	\$0.00	\$0.00	\$0.00	\$6,840.62
IFRS-GR-trn-GSU Spare Transforme	\$6,789.28	\$0.00	\$0.00	\$51.34	\$0.00	\$0.00	\$0.00	\$6,840.62
IFRS-GR-Underground Tanks 1&2	\$14,372.14	\$0.00	\$0.00	\$102.28	\$0.00	\$0.00	\$0.00	\$14,474.42
IFRS-Pineville - ASB	\$543,563.73	\$0.00	\$0.00	\$5,891.64	\$0.00	\$0.00	\$0.00	\$549,455.37
IFRS-TY-Ash Pond	\$830,269.17	\$0.00	\$0.00	\$5,908.87	\$0.00	\$0.00	\$0.00	\$836,178.04
IFRS-TY-Coal Storage	\$33,166.85	\$0.00	\$0.00	\$236.04	\$0.00	\$0.00	\$0.00	\$33,402.89
IFRS-TY-Fuel Oil Tanks	\$55,277.27	\$0.00	\$0.00	\$393.39	\$0.00	\$0.00	\$0.00	\$55,670.66
IFRS-TY-Fuel Oil Tanks Unit 1	\$56,383.32	\$0.00	\$0.00	\$401.27	\$0.00	\$0.00	\$0.00	\$56,784.59
IFRS-TY-Mercury Sources	\$3,316.52	\$0.00	\$0.00	\$23.61	\$0.00	\$0.00	\$0.00	\$3,340.13
IFRS-Tyronne Unit 1 (Retired) - ASB	\$815,296.15	\$0.00	\$0.00	\$8,836.94	\$0.00	\$0.00	\$0.00	\$824,133.09
IFRS-Tyronne Unit 2 (Retired) - ASB	\$815,296.15	\$0.00	\$0.00	\$8,836.94	\$0.00	\$0.00	\$0.00	\$824,133.09
IFRS-Tyronne Unit 3 - ASB	\$746,399.27	\$0.00	\$0.00	\$8,090.17	\$0.00	\$0.00	\$0.00	\$754,489.44
IFRS-TY-Service Water Pump Struct	\$200,104.71	\$0.00	\$0.00	\$1,424.11	\$0.00	\$0.00	\$0.00	\$201,528.82
IFRS-TY-Sewage Treatment Plant	\$5,527.81	\$0.00	\$0.00	\$39.33	\$0.00	\$0.00	\$0.00	\$5,567.14
IFRS-TY-Station Fuel Oil Piping	\$15,477.37	\$0.00	\$0.00	\$110.15	\$0.00	\$0.00	\$0.00	\$15,587.52
GL Account Total:	\$60,511,743.14	\$0.00	\$0.00	\$557,841.48	\$0.00	\$0.00	\$0.00	\$61,069,584.62

ARO Liability Balances and Activity

Charnas

Period Beginning: 1/1/2010

Period Ending: 3/1/2010

E.ON US

Company GL Account	Beginning Liability	Liabilities Incurred	Liabilities Settled	Accretion	Revisions	Gain/Loss	Accretion and Liab. Adjust	Ending Liability
KENTUCKY UTILITIES COMPANY								
230013-ASSET RETIREMENT OBLIGAT								
IFRS-KU Transmission Subs (69) - A	\$201,816.59	\$0.00	(\$14,836.24)	\$2,080.46	\$0.00	\$0.00	\$0.00	\$189,060.81
GL Account Total:	\$201,816.59	\$0.00	(\$14,836.24)	\$2,080.46	\$0.00	\$0.00	\$0.00	\$189,060.81
230015-ASSET RETIREMENT OBLIGAT								
IFRS-Big Stone Gap Substation - AS	\$9,209.79	\$0.00	\$0.00	\$99.82	\$0.00	\$0.00	\$0.00	\$9,309.61
IFRS-KU - Various Substations - AS	\$316,309.64	\$0.00	\$0.00	\$3,428.45	\$0.00	\$0.00	\$0.00	\$319,738.09
IFRS-KU Distrib Substations (478) -	\$190,230.42	\$0.00	\$0.00	\$2,061.89	\$0.00	\$0.00	\$0.00	\$192,292.31
GL Account Total:	\$515,749.85	\$0.00	\$0.00	\$5,590.16	\$0.00	\$0.00	\$0.00	\$521,340.01
Company Total:	\$61,229,309.58	\$0.00	(\$14,836.24)	\$565,512.10	\$0.00	\$0.00	\$0.00	\$61,779,985.44
Grand Total:	\$61,229,309.58	\$0.00	(\$14,836.24)	\$565,512.10	\$0.00	\$0.00	\$0.00	\$61,779,985.44

ARO Liability Balances and Activity

Charnas

Period Beginning: 1/1/2010

Period Ending: 3/1/2010

E.ON US

Company GL Account	Beginning Liability	Liabilities Incurred	Liabilities Settled	Accretion	Revisions	Gain/Loss	Accretion and Liab. Adjust	Ending Liability
LOUISVILLE GAS & ELECTRIC COMP								
230012-ASSET RETIREMENT OBLIGAT								
Canal (Retired) - ASB	\$2,353,661.07	\$0.00	\$0.00	\$33,618.63	\$0.00	\$0.00	\$0.00	\$2,387,279.70
Cane Run Unit 1 (Retired) - ASB	\$1,069,317.62	\$0.00	\$0.00	\$15,273.65	\$0.00	\$0.00	\$0.00	\$1,084,591.27
Cane Run Unit 2 (Retired) - ASB	\$1,007,328.10	\$0.00	\$0.00	\$14,388.22	\$0.00	\$0.00	\$0.00	\$1,021,716.32
Cane Run Unit 3 (Retired) - ASB	\$1,135,181.47	\$0.00	\$0.00	\$16,214.42	\$0.00	\$0.00	\$0.00	\$1,151,395.89
Cane Run Unit 4 - ASB	\$357,322.03	\$0.00	\$0.00	\$5,103.82	\$0.00	\$0.00	\$0.00	\$362,425.85
Cane Run Unit 5 - ASB	\$296,584.81	\$0.00	\$0.00	\$4,236.28	\$0.00	\$0.00	\$0.00	\$300,821.09
Cane Run Unit 6 - ASB	\$292,839.36	\$0.00	\$0.00	\$4,182.79	\$0.00	\$0.00	\$0.00	\$297,022.15
CR-Ash Pond	\$2,935,837.65	\$0.00	\$0.00	\$47,356.52	\$0.00	\$0.00	\$0.00	\$2,983,194.17
CR-Coal Pile	\$209,528.18	\$0.00	\$0.00	\$3,379.79	\$0.00	\$0.00	\$0.00	\$212,907.97
CR-Land Fill	\$985,431.63	\$0.00	\$0.00	\$15,895.50	\$0.00	\$0.00	\$0.00	\$1,001,327.13
CR-Mercury Sources	\$4,080.22	\$0.00	\$0.00	\$65.82	\$0.00	\$0.00	\$0.00	\$4,146.04
CR-Nuclear Sources	\$36,015.11	\$0.00	\$0.00	\$580.95	\$0.00	\$0.00	\$0.00	\$36,596.06
CR-Sewage Treatment Plant	\$4,082.10	\$0.00	\$0.00	\$65.85	\$0.00	\$0.00	\$0.00	\$4,147.95
MC-Ash Pond	\$2,844,236.70	\$0.00	\$0.00	\$45,878.95	\$0.00	\$0.00	\$0.00	\$2,890,115.65
MC-Chemical Tanks	\$4,921.40	\$0.00	\$0.00	\$79.38	\$0.00	\$0.00	\$0.00	\$5,000.78
MC-Hazardous Material Storage	\$15,255.89	\$0.00	\$0.00	\$246.09	\$0.00	\$0.00	\$0.00	\$15,501.98
MC-Lab Chemical Disposal	\$1,524.40	\$0.00	\$0.00	\$24.59	\$0.00	\$0.00	\$0.00	\$1,548.99
MC-Landfill	\$4,159,079.06	\$0.00	\$0.00	\$67,088.02	\$0.00	\$0.00	\$0.00	\$4,226,167.08
MC-Radiation Sources	\$12,220.00	\$0.00	\$0.00	\$197.11	\$0.00	\$0.00	\$0.00	\$12,417.11
MC-Storage Pile	\$236,720.35	\$0.00	\$0.00	\$3,818.41	\$0.00	\$0.00	\$0.00	\$240,538.76
MC-Storage Tanks	\$10,734.66	\$0.00	\$0.00	\$173.16	\$0.00	\$0.00	\$0.00	\$10,907.82
Mill Creek Unit 1 - ASB	\$509,429.94	\$0.00	\$0.00	\$7,276.46	\$0.00	\$0.00	\$0.00	\$516,706.40
Mill Creek Unit 2 - ASB	\$465,555.42	\$0.00	\$0.00	\$6,649.78	\$0.00	\$0.00	\$0.00	\$472,205.20
Mill Creek Unit 3 - ASB	\$48,636.06	\$0.00	\$0.00	\$694.69	\$0.00	\$0.00	\$0.00	\$49,330.75
Mill Creek Unit 4 - ASB	\$390,466.01	\$0.00	\$0.00	\$5,577.25	\$0.00	\$0.00	\$0.00	\$396,043.26
Ohio Falls - ASB	\$240,208.99	\$0.00	\$0.00	\$3,431.04	\$0.00	\$0.00	\$0.00	\$243,640.03
Paddy's (Unit 11) - ASB	\$1,666,988.89	\$0.00	\$0.00	\$23,810.52	\$0.00	\$0.00	\$0.00	\$1,690,799.41
TR-Ash Pond	\$3,010,966.97	\$0.00	\$0.00	\$48,568.39	\$0.00	\$0.00	\$0.00	\$3,059,535.36
TR-Coal Storage	\$104,196.01	\$0.00	\$0.00	\$1,680.74	\$0.00	\$0.00	\$0.00	\$105,876.75
TR-Hazardous Material Disposal	\$839.43	\$0.00	\$0.00	\$13.54	\$0.00	\$0.00	\$0.00	\$852.97
Trn- CR Spare GSU	\$2,457.52	\$0.00	\$0.00	\$39.63	\$0.00	\$0.00	\$0.00	\$2,497.15

E.ON US

Company GL Account	Beginning Liability	Liabilities Incurred	Liabilities Settled	Accretion	Revisions	Gain/Loss	Accretion and Liab. Adjust	Ending Liability
LOUISVILLE GAS & ELECTRIC COMP								
230012-ASSET RETIREMENT OBLIGAT								
Trn-CR4 GSU	\$2,455.35	\$0.00	\$0.00	\$39.60	\$0.00	\$0.00	\$0.00	\$2,494.95
Trn-CR5 GSU	\$2,455.35	\$0.00	\$0.00	\$39.60	\$0.00	\$0.00	\$0.00	\$2,494.95
Trn-CR6 GSU	\$2,458.75	\$0.00	\$0.00	\$39.66	\$0.00	\$0.00	\$0.00	\$2,498.41
Trn-MC 3 GSU	\$1,893.61	\$0.00	\$0.00	\$30.55	\$0.00	\$0.00	\$0.00	\$1,924.16
Trn-MC Spare GSU	\$1,526.93	\$0.00	\$0.00	\$24.63	\$0.00	\$0.00	\$0.00	\$1,551.56
Trn-MC1 GSU	\$2,352.20	\$0.00	\$0.00	\$37.94	\$0.00	\$0.00	\$0.00	\$2,390.14
Trn-MC2 GSU	\$2,260.81	\$0.00	\$0.00	\$36.47	\$0.00	\$0.00	\$0.00	\$2,297.28
Trn-MC4 GSU	\$1,526.93	\$0.00	\$0.00	\$24.63	\$0.00	\$0.00	\$0.00	\$1,551.56
TR-Nuclear Sources	\$7,117.91	\$0.00	\$0.00	\$114.82	\$0.00	\$0.00	\$0.00	\$7,232.73
TR-Sewage Plant	\$1,679.03	\$0.00	\$0.00	\$27.09	\$0.00	\$0.00	\$0.00	\$1,706.12
Waterside - ASB	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Zorn - ASB	\$15,768.80	\$0.00	\$0.00	\$225.23	\$0.00	\$0.00	\$0.00	\$15,994.03
GL Account Total:	\$24,453,142.72	\$0.00	\$0.00	\$376,250.21	\$0.00	\$0.00	\$0.00	\$24,829,392.93
230013-ASSET RETIREMENT OBLIGAT								
LGE Transmission Subs (11) - ASB	\$13,001.11	\$0.00	\$0.00	\$185.70	\$0.00	\$0.00	\$0.00	\$13,186.81
GL Account Total:	\$13,001.11	\$0.00	\$0.00	\$185.70	\$0.00	\$0.00	\$0.00	\$13,186.81
230015-ASSET RETIREMENT OBLIGAT								
Distribution Substations (66) - ASB	\$147,194.48	\$0.00	\$0.00	\$2,102.46	\$0.00	\$0.00	\$0.00	\$149,296.94
Manholes - ASB	\$143,204.87	\$0.00	\$0.00	\$2,045.47	\$0.00	\$0.00	\$0.00	\$145,250.34
GL Account Total:	\$290,399.35	\$0.00	\$0.00	\$4,147.93	\$0.00	\$0.00	\$0.00	\$294,547.28
230016-ASSET RETIREMENT OBLIGAT								
Center Gas Storage Field - UGS	\$2,167,315.39	\$0.00	\$0.00	\$30,078.87	\$0.00	\$0.00	\$0.00	\$2,197,394.26
City Gate Doe Run 237900 - Gas Dis	\$2,692.32	\$0.00	\$0.00	\$38.46	\$0.00	\$0.00	\$0.00	\$2,730.78
City Gate Preston 237900 - Gas Dist	\$2,692.32	\$0.00	\$0.00	\$38.46	\$0.00	\$0.00	\$0.00	\$2,730.78
Doe Run 235300 - UGS	\$41,403.48	\$0.00	\$0.00	\$591.39	\$0.00	\$0.00	\$0.00	\$41,994.87
Doe Run Gas Storage Field - UGS	\$1,906,571.71	\$0.00	\$0.00	\$26,460.17	\$0.00	\$0.00	\$0.00	\$1,933,031.88
Gas Main & Serv Abandons - Gas Di	\$1,186,564.97	\$0.00	\$0.00	\$16,948.36	\$0.00	\$0.00	\$0.00	\$1,203,513.33
Magnolia 235120 - UGS	\$11,988.66	\$0.00	\$0.00	\$171.24	\$0.00	\$0.00	\$0.00	\$12,159.90

ARO Liability Balances and Activity

Charnas

Period Beginning: 1/1/2010

Period Ending: 3/1/2010

E.ON US

Company GL Account	Beginning Liability	Liabilities Incurred	Liabilities Settled	Accretion	Revisions	Gain/Loss	Accretion and Liab. Adjust	Ending Liability
LOUISVILLE GAS & ELECTRIC COMP								
230016-ASSET RETIREMENT OBLIGAT								
Magnolia 235300 - UGS	\$42,670.77	\$0.00	\$0.00	\$609.48	\$0.00	\$0.00	\$0.00	\$43,280.25
Magnolia 235600 - UGS	\$4,212.24	\$0.00	\$0.00	\$60.17	\$0.00	\$0.00	\$0.00	\$4,272.41
Magnolia Gas Storage Field - UGS	\$2,159,194.40	\$0.00	\$0.00	\$29,966.17	\$0.00	\$0.00	\$0.00	\$2,189,160.57
Muldraugh 235120 - UGS	\$17,010.78	\$0.00	\$0.00	\$242.97	\$0.00	\$0.00	\$0.00	\$17,253.75
Muldraugh 235300 - UGS	\$32,320.02	\$0.00	\$0.00	\$461.64	\$0.00	\$0.00	\$0.00	\$32,781.66
Muldraugh 235600 - UGS	\$19,602.82	\$0.00	\$0.00	\$279.99	\$0.00	\$0.00	\$0.00	\$19,882.81
Muldraugh 237510 - Gas Dist	\$2,808.54	\$0.00	\$0.00	\$40.12	\$0.00	\$0.00	\$0.00	\$2,848.66
Muldraugh Gas Storage Field - UGS	\$650,556.01	\$0.00	\$0.00	\$9,028.68	\$0.00	\$0.00	\$0.00	\$659,584.69
Riggs Junction 235120 - UGS	\$10,690.26	\$0.00	\$0.00	\$152.70	\$0.00	\$0.00	\$0.00	\$10,842.96
GL Account Total:	\$8,258,294.69	\$0.00	\$0.00	\$115,168.87	\$0.00	\$0.00	\$0.00	\$8,373,463.56
230017-ASSET RETIREMENT OBLIGAT								
Seventh and Ormsby - ComGenerall	\$28,791.27	\$0.00	\$0.00	\$411.24	\$0.00	\$0.00	\$0.00	\$29,202.51
GL Account Total:	\$28,791.27	\$0.00	\$0.00	\$411.24	\$0.00	\$0.00	\$0.00	\$29,202.51
Company Total:	\$33,043,629.14	\$0.00	\$0.00	\$496,163.95	\$0.00	\$0.00	\$0.00	\$33,539,793.09
Grand Total:	\$33,043,629.14	\$0.00	\$0.00	\$496,163.95	\$0.00	\$0.00	\$0.00	\$33,539,793.09

ARO Liability Balances and Activity

E.ON US

Company GL Account	Beginning Liability	Liabilities Incurred	Liabilities Settled	Accretion	Revisions	Gain/Loss	Accretion and Liab. Adjust	Ending Liability
LOUISVILLE GAS & ELECTRIC COMP								
230012-ASSET RETIREMENT OBLIGAT								
IFRS-Canal (Retired) - ASB	\$4,081,705.08	\$0.00	\$0.00	\$42,782.02	\$0.00	\$0.00	\$0.00	\$4,124,487.10
IFRS-Cane Run Unit 1 (Retired) - AS	\$1,854,404.15	\$0.00	\$0.00	\$19,436.77	\$0.00	\$0.00	\$0.00	\$1,873,840.92
IFRS-Cane Run Unit 2 (Retired) - AS	\$1,746,902.53	\$0.00	\$0.00	\$18,310.00	\$0.00	\$0.00	\$0.00	\$1,765,212.53
IFRS-Cane Run Unit 3 (Retired) - AS	\$1,968,624.84	\$0.00	\$0.00	\$20,633.97	\$0.00	\$0.00	\$0.00	\$1,989,258.81
IFRS-Cane Run Unit 4 - ASB	\$1,276,969.16	\$0.00	\$0.00	\$13,840.98	\$0.00	\$0.00	\$0.00	\$1,290,810.14
IFRS-Cane Run Unit 5 - ASB	\$1,041,252.60	\$0.00	\$0.00	\$11,286.06	\$0.00	\$0.00	\$0.00	\$1,052,538.66
IFRS-Cane Run Unit 6 - ASB	\$1,217,527.60	\$0.00	\$0.00	\$13,196.69	\$0.00	\$0.00	\$0.00	\$1,230,724.29
IFRS-CR-Ash Pond	\$3,896,411.73	\$0.00	\$0.00	\$29,462.64	\$0.00	\$0.00	\$0.00	\$3,925,874.37
IFRS-CR-Coal Pile	\$278,082.47	\$0.00	\$0.00	\$2,102.72	\$0.00	\$0.00	\$0.00	\$280,185.19
IFRS-CR-Land Fill	\$1,307,855.76	\$0.00	\$0.00	\$9,889.32	\$0.00	\$0.00	\$0.00	\$1,317,745.08
IFRS-CR-Mercury Sources	\$5,431.43	\$0.00	\$0.00	\$41.07	\$0.00	\$0.00	\$0.00	\$5,472.50
IFRS-CR-Nuclear Sources	\$47,795.30	\$0.00	\$0.00	\$361.41	\$0.00	\$0.00	\$0.00	\$48,156.71
IFRS-CR-Sewage Treatment Plant	\$5,431.43	\$0.00	\$0.00	\$41.07	\$0.00	\$0.00	\$0.00	\$5,472.50
IFRS-MC-Ash Pond	\$4,394,821.56	\$0.00	\$0.00	\$39,230.07	\$0.00	\$0.00	\$0.00	\$4,434,051.63
IFRS-MC-Chemical Tanks	\$6,517.40	\$0.00	\$0.00	\$49.29	\$0.00	\$0.00	\$0.00	\$6,566.69
IFRS-MC-Hazardous Material Stora	\$26,529.85	\$0.00	\$0.00	\$252.70	\$0.00	\$0.00	\$0.00	\$26,782.55
IFRS-MC-Lab Chemical Disposal	\$2,652.99	\$0.00	\$0.00	\$25.27	\$0.00	\$0.00	\$0.00	\$2,678.26
IFRS-MC-Landfill	\$7,229,443.87	\$0.00	\$0.00	\$68,861.06	\$0.00	\$0.00	\$0.00	\$7,298,304.93
IFRS-MC-Radiation Sources	\$21,223.88	\$0.00	\$0.00	\$202.16	\$0.00	\$0.00	\$0.00	\$21,426.04
IFRS-MC-Storage Pile	\$321,219.01	\$0.00	\$0.00	\$2,570.95	\$0.00	\$0.00	\$0.00	\$323,789.96
IFRS-MC-Storage Tanks	\$16,587.92	\$0.00	\$0.00	\$148.07	\$0.00	\$0.00	\$0.00	\$16,735.99
IFRS-Mill Creek Unit 1 - ASB	\$1,457,343.64	\$0.00	\$0.00	\$15,796.04	\$0.00	\$0.00	\$0.00	\$1,473,139.68
IFRS-Mill Creek Unit 2 - ASB	\$1,270,820.10	\$0.00	\$0.00	\$13,774.32	\$0.00	\$0.00	\$0.00	\$1,284,594.42
IFRS-Mill Creek Unit 3 - ASB	\$963,363.64	\$0.00	\$0.00	\$10,441.82	\$0.00	\$0.00	\$0.00	\$973,805.46
IFRS-Mill Creek Unit 4 - ASB	\$1,065,849.05	\$0.00	\$0.00	\$11,552.66	\$0.00	\$0.00	\$0.00	\$1,077,401.71
IFRS-Ohio Falls - ASB	\$416,568.98	\$0.00	\$0.00	\$4,366.22	\$0.00	\$0.00	\$0.00	\$420,935.20
IFRS-Paddy's (Unit 11) - ASB	\$4,550,355.80	\$0.00	\$0.00	\$49,320.97	\$0.00	\$0.00	\$0.00	\$4,599,676.77
IFRS-TR-Ash Pond	\$5,751,114.34	\$0.00	\$0.00	\$58,209.66	\$0.00	\$0.00	\$0.00	\$5,809,324.00
IFRS-TR-Coal Storage	\$199,030.81	\$0.00	\$0.00	\$2,014.48	\$0.00	\$0.00	\$0.00	\$201,045.29
IFRS-TR-Hazardous Material Dispos	\$1,598.81	\$0.00	\$0.00	\$16.18	\$0.00	\$0.00	\$0.00	\$1,614.99
IFRS-Trn- CR Spare GSU	\$3,258.70	\$0.00	\$0.00	\$24.63	\$0.00	\$0.00	\$0.00	\$3,283.33

ARO Liability Balances and Activity

Charnas

Period Beginning: 1/1/2010

Period Ending: 3/1/2010

E.ON US

Company GL Account	Beginning Liability	Liabilities Incurred	Liabilities Settled	Accretion	Revisions	Gain/Loss	Accretion and Liab. Adjust	Ending Liability
LOUISVILLE GAS & ELECTRIC COMP								
230012-ASSET RETIREMENT OBLIGAT								
IFRS-Trn-CR4 GSU	\$3,258.70	\$0.00	\$0.00	\$24.63	\$0.00	\$0.00	\$0.00	\$3,283.33
IFRS-Trn-CR5 GSU	\$3,258.70	\$0.00	\$0.00	\$24.63	\$0.00	\$0.00	\$0.00	\$3,283.33
IFRS-Trn-CR6 GSU	\$3,258.70	\$0.00	\$0.00	\$24.63	\$0.00	\$0.00	\$0.00	\$3,283.33
IFRS-Trn-MC 3 GSU	\$2,927.28	\$0.00	\$0.00	\$26.13	\$0.00	\$0.00	\$0.00	\$2,953.41
IFRS-Trn-MC Spare GSU	\$2,652.99	\$0.00	\$0.00	\$25.27	\$0.00	\$0.00	\$0.00	\$2,678.26
IFRS-Trn-MC1 GSU	\$3,191.21	\$0.00	\$0.00	\$25.54	\$0.00	\$0.00	\$0.00	\$3,216.75
IFRS-Trn-MC2 GSU	\$3,113.40	\$0.00	\$0.00	\$26.30	\$0.00	\$0.00	\$0.00	\$3,139.70
IFRS-Trn-MC4 GSU	\$2,652.99	\$0.00	\$0.00	\$25.27	\$0.00	\$0.00	\$0.00	\$2,678.26
IFRS-TR-Nuclear Sources	\$13,588.38	\$0.00	\$0.00	\$137.53	\$0.00	\$0.00	\$0.00	\$13,725.91
IFRS-TR-Sewage Plant	\$3,197.24	\$0.00	\$0.00	\$32.36	\$0.00	\$0.00	\$0.00	\$3,229.60
IFRS-Waterside - ASB	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
IFRS-Zorn - ASB	\$43,043.96	\$0.00	\$0.00	\$466.56	\$0.00	\$0.00	\$0.00	\$43,510.52
GL Account Total:	\$46,510,837.98	\$0.00	\$0.00	\$459,080.12	\$0.00	\$0.00	\$0.00	\$46,969,918.10
230013-ASSET RETIREMENT OBLIGAT								
IFRS-LGE Transmission Subs (11) -	\$37,647.52	\$0.00	\$0.00	\$408.06	\$0.00	\$0.00	\$0.00	\$38,055.58
GL Account Total:	\$37,647.52	\$0.00	\$0.00	\$408.06	\$0.00	\$0.00	\$0.00	\$38,055.58
230015-ASSET RETIREMENT OBLIGAT								
IFRS-Distribution Substations (66)	\$409,780.16	\$0.00	\$0.00	\$4,441.58	\$0.00	\$0.00	\$0.00	\$414,221.74
IFRS-Manholes - ASB	\$778,245.50	\$0.00	\$0.00	\$8,435.34	\$0.00	\$0.00	\$0.00	\$786,680.84
GL Account Total:	\$1,188,025.66	\$0.00	\$0.00	\$12,876.92	\$0.00	\$0.00	\$0.00	\$1,200,902.58
230016-ASSET RETIREMENT OBLIGAT								
IFRS-Center Gas Storage Field - UG	\$3,462,750.20	\$0.00	\$0.00	\$30,500.72	\$0.00	\$0.00	\$0.00	\$3,493,250.92
IFRS-City Gate Doe Run 237900 - Ga	\$6,927.83	\$0.00	\$0.00	\$75.09	\$0.00	\$0.00	\$0.00	\$7,002.92
IFRS-City Gate Preston 237900 - Gas	\$6,927.83	\$0.00	\$0.00	\$75.09	\$0.00	\$0.00	\$0.00	\$7,002.92
IFRS-Doe Run 235300 - UGS	\$94,678.60	\$0.00	\$0.00	\$1,026.21	\$0.00	\$0.00	\$0.00	\$95,704.81
IFRS-Doe Run Gas Storage Field - U	\$2,627,478.68	\$0.00	\$0.00	\$23,143.45	\$0.00	\$0.00	\$0.00	\$2,650,622.13
IFRS-Gas Main & Serv Abandons - C	\$2,185,402.88	\$0.00	\$0.00	\$23,687.42	\$0.00	\$0.00	\$0.00	\$2,209,090.30
IFRS-Magnolia 235120 - UGS	\$31,462.44	\$0.00	\$0.00	\$341.01	\$0.00	\$0.00	\$0.00	\$31,803.45

E.ON US

Company GL Account	Beginning Liability	Liabilities Incurred	Liabilities Settled	Accretion	Revisions	Gain/Loss	Accretion and Liab. Adjust	Ending Liability
LOUISVILLE GAS & ELECTRIC COMP								
230016-ASSET RETIREMENT OBLIGAT								
IFRS-Magnolia 235300 - UGS	\$97,576.83	\$0.00	\$0.00	\$1,057.63	\$0.00	\$0.00	\$0.00	\$98,634.46
IFRS-Magnolia 235600 - UGS	\$11,054.38	\$0.00	\$0.00	\$119.82	\$0.00	\$0.00	\$0.00	\$11,174.20
IFRS-Magnolia Gas Storage Field - l	\$3,087,060.55	\$0.00	\$0.00	\$27,191.56	\$0.00	\$0.00	\$0.00	\$3,114,252.11
IFRS-Muldraugh 235120 - UGS	\$44,642.65	\$0.00	\$0.00	\$483.87	\$0.00	\$0.00	\$0.00	\$45,126.52
IFRS-Muldraugh 235300 - UGS	\$73,907.18	\$0.00	\$0.00	\$801.07	\$0.00	\$0.00	\$0.00	\$74,708.25
IFRS-Muldraugh 235600 - UGS	\$51,445.37	\$0.00	\$0.00	\$557.61	\$0.00	\$0.00	\$0.00	\$52,002.98
IFRS-Muldraugh 237510 - Gas Dist	\$5,820.84	\$0.00	\$0.00	\$63.10	\$0.00	\$0.00	\$0.00	\$5,883.94
IFRS-Muldraugh Gas Storage Field	\$896,542.17	\$0.00	\$0.00	\$7,896.96	\$0.00	\$0.00	\$0.00	\$904,439.13
IFRS-Riggs Junction 235120 - UGS	\$28,055.34	\$0.00	\$0.00	\$304.09	\$0.00	\$0.00	\$0.00	\$28,359.43
GL Account Total:	\$12,711,733.77	\$0.00	\$0.00	\$117,324.70	\$0.00	\$0.00	\$0.00	\$12,829,058.47
230017-ASSET RETIREMENT OBLIGAT								
IFRS-Seventh and Ormsby - ComGe	\$118,797.54	\$0.00	\$0.00	\$1,287.64	\$0.00	\$0.00	\$0.00	\$120,085.18
GL Account Total:	\$118,797.54	\$0.00	\$0.00	\$1,287.64	\$0.00	\$0.00	\$0.00	\$120,085.18
Company Total:	\$60,567,042.47	\$0.00	\$0.00	\$590,977.44	\$0.00	\$0.00	\$0.00	\$61,158,019.91
Grand Total:	\$60,567,042.47	\$0.00	\$0.00	\$590,977.44	\$0.00	\$0.00	\$0.00	\$61,158,019.91

Louisville Gas and Electric Company - IFRS
ARO Rollforward Schedule - 2010

	ARO Assets 101107 & 101125 101207,101225,101325	Accum Deprec 108107, 117 & 125 108207&225,108325	RWIP-ARO Legal 230018	ARO Liabilities 230012,13,15-17 230012,13,15-17	Accretion Expense 411150 - 411151 411155 - 411157	Depreciation Expense 403111-403115 403211-12,403311	Cash	Gain/Loss 421105/421205
Ending Balance Dec09/4th Quarter	31,125,419.46	(4,652,760.13)	1,692,378.28	(60,567,042.47)	1,703,762.10	770,610.02	(2,362,932.42)	520,300.69
January Activity								
ARO Accretion	-	-	-	(196,348.02)	196,348.02	-	-	-
ARO Depreciation	-	(97,802.24)	-	-	-	97,802.24	-	-
ARO RWIP	-	-	-	-	-	-	-	-
Ending Balance Jan10	31,125,419.46	(4,750,562.37)	1,692,378.28	(60,763,390.49)	196,348.02	97,802.24	(1,692,378.28)	-
February Activity								
ARO Accretion	-	-	-	(196,991.73)	196,991.73	-	-	-
ARO Depreciation	-	(97,802.24)	-	-	-	97,802.24	-	-
ARO RWIP	-	-	1,470.84	-	-	-	(1,470.84)	-
Ending Balance Feb10	31,125,419.46	(4,848,364.61)	1,693,849.12	(60,960,382.22)	393,339.75	195,604.48	(1,693,849.12)	-
March Activity								
ARO Accretion	-	-	-	(197,637.69)	197,637.69	-	-	-
ARO Depreciation	-	(97,802.19)	-	-	-	97,802.19	-	-
ARO RWIP	-	-	37,638.44	-	-	-	(37,638.44)	-
Ending Balance Mar10/1st Quarter	31,125,419.46	(4,946,166.80)	1,731,487.56	(61,158,019.91)	590,977.44	293,406.67	(1,731,487.56)	-
Total Activity 1st Quarter	-	(293,406.67)	39,109.28	(590,977.44)	590,977.44	293,406.67	(39,109.28)	-

Kentucky Utilities Company - IFRS
 ARO Rollforward Schedule - 2010

	ARO Assets 101107 & 101125 101207,101225,101325	Accum Deprec 108107, 117 & 125 108207&225,108325	RWIP-ARO Legal 230018	ARO Liabilities 230012,13,15,17	Accretion Expense 411150 - 411151 411155 - 411157	Depreciation Expense 403111-403115 403211-12,403311	Cash	Gain/Loss 421105/421205
Ending Balance Dec09/4th Quarter	30,912,235.84	(4,954,957.55)	246,770.15	(61,229,309.67)	1,656,671.28	955,047.93	(553,767.33)	58,948.05
January Activity								
ARO Accretion	-	-	-	(187,948.47)	187,948.47	-	-	-
ARO Depreciation	-	(115,370.39)	-	-	-	112,111.60	-	-
ARO RWIP	-	-	-	-	-	-	-	-
Settlement Activity	(3,336.18)	3,336.18	(14,836.24)	14,836.24	-	-	-	3,258.79
Ending Balance Jan10	30,908,899.66	(5,066,991.76)	231,933.91	(61,402,421.90)	187,948.47	112,111.60	(231,933.91)	3,258.79
February Activity								
ARO Accretion	-	-	-	(188,485.65)	188,485.65	-	-	-
ARO Depreciation	-	(112,109.57)	-	-	-	112,109.57	-	-
ARO RWIP	-	-	-	-	-	-	-	-
Ending Balance Feb10	30,908,899.66	(5,179,101.33)	231,933.91	(61,590,907.55)	376,434.12	224,221.17	(231,933.91)	-
March Activity								
ARO Accretion	-	-	-	(189,077.98)	189,077.98	-	-	-
ARO Depreciation	-	(112,109.58)	-	-	-	112,109.58	-	-
ARO RWIP	-	-	-	-	-	-	-	-
Ending Balance Mar10/1st Quarter	30,908,899.66	(5,291,210.91)	231,933.91	(61,779,985.53)	565,512.10	336,330.75	(231,933.91)	-
Total Activity 1st Quarter	(3,336.18)	(336,253.36)	(14,836.24)	(550,675.86)	565,512.10	336,330.75	-	3,258.79

Crescente, Angela

From: Crescente, Angela
Sent: Tuesday, January 12, 2010 2:11 PM
To: 'eonaudit@us.pwc.com'
Cc: Wiseman, Sara
Subject: I.F.9d

Please see the attached (subledgers) for the cash payments. The first spreadsheet details the balance for accounts 108799 (GAAP) and 230018 (IFRS) at year ended December 31, 2009. The second and third spreadsheets detail the actual cash payments applied to the settlement of the multiple AROs during the months of September and October.



ArchiveInfo.htm

In April, \$13,397.08 was settled against the Waterside ARO (LGE).

Thanks,
Angela

Case No.	Case Name	Case Type	Case Status	Case Description	Case Date	Case Amount	Case Fee	Case Cost	Case Profit	Case Margin	Case Return	Case Risk	Case Impact	Case Benefit	Case Drawdown	Case Recovery	Case Loss	Case Net	Case Total
1000000001	Case 1	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1000000002	Case 2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1000000003	Case 3	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1000000004	Case 4	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1000000005	Case 5	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1000000006	Case 6	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1000000007	Case 7	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1000000008	Case 8	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1000000009	Case 9	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1000000010	Case 10	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1000000011	Case 11	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1000000012	Case 12	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1000000013	Case 13	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1000000014	Case 14	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1000000015	Case 15	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1000000016	Case 16	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1000000017	Case 17	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1000000018	Case 18	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1000000019	Case 19	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1000000020	Case 20	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...

Louisville Gas and Electric Company
ARO Rollforward Schedule - 2008

	ARO Assets Net	ARO Liabilities	Regulatory Assets	Regulatory Liabilities	COR Regulatory Liabilities	COR Depr Expense		101/108 ARO Assets Net	230 ARO Liabilities	182 Regulatory Assets	254 Regulatory Liabilities	COR	COR Depr Expense	
As of December 31, 2003	4.0	(10.0)	6.0	0.0	0.0	0.0	0.0	3,533,509.00	(9,746,702.00)	6,014,913.01	(84,680.91)	457,520.00	25,441.00	200,000.1
ARO accretion		0.0	0.0			0.0	0.0		(657,468.00)	657,468.00				0.0
ARO depreciation	(1.0)		1.0			0.0	0.0	(199,025.00)		199,025.00				0.0
Removal cost incurred		0.0				0.0	0.0		137,824.00					137,824.0
Cost of removal depreciation				0.0		0.0	0.0				(51,458.00)		51,458.00	0.0
As of December 31, 2004	3.0	(10.0)	7.0	0.0	0.0	0.0	0.0	3,334,484.0	(10,266,346.0)	6,871,406.0	(136,138.9)	457,520.0	76,899.0	337,824.1
FIN 47 net asset additions	1.0	(16.0)	12.0		3.0	0.0	0.0	999,844.48	(15,678,892.43)	12,254,653.27		2,424,394.68		0.0
ARO accretion		(1.0)	1.0			0.0	0.0		(700,956.00)	700,956.00				0.0
ARO depreciation						0.0	0.0	(151,704.31)		151,704.31				0.0
Removal cost incurred		0.0				0.0	0.0		86,978.11					86,978.1
Cost of removal depreciation				0.0		0.0	0.0				(38,448.44)		38,448.44	0.0
As of December 31, 2005	4.0	(27.0)	20.0	0.0	3.0	0.0	0.0	4,182,824.2	(26,549,216.3)	19,978,719.6	(174,588.4)	2,881,914.7	115,348.4	434,802.2
ARO accretion		(2.0)	2.0			0.0	0.0		(1,654,403.86)	1,654,403.86				0.0
ARO depreciation	0.0		0.0			0.0	0.0	(175,630.39)		175,625.60				(4.8)
FIN 47 net asset additions	0.0	0.0	0.0			0.0	0.0	9,765.02	(440,672.08)	430,907.06				0.0
Removal cost incurred		1.0				1.0	1.0		213,590.38					213,590.4
Cost of removal depreciation				0.0		0.0	0.0				(80,540.76)		80,540.76	0.0
As of December 31, 2006	4.0	(28.0)	22.0	0.0	3.0	0.0	1.0	4,016,758.80	(28,430,701.88)	22,239,656.11	(255,129.11)	2,881,914.68	195,889.20	648,387.8
ARO accretion		(2.0)	2.0			0.0	0.0		(1,780,917.36)	1,780,917.36				0.0
ARO depreciation	0.0		0.0			0.0	0.0	(175,727.96)		175,727.96				0.0
Misc Adjustments	0.0		0.0			0.0	0.0	27,827.24		(15,901.28)				11,926.0
Removal cost incurred		1.0				1.0	1.0		628,943.55					628,943.6
Cost of removal depreciation				0.0		0.0	0.0				(80,540.76)		80,540.76	0.0
As of December 31, 2007	4.0	(29.0)	24.0	0.0	3.0	0.0	2.0	3,868,858.08	(29,582,675.89)	24,180,400.15	(335,669.87)	2,881,914.68	276,429.96	1,289,257.3
ARO accretion		(2.0)	2.0			0.0	0.0		(1,889,559.67)	1,889,559.67				0.0
ARO depreciation	0.0		0.0			0.0	0.0	(188,954.66)		177,052.60				(11,902.1)
Misc Adjustments	0.0		3.0	(3.0)		0.0	0.0		0.00	2,822,675.60	(2,822,675.60)			0.0
Removal cost incurred		0.0				0.0	0.0		429,293.48					429,293.5
Cost of removal depreciation				0.0		0.0	0.0				(84,761.19)		84,761.19	0.0
As of December 31, 2008	4.0	(31.0)	29.0	(3.0)	3.0	0.0	2.0	3,679,903.42	(31,042,941.88)	29,069,688.02	(3,243,106.66)	2,881,914.68	361,191.15	1,706,648.7

Louisville Gas and Electric Company
 ARO Rollforward Schedule - 2008

	ARO Assets 101107 & 101125 101207, 101225, 101325	Accum Deprec 108107, 117 & 125 108207, 8225, 108325	R/W/A-ARO Legal 108709	COR 108900	ARO Liabilities 230002, 3, 5, 7-old 230019, 13, 15-17	Regulatory Assets 182317 - 182318 182325 - 182327	Regulatory Liabilities 254014 - 254016 411155 - 411157	Accretion Expense 411150 - 411151	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	Cash
Ending Balance 2008Q3	6,844,555.28	(2,772,487.26)		2,881,914.68	(29,593,919.94)	26,607,694.95	(3,138,210.28)	1,406,544.53	60,405.57	144,690.80	(1,408,544.53)	(132,788.74)	(243,327.57)
ARO Accretion					(160,204.81)	160,204.81		160,204.81			(160,204.81)		
ARO Depreciation		(14,754.82)				14,754.62				14,754.82		(14,754.82)	
Misc Adjustments													
Incurred COR - Gen					115,186.87								(115,186.87)
Accrue COR							(8,118.54)		8,118.54				
Ending Balance Oct08	6,844,555.28	(2,787,241.90)		2,881,914.68	(29,638,936.78)	26,776,624.41	(3,146,328.82)	1,598,749.34	68,524.11	159,445.62	(1,568,748.34)	(147,540.35)	(358,514.44)
ARO Accretion					(161,003.70)	161,003.70		161,003.70			(161,003.70)		
ARO Depreciation		(14,754.81)				14,754.81				14,754.81		(14,754.81)	
Misc Adjustments			1,995,491.82		(1,995,491.82)								
Incurred COR - Gen					57,952.98								(57,952.98)
Accrue COR							(8,118.54)		8,118.54				
Ending Balance Nov08	6,844,555.28	(2,801,996.51)	1,995,491.82	2,881,914.68	(31,437,470.34)	26,952,382.72	(3,154,447.36)	1,727,753.04	76,642.65	174,200.03	(1,727,753.04)	(162,297.97)	(416,467.40)
ARO Accretion					(161,808.63)	161,808.63		161,808.63			(161,808.63)		
ARO Depreciation		(14,754.83)				14,754.83				14,754.83		(14,754.83)	
Misc Adjustments			11,138.12		(11,138.12)								
Incurred COR - Gen					12,829.08								(12,829.08)
Accrue COR							(8,118.54)		8,118.54				
Ending Balance Dec08	6,844,555.28	(2,816,751.14)	1,708,629.94	2,881,914.68	(31,597,598.01)	27,128,043.98	(3,162,565.90)	1,889,559.67	84,781.19	188,954.86	(1,889,559.67)	(177,082.80)	(429,293.48)
ARO Accretion					(1,889,559.67)	1,889,559.67		1,889,559.67			(1,889,559.67)		
ARO Depreciation		(188,954.85)				177,052.60				188,954.85		(177,052.60)	
Misc Adjustments			1,708,629.94		(1,708,629.94)	2,822,675.60	(2,822,675.60)						
Incurred COR - Gen					428,263.48								(428,263.48)
Accrue COR							(84,781.19)		84,781.19				
Ending Balance 2008Q4	6,844,555.28	(2,834,671.47)	1,708,629.94	2,881,914.68	(32,749,571.82)	29,059,687.99	(3,243,108.88)	5,728,518.82	84,781.19	539,785.10	(5,728,518.82)	(539,779.00)	(429,293.48)
31-Dec-09	6,844,555.28	(2,894,671.45)	1,708,629.94	2,881,914.68	(32,749,571.82)	29,059,687.99	(3,243,108.88)	1,889,559.67	0.00	188,954.84	(1,889,559.67)	(177,052.58)	-
and	0.00	(0.02)	0.00	0.00	0.00	0.03	0.00	0.00		0.02	0.00	(0.02)	

GAAP

Project	Task	Account	Cash Payment	Product
112767	CP ARO2007	108799	180,534.55	111-Generation
112767	CP ARO2008	108799	246,987.67	111-Generation
112767	CP ARO2008A	108799	104,408.02	111-Generation
112767	CP ARO2009	108799	62,339.18	111-Generation
118349	CP ARO07-2ND	108799	22,719.99	111-Generation
120578	CP RETIRE MAIN	108799	3,149.87	131-Gas (Infrastructure)
122452	CP ASBESTOS	108799	8,900.00	131-Gas (Infrastructure)
AROMC0231	CP 1127837	108799	88,824.42	111-Generation
AROMC0241	CP 1755793	108799	105,610.00	111-Generation
AROMC0241	CP 1755793S03	108799	149,000.00	111-Generation
AROMC0241	CP 1755793S05	108799	91,368.11	111-Generation
AROMC0241	CP 1755793S06	108799	113,100.00	111-Generation
AROMC0241	CP 1755793S06A	108799	39,780.00	111-Generation
AROMC0241	CP ASBMC4	108799	16,200.00	111-Generation
AROMC0241	CP RADMC0601	108799	20,397.77	111-Generation
124380	CP ARO09-4AH-R	108799	6,114.09	111-Generation
124380	CP ARO09-4BL-R	108799	4,185.02	111-Generation
124380	CP ARO09-4FW-R	108799	118.45	111-Generation
124380	CP ARO09-4MISC-R	108799	479.82	111-Generation
124380	CP ARO09-4SDRS-R	108799	132.27	111-Generation
124380	CP ARO09-5BL-R	108799	6,632.99	111-Generation
124380	CP ARO09-5FW-R	108799	2,331.43	111-Generation
124380	CP ARO09-5MISC-R	108799	972.16	111-Generation
124380	CP ARO09-5PIPE-R	108799	17,432.28	111-Generation
124380	CP ARO09-5SPP-R	108799	364.56	111-Generation
124380	CP ARO09-5SW-R	108799	1,264.68	111-Generation
124380	CP ARO09-6BL-R	108799	18,348.27	111-Generation
124380	CP ARO09-6FW-R	108799	9,030.42	111-Generation
124380	CP ARO09-6PIPE-R	108799	14,254.81	111-Generation
124380	CP ARO09-6SH-R	108799	679.29	111-Generation
124380	CP ARO09-6SW-R	108799	1,895.92	111-Generation
124380	CP ARO09-ELEC-R	108799	2,751.68	111-Generation
124380	CP ARO09-MISC-R	108799	16,137.08	111-Generation
124380	CP ARO09-PIPE-R	108799	3,357.43	111-Generation
124831	CP PLUG WELL-CTR	108799	181,555.77	131-Gas (UGS)
124831	CP PLUG WELL-DRK	108799	51,883.06	131-Gas (UGS)
124831	CP PLUG WELL-MAG	108799	35,030.17	131-Gas (UGS)
124798	CP ASBESTOS	108799	7,750.31	131-Gas (UGS)
124802	CP ASBESTOS	108799	23,408.00	131-Gas (UGS)
124842	CP ASBESTOS	108799	2,464.00	131-Gas (Infrastructure)
127280	CP ARO ASBESTOS	108799	30,484.74	111-Generation
			1,692,378.28	

IFRS

Project	Task	Account	Project	Task	Account
IFS112767	CP ARO2007	108799	IFS112767	CP ARO2007	108799
IFS112767	CP ARO2008	108799	IFS112767	CP ARO2008	108799
IFS112767	CP ARO2008A	108799	IFS112767	CP ARO2008A	108799
IFS112767	CP ARO2009	108799	IFS112767	CP ARO2009	108799
IFS118349	CP ARO07-2ND	108799	IFS118349	CP ARO07-2ND	108799
IFS120578	CP RETIRE MAIN	108799	IFS120578	CP RETIRE MAIN	108799
IFS122452	CP ASBESTOS	108799	IFS122452	CP ASBESTOS	108799
IFSMC0231	CP 1127837	108799	IFSMC0231	CP 1127837	108799
IFSMC0241	CP 1755793	108799	IFSMC0241	CP 1755793	108799
IFSMC0241	CP 1755793S03	108799	IFSMC0241	CP 1755793S03	108799
IFSMC0241	CP 1755793S05	108799	IFSMC0241	CP 1755793S05	108799
IFSMC0241	CP 1755793S06	108799	IFSMC0241	CP 1755793S06	108799
IFSMC0241	CP 1755793S06A	108799	IFSMC0241	CP 1755793S06A	108799
IFSMC0241	CP ASBMC4	108799	IFSMC0241	CP ASBMC4	108799
IFSMC0241	CP RADMC0601	108799	IFSMC0241	CP RADMC0601	108799
IFS124380	CP ARO09-4AH-R	108799	IFS124380	CP ARO09-4AH-R	108799
IFS124380	CP ARO09-4BL-R	108799	IFS124380	CP ARO09-4BL-R	108799
IFS124380	CP ARO09-4FW-R	108799	IFS124380	CP ARO09-4FW-R	108799
IFS124380	CP ARO09-4MISC-R	108799	IFS124380	CP ARO09-4MISC-R	108799
IFS124380	CP ARO09-4SDRS-R	108799	IFS124380	CP ARO09-4SDRS-R	108799
IFS124380	CP ARO09-5BL-R	108799	IFS124380	CP ARO09-5BL-R	108799
IFS124380	CP ARO09-5FW-R	108799	IFS124380	CP ARO09-5FW-R	108799
IFS124380	CP ARO09-5MISC-R	108799	IFS124380	CP ARO09-5MISC-R	108799
IFS124380	CP ARO09-5PIPE-R	108799	IFS124380	CP ARO09-5PIPE-R	108799
IFS124380	CP ARO09-5SPP-R	108799	IFS124380	CP ARO09-5SPP-R	108799
IFS124380	CP ARO09-5SW-R	108799	IFS124380	CP ARO09-5SW-R	108799
IFS124380	CP ARO09-6BL-R	108799	IFS124380	CP ARO09-6BL-R	108799
IFS124380	CP ARO09-6FW-R	108799	IFS124380	CP ARO09-6FW-R	108799
IFS124380	CP ARO09-6PIPE-R	108799	IFS124380	CP ARO09-6PIPE-R	108799
IFS124380	CP ARO09-6SH-R	108799	IFS124380	CP ARO09-6SH-R	108799
IFS124380	CP ARO09-6SW-R	108799	IFS124380	CP ARO09-6SW-R	108799
IFS124380	CP ARO09-ELEC-R	108799	IFS124380	CP ARO09-ELEC-R	108799
IFS124380	CP ARO09-MISC-R	108799	IFS124380	CP ARO09-MISC-R	108799
IFS124380	CP ARO09-PIPE-R	108799	IFS124380	CP ARO09-PIPE-R	108799
IFS124831	CP PLUG WELL-CTR	108799	IFS124831	CP PLUG WELL-CTR	108799
IFS124831	CP PLUG WELL-DRK	108799	IFS124831	CP PLUG WELL-DRK	108799
IFS124831	CP PLUG WELL-MAG	108799	IFS124831	CP PLUG WELL-MAG	108799
IFS124798	CP ASBESTOS	108799	IFS124798	CP ASBESTOS	108799
IFS124802	CP ASBESTOS	108799	IFS124802	CP ASBESTOS	108799
IFS124842	CP ASBESTOS	108799	IFS124842	CP ASBESTOS	108799
IFS127280	CP ARO ASBESTOS	108799	IFS127280	CP ARO ASBESTOS	108799

GAAP

Project	Task	Account	Cash Payment	Product
111446	CP ASBESTOS-LEB	108799	14,836.24	121-Transmission
123187	CP AROTY3ASB2008	108799	11,311.04	111-Generation
127259	CP ASBESTOS	108799	42,172.61	111-Generation
AROGH5651	CP 104400	108799	31,651.92	111-Generation
AROGR5614	CP 103939	108799	128,446.66	111-Generation
AROGR5615	CP 103234	108799	16,195.15	111-Generation
AROGR5615	CP DENSMETER	108799	2,156.53	111-Generation
			246,770.15	

IFRS

Project	Task	Account	Project	Task	Account
IFS111446	CP ASBESTOS-LEB	108799	IFS111446	IFSASBESTOS-LEB	230018
IFS123187	CP AROTY2ASB2008	108799	IFS123187	IFSAROTY2ASB2008	230018
IFS127259	CP ASBESTOS	108799	IFS127259	IFSASBESTOS	230018
IFSGH5651	CP 104400	108799	IFSGH5651	IFS104400	230018
IFSGR5614	CP 103939	108799	IFSGR5614	IFS103939	230018
IFSGR5615	CP 103234	108799	IFSGR5615	IFS103234	230018
IFSGR5615	CP DENSMETER	108799	IFSGR5615	IFSDENSMETER	230018

GAAP

Project	Task	Account	Cash Payment	Location
117836	CP ASBESTOS	108799	31,542.50	TY3 ASBESTOS
120466	CP AROGR4ASB	108799	30,152.02	GR4 ASBESTOS
121521	CP AROGR3ASB	108799	10,856.11	GR3 ASBESTOS
122043	CP AROTY3ASB2007	108799	56,686.07	TY3 ASBESTOS
122069	CP ASBESTOS	108799	72,305.44	BR1 ASBESTOS
122202	CP AROTY3ASB	108799	24,083.00	TY3 ASBESTOS
122876	CP 5613	108799	81,372.04	GR3 ASBESTOS
			306,997.18	

IFRS

Project	Task	Account	Project	Task	Account
IFS117836	CP ASBESTOS	108799	IFS117836	IFSASBESTOS	230018
IFS120466	CP AROGR4ASB	108799	IFS120466	IFSAROGR4ASB	230018
IFS121521	CP AROGR3ASB	108799	IFS121521	IFSAROGR3ASB	230018
IFS122043	CP AROTY3ASB2007	108799	IFS122043	IFSAROTY3ASB2007	230018
IFS122069	CP ASBESTOS	108799	IFS122069	IFSASBESTOS	230018
IFS122202	CP AROTY3ASB	108799	IFS122202	IFSAROTY3ASB	230018
IFS122876	CP 5613	108799	IFS122876	IFS5613	230018

All were taken from account 108116

BR1 ASBESTOS	\$	72,305.44
GR3 ASBESTOS	\$	92,228.15
GR4 ASBESTOS	\$	30,152.02
TY3 ASBESTOS	\$	112,311.57
	\$	306,997.18

GAAP

Project	Task	Account	Cash Payment	Location
120940	CP ASBESTOS	108799	41,150.54	CR6 ASBESTOS
120955	CP ASBESTOS CR4	108799	46,538.03	CR4 ASBESTOS
120955	CP ASBESTOS CR5	108799	30,041.29	CR5 ASBESTOS
120955	CP ASBESTOS CR6	108799	22,324.02	CR6 ASBESTOS
121727	CP AROMC3ASB	108799	300,000.00	MC3 ASBESTOS
122169	CP ARO07-4BL-R	108799	22,654.35	CR4 ASBESTOS
122169	CP ARO07-5AH-R	108799	21,598.24	CR5 ASBESTOS
122169	CP ARO07-6AH-R	108799	81,998.70	CR6 ASBESTOS
122273	CP 10B	108799	18,124.85	MC1 ASBESTOS
122274	CP AROMC1ASB	108799	5,987.76	MC1 ASBESTOS
123365	CP ARO08-4AH-R	108799	39,737.75	CR4 ASBESTOS
123365	CP ARO08-5BL-R	108799	32,035.52	CR5 ASBESTOS
123365	CP ARO08-6FW-R	108799	5,562.24	CR6 ASBESTOS
			667,753.29	

IFRS

Project	Task	Account	Project	Task	Account
IFS120940	CP ASBESTOS	108799	IFS120940	IFSASBESTOS	230018
IFS120955	CP ASBESTOS CR4	108799	IFS120955	IFSASBESTOS CR4	230018
IFS120955	CP ASBESTOS CR5	108799	IFS120955	IFSASBESTOS CR5	230018
IFS120955	CP ASBESTOS CR6	108799	IFS120955	IFSASBESTOS CR6	230018
IFS121727	CP AROMC3ASB	108799	IFS121727	IFSAROMC3ASB	230018
IFS122169	CP ARO07-4BL-R	108799	IFS122169	IFSARO07-4BL-R	230018
IFS122169	CP ARO07-5AH-R	108799	IFS122169	IFSARO07-5AH-R	230018
IFS122169	CP ARO07-6AH-R	108799	IFS122169	IFSARO07-6AH-R	230018
IFS122273	CP 10B	108799	IFS122273	IFS10B	230018
IFS122274	CP AROMC1ASB	108799	IFS122274	IFSAROMC1ASB	230018
IFS123365	CP ARO08-4AH-R	108799	IFS123365	IFSARO08-4AH-R	230018
IFS123365	CP ARO08-5BL-R	108799	IFS123365	IFSARO08-5BL-R	230018
IFS123365	CP ARO08-6FW-R	108799	IFS123365	IFSARO08-6FW-R	230018

All were taken from account 108116

CR4 ASBESTOS	\$	108,930.13
CR5 ASBESTOS	\$	83,675.05
CR6 ASBESTOS	\$	151,035.50
MC1 ASBESTOS	\$	24,112.61
MC3 ASBESTOS	\$	300,000.00
	\$	667,753.29

GAAP

IFRS

Project	Task	Account	Cash Payment	Location
100999	CP PLUG WELL-MAG	108799	4,693.49	MAGNOLIA GSF-UGS
120583	CP PLUG WELL-CTR	108799	58,910.81	CENTER GSF-UGS
120583	CP PLUG WELL-MAG	108799	59,853.35	MAGNOLIA GSF-UGS
121929	CP PLUG WELL-CTR	108799	15,795.61	CENTER GSF-UGS
121929	CP PLUG WELL-MAG	108799	6,401.86	MAGNOLIA GSF-UGS
123026	CP PLUG - CTR	108799	267,487.51	CENTER GSF-UGS
123026	CP PLUG - MAG	108799	9,174.55	MAGNOLIA GSF-UGS
			<u>422,317.18</u>	

Project	Task	Account	Project	Task	Account
IFS100999	CP PLUG WELL-MAG	108799	IFS100999	IFSPLUG WELL-MAG	230018
IFS120583	CP PLUG WELL-CTR	108799	IFS120583	IFSPLUG WELL-CTR	230018
IFS120583	CP PLUG WELL-MAG	108799	IFS120583	IFSPLUG WELL-MAG	230018
IFS121929	CP PLUG WELL-CTR	108799	IFS121929	IFSPLUG WELL-CTR	230018
IFS121929	CP PLUG WELL-MAG	108799	IFS121929	IFSPLUG WELL-MAG	230018
IFS123026	CP PLUG - CTR	108799	IFS123026	IFSPLUG - CTR	230018
IFS123026	CP PLUG - MAG	108799	IFS123026	IFSPLUG - MAG	230018

All were taken from
 account 108216

MAGNOLIA GSF-UGS	\$	80,123.25
CENTER GSF-UGS	\$	342,193.93
	\$	<u>422,317.18</u>

Crescente, Angela

From: sarah.b.carpenter@us.pwc.com
Sent: Tuesday, January 19, 2010 5:18 PM
To: Crescente, Angela
Subject: PPE - ARO year end rollforwards
Attachments: ARO Rollforward LGE-KU(GAAP)_12.31.08_xls.zip; ARO Rollforward LGE-KU(IFRS)_12.31.08_XLS.zip

Hi Angela,

I am working on the property, plant and equipment section of the year end audit and was wondering if you could provide me with the ARO rollforwards for both LG&E and KU (IFRS and GAAP) as of 12/31/2009? Please see the attachments below for an example of what was given to us last year:

Please let me know if you have any questions. My extension in the PwC audit room is 2663.

Thanks,
Sarah Beth

Sarah Beth Carpenter | PricewaterhouseCoopers LLP | Assurance and Business Advisory Services | Email: sarah.b.carpenter@us.pwc.com
500 W. Main Street Ste. 1800 | Louisville, KY 40202 | Phone: 502.585.7731 | Fax: 813.329.5081 | Mobile: 606.584.3322

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Louisville Gas and Electric Company
 ARO Rollforward Schedule - 2008

	ARO Assets 101107 & 101125 101207,101225,101325	Accum Deprec 106107, 117 & 125 108207&225,108325	R/WIP-ARO Legal 108789	ARO Liabilities 230002,3,5,7-old 230012,13,15-17	Regulatory Assets 182317 - 182318 182325 - 182327	Regulatory Liabilities 254014 - 254016	Accretion Expense 411150 - 411151 411155 - 411157	Depreciation Expense 403111-403115 403211-12,403311	Dept Regulatory Cr 407421 - 407422 407425 - 407427	Cumm Eff - Reg Cr 407411 - 407412 407415 - 407417	Cum Eff of Acctg Chg 435xxx
Ending Balance 2008Q3	6,644,555.28 PQ	(2,920,388.00) PQ		(30,745,892.65) PQ	28,542,409.02 PQ	(3,218,751.04) PQ	1,406,544.53 PQ	144,680.80 PQ	(132,788.74) PQ	-	-
ARO Accretion				(180,204.81)	180,204.81		160,204.81				
ARO Depreciation		(14,754.62)			14,754.62			14,754.62		(14,754.62)	
Misc Adjustments											
Incurred COR - Gen				115,188.87							
Accrue COR						(8,118.54)					
Ending Balance Oct08	6,644,555.28 f	(2,787,241.80) f	- f	(29,638,936.78) f	28,776,824.41 f	(3,146,328.82) f	1,568,749.34 f	156,445.42 f	(147,543.36) f	- f	- f
ARO Accretion				(161,003.70)	161,003.70		161,003.70				
ARO Depreciation		(14,754.61)			14,754.61			14,754.61		(14,754.61)	
Misc Adjustments			1,895,491.82	(1,895,491.82)							
Incurred COR - Gen				57,952.88							
Accrue COR						(8,118.54)					
Ending Balance Nov08	6,644,555.28 f	(2,801,996.51) f	1,895,491.82 f	(31,437,479.34) f	28,952,382.72 f	(3,154,447.36) f	1,727,753.04 f	174,200.03 f	(162,267.97) f	- f	- f
ARO Accretion				(161,806.63)	161,806.63		161,806.63				
ARO Depreciation		(14,754.63)			14,754.63			14,754.63		(14,754.63)	
Misc Adjustments			11,138.12	(11,138.12)							
Incurred COR - Gen				12,826.08							
Accrue COR						(8,118.54)					
Ending Balance Dec08	6,644,555.28 f	(2,816,751.14) f	1,708,629.94 f	(31,597,598.01) f	27,128,943.98 f	(3,162,565.90) f	1,889,559.67 F	188,954.66 G	(177,052.60) H	- f	- f
ARO Accretion				(1,889,559.67)	1,889,559.67		1,889,559.67 F				
ARO Depreciation		(188,954.66)			177,052.60			188,954.66 G	(177,052.60) H		
Misc Adjustments			1,708,629.94	(1,708,629.94)	2,822,675.60	(2,822,675.60)					
Incurred COR - Gen				429,263.48							
Accrue COR						(84,761.19)					
Ending Balance 2008Q4	6,644,555.28 A	(2,664,671.47) B	1,708,629.94 ✓	(32,749,571.82) C, I	29,089,888.02 D	(3,243,106.86) E	5,728,518.62	539,755.10	(539,779.00)	-	-

LG&E
ARO (GAAP)
Tie-out of Rollforward to G/L Account Balances
12/31/2008

LG&E ARO (GAAP) Rollforward Tie-out to 12/31/2008 Trial Balance:

ARO Assets			Accum. Deprec.			ARO Liabilities		
GL Acct. No.	12/31/08 Bal.		GL Acct. No.	12/31/08 Bal.		GL Acct. No.	12/31/08 Bal.	
101107	6,027,511.93	TB (w/p 6500-1.10)	108107	(2,519,867.80)	TB (w/p 6500-1.10)	230002	-	TB (w/p 6500-1.10)
101125	41,406.69		108117	-		230003	-	
101207	566,942.63		108125	(14,258.96)		230005	-	
101225	4,958.87		108207	(427,256.05)		230007	-	
101325	3,735.16		108225	(2,089.04)		230012	(24,200,916.79)	
	<u>6,644,555.28</u>	A	108325	(1,199.60)		230013	(30,469.54)	
				<u>(2,964,671.45)</u>	B	230015	(274,383.58)	
						230016	(8,216,598.51)	
						230017	(27,203.40)	
							<u>(32,749,571.82)</u>	C

Reg Assets			Reg Liabilities			Accretion Expense		
GL Acct. No.	12/31/08 Bal.		GL Acct. No.	12/31/08 Bal.		GL Acct. No.	12/31/08 Bal.	
182317	20,693,659.75	TB (w/p 6500-1.10)	254014	(638,682.62)	TB (w/p 6500-1.10)	411150	1,428,423.49	TB (w/p 6500-1.10)
182318	27,812.41		254015	(13,770.00)		411151	1,805.03	
182325	249,505.89		254016	(2,590,654.04)		411155	15,132.44	
182326	8,074,042.10			<u>(3,243,106.66)</u>	E	411156	442,698.48	
182327	24,667.84					411157	1,500.23	
	<u>29,069,687.99</u>	D					<u>1,889,559.67</u>	F

Reg Liabilities			Depreciation Regulatory Cr.		
GL Acct. No.	12/31/08 Bal.		GL Acct. No.	12/31/08 Bal.	
403111	170,097.05	TB (w/p 6500-1.10)	407421	(167,326.14)	TB (w/p 6500-1.10)

403112	179.16	407422	(180.25)
403113	3085.49	407425	(366.11)
403114	495.6	407426	(9,145.76)
403115	6006.39	407427	(34.32)
403211	8739.27		<u>(177,052.58)</u> H
403212	319.58		
403311	32.1		
	<u>188,954.64</u> G		

Tickmark Legend:

A - H NC agreed to the LG&E ARO (GAAP) rollforward as of 12/31/2008. Refer to the respective tickmarks in the LG&E ARO rollforward at tab "LGE-2008Q4".

Kentucky Utilities Company
 ARO Rollforward Schedule - 2008

	AR-Assets 0107 & 0112 10207-09225-10125 9,354,776.00	Accum Deprec 108107 & 10125 108207-09225-108205 6,853,829.69	RMF-ARO-Logis 108780 0.00	ARO Utilities 290025-317-6d 250372-315-17 51,088,624.79	Regulatory Assets 182317-182318 182325-182327 2,739,927.42	Regulatory Liabilities 250184-25018 182328-182331 2,739,927.42	Accrual Expense 411150-411151 411152-411157 12,424,327.84	Depreciation Expense 40311-403115 40311-403115 230,091.03	Door Regulatory C 407401-407402 407403-407407 1,424,327.84	Accrual Expense 407401-407402 407403-407407 1,424,327.84	Door Regulatory C 407401-407402 407403-407407 1,424,327.84	Cum. Exp. - Reg C 407411-407412 407413-407417 220,289.91	Cum. Exp. of 407411-407412 407413-407417 453,906	Cash 02,737.89
Ending Balance 2008Q3	9,354,776.00	6,853,829.69	0.00	51,088,624.79	2,739,927.42	2,739,927.42	12,424,327.84	230,091.03	1,424,327.84	1,424,327.84	1,424,327.84	220,289.91	453,906	02,737.89
FIN 47 Implementation														
FAS 143 St. Deprec Corr														
ARO Accrual														
ARO Depreciation														
Misc JE COR - Gen														
Accrual COR														
As of Oct 31, 2008	9,354,776.00	6,853,829.69	0.00	51,088,624.79	2,739,927.42	2,739,927.42	12,424,327.84	230,091.03	1,424,327.84	1,424,327.84	1,424,327.84	220,289.91	453,906	02,737.89
FIN 47 Implementation														
FAS 143 St. Deprec Corr														
ARO Accrual														
ARO Depreciation														
Misc JE														
Incurred COR - Gen														
Accrual COR														
As of Nov 30, 2008	9,354,776.00	6,853,829.69	392,213.38	52,308,148.84	27,620,828.58	27,620,828.58	1,811,874.68	309,494.88	1,511,654.09	1,511,654.09	1,511,654.09	270,224.53	453,906	02,737.89
FIN 47 Implementation														
FAS 143 St. Deprec Corr														
ARO Accrual														
ARO Depreciation														
Misc JE														
Incurred COR - Gen														
Accrual COR														
As of Nov 30, 2008	9,354,776.00	6,853,829.69	392,213.38	52,308,148.84	27,620,828.58	27,620,828.58	1,811,874.68	309,494.88	1,511,654.09	1,511,654.09	1,511,654.09	270,224.53	453,906	02,737.89
FIN 47 Implementation														
FAS 143 St. Deprec Corr														
ARO Accrual														
ARO Depreciation														
Misc JE														
Incurred COR - Gen														
Accrual COR														
Ending Balance Dec08	9,354,776.00	6,853,829.69	392,213.38	52,308,148.84	27,620,828.58	27,620,828.58	1,811,874.68	309,494.88	1,511,654.09	1,511,654.09	1,511,654.09	270,224.53	453,906	02,737.89
FIN 47 Implementation														
FAS 143 St. Deprec Corr														
ARO Accrual														
ARO Depreciation														
Misc JE														
Incurred COR - Gen														
Accrual COR														
Ending Balance Dec08	9,354,776.00	6,853,829.69	392,213.38	52,308,148.84	27,620,828.58	27,620,828.58	1,811,874.68	309,494.88	1,511,654.09	1,511,654.09	1,511,654.09	270,224.53	453,906	02,737.89
FIN 47 Implementation														
FAS 143 St. Deprec Corr														
ARO Accrual														
ARO Depreciation														
Misc JE														
Incurred COR - Gen														
Accrual COR														
Ending Balance Dec08	9,354,776.00	6,853,829.69	392,213.38	52,308,148.84	27,620,828.58	27,620,828.58	1,811,874.68	309,494.88	1,511,654.09	1,511,654.09	1,511,654.09	270,224.53	453,906	02,737.89

KU
 ARO (GAAP)
 Tie-out of Rollforward to G/L Account Balances
 12/31/2008

ARO (GAAP) Rollforward Tie-out to 12/31/2008 Trial Balance:

ARO Assets			Accum. Deprec.			ARO Liabilities		
GL Acct. No.	12/31/2008		GL Acct. No.	12/31/2008		GL Acct. No.	12/31/2008	
101107	9,328,738.81	TB (w/p 6500-1.10)	108107	(4,651,022.55)	TB (w/p 6500-1.10)	230002		TB (w/p 6500-1.10)
101125	26,037.38		108117	-		230003		
101207	-		108125	(8,960.16)		230005		
101225	-		108207	-		230007		
101325	-		108225	-		230012	(32,350,682.69)	
	<u>9,354,776.19</u>	A	108325	-		230013	(79,886.57)	
				<u>(4,659,982.71)</u>	B	230015	(135,540.88)	
						230017	-	
							<u>(32,566,110.14)</u>	C

Reg Assets			Reg Liabilities			Accretion Expense		
GL Acct. No.	12/31/2008		GL Acct. No.	12/31/2008		GL Acct. No.	12/31/2008	
182317	27,674,560.29	TB (w/p 6500-1.10)	254014	(2,856,827.93)	TB (w/p 6500-1.10)	411150	1,969,815.85	TB (w/p 6500-1.10)
182318	73,439.53		254015	(1,044,596.10)		411151	4,284.30	
182325	123,316.84		254016	-		411155	7,475.21	
182326				<u>(3,901,424.03)</u>	E		<u>1,981,575.36</u>	F
182327								
	<u>27,871,316.66</u>	D						

Depreciation Exp.			Accr. Regulatory Cr.			Depr. Regulatory Cr.		
GL Acct. No.	12/31/2008		GL Acct. No.	12/31/2008		GL Acct. No.	12/31/2008	
403111	331,380.04	TB (w/p 6500-1.10)	407401	(1,969,815.85)	TB (w/p 6500-1.10)	407421	(294,311.83)	TB (w/p 6500-1.10)
403112	180.00		407402	(4,284.30)		407422	(478.88)	
403113	2,435.88		407405	(7,475.21)		407425	(182.64)	
403114	51.80			<u>(1,981,575.36)</u>	H		<u>(294,973.35)</u>	I

403115	166.15	↓
	<u>334,213.87</u>	G

Tickmark Legend:

A - I NC agreed the sum of the individual GL accounts as of 12/31/2008 to the respective amounts on the 12/31/2008 KU ARO (GAAP) rollforward. Refer to the "KU-2008Q4" tab for the ARO rollforward and the respective tickmarks. No exceptions noted.

Crescente, Angela

From: Crescente, Angela
Sent: Wednesday, January 20, 2010 6:53 PM
To: 'sarah.b.carpenter@us.pwc.com'
Cc: Wiseman, Sara
Subject: RE: PPE - ARO year end rollforwards
Attachments: ARO Rollforward LGE KU Balance Ended Dec 09 for auditors.xls

Sarah:

Please see the attached per your request.

Thanks,
Angela

From: sarah.b.carpenter@us.pwc.com [mailto:sarah.b.carpenter@us.pwc.com]
Sent: Tuesday, January 19, 2010 5:18 PM
To: Crescente, Angela
Subject: PPE - ARO year end rollforwards

Hi Angela,

I am working on the property, plant and equipment section of the year end audit and was wondering if you could provide me with the ARO rollforwards for both LG&E and KU (IFRS and GAAP) as of 12/31/2009? Please see the attachments below for an example of what was given to us last year:

Please let me know if you have any questions. My extension in the PwC audit room is 2663.

Thanks,
Sarah Beth

Sarah Beth Carpenter | PricewaterhouseCoopers LLP | Assurance and Business Advisory Services | Email:
sarah.b.carpenter@us.pwc.com
500 W. Main Street Ste. 1800 | Louisville, KY 40202 | Phone: 502.585.7731 | Fax: 813.329.5081 | Mobile: 606.584.3322

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Charnas

Louisville Gas and Electric Company
 ARO Retirement Schedule - 2000

	ARO Assets 101207,101255,101325	Accum Overage 108107,117,125	RWE-ARO Lease 108799	COR Parent 109000	ARO Liabilities 200012,13,15,17	Regulatory Assets 102012,13,15,17	Regulatory Liabilities 254014,254016	Accrual Expense 41150,41151	Depreciation Expense 40311,40315	Accrual Expense 507401,407402	Dep Regulatory C/ 407401,407402	Cash
Quarter Activity												
ARO Accretion	-	(18,025.38)	-	-	164,054.33	-	-	164,054.33	-	(19,025.38)	-	-
ARO Depreciation	-	-	13,141.59	-	16,035.38	-	-	-	10,025.38	-	-	(13,141.59)
ARO RVP	-	-	-	-	-	-	(6,683.65)	-	-	-	-	-
Accrued COR	20,130.63	-	(57,317.16)	(208,300.70)	422,317.18	-	208,300.70	-	8,804.05	-	-	-
Statement Activity	8,552,486.00	(3,051,053.35)	1,772,636.43	(2,019,607.88)	(82,176,856.41)	29,725,459.78	(3,057,053.38)	1,645,108.38	60,208.51	(288,305.19)	(2,338,674.01)	-
Ending Balance Oct00												
November Activity												
ARO Accretion	-	(3,073,843.10)	-	-	1,556,850.63	-	(3,098,008.70)	-	-	(192,520.30)	-	-
ARO Depreciation	-	-	287,344.17	-	14,038.74	-	-	-	-	-	-	(288,344.17)
ARO RVP	-	-	-	-	-	-	(8,003.30)	-	-	-	-	-
Accrued COR	6,502,486.00	-	-	(2,616,607.88)	62,979,884.77	29,457,029.86	(3,098,008.70)	1,806,035.75	89,208.83	(221,027.83)	(2,969,418.18)	-
Ending Balance Nov00												
December Activity												
ARO Accretion	-	-	-	-	183,744.37	-	-	183,744.37	-	-	-	-
ARO Depreciation	-	(14,830.73)	-	-	14,830.73	-	-	-	14,830.73	-	-	(14,830.73)
ARO RVP	-	-	-	-	-	-	-	-	-	-	-	-
Accrued COR	6,502,486.00	(3,086,202.83)	1,802,876.78	(2,616,607.88)	(33,043,670.14)	29,689,479.99	(3,075,128.94)	1,866,780.12	9,126.24	(1,989,730.14)	(2,703,832.42)	-
Ending Balance Dec00/4th Quarter												
Total Activity 4th Quarter	20,130.63	(29,165.77)	10,869.75	(208,300.70)	(88,419.89)	116,716.73	238,200.78	403,728.03	27,016.81	(48,304.65)	(24,354.85)	(453,913.41)

Louisville Gas and Electric Company - IFRS
ARO Rollforward Schedule - 2009

	ARO Assets 101107 & 101125 101207,101225,101325	Accum Deprec 108107, 117 & 125 108207&225,108325	RWIP-ARO Legal 230018	ARO Liabilities 230012,13,15-17 230012,13,15-17	Accretion Expense 411150 - 411151 411155 - 411157	Depreciation Expense 403111-403115 403211-12,403311	Cash	Gain/Loss 421105/421205
Ending Balance Dec08/4th Quarter	18,892,143.34	(3,619,053.93)	1,706,629.94	(48,082,777.79)	2,035,389.00	188,954.64	(1,706,629.94)	-
January Activity								
ARO Accretion	-	-	-	(109,655.36)	109,655.36	-	-	-
ARO Depreciation	-	(57,552.19)	-	-	-	57,552.19	-	-
ARO RWIP	-	-	-	-	-	-	-	-
Ending Balance Jan09	18,892,143.34	(3,676,606.12)	1,706,629.94	(48,192,433.15)	109,655.36	57,552.19	(1,706,629.94)	-
February Activity								
ARO Accretion	-	-	-	(109,910.98)	109,910.98	-	-	-
ARO Depreciation	-	(57,552.23)	-	-	-	57,552.23	-	-
ARO RWIP	-	-	-	-	-	-	-	-
Ending Balance Feb09	18,892,143.34	(3,734,158.35)	1,706,629.94	(48,302,344.13)	219,566.34	115,104.42	(1,706,629.94)	-
March Activity								
ARO Accretion	-	-	-	(110,167.24)	110,167.24	-	-	-
ARO Depreciation	-	(57,552.22)	-	-	-	57,552.22	-	-
ARO RWIP	-	-	30,715.17	-	-	-	(30,715.17)	-
Ending Balance Mar09/1st Quarter	18,892,143.34	(3,791,710.57)	1,737,345.11	(48,412,511.37)	329,733.58	172,656.64	(1,737,345.11)	-
Total Activity 1st Quarter	-	(172,656.64)	30,715.17	(329,733.58)	329,733.58	172,656.64	(30,715.17)	-
April Activity								
ARO Accretion	-	-	-	(110,424.04)	110,424.04	-	-	-
ARO Depreciation	-	(450,365.10)	-	-	-	56,929.70	-	-
ARO RWIP	-	-	16,360.55	-	-	-	(16,360.55)	-
Settlement Activity	(419,836.56)	419,836.56	(13,397.08)	1,013,342.98	-	-	-	(606,510.50)
Ending Balance Apr09	18,472,306.78	(3,822,239.11)	1,740,308.58	(47,509,592.43)	440,157.62	229,586.34	(1,753,705.66)	(606,510.50)
May Activity								
ARO Accretion	-	-	-	(107,967.41)	107,967.41	-	-	-
ARO Depreciation	-	(56,929.71)	-	-	-	56,929.71	-	-
ARO RWIP	-	-	-	-	-	-	-	-
Ending Balance May09	18,472,306.78	(3,879,168.82)	1,740,308.58	(47,617,559.84)	548,125.03	286,516.05	(1,753,705.66)	-
June Activity								
ARO Accretion	-	-	-	(108,218.20)	108,218.20	-	-	-

Louisville Gas and Electric Company - IFRS

ARO Rollforward Schedule - 2009

	ARO Assets 101107 & 101125 101207,101225,101325	Accum Deprec 108107, 117 & 125 108207&225,108325	RWIP-ARO Legal 230018	ARO Liabilities 230012,13,15-17 230012,13,15-17	Accretion Expense 411150 - 411151 411155 - 411157	Depreciation Expense 403111-403115 403211-12,403311	Cash	Gain/Loss 421105/421205
ARO Depreciation	-	(62,476.89)	-	-	-	62,476.89	-	-
ARO RWIP	-	-	15,691.22	-	-	-	(15,691.22)	-
Revaluation	3,478,950.34	-	-	(3,478,950.34)	-	-	-	-
Ending Balance Jun09/2nd Quarter	21,951,257.12	(3,941,645.71)	1,755,999.80	(51,204,728.38)	656,343.23	348,992.94	(1,769,396.88)	-
Total Activity 2nd Quarter	3,059,113.78	(149,935.14)	18,654.69	(2,792,217.01)	326,609.65	176,336.30	(32,051.77)	(606,510.50)
July Activity								
ARO Accretion	-	-	-	(174,765.47)	174,765.47	-	-	-
ARO Depreciation	-	(68,049.46)	-	-	-	68,049.46	-	-
ARO RWIP	-	-	159,689.47	-	-	-	(159,689.47)	-
Ending Balance Jul09	21,951,257.12	(4,009,695.17)	1,915,689.27	(51,379,493.85)	831,108.70	417,042.40	(1,929,086.35)	-
August Activity								
ARO Accretion	-	-	-	(175,367.85)	175,367.85	-	-	-
ARO Depreciation	-	(68,049.41)	-	-	-	68,049.41	-	-
ARO RWIP	-	-	148,953.88	-	-	-	(148,953.88)	-
Ending Balance Aug09	21,951,257.12	(4,077,744.58)	2,064,643.15	(51,554,861.70)	1,006,476.55	485,091.81	(2,078,040.23)	-
September Activity								
ARO Accretion	-	-	-	(175,972.35)	175,972.35	-	-	-
ARO Depreciation	-	(237,693.45)	-	-	-	67,970.39	-	-
ARO RWIP	-	-	284,892.19	-	-	-	(284,892.19)	-
Settlement Activity	(104,259.52)	104,259.52	(667,753.29)	667,753.29	-	-	-	169,723.06
Ending Balance Sep09/3rd Quarter	21,846,997.60	(4,211,178.51)	1,681,782.05	(51,063,080.76)	1,182,448.90	553,062.20	(2,362,932.42)	169,723.06
Total Activity 3rd Quarter	(104,259.52)	(269,532.80)	(74,217.75)	141,647.62	526,105.67	204,069.26	(593,535.54)	169,723.06
October Activity								
ARO Accretion	-	-	-	(174,063.80)	174,063.80	-	-	-
ARO Depreciation	-	(418,207.82)	-	-	-	67,630.19	-	-
ARO RWIP	-	-	13,141.59	-	-	-	(13,141.59)	-
Settlement Activity	(126,543.83)	126,543.83	(422,317.18)	422,317.18	-	-	-	350,577.63
Ending Balance Oct09	21,720,453.77	(4,502,842.50)	1,272,606.46	(50,814,827.38)	1,356,512.70	620,692.39	(1,929,086.35)	520,300.69

Louisville Gas and Electric Company - IFRS
ARO Rollforward Schedule - 2009

	ARO Assets	Accum Deprec	RWIP-ARO Legal	ARO Liabilities	Accretion Expense	Depreciation Expense		Gain/Loss
	101107 & 101125	108107, 117 & 125	230018	230012,13,15-17	411150 - 411151	403111-403115		421105/421205
	101207,101225,101325	108207&225,108325		230012,13,15-17	411155 - 411157	403211-12,403311	Cash	
November Activity								
ARO Accretion	-	-	-	(173,326.15)	173,326.15	-	-	-
ARO Depreciation	-	(67,367.58)	-	-	-	67,367.58	-	-
ARO RWIP	-	-	287,344.17	-	-	-	(287,344.17)	-
Ending Balance Nov09	21,720,453.77	(4,570,210.08)	1,559,950.63	(50,988,153.53)	1,529,838.85	688,059.97	(2,078,040.23)	-
December Activity								
ARO Accretion	-	-	-	(173,923.25)	173,923.25	-	-	-
ARO Depreciation	-	(82,550.05)	-	-	-	82,550.05	-	-
ARO RWIP	-	-	132,427.65	-	-	-	(132,427.65)	-
Revaluation	9,404,965.69	-	-	(9,404,965.69)	-	-	-	-
Ending Balance Dec09/4th Quarter	31,125,419.46	(4,652,760.13)	1,692,378.28	(60,567,042.47)	1,703,762.10	770,610.02	(2,362,932.42)	520,300.69
Total Activity 4th Quarter	9,278,421.86	(441,581.62)	10,596.23	(9,926,278.89)	521,313.20	217,547.82	(432,913.41)	350,577.63

Kentucky Utilities Company
 ARO Rollforward Schedule - 2009

	ARO Assets: 101107 & 101125 101207 101225 101325	Accum Deprec 108107, 117 & 125 108207 108225 108325	RWIP-ARO Legal 108788 108800	CCR Parent 108800	ARO Liabilities 200012, 13, 15, 17 182317 - 182318 182325 - 182327	Regulatory Assets 182317 - 182318 254014 - 254016	Regulatory Liabilities 411155 - 411157	Accretion Expense 411150 - 411151 Parent 403300	Depreciation Exp Parent 403211-12, 403311	Depreciation Expense 403111-403115 407401 - 407402 407405 - 407407	Accr Regulatory Cr 407401 - 407402 407425 - 407427	Depr Regulatory Cr 407421 - 407422 407425 - 407427	Cash
Ending Balance Dec08/4th Quarter	9,354,778.19	(4,684,982.71)	382,213.38	2,388,400.00	(32,586,110.14)	27,871,316.88	(3,901,424.03)	1,981,575.38	252,062.70	334,213.87	(1,861,575.38)	(264,873.35)	(382,213.38)
January Activity	-	-	-	-	(170,854.60)	170,854.80	-	170,854.80	-	-	(170,854.60)	(24,748.89)	-
ARO Accretion	-	-	-	-	-	24,748.89	-	-	-	24,748.89	-	-	-
ARO Depreciation	-	(24,748.89)	-	-	-	-	-	-	20,972.84	-	-	(24,748.89)	-
Accrue CCR	-	-	-	-	-	-	(20,972.84)	-	-	-	-	-	-
Ending Balance Jan09	9,354,778.19	(4,684,731.60)	382,213.38	2,388,400.00	(32,756,964.74)	28,042,171.68	(3,922,396.87)	170,854.80	20,972.84	24,748.89	(170,854.60)	(24,748.89)	(382,213.38)
February Activity	-	-	-	-	(171,752.67)	171,752.67	-	171,752.67	-	-	(171,752.87)	-	-
ARO Accretion	-	-	-	-	-	24,748.86	-	-	-	24,748.86	-	(24,748.86)	-
ARO Depreciation	-	(24,748.96)	-	-	-	-	(22,014.42)	-	22,014.42	-	-	-	-
Accrue CCR	-	-	-	-	-	-	(3,944,411.29)	342,607.27	42,987.26	-	(49,497.85)	-	(382,213.38)
Ending Balance Feb09	9,354,778.19	(4,709,480.56)	382,213.38	2,388,400.00	(32,928,717.41)	28,213,924.35	(3,966,308.16)	342,607.27	42,987.26	49,497.85	(342,607.27)	(49,497.85)	(382,213.38)
March Activity	-	-	-	-	(172,855.48)	172,855.48	-	172,855.48	-	-	(172,855.48)	-	-
ARO Accretion	-	-	-	-	-	24,744.47	-	-	-	24,744.47	-	(24,744.47)	-
ARO Depreciation	-	(24,744.47)	-	-	-	-	(20,354.11)	-	20,354.11	-	-	-	-
Accrue CCR	-	-	-	-	-	-	(3,064,785.40)	515,282.75	83,341.37	74,242.32	(515,282.75)	(74,242.32)	(382,213.38)
Ending Balance Mar09/1st Quarter	9,354,778.19	(4,734,225.03)	382,213.38	2,388,400.00	(33,081,372.89)	28,386,780.83	(3,991,193.27)	515,282.75	83,341.37	74,242.32	(515,282.75)	(74,242.32)	(382,213.38)
Total Activity 1st Quarter	-	(74,242.32)	-	-	(515,282.75)	589,505.07	(83,341.37)	515,282.75	83,341.37	74,242.32	(515,282.75)	(74,242.32)	-
April Activity	-	-	-	-	(173,583.02)	173,583.02	-	173,583.02	-	-	(173,583.02)	-	-
ARO Accretion	-	-	-	-	-	24,748.99	-	-	-	24,748.99	-	(24,748.99)	-
ARO Depreciation	-	(24,748.99)	-	-	-	-	(18,883.80)	-	18,883.80	-	-	-	-
Accrue CCR	-	-	-	-	-	-	(3,983,459.20)	888,825.77	82,033.17	98,991.31	(888,825.77)	(88,991.31)	(382,213.38)
Ending Balance Apr09	9,354,778.19	(4,758,974.02)	382,213.38	2,388,400.00	(33,254,955.91)	28,560,363.85	(4,025,152.47)	888,825.77	82,033.17	98,991.31	(888,825.77)	(88,991.31)	(382,213.38)
May Activity	-	-	-	-	(174,475.34)	174,475.34	-	174,475.34	-	-	(174,475.34)	-	-
ARO Accretion	-	-	-	-	-	24,748.94	-	-	-	24,748.94	-	(24,748.94)	-
ARO Depreciation	-	(24,748.94)	-	-	-	-	(19,301.53)	-	19,301.53	-	-	-	-
Accrue CCR	-	-	-	-	-	-	(4,002,780.73)	883,301.11	101,338.70	123,740.25	(883,301.11)	(123,740.25)	(382,213.38)
Ending Balance May09	9,354,778.19	(4,783,722.96)	382,213.38	2,388,400.00	(33,429,431.25)	28,734,839.19	(4,047,933.20)	883,301.11	101,338.70	123,740.25	(883,301.11)	(123,740.25)	(382,213.38)
June Activity	-	-	-	-	(175,382.41)	175,382.41	-	175,382.41	-	-	(175,382.41)	-	-
ARO Accretion	-	-	-	-	-	24,748.88	-	-	-	24,748.88	-	(24,748.88)	-
ARO Depreciation	-	(24,748.88)	-	-	-	-	(19,809.20)	-	19,809.20	-	-	-	-
Accrue CCR	-	-	-	-	-	-	(4,027,869.83)	1,038,893.52	121,245.60	148,489.21	(1,038,893.52)	(148,489.21)	(382,213.38)
Ending Balance Jun09/2nd Quarter	9,354,778.19	(4,808,471.84)	382,213.38	2,388,400.00	(33,604,813.66)	28,910,221.60	(4,075,803.03)	1,038,893.52	121,245.60	148,489.21	(1,038,893.52)	(148,489.21)	(382,213.38)
Total Activity 2nd Quarter	-	(74,248.88)	-	-	(523,430.77)	597,677.89	(57,904.53)	523,430.77	57,904.53	74,248.89	(523,430.77)	(74,248.88)	-
July Activity	-	-	-	-	(176,314.35)	176,314.35	-	176,314.35	-	-	(176,314.35)	-	-
ARO Accretion	-	-	-	-	-	24,748.95	-	-	-	24,748.95	-	(24,748.95)	-
ARO Depreciation	-	(24,748.95)	-	-	-	-	(19,809.20)	-	19,809.20	-	-	-	-
Accrue CCR	-	-	-	-	-	-	(4,042,579.13)	1,215,007.87	77,813.73	173,238.18	(1,215,007.87)	(173,238.18)	(382,213.38)
Ending Balance Jul09	9,354,778.19	(4,833,220.79)	382,213.38	2,388,400.00	(33,781,128.01)	29,086,895.95	(4,098,382.16)	1,215,007.87	77,813.73	173,238.18	(1,215,007.87)	(173,238.18)	(382,213.38)
August Activity	-	-	-	-	(177,241.15)	177,241.15	-	177,241.15	-	-	(177,241.15)	-	-
ARO Accretion	-	-	-	-	-	24,748.98	-	-	-	24,748.98	-	(24,748.98)	-
ARO Depreciation	-	(24,748.98)	-	-	-	-	(19,809.20)	-	19,809.20	-	-	-	(134,545.10)
ARO RWIP	-	-	134,545.10	-	-	-	-	-	-	-	-	-	-
Accrue CCR	-	-	-	-	-	-	(4,067,486.33)	1,392,249.02	87,722.83	197,987.14	(1,392,249.02)	(197,987.14)	(488,758.48)
Ending Balance Aug09	9,354,778.19	(4,857,969.77)	488,758.48	2,388,400.00	(33,958,369.16)	29,264,137.10	(4,115,868.49)	1,392,249.02	87,722.83	197,987.14	(1,392,249.02)	(197,987.14)	(488,758.48)
September Activity	-	-	-	-	(178,172.83)	178,172.83	-	178,172.83	-	-	(178,172.83)	-	-
ARO Accretion	-	-	-	-	-	27,522.51	-	-	-	27,522.51	-	(27,522.51)	-
ARO Depreciation	-	(27,522.51)	-	-	-	-	(19,809.20)	-	19,809.20	-	-	-	-
Accrue CCR	-	-	-	-	-	-	(4,082,397.63)	1,570,421.85	117,832.13	225,509.85	(1,570,421.85)	(225,509.85)	(488,758.48)
Settlement Activity	(4,416.52)	4,416.52	(308,997.18)	-	308,997.18	(308,997.18)	-	-	-	-	-	-	-
Ending Balance Sep09/3rd Quarter	9,350,361.67	(4,881,075.84)	189,761.30	2,388,400.00	(34,267,366.34)	29,455,139.98	(4,135,765.82)	1,570,421.85	117,832.13	225,509.85	(1,570,421.85)	(225,509.85)	(488,758.48)
Total Activity 3rd Quarter	(4,416.52)	(72,803.92)	(308,997.18)	-	(224,731.15)	123,578.78	(59,727.80)	831,728.33	59,727.80	77,020.44	(531,728.33)	(77,020.44)	-

Kentucky Utilities Company
 ARO Rollforward Schedule - 2009

	ARO Assets 101107 & 101125 101207,101225,101325	Accum Deprec 108107, 117 & 125 108207&225,108325	RWIP ARO Legal 108769	COR Parent 108xxx	ARO Liabilities 230012,13,15,17	Regulatory Assets 182317 - 182318 182325 - 182327	Regulatory Liabilities 254014 - 254016	Accretion Expense 411150 - 411151	Depreciation Exp. Parent 403xxx	Depreciation Expense 403111-403115 403311-12,403311	Accr Regulatory Cr 407401 - 407402 407405 - 407407	Depn Regulatory Cr 407421 - 407422 407425 - 407427	Cash
October Activity													
ARO Accretion	-	-	-	-	(177,654.88)	177,654.88	-	177,654.88	-	-	(177,654.88)	-	-
ARO Depreciation	-	(24,745.10)	-	-	-	24,745.10	-	-	-	24,745.10	-	(24,745.10)	-
ARO RWIP	-	-	35,922.25	-	-	-	(19,909.20)	-	-	-	-	-	(35,922.25)
Accrue COR	-	-	-	-	-	-	-	-	19,909.20	-	-	-	-
Ending Balance Oct09	9,350,359.87	(4,905,870.94)	229,693.55	2,388,400.00	(34,007,189.49)	29,582,650.76	(4,102,308.73)	1,748,076.83	137,541.33	250,254.75	(1,748,076.53)	(250,254.75)	(532,680.73)
November Activity													
ARO Accretion	-	-	-	-	(178,589.30)	178,589.30	-	178,589.30	-	-	(178,589.30)	-	-
ARO Depreciation	-	(24,745.12)	-	-	-	24,745.12	-	-	-	24,745.12	-	(24,745.12)	-
ARO RWIP	-	-	21,086.80	-	-	-	(19,909.20)	-	-	-	-	-	(21,086.80)
Accrue COR	-	-	-	-	-	-	-	-	19,909.20	-	-	-	-
Ending Balance Nov 09	9,350,359.87	(4,930,616.06)	248,770.15	2,388,400.00	(34,185,778.79)	29,761,095.18	(4,122,215.93)	1,926,686.03	157,450.53	274,999.87	(1,926,686.83)	(274,999.87)	(553,787.33)
December Activity													
ARO Accretion	-	-	-	-	(179,528.86)	179,528.86	-	179,528.86	-	-	(179,528.86)	-	-
ARO Depreciation	-	(24,745.08)	-	-	-	24,745.08	-	-	-	24,745.08	-	(24,745.08)	-
Accrue COR	-	-	-	-	-	-	(19,909.20)	-	-	-	-	-	-
Ending Balance Dec09/4th Quarter	9,350,359.87	(4,955,311.14)	248,770.15	2,388,400.00	(34,365,307.65)	29,970,259.12	(4,142,125.13)	2,106,194.89	177,359.73	299,744.95	(2,106,194.89)	(299,744.95)	(553,787.33)
Total Activity 4th Quarter	-	(74,235.30)	\$7,008.65	-	(535,772.84)	610,008.14	(59,727.60)	535,772.84	59,727.60	74,235.30	(535,772.84)	(74,235.30)	(57,008.65)

Kentucky Utilities Company - IFRS
ARO Rollforward Schedule - 2009

	ARO Assets 101107 & 101125 101207,101225,101325	Accum Deprec 108107, 117 & 125 106207&225,108325	RWIP-ARO Legal 230018	ARO Liabilities 230012,13,15,17	Accretion Expense 411150 - 411151 411155 - 411157	Depreciation Expense 403111-403115 403211-12,403311	Cash	Gain/Loss 421105/421205
Ending Balance Dec08/4th Quarter	18,563,487.56	(3,984,047.85)	362,213.38	(47,487,731.64)	1,945,636.81	956,286.04	(362,213.38)	-
January Activity								
ARO Accretion	-	-	-	(131,703.25)	131,703.25	-	-	-
ARO Depreciation	-	(69,873.46)	-	-	-	69,873.46	-	-
ARO RWIP	-	-	-	-	-	-	-	-
JE Correction	(69.37)	-	-	-	-	-	-	-
Ending Balance Jan09	18,563,418.19	(4,053,921.31)	362,213.38	(47,619,434.89)	131,703.25	69,873.46	(362,213.38)	-
February Activity								
ARO Accretion	-	-	-	(102,896.16)	102,896.16	-	-	-
ARO Depreciation	-	(69,873.50)	-	-	-	69,873.50	-	-
ARO RWIP	-	-	-	-	-	-	-	-
Ending Balance Feb09	18,563,418.19	(4,123,794.81)	362,213.38	(47,722,331.05)	234,599.41	139,746.96	(362,213.38)	-
March Activity								
ARO Accretion	-	-	-	(103,127.59)	103,127.59	-	-	-
ARO Depreciation	-	(69,873.43)	-	-	-	69,873.43	-	-
ARO RWIP	-	-	-	-	-	-	-	-
Ending Balance Mar09/1st Quarter	18,563,418.19	(4,193,668.24)	362,213.38	(47,825,458.64)	337,727.00	209,620.39	(362,213.38)	-
Total Activity 1st Quarter	-	(209,620.39)	-	(337,727.00)	337,727.00	209,620.39	-	-
April Activity								
ARO Accretion	-	-	-	(103,359.54)	103,359.94	-	-	-
ARO Depreciation	-	(69,873.49)	-	-	-	69,873.49	-	-
ARO RWIP	-	-	-	-	-	-	-	-
Ending Balance Apr09	18,563,418.19	(4,263,541.73)	362,213.38	(47,928,818.18)	441,086.54	279,493.88	(362,213.38)	-
May Activity								
ARO Accretion	-	-	-	(103,591.99)	103,591.99	-	-	-
ARO Depreciation	-	(69,873.46)	-	-	-	69,873.46	-	-
ARO RWIP	-	-	-	-	-	-	-	-
Ending Balance May09	18,563,418.19	(4,333,415.19)	362,213.38	(48,032,410.17)	544,678.53	349,367.34	(362,213.38)	-
June Activity								
ARO Accretion	-	-	-	(103,824.99)	103,824.99	-	-	-
ARO Depreciation	-	(77,820.09)	-	-	-	77,820.09	-	-
ARO RWIP	-	-	-	-	-	-	-	-
Revaluation	4,141,281.15	-	-	(4,141,281.15)	-	-	-	-
Ending Balance Jun09/2nd Quarter	22,704,679.34	(4,411,235.28)	362,213.38	(52,277,496.31)	648,503.52	427,187.43	(362,213.38)	-

Kentucky Utilities Company - IFRS
ARO Rollforward Schedule - 2009

	ARO Assets 101107 & 101125 101207, 101225, 101325	Accum Deprec 108107, 117 & 125 108207 & 225, 108325	RWIP-ARO Legal 230018	ARO Liabilities 230012, 13, 15, 17	Accretion Expense 411150 - 411151 411155 - 411157	Depreciation Expense 403111-403115 403211-12, 403311	Cash	Gain/Loss 421105/421205
Total Activity 2nd Quarter	4,141,261.15	(217,567.04)	-	(4,452,037.67)	310,776.92	217,567.04	-	-
July Activity								
ARO Accretion	-	-	-	(167,233.28)	167,233.28	-	-	-
ARO Depreciation	-	(85,820.65)	-	-	-	85,820.65	-	-
ARO RWIP	-	-	-	-	-	-	-	-
Ending Balance Jul09	22,704,679.34	(4,497,055.93)	362,213.38	(52,444,729.59)	815,736.80	513,008.08	(362,213.38)	-
August Activity								
ARO Accretion	-	-	-	(167,780.87)	167,780.87	-	-	-
ARO Depreciation	-	(85,820.65)	-	-	-	85,820.65	-	-
ARO RWIP	-	-	134,545.10	-	-	-	(134,545.10)	-
Ending Balance Aug09	22,704,679.34	(4,582,876.58)	496,758.48	(52,612,510.46)	983,517.67	598,828.73	(496,758.48)	-
September Activity								
ARO Accretion	-	-	-	(168,330.23)	168,330.23	-	-	-
ARO Depreciation	-	(144,740.14)	-	-	-	85,792.09	-	-
ARO RWIP	-	-	-	-	-	-	-	-
Settlement Activity	(43,086.28)	43,086.28	(306,997.18)	306,997.18	-	-	-	58,948.05
Ending Balance Sep09/3rd Quarter	22,661,593.06	(4,684,530.44)	189,761.30	(52,473,843.51)	1,151,847.90	684,620.82	(496,758.48)	58,948.05
Total Activity 3rd Quarter	(43,086.28)	(273,295.16)	(172,452.08)	(196,347.20)	503,344.38	257,433.39	(134,545.10)	58,948.05
October Activity								
ARO Accretion	-	-	-	(167,725.08)	167,725.08	-	-	-
ARO Depreciation	-	(85,763.41)	-	-	-	85,763.41	-	-
ARO RWIP	-	-	35,922.25	-	-	-	(35,922.25)	-
Ending Balance Oct09	22,661,593.06	(4,770,293.85)	225,683.55	(52,641,568.59)	1,319,572.98	770,384.23	(532,680.73)	58,948.05
November Activity								
ARO Accretion	-	-	-	(168,273.89)	168,273.89	-	-	-
ARO Depreciation	-	(85,763.37)	-	-	-	85,763.37	-	-
ARO RWIP	-	-	21,086.60	-	-	-	(21,086.60)	-
Ending Balance Nov09	22,661,593.06	(4,856,057.22)	246,770.15	(52,809,842.48)	1,487,846.87	856,147.60	(553,767.33)	58,948.05
December Activity								
ARO Accretion	-	-	-	(168,824.41)	168,824.41	-	-	-
ARO Depreciation	-	(98,900.33)	-	-	-	98,900.33	-	-
ARO RWIP	-	-	-	-	-	-	-	-
Revaluation	8,250,642.78	-	-	(8,250,642.78)	-	-	-	-

Kentucky Utilities Company - IFRS
 ARO Rollforward Schedule - 2009

	ARO Assets 101107 & 101125 101207 101225 101325	Accum Deprec 108107 117 & 125 108207&225 108325	RWIP-ARO Legal 230018	ARO Liabilities 230012 13 15 17	Accretion Expense 411150 - 411151 411155 - 411157	Depreciation Expense 403111-403115 403211-12.403311	Cash	Gain/Loss 421105/421205
Ending Balance Dec09/4th Quarter	30,912,235.84	(4,954,957.55)	246,770.15	(61,229,309.67)	1,656,671.28	955,047.93	(553,767.33)	58,948.05
Total Activity 4th Quarter	8,250,642.78	(270,427.11)	57,008.85	(8,755,466.16)	504,823.38	270,427.11	(57,008.85)	-

Crescente, Angela

From: Satkamp, Mark
Sent: Friday, October 07, 2005 5:04 PM
To: Kinder, Debra; Wiseman, Sara
Cc: Lawson, William; Collins, Mike
Subject: FW: Identifying Asbestos Removal and Disposal Liabilities

Sara and Debra,

Attached please find the template provided previously with the cost estimates for removing asbestos wall board at the Preston city gate station and asbestos insulation for the indirect fired heater at the Doe Run city gate station. **The total removal cost is estimated at \$31K.** I estimated the total square feet of insulation for the Doe Run heater and used \$35.00 per square foot to estimate this cost. From a conversation with Jeff Gilbert, Corporate Health and Safety has a record indicating that wall board samples taken at Preston came back as 30% asbestos, and samples taken at Penile city gate station came back negative. We are fairly certain that the wallboard in the buildings for the newer city gate stations and regulator stations does not contain asbestos. After interviewing some current and former employees, we are fairly certain that all of the shingle type roofs on the buildings at the city gate and regulator stations have been replaced since 1980 and are thus very unlikely to contain asbestos. Many of these roofs were replaced in the early 1990s by the Special Construction Department before they were disbanded. We have an ACE written in 1991 which identifies some of these regulator facilities where the roofs were replaced. Please let me know if you have questions or require any additional information.

Thanks,

Mark Satkamp
Manager, Gas Control
502-627-3135 Office



ASBESTOS
REMOVAL EST C...

From: Satkamp, Mark
Sent: Wednesday, September 28, 2005 10:42 AM
To: Kinder, Debra
Cc: Collins, Mike; Lawson, William
Subject: RE: Identifying Asbestos Removal and Disposal Liabilities

Debra,

Some of the buildings at our city gate and large regulator stations are believed to have fiberboard inside the buildings which contains asbestos. We are not sure about the roofs. We think we have about 13 interior rooms with this type of fiberboard. We have not abated the walls from these types of buildings before and therefore don't know what the costs would be. A lot of costs would be associated with temporarily relocating all of our equipment from the buildings while the abatement work was being completed, or constructing new buildings and permanently relocating our equipment. I would guess that it could cost \$50k or more per room for this type of work to be completed. Also, we have one heater at the Doe Run city gate station with asbestos insulation. I would guess that it might cost \$50k to abate the heater insulation, or it might make sense to replace the heater for around \$150k. Please note that these numbers would be considered very rough estimates as detailed work scopes to complete this type of work have not been completed.

Thanks,

Mark Satkamp
Manager, Gas Control

502-627-3135 Office

From: Kinder, Debra
Sent: Tuesday, September 27, 2005 10:53 AM
To: Satkamp, Mark; Skaggs, John; Harmeling, Dave
Cc: Wiseman, Sara; Riggs, Eric; Charnas, Shannon
Subject: Identifying Asbestos Removal and Disposal Liabilities

All,

It is necessary for us to identify all sources of asbestos and estimate the current value of removal and disposal costs associated with assets containing asbestos in order to comply with FIN 47 (FASB Interpretation No. 47) which encompasses all legal retirement obligations. Do our gas plants or city gates contain asbestos insulation, roofing, siding, or other sources? If so, do you have historical abatement information that could be used to estimate current removal and disposal liabilities of contaminated assets? I would appreciate a quick response regarding your thoughts on this issue as we need to report our findings to E.ON relatively soon. It is becoming apparent that I will need to schedule a meeting this week to facilitate the gathering of needed data. Can any of you suggest other individuals that could contribute to this discussion?

Thanks for your help,
Debbie

Debra A. Kinder
Property Accounting Analyst
Louisville Gas & Electric
(502) 627-3369

Crescente, Angela

From: Riggs, Eric
Sent: Monday, November 14, 2005 7:36 AM
To: Leenerts, Patricia; Kinder, Debra; Wiseman, Sara
Subject: FW: Cost to Remove Asbestos in Vaults

FYI

From: Harshfield, Eddie
Sent: Monday, November 14, 2005 7:26 AM
To: Riggs, Eric
Subject: FW: Cost to Remove Asbestos in Vaults

Here is Scott's assumption.

From: Cooke, Scott
Sent: Friday, November 11, 2005 2:33 PM
To: Harshfield, Eddie
Cc: Gaynor, Mark
Subject: Cost to Remove Asbestos in Vaults

WR 475774: \$18,112.35 (typical 2-unit vault)

WR 475987: \$24,168.97 (typical 4-unit vault)

Average = \$21,140.66 (assuming equal number of 2-unit and 4-unit vaults)

Total Cost = \$3,593,912 (\$21,140.66/vault)*(170 vaults)

Crescente, Angela

From: Beatty, Stephen
Sent: Thursday, October 06, 2005 3:22 PM
To: Beatty, Stephen; Wiseman, Sara
Cc: Harmeling, Dave; Probus, Dennis (LGE); Walton, Ed; Rieth, Tom
Subject: RE: Asbestos

Please use this updated version.



Asbestos
Removal-Muldrau...

From: Beatty, Stephen
Sent: Thursday, October 06, 2005 2:10 PM
To: Wiseman, Sara
Cc: Harmeling, Dave; Probus, Dennis (LGE); Walton, Ed; Rieth, Tom
Subject: Asbestos

Sara:

Enclosed is Muldraugh's responsibility. This is the best estimate we can devise under such short notice. Please call me if you have any questions. Some of these costs look low to me. We will attempt to investigate the costs in more detail as time allows.

Steve Beatty

<< File: Asbestos Removal-Muldraugh.xls >>

Crescente, Angela

From: Wiseman, Sara
Sent: Friday, November 12, 2010 9:50 AM
To: Crescente, Angela
Subject: FW: ARO Related Information
Attachments: Changes to an ARO Estimate When the Associated Long.doc; White Paper_Negative ARC.doc

From: Nitsche, John P [<mailto:jpnitsche@pplweb.com>]
Sent: Friday, November 12, 2010 8:32 AM
To: Wiseman, Sara
Subject: ARO Related Information

Sara,
Per our discussion.....the file memo is hot off the presses and has not been reviewed by Technical Accounting so there might be some changes, but I still think you can use the FAS 143 reference that I cited.

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.

Changes to an ARO Estimate When the Associated Long-Lived Asset Has Been Retired

Executive Summary:

- In June 2010 an ARO adjustment of \$3.5 million to increase the estimated cash flows to remediate Martins Creek 1&2 ash basin #4 was required.
- Normally, changes to ARO liabilities will result in a corresponding change to the related asset retirement cost (ARC) asset. Since the assets at Martins Creek 1&2 have been retired and the plant is out of service, the asset related to the ARO has also been retired. Without a related long-lived asset, a question arose as to how to record the offset (debit in this case) to the increase in the ARO liability.
- A determination was made that offsets to changes in ARO liabilities when the associated long-lived asset is retired should be recorded through the income statement. Thus, the \$3.5 million adjustment to increase the ARO liability was recorded to expense.

Background:

In 2007, Martins Creek 1&2 ceased operations. The plant was demolished during 2008 and retired from the continuing property records in December 2008. Various ARO liabilities including an ARO for each ash basin at Martins Creek 1&2 remained as the ARO liabilities had not been remediated.

As part of our normal review of AROs with Environmental Management, it was determined in June 2010 that the cost of remediating ash basin #4 at Martins Creek 1&2 needed to be increased. The resulting ARO adjustment increased the ash basin #4 ARO by \$3.5 million. Normally, the offset to this liability increase would be to increase the ARC by \$3.5 million. However, all of the assets at Martins Creek 1&2 had been retired including the asset associated with ash basin #4. Thus, we questioned what the proper accounting should be for the offset to the ARO liability increase.

Accounting Assessment:

Accounting guidance for AROs was originally contained in FAS 143, "Accounting for Asset Retirement Obligations" and has been compiled in the Accounting Standards Codification (ASC) under ASC 410-20, "Asset Retirement

and Environmental Obligations”. Appendix B: Background Information and Basis for Conclusions of FAS 143 contains guidance that pertains to our issue in paragraph B42. While this paragraph was not incorporated in the ASC, there is nothing in the ASC that contradicts the information in B42.

Paragraph B42 in FAS 143 states that, “Capitalized asset retirement costs are not a separate asset because there is no specific and separate future economic benefit that results from those costs. In other words, the future economic benefit of those costs lies in the productive asset that is used in the entity’s operations.” Thus, we have concluded that we cannot record an ARC if the related long-lived asset no longer exists. We have also reviewed this conclusion with E&Y, and they agree with our reasoning.

Conclusion:

Because ARO assets cannot exist without their related long-lived asset, we will charge the income statement with any offset to changes in an ARO liability where the associated long-lived asset no longer exists. In this particular change to the ARO liability of ash basin #4 at Martins Creek 1&2, the increase of \$3.5 million to the ARO liability was expensed to the income statement.

Asset Management

August 20, 2010

AM 10 – 01

Accounting for a Reduction in an ARO Liability That Causes the Associated Unamortized Asset Retirement Cost to Become Negative

Executive Summary:

- In the third quarter of 2010, TLG Services, Inc. completed an updated decommissioning cost study for PPL Susquehanna's two nuclear units. Based on this revised study, an updated asset retirement obligation (ARO) calculation was prepared using assumptions developed by PPL.
- Primarily due to the lower inflation rate used in the 2010 calculation (2.97% vs. 3.96%), there was a decrease in the undiscounted cash flows of the decommissioning ARO for each unit. After discounting this resulted in a \$103 million reduction in the ARO liability and associated asset retirement cost (ARC) asset. The reduction to the ARC was larger than the existing unamortized ARC by \$79 million, causing the net ARC to become negative.
- PPL has concluded that the reduction to the ARC should be recorded to property, plant and equipment and amortized over the remaining life of both units at PPL Susquehanna. The \$103 million adjustment will reduce PPL Susquehanna's annual depreciation expense by approximately \$3 million.

Background:

There is no specific guidance in ASC 410-20, "Asset Retirement and Environmental Obligations" on how often an ARO should be reassessed. PPL has followed a practice of reviewing changes to ARO cash flows, and where these changes are material, a reassessment of the ARO is performed. The last PPL Susquehanna decommissioning study was performed in May 2002. The current study, dated September, 2010, was deferred until the uprate projects at PPL Susquehanna were substantially complete. The decommissioning study was performed by TLG, Services, Inc. with the assistance of PPL Susquehanna personnel. Based on the 2010 TLG study, the total decommissioning cost for both units at PPL Susquehanna increased from \$.9 billion (PPL's 90% share of PPL Susquehanna in 2002 dollars) to \$1.3 billion (PPL's 90% share of PPL Susquehanna in 2010 dollars).

Using the latest TLG study, PPL recalculated the ARO liability balances for each unit. The ARO calculation methodology currently used to develop the

assumptions for calculating revised cash flows for the years when the two units will be decommissioned was consistent with the methodology used for the previous measurement. The most significant change in the assumptions was that the 2010 inflation rate decreased to 2.97% from the 3.96% used in the original ARO calculations recorded in 2003.

When comparing the 2010 revised undiscounted cash flows of the AROs to the original cash flows, there was a decrease in the overall undiscounted cash flow of each ARO. The guidance in ASC 410-20-35-8 specifies that downward revisions in undiscounted cash flows shall be discounted using the rate used when the initial liability was recognized.

The calculation resulted in a \$103 million reduction to the decommissioning AROs and the corresponding ARC. The net unamortized ARC for both units at August 31, 2010 was \$24 million. The adjustment would cause the ARC to become negative; therefore, PPL reassessed whether the reduction should be recorded to property, plant and equipment or as a gain in the income statement.

Accounting Assessment:

After performing research and conferring with various EEI member companies about this situation, PPL concluded that the accounting for a credit in ARC is not formally addressed by GAAP. We were able to find reference to this situation in literature separately authored by PricewaterhouseCoopers (PwC) and Deloitte.

PwC's Accounting and Reporting Manual (ARM) section on Property Plant and Equipment/Asset Retirement Obligations under paragraph .23, "Subsequent Recognition and Measurement" has the following internal PwC guidance, "A circumstance can arise where a change in cash flow estimates causes a decrease in the carrying amount of the ARO that exceeds the undepreciated capitalized ARC. In that case, we believe that the ARO should be reduced to reflect the change, the remaining ARC net of accumulated depreciation should be removed, and the remaining credit (i.e., the excess of the decrease in the liability over the decrease in the asset) generally should be recognized as a gain in the operating section of the income statement."

Deloitte's guidance comes from a Question & Answer section related to ASC 410-20-35, entitled "Reduction in Asset Retirement Obligation Exceeds the Asset Retirement Cost". Deloitte indicates that the disposition of the reduction of the ARO in excess of the original ARC is determined by whether the ARC is viewed as a single asset (additional cost of the related long-lived asset) or as two "discrete" assets. Deloitte points to ASC 410-20 to support both views. Deloitte indicates that "if the ARC and related asset are viewed as a single asset, any downward revision of an ARO in excess of the related ARC should be recorded as a reduction of the carrying value of the related asset. If the two-asset

approach is applied, the revision in excess of the ARC should be recorded as a credit to the income statement.” While conceptually allowing for a single asset and two-asset approach, Deloitte’s preference is for the single asset approach, and they believe this is the approach that the FASB intended. They point to section B42 of FAS143, “Accounting for Asset Retirement Obligations”, which states, “Capitalized asset retirement costs are not a separate asset because there is no specific and separate future economic benefit that results from those costs” and to ASC 410-20-55-20 which states, “Revisions to the asset retirement obligation result in adjustments of capitalized asset retirement costs and will affect subsequent depreciation of the related asset. Such adjustments are depreciated on a prospective basis.”

In addition to considering the above guidance, PPL contacted a number of EEI member companies and reviewed annual reports of companies we thought might have the same situation described above. We did not find a consistent approach among companies that we contacted/reviewed. Some allowed the credit to remain in their plant balance on the balance sheet; others charged the net credit to the income statement. Despite PwC’s position whereby they indicate that under these circumstances a gain should be recorded, we found several instances where their clients had not taken this position and instead recorded a downward adjustment to property, plant and equipment.

Conclusion:

PPL does not view ARO assets as discrete assets; rather PPL views ARO assets as merely additional costs related to the associated long-lived asset. This is further supported by the fact that we depreciate our ARO assets over the same life as its associated long-lived asset. As such it is appropriate to employ the “single asset” view detailed in Deloitte’s Question & Answer section.

Therefore, PPL will carry the excess of the ARO liability adjustment over the undepreciated ARC cost as part of the PPL Susquehanna plant balance. The adjustment will be depreciated over the remaining life of each of the two units. The credit adjustment of \$103 million will result in an ARC credit balance of \$79 million with an annual reduction of approximately \$3 million to depreciation expense at PPL Susquehanna.

Prepared by: _____
John P. Nitsche
Manager – Asset Management
October 27, 2010

Reviewed by: _____
Erik D. Rander
Director – Shared Acctg Services
October 27, 2010

Reviewed by: _____
Mark D. Woods
Assistant Controller
October 27, 2010

Approved by: _____
Vincent Sorgi
Vice President & Controller
October 27, 2010

Distribution:
Marla A. Dibilio
Jennifer A. Seidel

Crescente, Angela

From: Wiseman, Sara
Sent: Friday, November 12, 2010 2:34 PM
To: Charnas, Shannon
Cc: Crescente, Angela
Subject: FW: ARO Related Information
Attachments: Changes to an ARO Estimate When the Associated Long.doc; White Paper_Negative ARC.doc

Shannon:

Here is the information I received from John Nitsche regarding AROs when the parent assets is retired. Additionally, he also sent me a memo they wrote about negative assets.

From: Nitsche, John P [<mailto:jpnitsche@pplweb.com>]
Sent: Friday, November 12, 2010 8:32 AM
To: Wiseman, Sara
Subject: ARO Related Information

Sara,
Per our discussion.....the file memo is hot off the presses and has not been reviewed by Technical Accounting so there might be some changes, but I still think you can use the FAS 143 reference that I cited.

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Asset Management

August 20, 2010

AM 10 – 01

Accounting for a Reduction in an ARO Liability That Causes the Associated Unamortized Asset Retirement Cost to Become Negative

Executive Summary:

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Prepared by: _____
John P. Nitsche
Manager – Asset Management
October 27, 2010

Reviewed by: _____
Erik D. Rander
Director – Shared Acctg Services
October 27, 2010

Reviewed by: _____
Mark D. Woods
Assistant Controller
October 27, 2010

Approved by: _____
Vincent Sorgi
Vice President & Controller
October 27, 2010

Distribution:
Marla A. Dibilio
Jennifer A. Seidel

Clark, Ed

From: Wiseman, Sara
Sent: Thursday, September 02, 2010 3:33 PM
To: Beatty, Stephen
Cc: Hennekes, Lisa; Crescente, Angela
Subject: FW: Estimate-Riggs Jct.xls

Hi Steve:

We are in the process of revaluing our AROs (asset retirement obligations). Would you please update the attached spreadsheet? Please note—I do not think this was the final version of the file.

If we could have the info by Thursday, September 9, that would be great. Thanks.

From: Beatty, Stephen
Sent: Thursday, October 13, 2005 11:36 AM
To: Wiseman, Sara
Subject: RE: Estimate-Riggs Jct.xls

If you can't wait, I have updated everything except the material prices. Let me know if you finish the estimate.



ArchiveInfo.htm

From: Wiseman, Sara
Sent: Thursday, October 13, 2005 10:59 AM
To: Beatty, Stephen
Cc: Kinder, Debra; Riggs, Eric
Subject: Estimate-Riggs Jct.xls

<< File: Estimate-Riggs Jct.xls >>

Steve:

I believe we will need to set up an ARO for Riggs Junction. I found this old file from our SFAS 143 work. Would you please update it for us? I hope that it will not cause you too much extra work. Thanks and please give me a call if you have questions.

Sara
Ext. 3189

RETIREMENT AND ABANDONMENT ESTIMATE RIGGS JUNCTION GAS TRANSMISSION FACILITY

Description:

This estimate is being developed at the request of Property Accounting in compliance with new FERC rules that require the expenses to restore sites after facilities are abandoned be accounted. The lease for the facilities at Riggs Junction requires that LG&E restore the facility to greenspace if the area is ever abandoned.

The Riggs Junction facility contains a valve nest that interconnects two gas transmission pipelines to three Doe Run Upper Storage Field gathering mains and one high-pressure gas distribution main that feeds the City of Brandenburg. The facility also contains two pressure regulating stations; Brandenburg High Pressure Station and Riggs Junction Regulator Assembly. In 1998, a shale recovery compressor, named the Riggs Junction Compressor, was relocated from the site to a new shale recovery site in Laconia, IN. The existing building was demolished, but the building foundation remains. The foundation has not been demolished as it could possibly be used as a foundation for pig traps for the two transmission pipelines.

This estimate is developed solely for the purpose of meeting the new FERC rules. There are no plans to abandon this site to date.

Scope:

1. Demolish existing concrete foundation from Riggs Junction Shale Compressor.
2. Remove existing Brandenburg HP Regulator Station.
3. Remove all of the aboveground piping of the existing valve nest at Riggs Junction. Cap all pipe below grade. The 12" and/or 16" Doe Run Lines, the 3 - 12" Storage Field Gathering Mains, and the 12" Distribution Main will be abandoned in place.
4. The Riggs Junction Regulator Assembly will be removed. The 2" Thin-Mill Steel inlet piping and the 4" PE outlet piping will be capped and abandoned in place.

MATERIALS

50	lbs, 'Electrodes, Welding, E6010, 5P, 1/8", SFA 5.1	\$1.19	\$	59.50	
3	Anode, 9 lb, Magnesium	\$25.65	\$	76.95	
70	pkg, Wax Tape	\$11.01	\$	770.70	
24	gallons, Wax Tape Primer	\$20.22	\$	485.28	
2	Caps, 2" Forged Steel	\$4.86	\$	9.72	
1	Caps, 4" PE	\$6.30	\$	6.30	
4	Caps, 12", Steel	\$56.53	\$	226.12	
2	Caps, 16", Steel	\$68.28	\$	136.56	
2	Bags, Seed, 50 lbs	\$85.16	\$	170.32	
25	Bails, Straw	\$5.67	\$	141.75	
20	yds, Clean backfill	\$25.00	\$	500.00	
1	lot, Miscellaneous Materials	\$250.00	\$	250.00	
				Subtotal = \$	2,833.20
				Consumables = \$	141.66
				Miscellaneous = \$	141.66
				Subtotal = \$	3,116.52
				G & A Overheads = \$	31.17
				KY Sales Tax = \$	186.99
				Total Materials =	\$ 3,334.68

COMPANY LABOR

80	hr, Inspector (Assume PG-12)	\$27.23	\$	2,178.40
4	hr, Records Coordinator	\$22.85	\$	91.40
16	hr, Distribution Mechanic A	\$25.17	\$	402.72

Unloaded Total Company Labor = \$ 2,672.52
96% Co. Labor Loading = \$ 2,576.44

Total Company Labor = \$ 5,248.96

TRANSPORTATION AND EQUIPMENT

Transportation and Equipment Costs = \$ 1,049.79
Total T & E Expense = \$ 1,049.79

CONTRACT LABOR

4	hrs, Supervisor	\$49.06	\$ 196.24
40	hrs, Foreman	\$38.73	\$ 1,549.20
80	hrs, Welder	\$39.01	\$ 3,120.80
80	hrs, Laborer	\$21.16	\$ 1,692.80
40	hrs, Equipment Operator	\$33.09	\$ 1,323.60
40	hrs, Dump Truck Driver	\$24.33	\$ 973.20
80	hrs, Equipment Charge, Welding Truck	\$16.97	\$ 1,357.60
80	hrs, Equipment Charge, Backhoe	\$18.74	\$ 1,499.20
80	hrs, Equipment Charge, Excavator with hoe ram	\$195.05	\$ 15,604.00
80	hrs, Equipment Charge, Compressor	\$7.02	\$ 561.60
80	hrs, Equipment Charge, Dump Truck	\$40.98	\$ 3,278.40
40	hrs, Equipment Charge, Tractor and Trailer	\$40.98	\$ 1,639.20
8	hrs, Equipment Charge, Strawblower	\$6.82	\$ 54.56
1	lot, Contractor consumables, safety supplies, misc. materials	\$1,000.00	\$ 1,000.00
16	crew hrs, NDT Contractor Expense	\$80.00	\$ 1,280.00
500	miles, NDT Contractor Travel Expense	\$0.85	\$ 425.00
1	lot, NDT Contractor Material Expense	\$280.00	\$ 280.00

Subtotal = \$ 35,835.40

G & A Overheads = \$ 358.35

Total Contract Labor = \$ 36,193.75

MISCELLANEOUS

6	IBEW 2100 Meal Tickets	\$6.00	\$ 36.00
630	mscf, lost gas during blowdowns	\$12.00	\$ 7,560.00
1	lot, Construction Debris Disposal	\$500.00	\$ 500.00
1	lot, PCB Analysis	\$50.00	\$ 50.00
1	lot, Asbestos Pipe Disposal.	\$1,200.00	\$ 1,200.00

Subtotal = \$ 9,346.00

G & A Overheads = \$ 93.46

Total Miscellaneous = \$ 9,439.46

Subtotal = \$ 55,266.65

8% LOCAL ENGINEERING = \$ 4,421.33

10% CONTINGENCY = \$ 5,526.66

TOTAL PROJECT COSTS = \$ 65,214.64

Assumptions:

1. T&E charges are based upon 20% of Company Labor Charges.
2. Local Engineering will cover LG&E supervision labor and is based upon 8% of the total project subtotal.
3. BU Capital overheads are assumed to be 96.405% of base labor.
4. Assume that disposal is required for asbestos pipe coating.
5. Assume that there are no disposal costs for PCB contamination or any other hazardous materials.
6. The 12" and 16" Doe Run Lines, the 3 - 12" Storage Field Gathering Mains, and the 12" Distribution Main will be abandoned in place. Ignore all customer service requirement issues. Assume service will be provided via another means.
7. Assume there will be no scrap value from the recovered pipe, valves and fittings.

Clark, Ed

From: Wiseman, Sara
Sent: Friday, September 03, 2010 8:01 AM
To: Rieth, Tom
Cc: Crescente, Angela; Hennekes, Lisa; Beatty, Stephen
Subject: FW: Estimate-Riggs Jct.xls

Hi Tom:

I asked Steve Beatty to update the file below as part of our ARO revaluation work. He has responded as follows:

This information should come from Tom Rieth. Please keep in mind that this estimate was completed based upon the original request. I am not sure this estimate covers all retirement obligations within Doe Run Field. I completed other estimates that should complement this one.

Would you be able to update this information? Please let me know if you are not the right person. If you are the right person, it would be if we could have get the info back within the next week to 2 weeks.

Thanks!

From: Wiseman, Sara
Sent: Thursday, September 02, 2010 3:33 PM
To: Beatty, Stephen
Cc: Hennekes, Lisa; Crescente, Angela
Subject: FW: Estimate-Riggs Jct.xls

Hi Steve:

We are in the process of revaluing our AROs (asset retirement obligations). Would you please update the attached spreadsheet? Please note—I do not think this was the final version of the file.

If we could have the info by Thursday, September 9, that would be great. Thanks.

From: Beatty, Stephen
Sent: Thursday, October 13, 2005 11:36 AM
To: Wiseman, Sara
Subject: RE: Estimate-Riggs Jct.xls

If you can't wait, I have updated everything except the material prices. Let me know if you finish the estimate.



ArchiveInfo.htm

From: Wiseman, Sara
Sent: Thursday, October 13, 2005 10:59 AM
To: Beatty, Stephen

Cc: Kinder, Debra; Riggs, Eric
Subject: Estimate-Riggs Jct.xls

<< File: Estimate-Riggs Jct.xls >>

Steve:

I believe we will need to set up an ARO for Riggs Junction. I found this old file from our SFAS 143 work. Would you please update it for us? I hope that it will not cause you too much extra work. Thanks and please give me a call if you have questions.

Sara
Ext. 3189

RETIREMENT AND ABANDONMENT ESTIMATE RIGGS JUNCTION GAS TRANSMISSION FACILITY

Description:

This estimate is being developed at the request of Property Accounting in compliance with new FERC rules that require the expenses to restore sites after facilities are abandoned be accounted. The lease for the facilities at Riggs Junction requires that LG&E restore the facility to greenspace if the area is ever abandoned.

The Riggs Junction facility contains a valve nest that interconnects two gas transmission pipelines to three Doe Run Upper Storage Field gathering mains and one high-pressure gas distribution main that feeds the City of Brandenburg. The facility also contains two pressure regulating stations; Brandenburg High Pressure Station and Riggs Junction Regulator Assembly. In 1998, a shale recovery compressor, named the Riggs Junction Compressor, was relocated from the site to a new shale recovery site in Laconia, IN. The existing building was demolished, but the building foundation remains. The foundation has not been demolished as it could possibly be used as a foundation for pig traps for the two transmission pipelines.

This estimate is developed solely for the purpose of meeting the new FERC rules. There are no plans to abandon this site to date.

Scope:

1. Demolish existing concrete foundation from Riggs Junction Shale Compressor.
2. Remove existing Brandenburg HP Regulator Station.
3. Remove all of the aboveground piping of the existing valve nest at Riggs Junction. Cap all pipe below grade. The 12" and/or 16" Doe Run Lines, the 3 - 12" Storage Field Gathering Mains, and the 12" Distribution Main will be abandoned in place.
4. The Riggs Junction Regulator Assembly will be removed. The 2" Thin-Mill Steel inlet piping and the 4" PE outlet piping will be capped and abandoned in place.

MATERIALS

50	lbs, 'Electrodes, Welding, E6010, 5P, 1/8", SFA 5.1	\$1.19		\$ 59.50
3	Anode, 9 lb, Magnesium	\$25.65		\$ 76.95
70	pkg, Wax Tape	\$11.01		\$ 770.70
24	gallons, Wax Tape Primer	\$20.22		\$ 485.28
2	Caps, 2" Forged Steel	\$4.86		\$ 9.72
1	Caps, 4" PE	\$6.30		\$ 6.30
4	Caps, 12", Steel	\$56.53		\$ 226.12
2	Caps, 16", Steel	\$68.28		\$ 136.56
2	Bags, Seed, 50 lbs	\$85.16		\$ 170.32
25	Balls, Straw	\$5.67		\$ 141.75
20	yds, Clean backfill	\$25.00		\$ 500.00
1	lot, Miscellaneous Materials	\$250.00		\$ 250.00
				Subtotal = \$ 2,833.20
				Consumables = \$ 141.66
				Miscellaneous = \$ 141.66
				Subtotal = \$ 3,116.52
				G & A Overheads = \$ 31.17
				KY Sales Tax = \$ 186.99
				Total Materials = \$ 3,334.68

COMPANY LABOR

80	hr, Inspector (Assume PG-12)	\$27.23		\$ 2,178.40
4	hr, Records Coordinator	\$22.85		\$ 91.40
16	hr, Distribution Mechanic A	\$25.17		\$ 402.72
				Unloaded Total Company Labor = \$ 2,672.52
				96% Co. Labor Loading = \$ 2,576.44
				Total Company Labor = \$ 5,248.96

TRANSPORTATION AND EQUIPMENT

Transportation and Equipment Costs = \$ 1,049.79

Total T & E Expense = \$ 1,049.79

CONTRACT LABOR

4	hrs, Supervisor	\$49.06	\$	196.24
40	hrs, Foreman	\$38.73	\$	1,549.20
80	hrs, Welder	\$39.01	\$	3,120.80
80	hrs, Laborer	\$21.16	\$	1,692.80
40	hrs, Equipment Operator	\$33.09	\$	1,323.60
40	hrs, Dump Truck Driver	\$24.33	\$	973.20
80	hrs, Equipment Charge, Welding Truck	\$16.97	\$	1,357.60
80	hrs, Equipment Charge, Backhoe	\$18.74	\$	1,499.20
80	hrs, Equipment Charge, Excavator with hoe ram	\$195.05	\$	15,604.00
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40	hrs, Equipment Charge, Tractor and Trailer	\$40.98	\$	1,639.20
8	hrs, Equipment Charge, Strawblower	\$6.82	\$	54.56
1	lot, Contractor consumables, safety supplies, misc. materials	\$1,000.00	\$	1,000.00
16	crew hrs, NDT Contractor Expense	\$80.00	\$	1,280.00
500	miles, NDT Contractor Travel Expense	\$0.85	\$	425.00
1	lot, NDT Contractor Material Expense	\$280.00	\$	280.00

Subtotal = \$ 35,835.40

G & A Overheads = \$ 358.35

Total Contract Labor = \$ 36,193.75

MISCELLANEOUS

6	IBEW 2100 Meal Tickets	\$6.00	\$	36.00
630	mscf, lost gas during blowdowns	\$12.00	\$	7,560.00
1	lot, Construction Debris Disposal	\$500.00	\$	500.00
1	lot, PCB Analysis	\$50.00	\$	50.00
1	lot, Asbestos Pipe Disposal.	\$1,200.00	\$	1,200.00

Subtotal = \$ 9,346.00

G & A Overheads = \$ 93.46

Total Miscellaneous = \$ 9,439.46

Subtotal = \$ 55,266.65

8% LOCAL ENGINEERING = \$ 4,421.33

10% CONTINGENCY = \$ 5,526.66

TOTAL PROJECT COSTS = \$ 65,214.64

Assumptions:

1. T&E charges are based upon 20% of Company Labor Charges.
2. Local Engineering will cover LG&E supervision labor and is based upon 8% of the total project subtotal.
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6. The 12" and 16" Doe Run Lines, the 3 - 12" Storage Field Gathering Mains, and the 12" Distribution Main will be abandoned in place. Ignore all customer service requirement issues. Assume service will be provided via another means.
7. Assume there will be no scrap value from the recovered pipe, valves and fittings.

Clark, Ed

From: Rieth, Tom
Sent: Tuesday, September 07, 2010 9:19 AM
To: Wiseman, Sara
Cc: Crescente, Angela; Hennekes, Lisa; Beatty, Stephen
Subject: RE: Estimate-Riggs Jct.xls

Sara,

I have revised this spreadsheet for Riggs Junction. The only change is that the concrete foundation mentioned in the work description has been removed since 2005. I revised the cost to account for this, it was an approximate \$3700 reduction. I think increased the cost 3% per year since 2005 so the current retirement estimate for the remaining equipment at Riggs Junction is \$70,603.05. Please see the attached spreadsheet as documentation.



ArchiveInfo.htm

Please contact me with any questions.

Thanks,
Tom

From: Wiseman, Sara
Sent: Friday, September 03, 2010 8:01 AM
To: Rieth, Tom
Cc: Crescente, Angela; Hennekes, Lisa; Beatty, Stephen
Subject: FW: Estimate-Riggs Jct.xls

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Cc: Hennekes, Lisa; Crescente, Angela
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Cc: Kinder, Debra; Riggs, Eric
Subject: Estimate-Riggs Jct.xls

<< File: Estimate-Riggs Jct.xls >>

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Sara
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Scope:

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2. Remove existing Brandenburg HP Regulator Station.
3. Remove all of the aboveground piping of the existing valve nest at Riggs Junction. Cap all pipe below grade. The 12" and/or 16" Doe Run Lines, the 3 - 12" Storage Field Gathering Mains, and the 12" Distribution Main will be abandoned in place.
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25	Bails, Straw	\$5.67	\$	141.75
20	yds, Clean backfill	\$25.00	\$	500.00
1	lot, Miscellaneous Materials	\$250.00	\$	250.00

Subtotal =	\$	2,833.20
Consumables =	\$	141.66
Miscellaneous =	\$	141.66

Subtotal = \$ 3,116.52

G & A Overheads = \$ 31.17

KY Sales Tax = \$ 186.99

Total Materials = \$ 3,334.68

COMPANY LABOR

80	hr, Inspector (Assume PG-12)	\$27.23	\$	2,178.40
4	hr, Records Coordinator	\$22.85	\$	91.40
16	hr, Distribution Mechanic A	\$25.17	\$	402.72

Unloaded Total Company Labor =	\$	2,672.52
96% Co. Labor Loading =	\$	2,576.44

Total Company Labor = \$ 5,248.96

TRANSPORTATION AND EQUIPMENT

Transportation and Equipment Costs = \$ 1,049.79
Total T & E Expense = \$ 1,049.79

CONTRACT LABOR

4	hrs, Supervisor	\$49.06	\$ 196.24
40	hrs, Foreman	\$38.73	\$ 1,549.20
80	hrs, Welder	\$39.01	\$ 3,120.80
72	hrs, Laborer	\$21.16	\$ 1,523.52
40	hrs, Equipment Operator	\$33.09	\$ 1,323.60
40	hrs, Dump Truck Driver	\$24.33	\$ 973.20
80	hrs, Equipment Charge, Welding Truck	\$16.97	\$ 1,357.60
80	hrs, Equipment Charge, Backhoe	\$18.74	\$ 1,499.20
64	hrs, Equipment Charge, Excavator with hoe ram	\$195.05	\$ 12,483.20
80	hrs, Equipment Charge, Compressor	\$7.02	\$ 561.60
72	hrs, Equipment Charge, Dump Truck	\$40.98	\$ 2,950.56
40	hrs, Equipment Charge, Tractor and Trailer	\$40.98	\$ 1,639.20
8	hrs, Equipment Charge, Strawblower	\$6.82	\$ 54.56
1	lot, Contractor consumables, safety supplies, misc. materials	\$1,000.00	\$ 1,000.00
16	crew hrs, NDT Contractor Expense	\$80.00	\$ 1,280.00
500	miles, NDT Contractor Travel Expense	\$0.85	\$ 425.00
1	lot, NDT Contractor Material Expense	\$280.00	\$ 280.00

Subtotal = \$ 32,217.48

G & A Overheads = \$ 322.17

indicates 2010 revision

Contract Labor = \$ 32,539.65

MISCELLANEOUS

6	IBEW 2100 Meal Tickets	\$6.00	\$ 36.00
630	mscf, lost gas during blowdowns	\$12.00	\$ 7,560.00
1	lot, Construction Debris Disposal	\$500.00	\$ 500.00
1	lot, PCB Analysis	\$50.00	\$ 50.00
1	lot, Asbestos Pipe Disposal.	\$1,200.00	\$ 1,200.00

Subtotal = \$ 9,346.00

G & A Overheads = \$ 93.46

Total Miscellaneous = \$ 9,439.46

Subtotal = \$ 51,612.55

8% LOCAL ENGINEERING = \$ 4,129.00

10% CONTINGENCY = \$ 5,161.25

TOTAL PROJECT COSTS = \$ 60,902.81

2010 Revised Estimate - \$ 70,603.05

Assumptions:

1. T&E charges are based upon 20% of Company Labor Charges.
2. Local Engineering will cover LG&E supervision labor and is based upon 8% of the total project subtotal.
3. BU Capital overheads are assumed to be 96.405% of base labor.
4. Assume that disposal is required for asbestos pipe coating.
5. Assume that there are no disposal costs for PCB contamination or any other hazardous materials.
6. The 12" and 16" Doe Run Lines, the 3 - 12" Storage Field Gathering Mains, and the 12" Distribution Main will be abandoned in place. Ignore all customer service requirement issues. Assume service will be provided via another means.
7. Assume there will be no scrap value from the recovered pipe, valves and fittings.