

**BEFORE THE
KENTUCKY PUBLIC SERVICE COMMISSION**

In the Matter of:

**APPLICATION OF KENTUCKY UTILITIES)
COMPANY FOR AN ADJUSTMENT OF) CASE NO. 2014-00371
ITS ELECTRIC RATES)**

In the Matter of:

**APPLICATION OF LOUISVILLE GAS AND)
ELECTRIC COMPANY FOR AN) CASE NO. 2014-00372
ADJUSTMENT OF ITS ELECTRIC AND)
GAS RATES)**

**DIRECT TESTIMONY
AND EXHIBITS
OF
LANE KOLLEN**

**ON BEHALF OF THE
KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.**

**J. KENNEDY AND ASSOCIATES, INC.
ROSWELL, GEORGIA**

March 2015

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DIRECT TESTIMONY OF LANE KOLLEN

I. QUALIFICATIONS AND SUMMARY

1

2 **Q. Please state your name and business address.**

3 A. My name is Lane Kollen. My business address is J. Kennedy and Associates, Inc.
4 ("Kennedy and Associates"), 570 Colonial Park Drive, Suite 305, Roswell,
5 Georgia 30075.

6

7 **Q. Please state your occupation and employer.**

8 A. I am a utility rate and planning consultant holding the position of Vice President
9 and Principal with the firm of Kennedy and Associates.

1 **Q. Please describe your education and professional experience.**

2 A. I earned a Bachelor of Business Administration in Accounting degree and a
3 Master of Business Administration degree from the University of Toledo. I also
4 earned a Master of Arts degree in theology from Luther Rice University. I am a
5 Certified Public Accountant (“CPA”), with a practice license, a Certified
6 Management Accountant (“CMA”), and a Chartered Global Management
7 Accountant (“CGMA”). I am a member of numerous professional organizations,
8 including the American Institute of Certified Public Accountants, the Institute of
9 Management Accounting, and the Society of Depreciation Professionals.

10 I have been an active participant in the utility industry for more than thirty
11 years, initially as an employee of The Toledo Edison Company from 1976 to 1983
12 and thereafter as a consultant in the industry since 1983. I have testified as an
13 expert witness on planning, ratemaking, accounting, finance, and tax issues in
14 proceedings before regulatory commissions and courts at the federal and state
15 levels on nearly two hundred occasions, including numerous proceedings before
16 the Kentucky Public Service Commission involving Kentucky Utilities Company
17 (“KU”), Louisville Gas and Electric Company (“LG&E”), Kentucky Power
18 Company, East Kentucky Power Company and Big Rivers Electric Corporation.
19 My qualifications and regulatory appearances are further detailed in my
20 Exhibit__(LK-1).

1 **Q. On whose behalf are you testifying?**

2 A. I am testifying on behalf of the Kentucky Industrial Utility Customers, Inc.
3 (“KIUC”), a group of large customers taking electric service at retail from KU
4 and LG&E (also referred to individually as “Company” or collectively as
5 “Companies”). The members of KIUC participating in this proceeding are:
6 Carbide Industries LLC, Cemex, Clopay Plastics Products Co., Inc., Corning
7 Incorporated, Dow Corning Corporation, E.I. DuPont de Nemours & Co., Ford
8 Motor Co., AAK, USA K2 LLC, Lexmark International, Inc., MeadWestvaco,
9 NewPage Corp., North American Stainless, Solae, Schneider Electric USA, and
10 Toyota Motor Engineering and Manufacturing North America, Inc.

11

12 **Q. What is the purpose of your testimony?**

13 A. The purpose of my testimony is to 1) address the magnitude of the Companies’
14 rate increases within the context of the steady and significant increases in
15 customer rates over the last ten years; 2) address the need for additional scrutiny
16 of the Companies’ claimed revenue deficiencies due to their use of forecast test
17 years for the first time; 3) summarize the KIUC revenue requirement
18 recommendations; 4) address specific issues that affect each Company’s revenue
19 requirement; and 5) quantify the effect on the revenue requirements of the cost of
20 long term debt and return on equity recommendation of KIUC witness Mr.
21 Richard Baudino.

1 **Q. Please summarize your testimony.**

2 A. The Companies' rates charged to customers have increased significantly over the
3 last ten years. The Commission should carefully scrutinize the Companies'
4 requests in these proceedings in order to minimize the increases. The Companies
5 have filed their cases for the first time using a forecast test year. The forecast test
6 year relies on models, assumptions, and estimates of the future. The Commission
7 should carefully scrutinize these models, assumptions, and estimates to ensure
8 that the costs are just and reasonable, and reflect efficient management,
9 particularly compared to the actual costs incurred in prior periods.

10 I recommend that the Commission increase KU's base rates by no more
11 than \$48.081 million, a reduction of \$105.363 million compared to its requested
12 increase of \$153.444 million. I recommend that the Commission decrease
13 LG&E's electric base rates by at least \$39.447 million, a reduction of \$69.733
14 million compared to its requested increase of \$30.286 million.

15 The following table lists each KIUC adjustment and the effect on the
16 claimed revenue deficiency for each Company. The amounts for KU are shown
17 on a Kentucky retail jurisdictional basis and the amounts for LG&E are for
18 electric only. I address in greater detail the reasons for each of the adjustments
19 reflected in the table, except for the cost of long-term debt and the return on
20 common equity, which are addressed by Mr. Baudino.

21

| Kentucky Utilities Company and Louisville Gas & Electric Company Summary of Revenue Requirement Adjustments-Jurisdictional Electric Operations Recommended by KIUC Case Nos. 2014-00371 and 2014-00372 For the Test Year Ended June 30, 2016 (\$ Millions) | | |
|---|------------------|-----------------|
| | KU Amount | LG&E Amount |
| Increase Requested by Company | 153.444 | 30.286 |
| <u>KIUC Adjustments:</u> | | |
| Operating Income Issues | | |
| Reduce Payroll and Related Benefits Expenses | (9.295) | (6.620) |
| Remove Nonrecurring O&M for the Retiring Green River 3 and 4 Units | (10.101) | |
| Remove Incentive Compensation Tied to Financial Performance | (5.863) | (4.961) |
| Reduce Pension Expense | (10.682) | (12.627) |
| Reduce Uncollectible Expense to 5-Year Average | (1.174) | (0.237) |
| Increase Late Payment Revenues | (2.533) | (2.007) |
| Remove Property Tax Expense Associated with CWIP | (2.067) | (2.343) |
| Extend Amortization Period on Deferred Costs | (1.183) | (0.809) |
| Reduce Cane Run 7 Depreciation Expense Related to Net Salvage | (0.514) | (0.164) |
| Revise Section 199 Income Tax Exp. Deduction for Bonus Depr. Extension | 0.541 | 2.052 |
| Reflect Other Operating Income Effects of Utilizing CWIP Slippage Factor | (0.247) | (0.170) |
| Cost of Capital Issues | | |
| Reduce Capitalization for CWIP Slippage | (0.653) | (0.568) |
| Reduce Capitalization to Reflect 50% Bonus Depreciation Extension | (3.024) | (4.812) |
| Reduce Capitalization Associated With Paddy's Run Demolition Costs | | (1.235) |
| Reduce Cost of Short Term Debt | (0.645) | (0.561) |
| Reduce Cost of Long Term Debt | (1.250) | (1.076) |
| Reflect Return on Equity of 8.6% | (56.674) | (33.596) |
| Total KIUC Adjustments to Company Request | (105.363) | (69.733) |
| KIUC Recommended Change in Base Rates | 48.081 | (39.447) |

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The amounts on the preceding table do not reflect the updates filed by the Companies on February 27, 2014, less than one week prior to the date for filing intervenor testimony. There was insufficient time and data to address the changes reflected in the updates. I reserve the right to update my recommendations to reflect the updated information.

In addition, the increase in rates described above for KU may be greater depending on whether the Commission directs KU to defer the nonrecurring operating expenses for Green River 3 and 4 for consideration in KU's next base rate case or adopts a new retirement rider to recover these expenses.

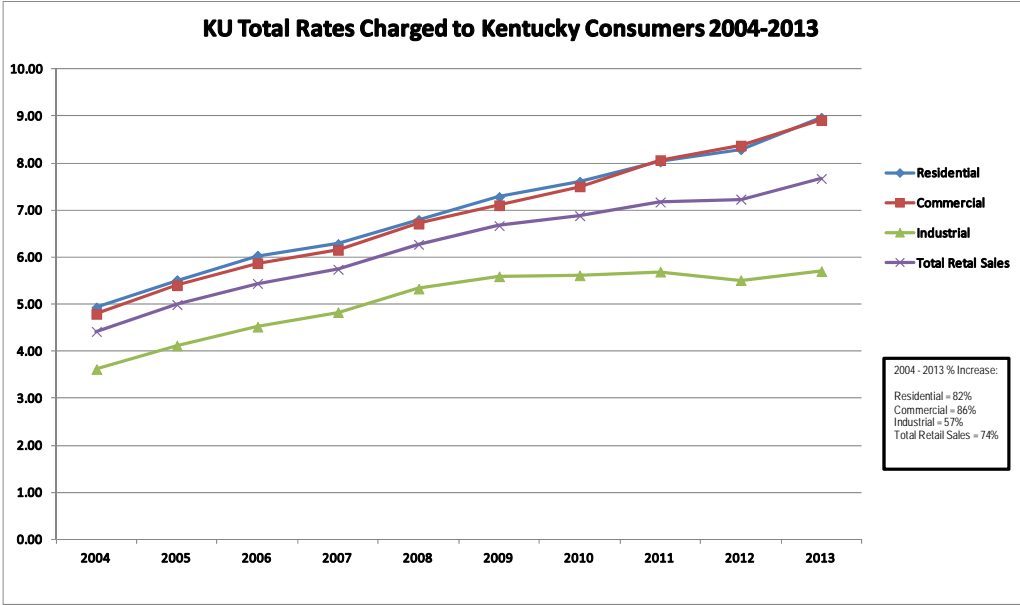
1 The revenue requirement effects of the expense adjustments shown on the
 2 preceding table are slightly greater than the amounts cited in my testimony
 3 because they reflect a gross-up due to uncollectible accounts expense and the
 4 Commission assessment.

5 In the following sections of my testimony, I describe the significant
 6 increases in customer rates in the last ten years and the significant increases in
 7 KU’s operation and maintenance expenses since 2013. I next address numerous
 8 adjustments that are necessary to ensure that the rates set in this proceeding are
 9 just and reasonable. I follow the sequence of the issues shown on the preceding
 10 table. Finally, I quantify the effects of Mr. Baudino’s recommendations regarding
 11 the cost of long-term debt and the return on equity.

12 **II. SIGNIFICANT INCREASES IN CUSTOMER RATES**
 13
 14

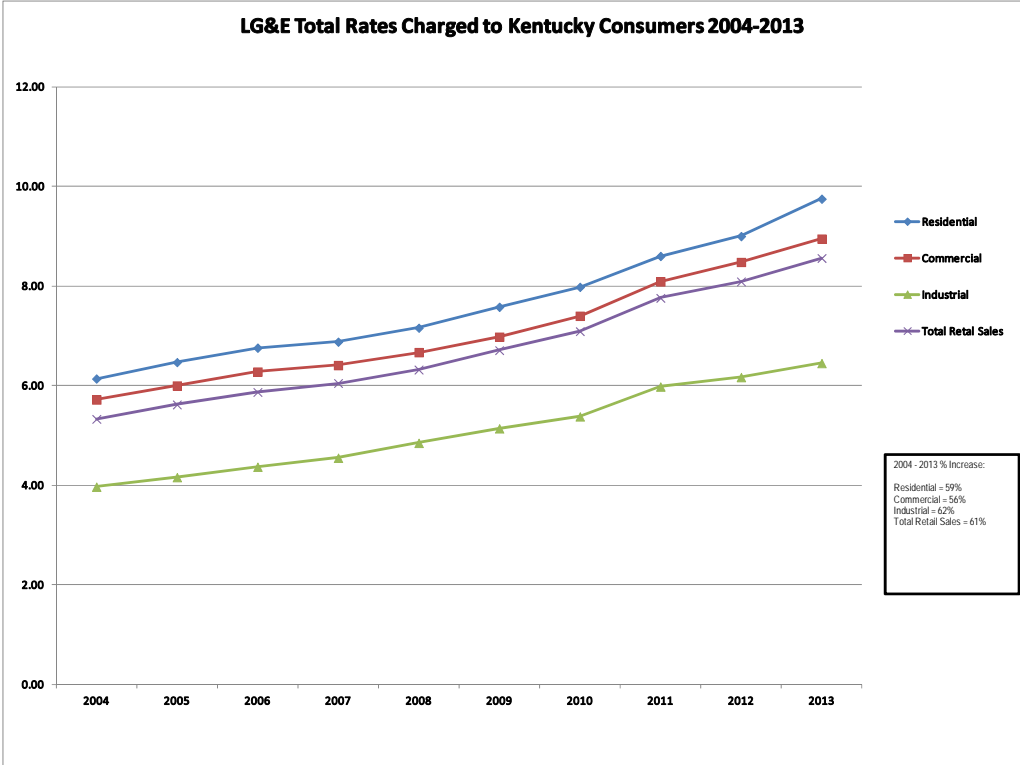
15 **Q. Please describe the significant increases in customer rates over the last ten**
 16 **years.**

17 A. The Companies’ rates have increased steadily and significantly over the last ten
 18 years. KU’s rates have increased an average of 74% over all customer classes.
 19 LG&E’s rates have increased an average of 61% over all customer classes. The
 20 following charts graphically portray these increases for each Company and each
 21 customer class from 2004 through 2013.



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1 **Q. Why are the historic increases in customer rates relevant in this proceeding?**

2 A. First, they provide context for the increases that the Companies' seek in this
3 proceeding. These rate increases impact real customers in residential households,
4 schools and other government agencies, and small and large businesses. These
5 customers need electric service and generally do not have economically realistic
6 alternatives.

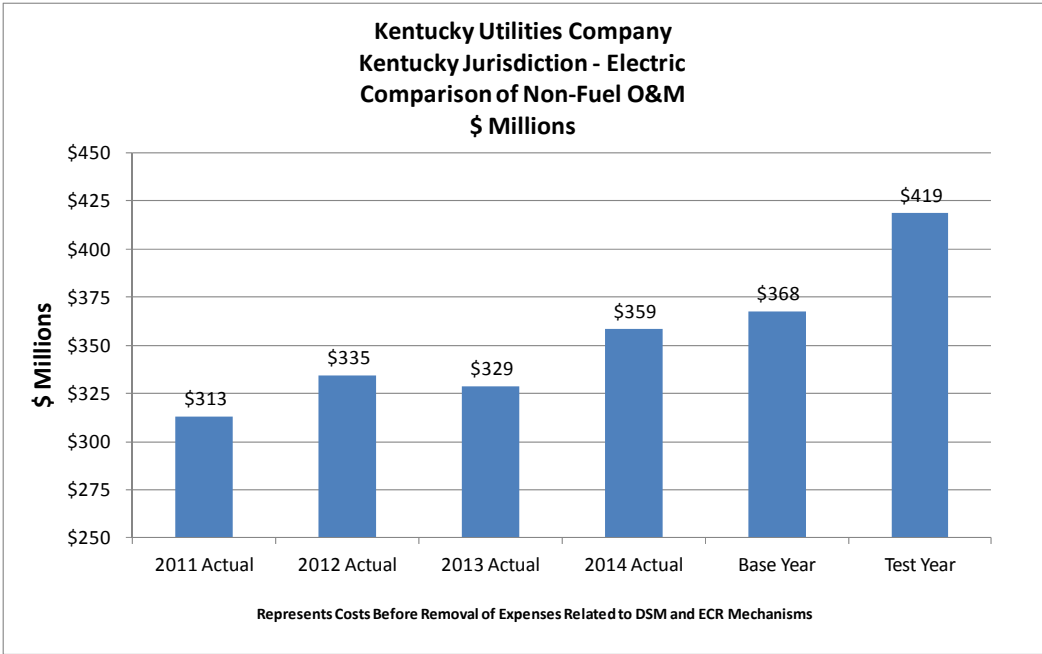
7 Second, these increases affect household budgets/expenses, government
8 budgets/expenses, and business budgets/expenses, as well as business
9 competitiveness and viability. Each of these customers must manage their income
10 and expenses efficiently. The Commission should insist that the Companies are
11 managed and operated efficiently to minimize their costs and that the costs
12 allowed recovery reflect the least reasonable cost.

13 Third, the Companies' requested increases reflect projected costs in a
14 forecast test year for the first time. Projected costs necessarily rely on models of
15 the future based on assumptions and estimates, not the actual costs relied on in a
16 historic test year. The use of a forecast test year is necessarily more subjective
17 than the use of a historic test year. Thus, the Commission should carefully
18 scrutinize the Companies' estimates and assumptions to ensure that they are not
19 inefficient, unreasonable, excessive, or erroneous.

1 **III. COSTS PROJECTED IN FORECAST TEST YEAR DESERVE CAREFUL**
2 **SCRUTINY**
3

4 **Q. How do the projected operation and maintenance expenses in the test year**
5 **compare to the Companies' recent actual expenses?**

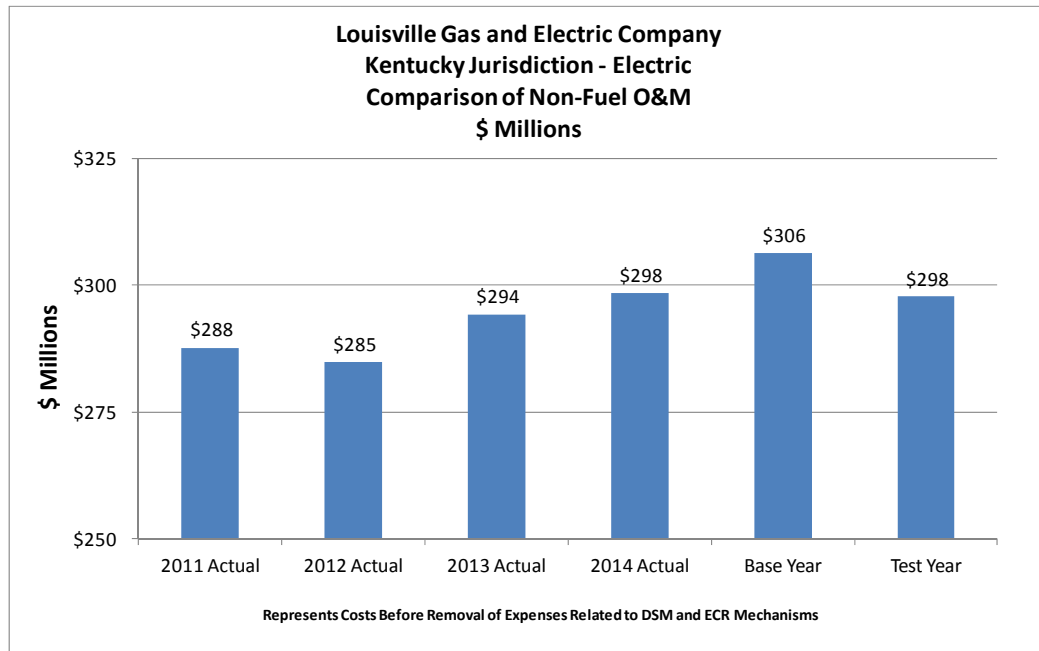
6 A. KU's O&M expenses are substantially greater and demonstrate an exceptional
7 rate of growth compared to actual historic levels. The following chart shows this
8 graphically:¹
9



10
11

¹The data underlying this chart by FERC O&M and A&G expense accounts is provided in my Exhibit__(LK-2).

1 In contrast to KU, LG&E's O&M expenses have been relatively stable and
2 show little growth compared to prior years. The following chart shows this
3 graphically:²



4

5

6 **Q. Do these comparisons of the test year to the actual O&M expenses in prior**
7 **years demonstrate that KU's O&M expense is unreasonable or that LG&E's**
8 **O&M expense is reasonable?**

9 A. No. However, it does highlight the fact that projections in forecast test years
10 deserve special scrutiny because they are based on projections and estimates, tend
11 to reflect expenses that may not actually be incurred if they were restrained by the
12 discipline of actual cost management, and can be used to increase the "ask" with

² The data underlying this chart by FERC O&M and A&G expense accounts is provided in my Exhibit__(LK-3).

1 virtually no downside risk by utility management. After all, if the Commission
2 does not authorize revenues based on the “ask,” then the Companies may not
3 actually incur the expenses they projected. If the Commission does authorize
4 revenues based on the “ask,” then the Companies still may not actually incur the
5 expenses or incur them at the same level they projected.

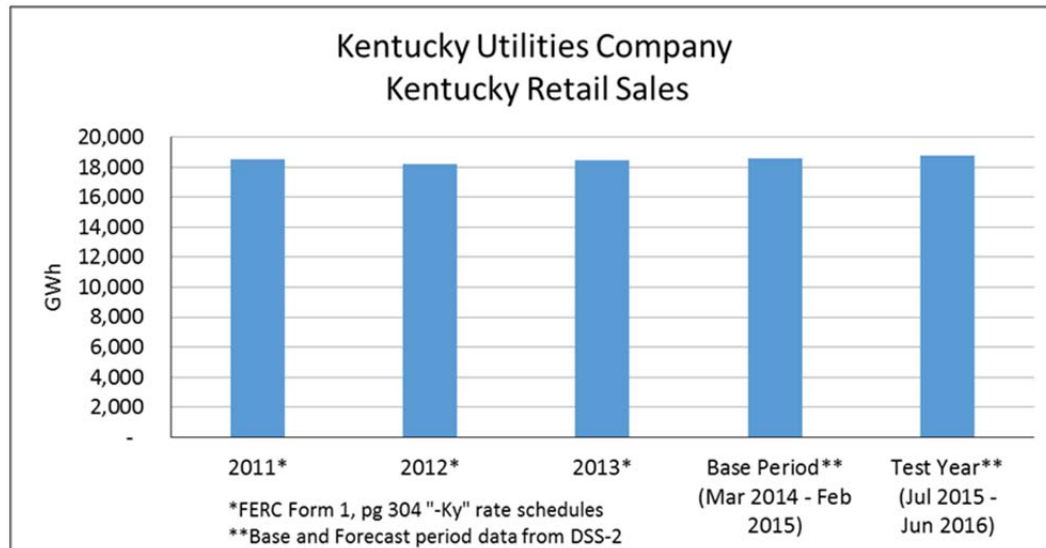
6

7 **Q. How do these increases in expense compare to the Companies’ load growth?**

8 A. The Companies’ load growth has been flat and is projected to remain so. In his
9 testimony, Mr. Staffieri cites the lack of load growth as a major factor in the need
10 for the requested increases. Mr. Staffieri states that “the Companies continue to
11 anticipate low growth in native system demand. In the past, the Companies have
12 been able to rely on both off system sales and native load growth to defray the
13 impact of rising costs between rate cases. Because this is no longer possible, the
14 Companies must now adjust rates to earn a reasonable return”³ The following
15 graphs portray the Company’s actual and projected test year load growth.

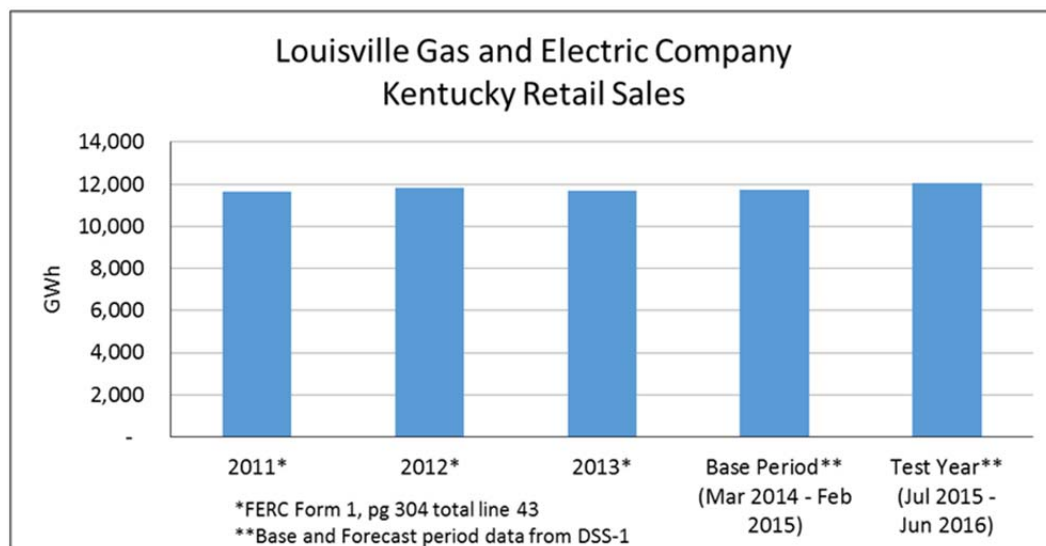
16

³ Direct Testimony of Victor A. Staffieri at 11.



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5 **Q. What is the significance of the Companies' flat load growth?**

6 A. It demonstrates that load growth is not the driver of the increases in O&M
7 expense. Rather, other factors are driving these O&M expense increases,
8 including management decisions.

1 It means that the increases in staffing levels and payroll and related
2 expenses that I address in the next section of my testimony, were not and cannot
3 be caused by actual or projected load growth. It also means that the Companies
4 should be encouraged to operate more efficiently given their status as mature
5 utilities with almost no load growth. In addition, it means that the Companies
6 arguably should be limited to the same number of employees to achieve the same
7 level of utility operations in the test year as in 2010, before the PPL acquisition,
8 adjusted only for known and measurable changes in activities, such as KU's
9 retirement of Green River 3 and 4 and LG&E's retirement of the coal-fired Cane
10 Run generating units and the commercial operation of Cane Run 7.

11 Again, the Commission should ensure that the expenses in the test year are
12 just and reasonable, prudent and necessary in order to minimize the impact on
13 customers.

14

15 **Q. What are some of the reasons for the increases in expenses that the**
16 **Commission should carefully scrutinize?**

17 A. The Companies have been engaged in a hiring frenzy since the end of the test year
18 in their last base rate cases (March 31, 2012), as highlighted in Mr. Thompson's
19 and other witnesses' testimony, even though the Companies have experienced
20 almost no load growth. This increase in staffing results in significant
21 inefficiencies and unnecessary payroll and related expenses. Adding duplicative
22 employees is not a necessity; it is a luxury, the cost of which should not be
23 imposed on customers.

1 The Companies have and are engaged in shutting down approximately 800
2 MW of coal-fired generation, which is labor-intensive. The shutdowns should
3 result in significant expense reductions in the test year compared to prior years
4 even with the commercial operation of Cane Run 7. Cane Run 7 is a natural gas-
5 fired combined cycle facility, which is much less labor-intensive than coal-fired
6 generation. Although the Companies have reflected some savings from the
7 shutdown of the coal-fired generation, the reductions in KU's expenses from
8 retiring Green River 3 and 4 have been offset by increases due to one-time
9 expenses to shut down the units in the test year.

10 The Companies have significantly increased their pension expense to
11 reflect recent changes to the mortality tables used to project their future pension
12 payments and reductions in the discount rate used to calculate their pension
13 benefit obligations.

14 The Companies have increased their uncollectible accounts expense and
15 reduced their late payment revenues compared to recent actual expenses and
16 revenues.

17
18 **IV. OPERATING INCOME ISSUES**
19

20 **Reduce Payroll and Related Expenses To Reflect Efficient Staffing Levels**
21

22 **Q. Please describe the growth in staffing levels since 2010 and continuing**
23 **through the test year.**

24 **A.** The Companies have significantly increased employee staffing levels since 2010
25 and PPL's acquisition of the utility operations of E.ON U.S. and propose even

1 greater staffing levels for the test year. The Companies not only incur the payroll
2 and related costs for their own employees, but also incur payroll and related costs
3 allocated from LG&E and KU Services Company (“LKS”).

4 In January 2011, KU had 1,667 employees, including those allocated to
5 KU from LKS. LG&E had 1,558 employees, including those allocated to LG&E
6 from LKS.⁴

7 In their filings, in June 2016, KU projects that it will have 1,868
8 employees, including those allocated from LKS, which is an increase of 12.1%
9 despite the reductions from retiring the Green River 3 and 4 generating units.
10 LG&E projects that it will have 1,786 employees, including those allocated from
11 LKS, which is an increase of 14.6% despite the reductions from retiring Tyrone
12 and the coal-fired Cane Run generating units. As I noted previously, the
13 Companies are significantly increasing employee levels despite the fact that their
14 loads are barely growing.

15 The Companies quantified a net increase of 293 positions after March 31,
16 2012, the end of the test year in their last base rate cases, and June 30, 2016, the
17 end of the test year in the pending cases.⁵

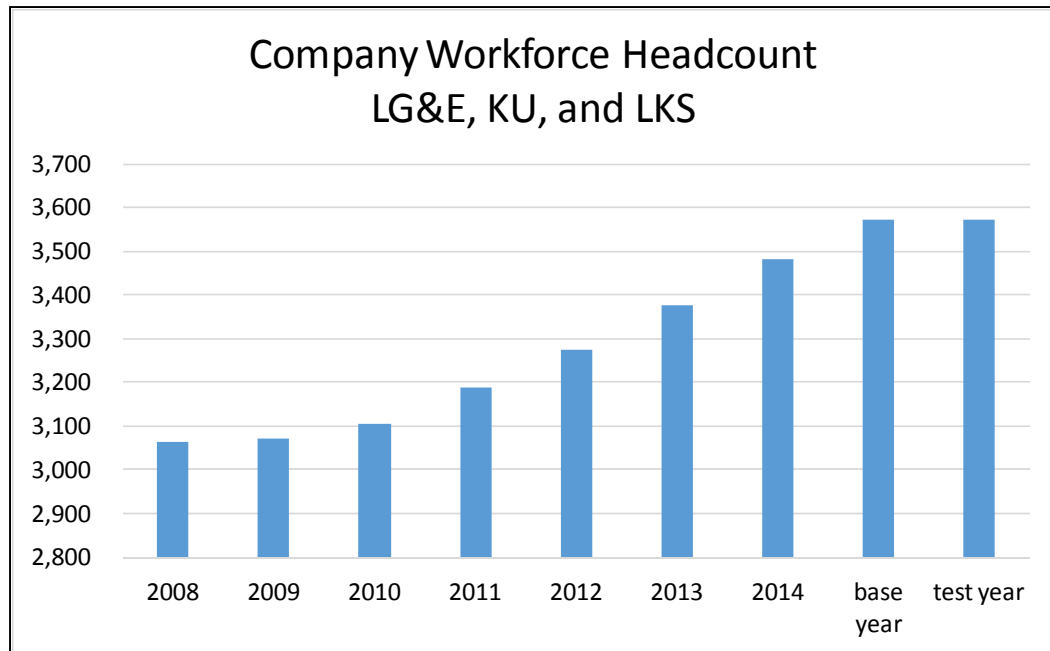
18 The following chart portrays the increase in staffing levels from 2008
19 through the test year (all historic years are at year end).⁶

⁴ KU’s and LG&E’s responses to Staff 1-32. I have attached a copy of KU’s response as my Exhibit___(LK-4) and LG&E’s response as my Exhibit___(LK-5).

⁵ KU and LG&E Responses to KIUC 1-10. I have attached a copy of the KU response to KIUC 1-10 as my Exhibit___(LK-6).

⁶ KU’s and LG&E’s responses to KIUC 1-9. I have attached a copy of KU’s response to KIUC 1-9 as my Exhibit___(LK-7).

1



2

3

4 **Q. What are the reasons cited by the Companies for the increases after March**
5 **31, 2012?**

6 A. The primary reason cited by the Companies is “core skill building/knowledge
7 retention and transfer.” The Companies cited this as the reason for 200 of the 293
8 added positions. The other reasons cited include “capital projects,” “regulatory
9 compliance,” “corporate reorganization,” “plant retirement,” and “customer
10 service.”⁷

11

12 **Q. Does the addition of additional employees for “core skill building/knowledge**
13 **retention and transfer” increase efficiency and productivity?**

⁷ *Id.*

1 A. No. The contrary is true. First, the additional employees are duplicative, almost
2 by definition. The Companies do not deny this. The employee increases for “core
3 skill building/knowledge retention and transfer” do not displace existing staffing;
4 they are in addition to the existing staffing. In other words, although the
5 workload is unchanged, it now will take more employees to accomplish the same
6 activities. This is the definition of negative productivity. Adding duplicative
7 employees is not a necessity; it is a luxury, the cost of which should not be
8 imposed on customers.

9 Second, these employees are being hired before there is an actual need for
10 them to replace employees who will retire or otherwise leave the Companies. The
11 Companies have failed to demonstrate that there is a need to hire these redundant
12 employees so many years in advance of the retirement of older employees. The
13 Companies have performed no workforce staffing study, other than a generalized
14 study that highlights the need to plan for future retirements.

15 Third, the new employees are being hired outside of and in addition to the
16 normal employee replenishment process. The normal process is to hire younger
17 and less experienced employees to perform lower level jobs and then to promote
18 them when they are more experienced and there are job openings. This is the
19 normal process of knowledge building and skill retention as older and more
20 experienced employees train and develop younger and less experienced
21 employees. Instead, the Companies have overlaid another round of hiring in
22 addition to the normal process. This is inefficient and results in excessive payroll
23 and related expenses. It offsets and overwhelms any benefits the Companies

1 actually achieved from additional investment to achieve efficiencies and to reduce
2 staffing.

3 Fourth, the Companies have provided no evidence that hiring these
4 additional employees is justified on the basis of cost savings or efficiency
5 improvements.

6

7 **Q. Is there any compelling need to accelerate hiring in the manner undertaken**
8 **by the Companies and projected to extend into the test year?**

9 A. No. The Companies have steadily increased their hiring since 2010 and in 2014
10 accelerated it even more. The Companies plan to stabilize their staffing in 2016
11 and future years, notably after the peak in staffing is reflected in the test year.

12

13 **Q. Is there another staffing issue that the Commission should address?**

14 A. Yes. KU proposes that 11 of the employees from the retiring Green River 3 and 4
15 generating units be added to staffing in the Metering department, ostensibly to
16 replace contractor expense incurred for reading meters. While commendable, this
17 unnecessarily adds additional expenses to the Companies' revenue requirement.

18

19 **Q. What is your recommendation?**

20 A. I recommend that the Commission disallow the payroll and related expenses for
21 the positions added for "core skill building/knowledge retention and transfer" and
22 disallow the payroll and related expenses for the 11 employees transferred from
23 the Green River units offset by an increase in contractor expense. Such employee

1 additions result in unnecessary and inefficient staffing. The Companies' business
2 customers cannot afford the luxury of redundant employees. The Companies'
3 customers have had to become more efficient and learn to do more with less. The
4 Commission should hold KU and LG&E to no lower standard.

5

6 **Q. What are the effects of your recommendation?**

7 A. The effects are a reduction in KU's O&M expense of \$9.247 million and a
8 reduction in LG&E's O&M expense of \$6.586 million.⁸

9

10 **Q. Is there another concern that you have identified with the Companies'**
11 **projected staffing levels in the test year?**

12 A. Yes. The Companies based their staffing levels on budgets and projections for the
13 test year. However, their experience is that actual staffing always is less than
14 their budgeted staffing. Over the three historical years (2011 – 2013), this
15 slippage has averaged 2.01% for KU and 2.95% for LG&E.⁹

16

17 **Q. Do you have an alternative recommendation if the Commission does not**
18 **adopt your recommendation to disallow the payroll and related expenses for**
19 **the added positions for “core skill building/knowledge retention and**

⁸ The calculations and sources of data used for the calculations are provided for KU on my Exhibit__(LK-8) and for LG&E on my Exhibit__(LK-9).

⁹ KU's and LG&E's responses to Staff 1-32. The responses provided actual and budgeted staffing levels by month for 2011 through October 2014. I have attached a copy of KU's response as my Exhibit__(LK-4) and LG&E's response as my Exhibit__(LK-5).

1 **transfer” and for employees transferred from the Green River units to**
2 **Metering?**

3 A. Yes. I recommend that the Commission disallow the payroll and related expenses
4 for the positions that the Companies’ actual experience indicates will not be filled
5 due to “slippage.” If the positions are not filled, then the Companies will not
6 incur the expenses.

7

8 **Q. What are the effects of your alternative recommendation?**

9 A. The effects are a reduction in the KU payroll and related expenses of \$3.348
10 million and a reduction in the LG&E expenses of \$3.688 million.¹⁰

11

12 **Remove Nonrecurring Operating Expenses for Retiring Generating Units from the**
13 **Base Revenue Requirement**

14

15 **Q. Please describe the Companies’ plans to retire certain of their coal-fired**
16 **generating units.**

17 A. KU plans to retire Green River 3 and 4 in April 2016, although the retirement date
18 may be extended to April 2017 under the Mercury and Air Toxics Standards if
19 grid reliability concerns are present. The last operating unit at Tyrone was retired
20 in 2013. LG&E plans to retire the coal-fired units at Cane Run in May 2015
21 when Cane Run 7 achieves commercial operation.¹¹

¹⁰ The calculations and sources of data used for the calculations are provided for KU on my Exhibit____(LK-10) and for LG&E on my Exhibit____(LK-11).

¹¹ Thompson Direct at 22.

1 KU provided its actual and projected operating expenses (operation and
2 maintenance expenses, administrative and general expenses and other taxes
3 expense) for Green River 3, 4 and common in its response to KIUC 1-7.¹²
4 Starting in January 2015, KU projected operating expenses for the units on a
5 combined basis, except for severance expenses, which it projected for each unit.
6 KU provided its actual and projected labor expenses for Green River 3 and 4 and
7 common in its response to KIUC 1-8.¹³

8 LG&E provided its actual and projected operating expenses for Cane Run
9 4, 5, 6 and common in its response to KIUC 1-7.¹⁴ Starting in May 2015, LG&E
10 projected operating expenses for the units on a combined basis. LG&E provided
11 its actual and projected labor expenses for Cane Run 4, 5, 6 and common in its
12 response to KIUC 1-8.¹⁵

13

14 **Q. Are the operating expenses for the retiring KU units in the test year**
15 **recurring?**

16 A. No. Except for nominal amounts for ongoing safety and site monitoring, the
17 operating expenses no longer will be incurred after the facilities are shut down
18 and the site is secured. KU projects that it will incur expenses through December

¹² I have attached a copy of the KU's response to KIUC 1-7 as my Exhibit__(LK-12).

¹³ I have attached a copy of KU's response to KIUC 1-8 as my Exhibit__(LK-13).

¹⁴ I have attached a copy of LG&E's response to KIUC 1-7 as my Exhibit__(LK-14).

¹⁵ I have attached a copy of LG&E's response to KIUC 1-8 as my Exhibit__(LK-15).

1 2016 to shutdown and secure the facilities, after which these expenses will drop to
2 approximately \$0.050 million per month for ongoing safety and site monitoring
3 and maintenance.

4

5 **Q. In contrast to the retiring KU units, are the operating expenses for the**
6 **retiring LG&E units in the test year recurring?**

7 A. It appears that they are. LG&E incurred expenses to shut down the facilities and
8 secure the site prior to the test year.

9

10 **Q. Are there specific one-time expenses related to the retirement of the retiring**
11 **KU units included in the test year?**

12 A. Yes. The expenses included in the test year include one-time expenses related to
13 shutting down the facilities and securing the site and employee severance
14 expenses.

15

16 **Q. Please describe how the Companies reflected the operating expenses and**
17 **capitalization of the retiring generating units in the test year revenue**
18 **requirement.**

19 A. The Companies included these operating expenses and all capital-related costs,
20 including depreciation expense and the return on capitalization, in the test year
21 revenue requirements

1 **Q. Is it appropriate to include the retiring KU units' operating expenses in the**
2 **base revenue requirement?**

3 A. No. These are nonrecurring expenses and should be removed from the KU base
4 revenue requirement. If the expenses are included in the base revenue
5 requirement, then KU will continue to recover the expenses long after they no
6 longer are incurred or are incurred at a much lower level. KU's rates will not be
7 reasonable and it will obtain excessive recovery.

8
9 **Q. If the retiring KU units' operating expenses are removed from the base**
10 **revenue requirement, are there recovery alternatives available that are**
11 **compensatory, but do not provide excessive recovery?**

12 A. Yes. There are at least two alternatives available. The first alternative is to
13 authorize KU to defer and amortize the operating expenses in excess of the
14 approximately \$0.050 million recurring expense. The deferral would be based on
15 the actual operating expenses incurred, less the \$0.050 million recurring expense,
16 and would be subject to review and recovery through amortization expense in the
17 Companies' next base rate cases. The amortization should be over a reasonably
18 short time period, such as three to five years.

19 The second alternative is to authorize KU to implement a new retirement
20 cost rider similar to the Big Sandy Retirement Rider authorized by the
21 Commission for Kentucky Power Company in Case No. 2012-00578. KU would
22 recover its actual operating expenses as incurred, except for one-time expenses,
23 such as severance expenses, which should be deferred and amortized over three to

1 five years, and except for the approximately \$0.050 million recurring expense.
2 By January 2017, the expenses recovered through the retirement cost rider would
3 diminish to the amount of the amortization expense and after three to five years
4 would diminish to \$0 and be terminated.

5

6 **Q. Should the Commission continue to allow recovery of the depreciation and**
7 **return on both Companies' retiring units through the base revenue**
8 **requirement?**

9 A. Yes. The Commission should adopt the Companies' proposal to recover the
10 remaining net book value of the retiring plants over the lives of their other coal-
11 fired generating assets through depreciation expense included in the base revenue
12 requirement.¹⁶ This proposal is reasonable because it provides a lengthy recovery
13 period and minimizes the impact on the revenue requirement. It also avoids any
14 arguments or decisions in this proceeding as to the final disposition of the retired
15 units, the potential costs of dismantling and site remediation if they are not retired
16 in place, and the time period over and the manner in which such costs will be
17 recovered.

¹⁶ The Companies will follow the FERC Uniform System of Accounts for retirements of plant costs, and debit the accumulated depreciation and credit the plant in service accounts by the amount of the gross plant that is retired. The remaining net book value of the retired units will be reflected in the net book value of the operating units in the next depreciation study and recovered over the remaining service lives of the operating units through slightly greater depreciation rates.

1 **Q. Please summarize your recommendations regarding the retiring coal-fired**
2 **generating units.**

3 A. I recommend that the Commission remove the nonrecurring operating expenses
4 for Green River 3 and 4 from KU's revenue requirement and either defer these
5 expenses for consideration in KU's next base rate case or adopt a new retirement
6 rider to recover these costs.

7
8 **Eliminate Incentive Compensation Tied to Financial Performance**
9

10 **Q. Please describe the incentive compensation tied to financial performance**
11 **included in the Companies' O&M expense and revenue requirements.**

12 A. KU included \$6.474 million (total Company) and LG&E included \$5.967 million
13 (total Company) in incentive compensation expense tied to PPL earnings per
14 share ("EPS") and LKE net income, two of the four metrics pursuant to the PPL
15 Team Incentive Award ("TIA").¹⁷ These amounts were incurred to "motivate and
16 direct employees toward the achievement of [PPL's] strategic goals." In a 2012
17 Employee Bulletin, Mr. Blake, a witness for the Companies in these two
18 proceedings, stated: "EPS reflects an important part of PPL's mission, which
19 includes providing shareholders with best-in-sector returns."¹⁸

20

¹⁷ Response to KIUC 2-14 for KU and LG&E in each case, respectively. Sum of the amounts expensed in the test year based on the Financial – PPL EPS and Financial – LKE Net Income metrics. A copy of each response is attached as Exhibit__(LK-16) and Exhibit__(LK-17), respectively. The Companies provided a copy of the TIA in response to AG 1-74 in each case, respectively. A copy of KU's response to AG 1-74 is attached as my Exhibit__(LK-18).

¹⁸ Response to AG 1-74, page 9 of 11 in each case, respectively.

1 **Q. Should the incentive compensation tied to financial performance be included**
2 **in the Companies' revenue requirement?**

3 A. No. First, the Commission precedent is to remove these expenses from the
4 revenue requirement. In its order in Kentucky-American Water Company Case
5 No. 2010-00036, the Commission disallowed incentive compensation expense
6 tied to "financial goals that primarily benefited shareholders."¹⁹ This expense
7 falls clearly within that category and should be a shareholder cost, not a customer
8 cost.

9 Second, this form of incentive compensation is directed toward achieving
10 shareholder goals, not customer goals. In its order in Atmos Energy Corporation
11 Case No. 2013-00148, the Commission stated "Incentive criteria based on a
12 measure of EPS, with no measure of improvement in areas such as safety, service
13 quality, call-center response, or other customer-focused criteria, are clearly
14 shareholder-oriented. As noted in the hearing on this matter, the Commission has
15 long held that ratepayers receive little, if any, benefit from these types of
16 incentive plants. . . It has been the Commission's practice to disallow recovery of
17 the cost of employee incentive plans that are tied to EPS or other earnings
18 measures."²⁰ Thus, the cost should be borne by shareholders, not customers.

19 Third, this form of profit-maximizing incentive compensation incentivizes
20 the Companies to seek greater rate increases from customers to improve PPL EPS
21 and LKE net income. The greater the rate increases and revenues, the greater the

¹⁹ Order in Kentucky American Water Company Case No. 2010-00036 at 14.

²⁰ Order in Atmos Energy Corporation Case No. 2013-00148 at 9.

1 PPL EPS and LKE net income and the greater the incentive compensation
2 expense. There is an inherent conflict between lower rates to customers and
3 greater financial performance for shareholders and incentive compensation for
4 executives and other employees. This expense should be a shareholder cost.

5 Fourth, including incentive compensation expenses in the revenue
6 requirement itself increases the PPL EPS and LKE net income and ensures that
7 the incentive compensation expense will be incurred; essentially, it is a self-
8 fulfilling expense, all else equal. If the Companies are ensured recovery of the
9 expense from customers, then there is no performance that is at risk or that must
10 be achieved in order to recover that expense. This expense should be a
11 shareholder cost.

12
13 **Pension Expense to Reflect Amortization of Net Actuarial Loss Over A Longer**
14 **Period**
15

16 **Q. Please describe the Companies' request for pension expense.**

17 A. The Companies seek significant increases in pension expense in the test year
18 compared to calendar year 2014 and compared to the base year. KU seeks an
19 increase of \$15.316 million (total Company) compared to calendar year 2014 and
20 of \$12.467 million compared to the base year.²¹ LG&E seeks an increase of
21 \$16.659 million (total Company) compared to calendar year 2014 and of \$13.366
22 million compared to the base year.²² These projected increases were based on

²¹ KU's Response to KIUC 1-20. I have attached a copy of this response as my Exhibit____(LK-19).

²² LG&E's Response to KIUC 1-20. I have attached a copy of this response as my

1 preliminary estimates developed by Towers Perrin, an actuarial firm retained by
2 the Companies.²³

3

4 **Q. What are the reasons for these significant increases?**

5 **A.** The only witness who addressed these increases was Mr. Blake. The only reason
6 cited by Mr. Blake was the presumed use by the Companies' actuaries of recently
7 developed new mortality tables, which reflect "mortality improvements," or
8 longer participant lives. Mr. Blake is not an actuary. Instead, he relied on
9 preliminary estimates from Towers Perrin for the pension expenses included in
10 the test year. These estimates were based on the new mortality tables as well as
11 incorporating the effects of various other changes in assumptions. The result of
12 the new mortality tables and other changes in assumptions is a huge increase in
13 the Companies' future pension benefit obligations ("PBO") and the resulting net
14 actuarial loss, a significant portion of which must be amortized and reflected in
15 pension expense over some amortization period. The Companies amortized the
16 net actuarial loss to expense using an extremely short year amortization period of
17 less than 9 years.

Exhibit____(LK-20).

²³ Excerpts from the Towers Perrin report were provided in KU and LG&E's responses to KIUC 1-15 and 1-16. I have attached a copy of KU's response as my Exhibit____(LK-21).

1 Although it was not cited by Mr. Blake, another reason for the increase in pension
2 expense is an increase in the PBO and the resulting net actuarial loss due to a
3 reduction in the discount rate used to calculate the PBO. This reason is cited in
4 the Towers Perrin report wherein it provided the preliminary estimates of pension
5 expense relied on by the Companies in their filings. The discount rate is used to
6 calculate the net present value of future pension payments to plan participants.
7 The lower the discount rate, the greater the PBO, the greater the net actuarial loss,
8 and the greater the pension expense, all else equal.

9

10 **Q. How is the increase in the net actuarial loss reflected in the pension expense?**

11 A. In addition to several other components, the pension expense calculation includes
12 an amortization of a significant portion of the net actuarial loss in the 2015 and
13 2016 calendar years used to develop the pension expense for the test year. If the
14 net actuarial loss increases, as it did from the use of the new mortality tables and
15 the reduction in the discount rate, then the amortization included in the pension
16 expense increases, all else equal. Similarly, if the amortization period is
17 shortened, then the amortization included in the pension expense increases, all
18 else equal. In future years, as the net actuarial loss is reduced, the amortization
19 included in the pension expense will decline, all else equal.

20

21 **Q. Is the essence of pension expense a statistical allocation of the future pension**
22 **payments to plan participants over their lives?**

1 A. Yes. Pension expense is nothing more than a statistical allocation of estimated
2 future benefit payments. It requires estimates of the future pension payments, but
3 is trued-up each year to reflect actual experience in the prior year and further
4 adjusted to reflect changes in estimates of future payments to plan participants.

5 Consequently, the pension plan expense is properly viewed as a “self-
6 truing” expense that is updated each year over the remaining lives of the plan
7 participants. The estimates will change each year based on actual experience, the
8 assumptions used and the allocation methods that are applied. Nevertheless, the
9 sum of the pension expense necessarily will equal the sum of the pension benefit
10 payments until the last plan participant or qualified dependent dies.

11 The Companies’ defined benefit pension plans are now closed to new
12 employees. The future pension payments to plan participants over their lives will
13 not be known with certainty until the last plan participant dies and the plan is
14 terminated. Until the termination of the plan, the pension expense each year
15 requires an estimate of the future pension payments and an allocation of that
16 expense over the remaining years of the plan.

17 This important point is confirmed in the Towers Perrin actuarial report
18 provided in response to KIUC 1-16. Towers Perrin correctly notes that the
19 variability in expense from estimate to estimate is due to changes in assumptions,
20 but ultimately does not affect the pension expense incurred over time.

21 As an example of how assumptions can be used or changed to affect the
22 pension expense calculated by the actuary for any year, the Companies
23 successfully reduced their pension expense last year when they raised the discount

1 rate by 90 basis points. Now they plan to reduce the discount rate by 50 basis
2 points for the projected test year. If interest rates increase in future years, then the
3 Companies will increase the discount rate again, which will reduce pension
4 expense in those future years to levels below what their actuary projects today.

5 As another example of how the Companies used assumptions to increase
6 pension expense in the projected test year in the pending cases, the Companies
7 directed Towers Perrin to assume that there would be *no* earnings on the pension
8 fund assets after March 31, 2014 until December 31, 2014. December 31, 2014
9 was the date used to value the pension assets and the PBO and the net actuarial
10 loss used to calculate the pension expense for 2015. This assumption reduced the
11 pension fund assets and increased the pension expense due to an increase in in the
12 net actuarial loss for 2015 and all subsequent years that were projected. In effect,
13 the Companies increased their pension expense in the test year through a
14 apparently unsupported assumption.

15
16 **Q. Have the Companies projected their pension expense after the end of the test**
17 **year?**

18 A. Yes. Towers Perrin projected the Companies' pension expense for each year
19 2015 through 2019.²⁴ After the increase in 2015, the projected expenses decline
20 in each subsequent year 2016 through 2019. This occurs primarily because the
21 amortization included in the pension expense declines as the funding deficiency
22 and the net actuarial loss are reduced each year.

²⁴ KU's and LG&E's response to KIUC 1-16. I have attached a copy of KU's response as part of my Exhibit__(LK-21).

1 **Q. What is the significance of the declines in pension expense after the test year?**

2 A. If the Commission adopts the Companies' proposed pension expense, then the
3 base revenue requirement will include pension expense at its peak and will not
4 reflect the declines in each subsequent year. This will result in the Companies'
5 recovering more than the pension expense they actually incur until their next base
6 rate cases. This is inequitable and can and should be avoided.

7

8 **Q. Is the Commission obligated to use the Companies' proposed pension**
9 **expenses for ratemaking purposes?**

10 A. No. The Commission is required to set the pension expense at a level that it
11 determines is reasonable for ratemaking purposes. This may not be the same as
12 the Companies' estimates for accounting and financial reporting purposes. As I
13 noted previously, pension expense is an estimate that is self-truing over time. The
14 pension expense estimates are extremely sensitive to the models and assumptions
15 that are used to calculate the expenses. All of these assumptions are approved by
16 the Companies.

17 Thus, if the Commission determines that different estimates are reasonable
18 for ratemaking purposes based on different assumptions, such as a longer
19 amortization period or higher discount rate, then those estimates can and will be
20 trued up in subsequent rate cases.

21 To the extent that the Companies' pension expense allowed for ratemaking
22 is different than it reports for accounting and financial reporting, it is considered a
23 timing difference under Generally Accepted Accounting Principles ("GAAP")

1 and the Companies can defer the difference (either as an asset or a liability).
2 These deferrals will converge to \$0 when the final pension expense is determined
3 and the plan is terminated. The use of deferral accounting ensures that the
4 Companies' earnings will not be affected if the Commission adopts a longer
5 amortization period.

6

7 **Q. What is your recommendation?**

8 A. I recommend that the Commission set pension expense to reflect a 30 year
9 amortization of the net actuarial losses rather than the less than 9 year
10 amortization periods used by the Companies. The longer amortization more
11 closely matches the period over which pension payments will be made (up to 60
12 or more years) than the unduly short amortization period reflected in the
13 Companies' amortization. The longer amortization period will reduce the
14 volatility caused by changes in the mortality tables, the discount rate, and market
15 returns on pension assets, not only in the pending cases, but also in future cases.
16 The longer amortization period also will levelize the pension expense over the life
17 of the pension plan compared to the Companies' proposal, which front-loads the
18 amortization and thus, the pension expense. Finally, the longer amortization
19 period will minimize the excess recoveries from customers as the Companies'
20 pension expense declines in future years.

1 **Q. What are the effects of your recommendation?**

2 A. The effects are a reduction in KU's pension expense of \$10.627 million and a
3 reduction in LG&E's electric expense of \$12.562 million.²⁵

4
5 **Reduce Uncollectible Expense to Reflect Recent Experience**
6

7 **Q. How does the uncollectible accounts expense included by the Companies in**
8 **the test year compare to their actual experience over the most recent five**
9 **years?**

10 A. KU included \$6.441 million in uncollectible expense in the test year compared to
11 a five year average for 2010 through 2014 of \$5.273 million. The five year
12 average was driven sharply upward by abnormally high residential accruals in
13 2010 and 2014.²⁶ KU claims that the test year uncollectible expense is 0.40% of
14 total revenues, which it claims is "not unreasonable when compared to the five
15 year average."²⁷

16 LG&E included \$4.028 million in uncollectible accounts expense in the
17 test year compared to a five year average for 2010 through 2014 of \$3.730
18 million. The five year average was driven sharply upward by abnormally high
19 residential accruals in 2010 and 2014.²⁸ LG&E claims that the test year

²⁵ The calculations for KU and LG&E are attached as Exhibit___(LK-22) and Exhibit___(LK-23), respectively.

²⁶ KU's response to AG 1-3. I have attached a copy of this response as my Exhibit___(LK-24).

²⁷ KU's response to AG 2-3. I have attached a copy of this response as my Exhibit___(LK-25).

²⁸ LG&E's response to AG 1-3. I have attached a copy of this response as my Exhibit___(LK-26).

1 uncollectible expense is 0.28% of total revenues, which it claims is “not
2 unreasonable when compared to the five year average.”²⁹

3

4 **Q. Is the uncollectible accounts expenses included by each Company in its**
5 **revenue requirement excessive?**

6 A. Yes. The Commission must determine what a reasonable level of expense is for
7 the forecast test year. The best way to do that is to compare it to each Company’s
8 recent experience. A five year average provides the best evidence of each
9 Company’s actual experience, including the effects of any anomalies. As I noted
10 previously, it is not appropriate to compare the test year level to the most recent
11 calendar year alone because the residential expense accruals were abnormally
12 high in 2014.

13 As to the Companies’ claim that the projected test year expense “is not
14 unreasonable compared to the five year average,” the numbers do not support that
15 claim. The Companies’ projections are substantially in excess of the five year
16 averages and they are not reasonable.

17

18 **Q. What is your recommendation?**

19 A. I recommend that the Commission use the five year average for each Company.
20 The Companies have offered no justification to increase the projected test year

²⁹ LG&E’s response to AG 2-3. I have attached a copy of this response as my Exhibit____(LK-27).

1 expense to the proposed levels. The uncollectibles account expense is volatile
2 and it should reflect each Company's average actual experience.

3

4 **Q. What are the effects of your recommendation?**

5 A. The effect is a reduction in KU's uncollectible accounts expense of \$1.168
6 million and a reduction in LG&E's electric expense of \$0.236 million.

7

8 **Increase Customer Late Payment Revenues to Reflect Recent Experience**

9

10 **Q. Please describe the late payment revenues reflected by the Companies in the**
11 **test year and how those "other revenues" compare to the Companies' recent**
12 **actual five year experience.**

13 A. KU reflected \$3.786 million in the test year compared to a five year average for
14 2010 through 2014 of \$6.306 million.³⁰ LG&E reflected \$2.475 million (electric)
15 in the test year compared to a five year average for 2010 through 2014 of \$4.471
16 million.³¹

17

18 **Q. Should the Commission use the five year average for late payment revenues**
19 **in the same manner as you recommend for uncollectible accounts expense?**

20 A. Yes, and for the same reasons.

³⁰ KU's response to AG 1-3. A copy of this response is attached as my Exhibit__(LK-24).

³¹ LG&E's response to AG 1-3. A copy of this response is attached as my Exhibit__(LK-26).

1 **Q. What are the effects of your recommendation?**

2 A. The effect is an increase in KU's late payment revenues of \$2.520 million and an
3 increase in LG&E's revenues of \$1.996 million.

4
5 **Remove Property Tax Expense on Construction Work In Progress and Direct the**
6 **Companies to Capitalize the Expense**
7

8 **Q. Did the Companies capitalize any property tax expense in the test year to**
9 **construction work in progress ("CWIP")?**

10 A. No. The Companies reflected all property tax expense as an operating expense in
11 the revenue requirement. The Companies' calculations of property tax expense in
12 included construction work in progress ("CWIP") as well as plant in service.³²

13
14 **Q. Please describe the Companies' property tax expense capitalization policy.**

15 A. The Companies capitalize property tax expense only on the "original construction
16 costs of coal-fired generating units."³³ There is no construction of new coal-fired
17 generating units in the test year, so the Companies did not capitalize any of the
18 projected property tax expense. However, there is significant other construction,
19 some of which is reflected in base rates and some of which is reflected in the
20 environmental surcharge.

21

³² KU's and LG&E's response to KIUC 1-36. I have attached a copy of the summary tabs from each Company's response to KIUC 1-36 as my Exhibit__(LK-28).

³³ KU's and LG&E's response to KIUC 2-10. I have attached a copy of the KU response as my Exhibit__(LK-29).

1 **Q. Is this capitalization policy appropriate?**

2 A. No. It is not appropriate for accounting or ratemaking purposes. There is no
3 justification for the Companies to expense the property taxes on the construction
4 costs of environmental and all other additions to coal-fired generating units, gas-
5 fired generating units, transmission, and distribution assets. The property tax
6 expense on these construction costs is a cost of construction, not a current period
7 expense. In fact, the FERC Uniform System of Accounts (“USOA”) requires that
8 such taxes be capitalized during construction.³⁴ The property tax expense should
9 be treated no differently than the cost of labor, materials, contractors, and other
10 costs that are incurred to construct the assets and to prepare them for service.

11 In the past, prior to the Companies’ massive environmental capital
12 expenditures and prior to their construction of gas-fired generation units instead
13 of new coal-fired units, there may have been little difference whether the property
14 taxes on CWIP were capitalized or not. However, circumstances have changed
15 significantly from those days and the accounting and ratemaking practices of the
16 past should be updated to reflect present reality. The Companies’ accounting
17 practices also should be modified to conform with the requirements of the FERC
18 USOA Plant Instructions.

³⁴ FERC USOA Electric Plant Instructions #3A. *Components of Construction Cost* states that “For Major utilities, the cost of construction property includible in the electric plant accounts shall include, where applicable, the direct and overhead cost as listed and defined hereunder:” The list of such costs includes #16 *Taxes*, which states: “*Taxes* includes taxes on physical property (including land) during the period of construction and other taxes properly includible in construction costs before the facilities become available for service.”

1 Further, it is particularly important to capitalize property tax expense on
2 CWIP in a forecast test year. There may have been an argument in the past when
3 using a historic test year that regulatory lag justified treating all property tax
4 expense as a current period expense for ratemaking recovery, at least with respect
5 to property tax expense on minor generating unit additions or short-term
6 transmission and distribution construction projects. That argument is no longer
7 relevant now that the Companies have switched to a forecast test year.

8

9 **Q. What are the effects of your recommendation?**

10 A. The effect is a reduction in KU's property tax expense of \$2.056 million and a
11 reduction in LG&E's electric expense of \$2.331 million.³⁵

12

13 **Extend The Amortization Period for Deferred Costs That Will Be Fully Amortized**
14 **Shortly After The Test Year**

15

16 **Q. Please describe the amortization expense for deferred costs included in the**
17 **test year.**

18 A. The Companies provided a list of each deferred cost and the annual amortization
19 expense in response to KIUC discovery in these proceedings.³⁶ For certain of
20 these deferred costs, the amortization will be completed within one or two years
21 after the end of the test year.

³⁵ The calculation of the KU adjustment is shown on my Exhibit__(LK-30). The calculation of the LG&E adjustment is shown on my Exhibit__(LK-31).

³⁶ See KU's and LG&E's response to KIUC 1-29. I have attached a copy of each Company's response as my Exhibit__(LK-32) and Exhibit__(LK-33), respectively.

1 More specifically, KU's Mountain Storm deferred costs will be fully
2 amortized in October 2016, a mere four months after the end of the test year. The
3 amortization expense is \$1.208 million. However, at the end of the test year, the
4 unamortized cost is only \$0.403 million. In other words, if this amortization
5 expense is "baked-in" to the revenue requirement without modification, KU will
6 recover \$0.805 million more than the amortization expense in the twelve months
7 after the test year and \$1.208 million more than the amortization expense each
8 year thereafter.

9 KU's MISO Exit Fee deferred costs will be fully amortized in June 2017,
10 only twelve months after the end of the test year. The amortization expense is
11 \$0.484 million. However, at the end of the test year, the unamortized cost is only
12 \$0.482 million. In other words, if this amortization expense is "baked-in" to the
13 revenue requirement without modification, KU will recover \$0.484 million more
14 than the amortization expense every twelve months starting in July 2017.

15 LG&E's 2011 Summer Storm will be fully amortized in December 2017,
16 only 18 months after the end of the test year. The amortization expense is \$1.610
17 million. However, at the end of the test year, the unamortized cost is only \$2.416
18 million. In other words, LG&E will recover \$1.610 million more than the
19 amortization expense each year starting in January 2018.

20

21 **Q. What is your recommendation to address this problem and the overrecovery**
22 **that will occur within mere months after the end of the test year?**

23 A. I recommend that the Commission reset the amortization period to five years for

1 the deferred costs that I identified. This will reduce the likelihood that the
2 Companies will overrecover, but still provides the Companies full recovery of the
3 deferred costs.

4

5 **Q. What are the effects of your recommendation?**

6 A. KU's amortization expense will be reduced by \$1.177 million for the Mountain
7 Storm and MISO Exit Fee deferred costs.³⁷ LG&E's amortization expense will be
8 reduced by \$0.805 million for the 2011 Summer Storm deferred costs.³⁸

9

10 **Eliminate Terminal Net Salvage from the Cane Run 7 Depreciation Rates**

11

12 **Q. Please describe the net salvage that the Companies included in the proposed**
13 **Cane Run 7 depreciation rates.**

14 A. The Companies propose net salvage of negative 5% for plant accounts 342 and
15 343, negative 10% for account 344, and negative 5% for account 345³⁹ for Cane
16 Run 7. Mr. Spanos developed these proposed net negative salvage rates by
17 performing a statistical review of the historic *interim* retirements and *interim* net
18 salvage of the Companies' other gas-fired generating units.⁴⁰ Mr. Spanos did not
19 perform any review of *terminal* retirements or *terminal* net salvage for the
20 Companies' other gas-fired generating units or for Cane Run 7 specifically and

³⁷ The calculations for KU are shown on my Exhibit__(LK-34).

³⁸ The calculations for LG&E are shown on my Exhibit__(LK-35).

³⁹ These net salvage rates for each plant account are shown on Exhibit JJS-1 attached to Mr. Spanos' Direct Testimony for each company. I have attached a copy of KU's and LG&E's schedule as my Exhibit__(LK-36) and Exhibit__(LK-37), respectively, for ease of reference.

⁴⁰ Spanos Direct at 5-6.

1 claims that he did not “include a terminal net salvage component in the proposed
2 rates since no plans have been established for how the facility would be
3 dismantled.”⁴¹

4

5 **Q. Please distinguish between net salvage on interim retirements and net salvage**
6 **on terminal retirements.**

7 A. The plant balances represent the cost of the assets, in this case the Cane Run 7
8 generating unit. Some of the components of the asset will be replaced and retired
9 before the entire asset is retired. These retirements are considered to be *interim*
10 retirements. The net cost to remove these *interim* retirements, offset by any
11 salvage income, is referred to as net negative salvage on *interim* retirements.

12 However, the bulk of the components and the cost of the components will
13 remain in service from the first day of operation to the last day when the
14 generating unit is shut down and retired. These retirements are considered to be
15 *terminal* retirements. If the facilities are retired in place, then there is no cost to
16 remove those components, net of any salvage income. If the facilities are
17 dismantled and the site is remediated, then there is a cost to remove these
18 components and remediate the site. The net cost to do so is referred to as net
19 negative salvage on *terminal* retirements.⁴²

⁴¹ KU’s and LG&E’s responses to KIUC 2-12. A copy of these responses is attached as my Exhibit (LK-38).

⁴² Mr. Spanos provides a description of interim and terminal retirements in his Direct Testimony at 7-8.

1 The distinction between interim and terminal retirements and the net
2 negative salvage related to each may be illustrated through an analogy to a car.
3 Assume that Betty buys a new car. Over the years, she replaces the tires and
4 some of the engine components, such as the alternator and the power steering
5 pump. Those are analogous to the interim retirements that Cane Run 7 will
6 experience over its life. The costs that she incurred to pay her mechanic to
7 remove and replace these parts are considered net negative salvage on those
8 interim retirements. Years later, the car reaches the end of its life and Betty
9 decides to permanently retire it. She has the car towed to the salvage yard and is
10 paid nothing for it. The costs that she paid the towing company are considered
11 net negative salvage on terminal retirements. The terminal retirement of the car is
12 analogous to Cane Run 7. At the end of its life, the entire remaining plant
13 balances will be retired. There may be no net negative salvage if the unit is retired
14 in place or there may be net negative salvage if it is dismantled and removed and
15 the site is remediated.

16

17 **Q. How did Mr. Spanos apply the net negative salvage that he developed for**
18 ***interim* retirements when he calculated the depreciation rate for Cane Run**
19 **7?**

20 A. Mr. Spanos applied the *interim* net negative salvage to the *entire* Cane Run plant
21 balance rather than only the *interim* portion of the plant balance. He

1 acknowledged that he did so in response to discovery.⁴³ Returning to my car
2 analogy, he assumed that the roof, hood, trunk, and chassis of the car all would
3 have to be replaced on the same regular basis as tires, the alternator and the power
4 steering pump.

5

6 **Q. What is the proportion of the plant balance for Cane Run 7 that is subject to**
7 **interim retirements?**

8 A. Mr. Spanos provided the Cane Run 7 plant balances by account that would be
9 subject to interim retirements in response to discovery.⁴⁴ That response shows
10 that only 25% (on average across all plant accounts) of the total plant balances for
11 each Company will be subject to interim retirement.⁴⁵ Yet, Mr. Spanos applied
12 the interim net salvage to 100% of the total plant balances, both the interim
13 portion and the terminal portion.

14

15 **Q. Was this a calculation error?**

16 A. Yes. First, the Companies claim that they included *NO* terminal net salvage in the
17 proposed Cane Run 7 depreciation rates. However, that claim is incorrect. By
18 applying the interim net salvage rate to the terminal retirements in addition to the
19 interim retirements, the Companies included net negative salvage on terminal

⁴³ KU's and LG&E's responses to KIUC 2-13. I have attached a copy of these responses as my Exhibit___(LK-39).

⁴⁴ *Id.*

⁴⁵ The 25% is an average across all plant accounts. The responses to KIUC 2-13 indicate that interim retirements compared to total plant balances for both Companies are 18% for account 341, 16% for account 342, 19% for account 343, 30% for account 344, 33% for account 345, and 34% for account 346.

1 retirements, despite denying that they did so and denying that they even could do
2 so.

3 Second, the Companies provided no estimate of terminal net salvage and
4 no support for including terminal net salvage, let alone any evidence that terminal
5 net salvage would be anything other than 0%. Mr. Spanos included the following
6 Question and Answer in his testimony as follows:

7
8 **Q. DID YOU INCLUDE A NET SALVAGE COMPONENT FOR**
9 **DISMANTLEMENT IN THE DEPRECIATION CALCULATIONS?**

10
11 A. No. Although it is important to establish the full service value of the
12 facility at the early stages, including an amount at this time is premature.
13 There is analysis of the facility and site that needs to be performed before
14 an adequate estimate of dismantlement costs assigned for recovery. Once
15 the study is completed, the dismantlement component will be included in
16 future depreciation rates.
17

18 Mr. Spanos testified that not only had he *NOT* included terminal net
19 salvage, but that he could not do so until he had “an adequate estimate of
20 dismantlement costs.”

21 In Case Nos. 2012-00221 and 2012-00222, the settlement adopted by the
22 Commission limited terminal net salvage to negative 2% on all of the Companies’
23 generating units.⁴⁶ Methodologically, the Companies weighted the interim and
24 terminal net salvage by the interim and terminal portions of the plant balance.⁴⁷ If
25 Mr. Spanos had done a similar weighting for Cane Run 7 with a 0% terminal net

⁴⁶ In their responses to KIUC 2-12, the Companies provide the weighting of the interim and terminal net salvage rates into a combined net salvage rate applied to the entire plant balances. The terminal net salvage for all plant accounts is shown as negative 2% in accordance with the settlement term.

⁴⁷ *Id.*

1 salvage for the terminal portion of the plant balances, then the weighted net
2 salvage would be one-fourth of the net salvage rate that he applied.

3

4 **Q. What is your recommendation?**

5 A. I recommend that the Commission correct this error in the Companies' calculation
6 of the proposed Cane Run 7 depreciation rates and remove the terminal net
7 salvage from the calculations.

8

9 **Q. What are the effects of your recommendation?**

10 A. The Cane Run 7 depreciation rates should be reduced to 2.62% for accounts 341
11 and 342, 2.68% for account 343, 2.91% for account 344, 2.88% for account 345,
12 and 2.82% for account 346. KU's depreciation expense should be reduced by
13 \$0.511 million and LG&E's by \$0.164 million.⁴⁸ I used the Companies'
14 methodology for its other generating units to weight the interim net salvage and
15 the terminal net salvage (using 0% for Cane Run 7) to develop the net salvage rate
16 applied to the Cane Run 7 plant balances. These reductions to depreciation
17 expense and the associated rate increases will not affect the earnings of the
18 Companies.

⁴⁸ The calculations of the corrected depreciation rates and the corrections to the KU and LG&E depreciation expense are shown on my Exhibit___(LK-40) and Exhibit___(LK-41), respectively.

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V. CAPITALIZATION ISSUES

Reduce The Revenue Requirement to Reflect A “Slippage Factor” Applied to Construction Expenditures

Q. The Staff asked the Companies to quantify a construction expenditure “slippage factor” and the resulting reduction in revenue requirements.⁴⁹

Please describe the concept of a “slippage factor” and the Companies’ responses.

A. A “slippage factor” in this context refers the percentage by which the actual construction expenditures tend to underrun the budgeted construction expenditures. The Commission has applied slippage factors in other utility base rate cases where there has been a forecast test year. In its order in Union Light, Heat and Power Company Case No. 2005-00042, the Commission adopted a “slippage factor” adjustment for the forecast test year, which it described as follows:

As part of the capital budgeting process, utilities will estimate the level of capital construction that will be undertaken during the year. Because of delays, weather conditions, or other events, the actual level of construction will often vary from the level budgeted. The difference between the actual and budgeted levels is reflected in the calculation of a “slippage factor,” which serves as an indicator of the utility's accuracy in predicting the cost of its utility plant additions and when new plant will be placed into service. The Commission has routinely applied a slippage factor in the forward-looking test period rate cases for Kentucky-American Water Company. The Commission has usually utilized a slippage factor calculated by determining the annual slippage during the most recent 10-year period and then calculating the mathematic average of the annual

⁴⁹ KU’s response to Staff 2-75 and LG&E’s response to Staff 2-89.

1 slippage factors. The slippage factor is normally applied to the utility plant
2 in service balance and the construction work in progress (“CWIP”)
3 balance to determine the slippage adjustment.⁵⁰ (footnote omitted).
4

5 Similarly, in its order in Case No. 2004-00103, the Commission adopted
6 “slippage factor” adjustments for the forecast test year, which it described “as an
7 indicator of Kentucky-American’s accuracy in predicting the cost of its utility
8 plant additions.”⁵¹

9 In these proceedings, KU quantified a 97.803% slippage factor and a
10 reduction of \$0.900 million in its base revenue requirement if the slippage factor
11 is applied to its projected construction expenditures.^{52,53} LG&E quantified a
12 97.728% slippage factor and a reduction of \$0.738 million in its electric base
13 revenue requirement if the slippage factor is applied to its projected construction
14 expenditures.^{54,55}

⁵⁰ Order in Union Light, Heat and Power Company Case No. 2005-00042 at 8.

⁵¹ Order in Kentucky American Water Case No. 2004-00103 at 2.

⁵² KU’s responses to Staff 2-75. I have attached a copy of this response as my Exhibit__(LK-42).

⁵³ I have reflected the effects on capitalization of KU’s calculations in Section II on my Exhibit__(LK-43) in order that the subsequent changes in capitalization and costs of each component will be properly calculated in a sequential manner. KU’s calculation also affect operating income. I have included both effects on the same line item under Capitalization issues on the table in the Summary section of my testimony.

⁵⁴ LG&E’s response to Staff 2-89. I have attached a copy of this response as my Exhibit__(LK-44).

⁵⁵ I have reflected the effects on capitalization of LG&E’s calculations in Section II on my Exhibit__(LK-45) in order that the subsequent changes in capitalization and costs of each component will be properly calculated in a sequential manner. LG&E’s calculation also affect operating income. I have included both effects on the same line item under Capitalization issues on the table in the Summary section of my testimony.

1 The quantifications provided by the Companies include not only the effect
2 on capitalization, but also the capital-related effects on operating income.

3

4 **Q. Should the Commission apply the slippage factors calculated by the**
5 **Companies and reduce capitalization?**

6 A. Yes. The Commission’s precedent is to apply slippage factors, which the
7 Companies have acknowledged.

8

9 **Reduce The Companies’ Capitalization and Income Tax Expense to Reflect the**
10 **Extension of Bonus Depreciation Enacted After the Companies Made Their Filings**

11

12 **Q. Please describe the “tax extender” bill passed by the U.S. Congress in**
13 **December 2014.**

14 A. In December 2014, the Congress passed Public Law No. 113-295, entitled “The
15 Tax Increase Prevention Act of 2014” (“Act”). The Act provided for the
16 extension of 50% bonus tax depreciation in 2014 for qualified property while also
17 providing 50% bonus tax depreciation in 2015 for long-production-period
18 property.⁵⁶

19 Under the law, the Companies may elect out of the bonus depreciation and
20 instead use MACRS depreciation. If the Companies apply bonus depreciation on
21 qualified property, they both will be able to deduct the additional bonus tax
22 depreciation in excess of the MACRS tax depreciation. The additional tax

⁵⁶ KU’s response to AG 1-27 and LG&E’s response to AG 1-26.

1 depreciation will significantly increase their accumulated deferred income taxes
2 (“ADIT”).

3

4 **Q. What are the implications of the Act in these proceedings?**

5 A. The Act was passed and signed into law after the Companies made their filings in
6 these proceedings. Consequently, the effects of the additional tax depreciation are
7 not reflected in their filings.

8 The effects are two-fold. First, the Companies are able to deduct
9 additional depreciation compared to the MACRS depreciation they reflected in
10 their filings. However, they may elect out of the bonus depreciation and instead
11 use MACRS depreciation if that results in a better outcome. Further, they may
12 use bonus depreciation for 2014, but elect out for 2015. To the extent that the
13 Companies use bonus depreciation, they will have greater accumulated deferred
14 income taxes and reduced capitalization. This will result in a reduction in their
15 revenue requirements, all else equal.

16 Second, the amount of bonus depreciation deducted results in lower
17 taxable income and lower Section 199 deductions, which are based on taxable
18 income. A reduction in the Section 199 deduction results in greater income tax
19 expense and an increase in the revenue requirement, all else equal.

20 Thus, the Companies must optimize between the use of bonus depreciation
21 in 2014 and 2015 and the potential loss of the Section 199 deduction in each of
22 those years.

23

1 **Q. Have the Companies each performed an analysis to optimize the revenue**
2 **requirement benefit of the bonus depreciation against the loss of the Section**
3 **199 deduction?**

4 A. Yes. The Companies each performed four analyses that included not only the
5 effects on their base revenue requirements, but also on their environmental
6 surcharge revenue requirements in order to optimize the effects of the Act. KU
7 determined that its best option will be to utilize bonus depreciation for 2014, but
8 to elect out of it 2015.⁵⁷ LG&E determined that its best option will be to utilize
9 bonus depreciation for both 2014 and 2015.⁵⁸

10

11 **Q. Did the Companies quantify the effects on the Section 199 deduction and the**
12 **capitalization (due to the greater ADIT) for the test year?**

13 A. Yes. KU quantified a reduction in capitalization due to the additional ADIT of
14 \$28.234 million and a reduction in income tax expense due to an increase in the
15 Section 199 deduction of \$0.350 million. LG&E quantified a reduction in
16 capitalization due to the additional ADIT of \$54.238 million and an increase in
17 income tax expense due to a reduction in the Section 199 deduction of \$1.606
18 million, both total company.

19 **Q. What is the effect of reflecting these changes in capitalization and income tax**
20 **expense on each Company's revenue requirement?**

⁵⁷ KU's response to AG 1-27. See Tab 1 – Summary and Tab 3 – Opt Out 2015. I have attached a copy of the response and the relevant tabs as my Exhibit__(LK-46).

⁵⁸ LG&E's response to AG 1-26. See Tab 1 – Summary and Tab 4 – Elect Bonus w Rev. I have attached a copy of the response and the relevant tabs as my Exhibit__(LK-47).

1 A. The effect is a reduction in KU's base revenue requirement of \$2.483 million and
2 a reduction in LG&E's electric base revenue requirement of \$2.760 million.⁵⁹

3 There also are significant effects of these changes on each Company's
4 environmental surcharge revenue requirement, which the Commission should
5 ensure are properly incorporated in each Company's environmental surcharge
6 filings.

7

8 **Reduce LG&E's Capitalization to Remove The Paddy's Run Demolition Costs**

9

10 **Q. Please describe LG&E's proposal to demolish the retired Paddy's Run**
11 **generating plant.**

12 A. LG&E proposes to demolish the retired Paddy's Run generating plant in the test
13 year. It has been retired in place for many years. LG&E proposes to incur \$11.5
14 million starting April 2015 and finishing in June 2016, all of which it included in
15 the test year capitalization. The cost estimate was prepared by AMEC
16 Environment & Infrastructure, Inc.⁶⁰

⁵⁹ The calculations for the effect on KU's revenue requirement due to the reduction in capitalization are shown on Section III of my Exhibit__(LK-43) and for the effect on LG&E's revenue requirement due to the reduction in capitalization are shown on Section III of my Exhibit__(LK-45). The effect on KU's base revenue requirement due to the increase in the Section 199 deduction is \$0.541 million. The effect on LG&E's electric base revenue requirement due to the reduction in the Section 199 deduction is \$2.052 million.

⁶⁰ LG&E's response to KIUC 1-6. The response to part (a) provides the projected expenditures by month. The responses to parts (b) through (d) provide other information on the status of the plant, the accounting for the demolition costs, and whether there is any legal obligation to demolish the plant. The response to part (e) provides a copy of the AMEC "Conceptual Phase Study Demolition with Clean Fill Option." I have attached a copy of the response as my Exhibit__(LK-48), although I have provided only the cover and table of contents of the AMEC study report.

1 **Q. Is there any legal obligation to demolish Paddy's Run?**

2 A. No.⁶¹

3

4 **Q. Should the Commission include this proposed demolition cost in LG&E**
5 **capitalization?**

6 A. No. There is no legal obligation to incur the cost. The Company has not
7 demonstrated that it is necessary to incur the cost in the test year.

8

9 **Q. What is the effect of your recommendation?**

10 A. The effect is a reduction in the LG&E revenue requirement of \$1.235 million.⁶²

11

12

13 VI. COST OF SHORT TERM DEBT

14

15

16 Reduce the Cost of Short Term Debt to Reflect A More Reasonable Assumption 17 About Future Interest Rates

18

19 **Q. Please describe the cost of short term debt proposed by the Companies in the**
20 **test year.**

21 A. The Companies propose a rate of 0.905%, which reflects a projected rate of
22 0.636% for the July 2015 through December 2015 portion of the test year and a
23 rate of 1.585% for the January 2016 through June 2016 portion of the test year.

24

⁶¹ *Id.*, response to part (d)(i): "There is no legal requirement to demolish the units."

⁶² The calculations and sources of data used for the calculations are detailed in Section IV on my Exhibit___(LK-45).

1 **Q. Are these rates reasonable?**

2 A. No. They are excessive. The present rate for 90 day commercial paper is 0.15%.
3 The present rates for 240 day to 270 day commercial paper range from 0.33% to
4 0.36%.⁶³

5
6 **Q. What is your recommendation?**

7 A. I recommend that the Commission use a short term debt rate of 0.30%, near the
8 top of the range, although a lower rate also would be reasonable.

9
10 **Q. What is the effect of your recommendation?**

11 A. The effect is a reduction in KU's revenue requirement of \$0.645 million and a
12 reduction in LG&E's revenue requirement of \$0.561 million.⁶⁴

13
14 **VII. COST OF LONG TERM DEBT ISSUED AFTER DECEMBER 2014**
15

16 **Q. Have you quantified the effect of Mr. Baudino's recommendation to reduce**
17 **the cost of the new debt issuances projected by the Companies?**

18 A. Yes. I have used the long term debt interest rates proposed by Mr. Baudino for
19 each Company's projected new debt issuances.

⁶³ See attached excerpt from February 26, 2015 Wall Street Journal reflecting rates.

⁶⁴ The calculations for KU are detailed in Section IV on my Exhibit__(LK-43) and for LG&E in Section V on my Exhibit__(LK-45).

1 **Q. What are the effects of Mr. Baudino's recommendations?**

2 A. The effects are a reduction in KU's revenue requirement of \$1.250 million and a
3 reduction in LG&E's revenue requirement of \$1.076 million.⁶⁵

4
5
6

VIII. RETURN ON EQUITY

7 **Q. Have you quantified the effect of Mr. Baudino's recommended return on
8 common equity?**

9 A. Yes. Mr. Baudino recommends a return on equity of 8.6% compared to the
10 Companies' requested return on equity of 10.50%. Mr. Baudino's recommended
11 return on equity for KU is 13.69% when grossed up for income taxes, bad debt
12 expense, and Commission assessment, compared to KU's requested return on
13 equity of 16.71% when grossed-up for income taxes, bad debt expense, and
14 Commission assessment. Mr. Baudino's recommended return on equity for
15 LG&E is 13.83% when grossed up for income taxes, bad debt expense, and
16 Commission assessment compared to LG&E's return on equity of 16.89% when
17 grossed-up for income taxes, bad debt expense, and Commission assessment. It is
18 the grossed-up return on equity that is recovered in customer rates.

19

20 **Q. What are the effects of Mr. Baudino's recommendations?**

21 A. The effects are a reduction in KU's revenue requirement of \$56.674 million and a
22 reduction in LG&E's revenue requirement of \$33.596 million.⁶⁶

⁶⁵ The calculations for KU are detailed in Section V on my Exhibit__(LK-43) and for LG&E in Section VI on my Exhibit__(LK-45).

1 **Q. Have you quantified the effects of a 1.0% change in the return on common**
2 **equity for each Company?**

3 A. Yes. For KU, each 1.0% return on equity equals \$29.828 million in revenue
4 requirements. For LG&E, each 1.0% return on equity equals \$17.682 million in
5 revenue requirements. These quantifications reflect the reductions in
6 capitalization for each Company that I recommend.⁶⁷

7
8
9

IX. OFF-SYSTEM SALES MARGIN RIDER

10 **Q. Please describe the off-system sales (“OSS”) margins included by the**
11 **Companies in their revenue requirements?**

12 A. KU reflected OSS margins of \$0.5 million as a reduction to its revenue
13 requirement and LG&E reflected \$2.7 million in its revenue requirement. These
14 margins are significantly lower than OSS margins reflected in the revenue
15 requirement in prior cases and the actual OSS margins earned by the Companies.

16

17 **Q. Are OSS margins subject to the same or greater volatility as fuel and**
18 **purchased power expenses?**

19 A. Yes. The same factors that affect fuel and purchased power expenses also affect
20 OSS margins. In addition, there are many other factors that affect OSS margins,
21 including market clearing prices, the availability of other parties’ generation,

⁶⁶ The calculations for KU are detailed in Section VI on my Exhibit__(LK-43) and for LG&E in Section VII on my Exhibit__(LK-45).

⁶⁷ The quantifications of each 1.0% change in the return on equity are shown for KU on my Exhibit__(LK-43) and for LG&E on my Exhibit__(LK-45).

1 other parties' demand at the market clearing prices, the Companies' loads under
2 unpredictable weather conditions, and the availability of the Companies'
3 generating units, including the effects of planned, forced, and deration outages of
4 generating units. Assumptions regarding the following factors must be made in
5 order to predict OSS margins in a future test year:

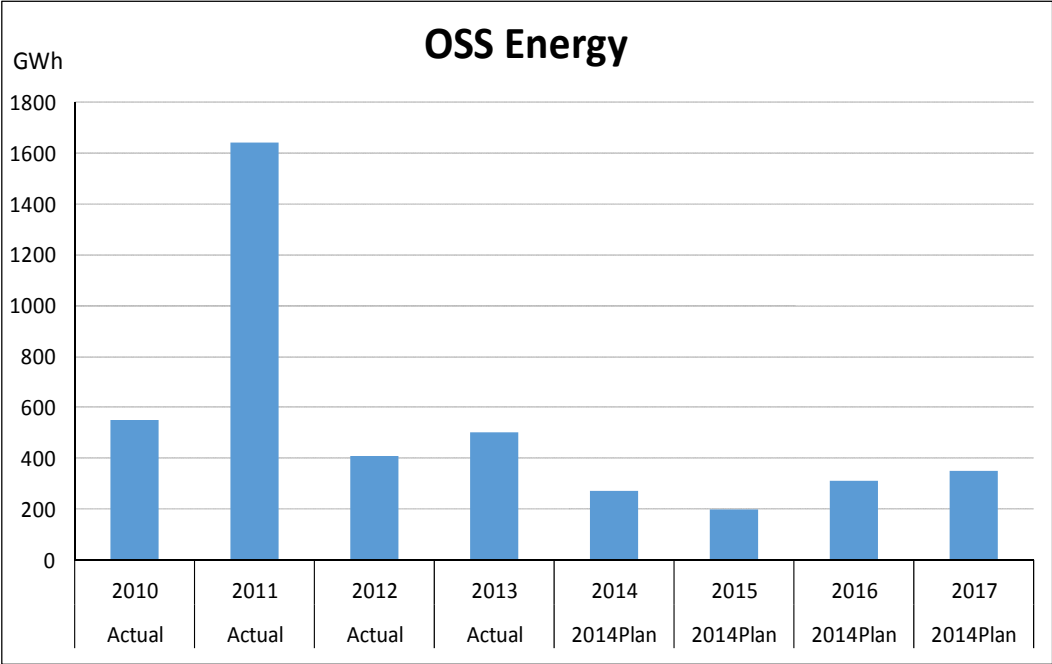
- 6 • Hourly dispatched generation by unit
- 7 • Hourly native load
- 8 • Hourly energy sales
- 9 • Hourly economic minimum and emergency minimum capacity levels
- 10 • Data required to calculate both incremental dispatch costs and actual
11 dispatch costs include:
 - 12 • Quadratic heat rate coefficients
 - 13 • Fuel costs (\$/MBTU)
 - 14 • Fuel Handling Costs (\$/MBTU or \$/MWh)
 - 15 • Other costs such as for lime (\$/MBTU or \$/Ton)
 - 16 • Dispatch penalty factor
 - 17 • Variable O&M costs (\$/MWh)
 - 18 • SO₂ and NO_x emissions costs (\$/MWh)

19
20 **Q. How have OSS and OSS margins varied in recent years?**

21 A. The following charts show the volatility and variability of both OSS and OSS
22 margins over the last five years.⁶⁸

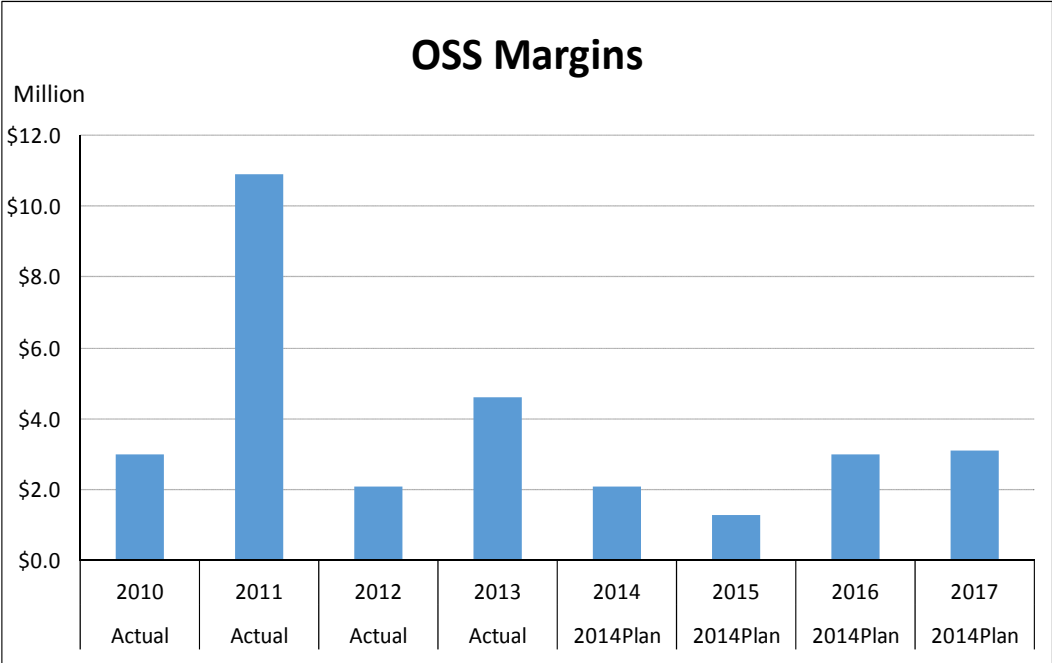
⁶⁸ OSS Energy obtained from page 2 of 71 in response to 807 KAR 5:001Section 16(7)(c) provided with each Company's filing. OSS Margins obtained from Thompson Direct in KU at 25.

1



2

3



4

5

1 **Q. Is it possible to accurately and reliably project OSS margins?**

2 A. No. OSS margins are more difficult to project than fuel and purchased power
3 expenses.

4

5 **Q. Does the volatility and the inability to accurately and reliably project OSS**
6 **margins indicate the need for an OSS tracker as a means of true-up the**
7 **OSS margins reflected in the base revenue requirement?**

8 A. Yes. Fuel and purchased power expenses, although included in the base revenue
9 requirement on a projected basis, are true-up to actual costs through the Fuel
10 Adjustment Clause (“FAC”). That true-up through the FAC is necessary because
11 these expenses are volatile, vary considerably from month to month and from year
12 to year, and cannot be accurately or reliably projected. Those same reasons argue
13 for a true-up of the OSS margins through the FAC.

14

15 **Q. Has the Commission previously approved an OSS tracker in the FAC for**
16 **another utility?**

17 A. Yes. The Commission authorized an OSS tracker in the FAC for Kentucky Power
18 Company, which is identified as the System Sales Clause. It is used to true-up the
19 OSS margins included in Kentucky Power Company’s base rates and to share the
20 true-up differences between Kentucky Power Company and its customers.

21

22 **Q. Should the Commission adopt a similar OSS tracker in the FAC for KU and**
23 **LG&E?**

1 A. Yes. First, an OSS tracker will address the volatility and variability in OSS, and
2 the inability to accurately or precisely project these expenses in an equitable and
3 fair manner so that neither the Companies nor their customers are unduly harmed
4 or benefitted from factors largely beyond their control.

5 Second, both KU and LG&E are planning to retire old and inefficient
6 generating units in 2015 and 2016. They expect to commence operation of the
7 new and highly efficient Cane Run 7 natural gas combined cycle plant in the next
8 few months. These events will affect the availability of energy and the cost to sell
9 energy off-system.

10 Third, an OSS tracker will mitigate the effects of disagreements on
11 methodologies used to allocate fuel and purchased power expense between native
12 load and OSS.

13

14 **Q. What sharing factors should the Commission adopt?**

15 A. I recommend that the Commission adopt 90% to customers and 10% to the
16 Companies sharing factors for the differences between actual OSS margins and
17 the OSS margins included in the base revenue requirement. For example, if
18 actual OSS margins are \$1 million more than included in the base revenue
19 requirement, then customers would be allocated \$900,000 and shareholders would
20 be allocated \$100,000. On the other hand, if OSS margins are \$1 million less, then
21 customers would “pay” \$900,000 and shareholders effectively would “pay”
22 \$100,000.

1 The 90%/10% sharing percentages are appropriate for the following

2 reasons:

3 • OSS margins are subject to greater volatility and variability than fuel and
4 purchased power expenses.

5

6 • OSS margins are directly related to fuel and purchased power expense and
7 should be allocated entirely to customers in the same manner that fuel and
8 purchased power expenses are allocated entirely to customers.

9

10 • Customers pay all the fixed costs of the generating units, the dispatch
11 organization, including affiliate charges, and all related overheads.

12

13 **Q. Does this complete your testimony?**

14 A. Yes.

AFFIDAVIT

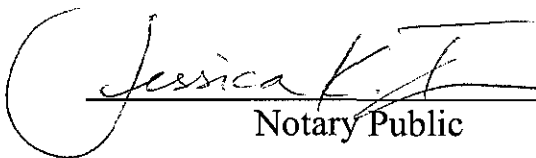
STATE OF GEORGIA)

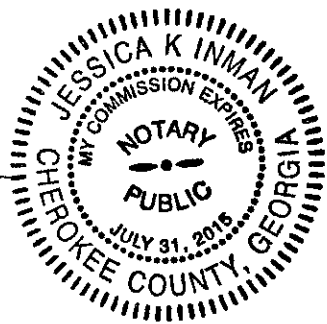
COUNTY OF FULTON)

LANE KOLLEN, being duly sworn, deposes and states: that the attached is his sworn testimony and that the statements contained are true and correct to the best of his knowledge, information and belief.


Lane Kollen

Sworn to and subscribed before me on this
6th day of March 2015.


Notary Public



BEFORE THE
KENTUCKY PUBLIC SERVICE COMMISSION

In the Matter of:

**APPLICATION OF KENTUCKY UTILITIES)
COMPANY FOR AN ADJUSTMENT OF) CASE NO. 2014-00371
ITS ELECTRIC RATES)**

In the Matter of:

**APPLICATION OF LOUISVILLE GAS AND)
ELECTRIC COMPANY FOR AN) CASE NO. 2014-00372
ADJUSTMENT OF ITS ELECTRIC AND)
GAS RATES)**

EXHIBITS
OF
LANE KOLLEN

ON BEHALF OF THE
KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.

J. KENNEDY AND ASSOCIATES, INC.
ROSWELL, GEORGIA

March 2015

EXHIBIT ____ (LK-1)

RESUME OF LANE KOLLEN, VICE PRESIDENT

EDUCATION

University of Toledo, BBA
Accounting

University of Toledo, MBA

Luther Rice University, MA

PROFESSIONAL CERTIFICATIONS

Certified Public Accountant (CPA)

Certified Management Accountant (CMA)

PROFESSIONAL AFFILIATIONS

American Institute of Certified Public Accountants

Georgia Society of Certified Public Accountants

Institute of Management Accountants

Mr. Kollen has more than thirty years of utility industry experience in the financial, rate, tax, and planning areas. He specializes in revenue requirements analyses, taxes, evaluation of rate and financial impacts of traditional and nontraditional ratemaking, utility mergers/acquisition and diversification. Mr. Kollen has expertise in proprietary and nonproprietary software systems used by utilities for budgeting, rate case support and strategic and financial planning.

RESUME OF LANE KOLLEN, VICE PRESIDENT

EXPERIENCE

**1986 to
Present:**

J. Kennedy and Associates, Inc.: Vice President and Principal. Responsible for utility stranded cost analysis, revenue requirements analysis, cash flow projections and solvency, financial and cash effects of traditional and nontraditional ratemaking, and research, speaking and writing on the effects of tax law changes. Testimony before Connecticut, Florida, Georgia, Indiana, Louisiana, Kentucky, Maine, Maryland, Minnesota, New York, North Carolina, Ohio, Pennsylvania, Tennessee, Texas, West Virginia and Wisconsin state regulatory commissions and the Federal Energy Regulatory Commission.

**1983 to
1986:**

Energy Management Associates: Lead Consultant.
Consulting in the areas of strategic and financial planning, traditional and nontraditional ratemaking, rate case support and testimony, diversification and generation expansion planning. Directed consulting and software development projects utilizing PROSCREEN II and ACUMEN proprietary software products. Utilized ACUMEN detailed corporate simulation system, PROSCREEN II strategic planning system and other custom developed software to support utility rate case filings including test year revenue requirements, rate base, operating income and pro-forma adjustments. Also utilized these software products for revenue simulation, budget preparation and cost-of-service analyses.

**1976 to
1983:**

The Toledo Edison Company: Planning Supervisor.
Responsible for financial planning activities including generation expansion planning, capital and expense budgeting, evaluation of tax law changes, rate case strategy and support and computerized financial modeling using proprietary and nonproprietary software products. Directed the modeling and evaluation of planning alternatives including:

Rate phase-ins.
Construction project cancellations and write-offs.
Construction project delays.
Capacity swaps.
Financing alternatives.
Competitive pricing for off-system sales.
Sale/leasebacks.

RESUME OF LANE KOLLEN, VICE PRESIDENT

CLIENTS SERVED**Industrial Companies and Groups**

| | |
|---|--|
| Air Products and Chemicals, Inc. | Lehigh Valley Power Committee |
| Airco Industrial Gases | Maryland Industrial Group |
| Alcan Aluminum | Multiple Intervenors (New York) |
| Armco Advanced Materials Co. | National Southwire |
| Armco Steel | North Carolina Industrial |
| Bethlehem Steel | Energy Consumers |
| CF&I Steel, L.P. | Occidental Chemical Corporation |
| Climax Molybdenum Company | Ohio Energy Group |
| Connecticut Industrial Energy Consumers | Ohio Industrial Energy Consumers |
| ELCON | Ohio Manufacturers Association |
| Enron Gas Pipeline Company | Philadelphia Area Industrial Energy |
| Florida Industrial Power Users Group | Users Group |
| Gallatin Steel | PSI Industrial Group |
| General Electric Company | Smith Cogeneration |
| GPU Industrial Intervenors | Taconite Intervenors (Minnesota) |
| Indiana Industrial Group | West Penn Power Industrial Intervenors |
| Industrial Consumers for | West Virginia Energy Users Group |
| Fair Utility Rates - Indiana | Westvaco Corporation |
| Industrial Energy Consumers - Ohio | |
| Kentucky Industrial Utility Customers, Inc. | |
| Kimberly-Clark Company | |

**Regulatory Commissions and
Government Agencies**

Cities in Texas-New Mexico Power Company's Service Territory
 Cities in AEP Texas Central Company's Service Territory
 Cities in AEP Texas North Company's Service Territory
 Georgia Public Service Commission Staff
 Kentucky Attorney General's Office, Division of Consumer Protection
 Louisiana Public Service Commission Staff
 Maine Office of Public Advocate
 New York State Energy Office
 Office of Public Utility Counsel (Texas)

RESUME OF LANE KOLLEN, VICE PRESIDENT

Utilities

Allegheny Power System
Atlantic City Electric Company
Carolina Power & Light Company
Cleveland Electric Illuminating Company
Delmarva Power & Light Company
Duquesne Light Company
General Public Utilities
Georgia Power Company
Middle South Services
Nevada Power Company
Niagara Mohawk Power Corporation

Otter Tail Power Company
Pacific Gas & Electric Company
Public Service Electric & Gas
Public Service of Oklahoma
Rochester Gas and Electric
Savannah Electric & Power Company
Seminole Electric Cooperative
Southern California Edison
Talquin Electric Cooperative
Tampa Electric
Texas Utilities
Toledo Edison Company

**Expert Testimony Appearances
of
Lane Kollen
as of March 2015**

| Date | Case | Jurisdicit. | Party | Utility | Subject |
|-------------|---|-------------------------------------|---|----------------------------------|--|
| 10/86 | U-17282 Interim | LA | Louisiana Public Service Commission Staff | Gulf States Utilities | Cash revenue requirements financial solvency. |
| 11/86 | U-17282 Interim Rebuttal | LA | Louisiana Public Service Commission Staff | Gulf States Utilities | Cash revenue requirements financial solvency. |
| 12/86 | 9613 | KY | Attorney General Div. of Consumer Protection | Big Rivers Electric Corp. | Revenue requirements accounting adjustments financial workout plan. |
| 1/87 | U-17282 Interim | LA 19th Judicial District Ct. | Louisiana Public Service Commission Staff | Gulf States Utilities | Cash revenue requirements, financial solvency. |
| 3/87 | General Order 236 | WV | West Virginia Energy Users' Group | Monongahela Power Co. | Tax Reform Act of 1986. |
| 4/87 | U-17282 Prudence | LA | Louisiana Public Service Commission Staff | Gulf States Utilities | Prudence of River Bend 1, economic analyses, cancellation studies. |
| 4/87 | M-100 Sub 113 | NC | North Carolina Industrial Energy Consumers | Duke Power Co. | Tax Reform Act of 1986. |
| 5/87 | 86-524-E-SC | WV | West Virginia Energy Users' Group | Monongahela Power Co. | Revenue requirements, Tax Reform Act of 1986. |
| 5/87 | U-17282 Case In Chief | LA | Louisiana Public Service Commission Staff | Gulf States Utilities | Revenue requirements, River Bend 1 phase-in plan, financial solvency. |
| 7/87 | U-17282 Case In Chief Surrebuttal | LA | Louisiana Public Service Commission Staff | Gulf States Utilities | Revenue requirements, River Bend 1 phase-in plan, financial solvency. |
| 7/87 | U-17282 Prudence Surrebuttal | LA | Louisiana Public Service Commission Staff | Gulf States Utilities | Prudence of River Bend 1, economic analyses, cancellation studies. |
| 7/87 | 86-524 E-SC Rebuttal | WV | West Virginia Energy Users' Group | Monongahela Power Co. | Revenue requirements, Tax Reform Act of 1986. |
| 8/87 | 9885 | KY | Attorney General Div. of Consumer Protection | Big Rivers Electric Corp. | Financial workout plan. |
| 8/87 | E-015/GR-87-223 | MN | Taconite Intervenors | Minnesota Power & Light Co. | Revenue requirements, O&M expense, Tax Reform Act of 1986. |
| 10/87 | 870220-EI | FL | Occidental Chemical Corp. | Florida Power Corp. | Revenue requirements, O&M expense, Tax Reform Act of 1986. |
| 11/87 | 87-07-01 | CT | Connecticut Industrial Energy Consumers | Connecticut Light & Power Co. | Tax Reform Act of 1986. |
| 1/88 | U-17282 | LA 19th Judicial District Ct. | Louisiana Public Service Commission | Gulf States Utilities | Revenue requirements, River Bend 1 phase-in plan, rate of return. |
| 2/88 | 9934 | KY | Kentucky Industrial Utility Customers | Louisville Gas & Electric Co. | Economics of Trimble County, completion. |
| 2/88 | 10064 | KY | Kentucky Industrial Utility Customers | Louisville Gas & Electric Co. | Revenue requirements, O&M expense, capital structure, excess deferred income taxes. |

**Expert Testimony Appearances
of
Lane Kollen
as of March 2015**

| Date | Case | Jurisdict. | Party | Utility | Subject |
|-------------|------------------------|----------------------------------|---|---|---|
| 5/88 | 10217 | KY | Alcan Aluminum National Southwire | Big Rivers Electric Corp. | Financial workout plan. |
| 5/88 | M-87017-1C001 | PA | GPU Industrial Intervenors | Metropolitan Edison Co. | Nonutility generator deferred cost recovery. |
| 5/88 | M-87017-2C005 | PA | GPU Industrial Intervenors | Pennsylvania Electric Co. | Nonutility generator deferred cost recovery. |
| 6/88 | U-17282 | LA 19th Judicial District Ct. | Louisiana Public Service Commission | Gulf States Utilities | Prudence of River Bend 1 economic analyses, cancellation studies, financial modeling. |
| 7/88 | M-87017-1C001 Rebuttal | PA | GPU Industrial Intervenors | Metropolitan Edison Co. | Nonutility generator deferred cost recovery, SFAS No. 92. |
| 7/88 | M-87017-2C005 Rebuttal | PA | GPU Industrial Intervenors | Pennsylvania Electric Co. | Nonutility generator deferred cost recovery, SFAS No. 92. |
| 9/88 | 88-05-25 | CT | Connecticut Industrial Energy Consumers | Connecticut Light & Power Co. | Excess deferred taxes, O&M expenses. |
| 9/88 | 10064 Rehearing | KY | Kentucky Industrial Utility Customers | Louisville Gas & Electric Co. | Premature retirements, interest expense. |
| 10/88 | 88-170-EL-AIR | OH | Ohio Industrial Energy Consumers | Cleveland Electric Illuminating Co. | Revenue requirements, phase-in, excess deferred taxes, O&M expenses, financial considerations, working capital. |
| 10/88 | 88-171-EL-AIR | OH | Ohio Industrial Energy Consumers | Toledo Edison Co. | Revenue requirements, phase-in, excess deferred taxes, O&M expenses, financial considerations, working capital. |
| 10/88 | 8800-355-EI | FL | Florida Industrial Power Users' Group | Florida Power & Light Co. | Tax Reform Act of 1986, tax expenses, O&M expenses, pension expense (SFAS No. 87). |
| 10/88 | 3780-U | GA | Georgia Public Service Commission Staff | Atlanta Gas Light Co. | Pension expense (SFAS No. 87). |
| 11/88 | U-17282 Remand | LA | Louisiana Public Service Commission Staff | Gulf States Utilities | Rate base exclusion plan (SFAS No. 71). |
| 12/88 | U-17970 | LA | Louisiana Public Service Commission Staff | AT&T Communications of South Central States | Pension expense (SFAS No. 87). |
| 12/88 | U-17949 Rebuttal | LA | Louisiana Public Service Commission Staff | South Central Bell | Compensated absences (SFAS No. 43), pension expense (SFAS No. 87), Part 32, income tax normalization. |
| 2/89 | U-17282 Phase II | LA | Louisiana Public Service Commission Staff | Gulf States Utilities | Revenue requirements, phase-in of River Bend 1, recovery of canceled plant. |
| 6/89 | 881602-EU 890326-EU | FL | Talquin Electric Cooperative | Talquin/City of Tallahassee | Economic analyses, incremental cost-of-service, average customer rates. |
| 7/89 | U-17970 | LA | Louisiana Public Service Commission Staff | AT&T Communications of South Central States | Pension expense (SFAS No. 87), compensated absences (SFAS No. 43), Part 32. |
| 8/89 | 8555 | TX | Occidental Chemical Corp. | Houston Lighting & Power Co. | Cancellation cost recovery, tax expense, revenue requirements. |

**Expert Testimony Appearances
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| Date | Case | Jurisdic. | Party | Utility | Subject |
|----------------|------------------------------------|--|---|-------------------------------|--|
| 8/89 | 3840-U | GA | Georgia Public Service Commission Staff | Georgia Power Co. | Promotional practices, advertising, economic development. |
| 9/89 | U-17282 Phase II Detailed | LA | Louisiana Public Service Commission Staff | Gulf States Utilities | Revenue requirements, detailed investigation. |
| 10/89 | 8880 | TX | Enron Gas Pipeline | Texas-New Mexico Power Co. | Deferred accounting treatment, sale/leaseback. |
| 10/89 | 8928 | TX | Enron Gas Pipeline | Texas-New Mexico Power Co. | Revenue requirements, imputed capital structure, cash working capital. |
| 10/89 | R-891364 | PA | Philadelphia Area Industrial Energy Users Group | Philadelphia Electric Co. | Revenue requirements. |
| 11/89 12/89 | R-891364 Surrebuttal (2 Filings) | PA | Philadelphia Area Industrial Energy Users Group | Philadelphia Electric Co. | Revenue requirements, sale/leaseback. |
| 1/90 | U-17282 Phase II Detailed Rebuttal | LA | Louisiana Public Service Commission Staff | Gulf States Utilities | Revenue requirements, detailed investigation. |
| 1/90 | U-17282 Phase III | LA | Louisiana Public Service Commission Staff | Gulf States Utilities | Phase-in of River Bend 1, deregulated asset plan. |
| 3/90 | 890319-EI | FL | Florida Industrial Power Users Group | Florida Power & Light Co. | O&M expenses, Tax Reform Act of 1986. |
| 4/90 | 890319-EI Rebuttal | FL | Florida Industrial Power Users Group | Florida Power & Light Co. | O&M expenses, Tax Reform Act of 1986. |
| 4/90 | U-17282 | LA 19 th Judicial District Ct. | Louisiana Public Service Commission | Gulf States Utilities | Fuel clause, gain on sale of utility assets. |
| 9/90 | 90-158 | KY | Kentucky Industrial Utility Customers | Louisville Gas & Electric Co. | Revenue requirements, post-test year additions, forecasted test year. |
| 12/90 | U-17282 Phase IV | LA | Louisiana Public Service Commission Staff | Gulf States Utilities | Revenue requirements. |
| 3/91 | 29327, et. al. | NY | Multiple Intervenors | Niagara Mohawk Power Corp. | Incentive regulation. |
| 5/91 | 9945 | TX | Office of Public Utility Counsel of Texas | El Paso Electric Co. | Financial modeling, economic analyses, prudence of Palo Verde 3. |
| 9/91 | P-910511 P-910512 | PA | Allegheny Ludlum Corp., Armco Advanced Materials Co., The West Penn Power Industrial Users' Group | West Penn Power Co. | Recovery of CAAA costs, least cost financing. |
| 9/91 | 91-231-E-NC | WV | West Virginia Energy Users Group | Monongahela Power Co. | Recovery of CAAA costs, least cost financing. |
| 11/91 | U-17282 | LA | Louisiana Public Service Commission Staff | Gulf States Utilities | Asset impairment, deregulated asset plan, revenue requirements. |

**Expert Testimony Appearances
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| Date | Case | Jurisdic. | Party | Utility | Subject |
|-------------|-----------------------|------------------|--|---|--|
| 12/91 | 91-410-EL-AiR | OH | Air Products and Chemicals, Inc., Armco Steel Co., General Electric Co., Industrial Energy Consumers | Cincinnati Gas & Electric Co. | Revenue requirements, phase-in plan. |
| 12/91 | PUC Docket 10200 | TX | Office of Public Utility Counsel of Texas | Texas-New Mexico Power Co. | Financial integrity, strategic planning, declined business affiliations. |
| 5/92 | 910890-EI | FL | Occidental Chemical Corp. | Florida Power Corp. | Revenue requirements, O&M expense, pension expense, OPEB expense, fossil dismantling, nuclear decommissioning. |
| 8/92 | R-00922314 | PA | GPU Industrial intervenors | Metropolitan Edison Co. | Incentive regulation, performance rewards, purchased power risk, OPEB expense. |
| 9/92 | 92-043 | KY | Kentucky Industrial Utility Consumers | Generic Proceeding | OPEB expense. |
| 9/92 | 920324-EI | FL | Florida Industrial Power Users' Group | Tampa Electric Co. | OPEB expense. |
| 9/92 | 39348 | IN | Indiana Industrial Group | Generic Proceeding | OPEB expense. |
| 9/92 | 910840-PU | FL | Florida Industrial Power Users' Group | Generic Proceeding | OPEB expense. |
| 9/92 | 39314 | IN | Industrial Consumers for Fair Utility Rates | Indiana Michigan Power Co. | OPEB expense. |
| 11/92 | U-19904 | LA | Louisiana Public Service Commission Staff | Gulf States Utilities /Entergy Corp. | Merger. |
| 11/92 | 8649 | MD | Westvaco Corp., Eastalco Aluminum Co. | Potomac Edison Co. | OPEB expense. |
| 11/92 | 92-1715-AU-COI | OH | Ohio Manufacturers Association | Generic Proceeding | OPEB expense. |
| 12/92 | R-00922378 | PA | Armco Advanced Materials Co., The WPP Industrial Intervenors | West Penn Power Co. | Incentive regulation, performance rewards, purchased power risk, OPEB expense. |
| 12/92 | U-19949 | LA | Louisiana Public Service Commission Staff | South Central Bell | Affiliate transactions, cost allocations, merger. |
| 12/92 | R-00922479 | PA | Philadelphia Area Industrial Energy Users' Group | Philadelphia Electric Co. | OPEB expense. |
| 1/93 | 8487 | MD | Maryland Industrial Group | Baltimore Gas & Electric Co., Bethlehem Steel Corp. | OPEB expense, deferred fuel, CWIP in rate base. |
| 1/93 | 39498 | IN | PSI Industrial Group | PSI Energy, Inc. | Refunds due to over-collection of taxes on Marble Hill cancellation. |
| 3/93 | 92-11-11 | CT | Connecticut Industrial Energy Consumers | Connecticut Light & Power Co | OPEB expense. |
| 3/93 | U-19904 (Surrebuttal) | LA | Louisiana Public Service Commission Staff | Gulf States Utilities /Entergy Corp. | Merger. |

**Expert Testimony Appearances
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as of March 2015**

| Date | Case | Jurisdic. | Party | Utility | Subject |
|-------------|--|------------------|---|--------------------------------------|--|
| 3/93 | 93-01-EL-EFC | OH | Ohio Industrial Energy Consumers | Ohio Power Co. | Affiliate transactions, fuel. |
| 3/93 | EC92-21000 ER92-806-000 | FERC | Louisiana Public Service Commission Staff | Gulf States Utilities /Entergy Corp. | Merger. |
| 4/93 | 92-1464-EL-AIR | OH | Air Products Arcco Steel Industrial Energy Consumers | Cincinnati Gas & Electric Co. | Revenue requirements, phase-in plan. |
| 4/93 | EC92-21000 ER92-806-000 (Rebuttal) | FERC | Louisiana Public Service Commission | Gulf States Utilities /Entergy Corp. | Merger. |
| 9/93 | 93-113 | KY | Kentucky Industrial Utility Customers | Kentucky Utilities | Fuel clause and coal contract refund. |
| 9/93 | 92-490, 92-490A, 90-360-C | KY | Kentucky Industrial Utility Customers and Kentucky Attorney General | Big Rivers Electric Corp. | Disallowances and restitution for excessive fuel costs, illegal and improper payments, recovery of mine closure costs. |
| 10/93 | U-17735 | LA | Louisiana Public Service Commission Staff | Cajun Electric Power Cooperative | Revenue requirements, debt restructuring agreement, River Bend cost recovery. |
| 1/94 | U-20647 | LA | Louisiana Public Service Commission Staff | Gulf States Utilities Co. | Audit and investigation into fuel clause costs. |
| 4/94 | U-20647 (Surrebuttal) | LA | Louisiana Public Service Commission Staff | Gulf States Utilities Co. | Nuclear and fossil unit performance, fuel costs, fuel clause principles and guidelines. |
| 4/94 | U-20647 (Supplemental Surrebuttal) | LA | Louisiana Public Service Commission Staff | Gulf States Utilities Co. | Audit and investigation into fuel clause costs. |
| 5/94 | U-20178 | LA | Louisiana Public Service Commission Staff | Louisiana Power & Light Co. | Planning and quantification issues of least cost integrated resource plan. |
| 9/94 | U-19904 Initial Post-Merger Earnings Review | LA | Louisiana Public Service Commission Staff | Gulf States Utilities Co. | River Bend phase-in plan, deregulated asset plan, capital structure, other revenue requirement issues. |
| 9/94 | U-17735 | LA | Louisiana Public Service Commission Staff | Cajun Electric Power Cooperative | G&T cooperative ratemaking policies, exclusion of River Bend, other revenue requirement issues. |
| 10/94 | 3905-U | GA | Georgia Public Service Commission Staff | Southern Bell Telephone Co. | Incentive rate plan, earnings review. |
| 10/94 | 5258-U | GA | Georgia Public Service Commission Staff | Southern Bell Telephone Co. | Alternative regulation, cost allocation. |
| 11/94 | U-19904 Initial Post-Merger Earnings Review (Rebuttal) | LA | Louisiana Public Service Commission Staff | Gulf States Utilities Co. | River Bend phase-in plan, deregulated asset plan, capital structure, other revenue requirement issues. |
| 11/94 | U-17735 (Rebuttal) | LA | Louisiana Public Service Commission Staff | Cajun Electric Power Cooperative | G&T cooperative ratemaking policy, exclusion of River Bend, other revenue requirement issues. |
| 4/95 | R-00943271 | PA | PP&L Industrial Customer Alliance | Pennsylvania Power & Light Co. | Revenue requirements. Fossil dismantling, nuclear decommissioning. |

**Expert Testimony Appearances
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as of March 2015**

| Date | Case | Jurisdct. | Party | Utility | Subject |
|---------------|-------------------------------------|------------------|--|--|--|
| 6/95 | 3905-U Rebuttal | GA | Georgia Public Service Commission | Southern Bell Telephone Co. | Incentive regulation, affiliate transactions, revenue requirements, rate refund. |
| 6/95 | U-19904 (Direct) | LA | Louisiana Public Service Commission Staff | Gulf States Utilities Co. | Gas, coal, nuclear fuel costs, contract prudence, base/fuel realignment. |
| 10/95 | 95-02614 | TN | Tennessee Office of the Attorney General Consumer Advocate | BellSouth Telecommunications, Inc. | Affiliate transactions. |
| 10/95 | U-21485 (Direct) | LA | Louisiana Public Service Commission Staff | Gulf States Utilities Co. | Nuclear O&M, River Bend phase-in plan, base/fuel realignment, NOL and AltMin asset deferred taxes, other revenue requirement issues. |
| 11/95 | U-19904 (Surrebuttal) | LA | Louisiana Public Service Commission Staff | Gulf States Utilities Co. Division | Gas, coal, nuclear fuel costs, contract prudence, base/fuel realignment. |
| 11/95 | U-21485 (Supplemental Direct) | LA | Louisiana Public Service Commission Staff | Gulf States Utilities Co. | Nuclear O&M, River Bend phase-in plan, base/fuel realignment, NOL and AltMin asset deferred taxes, other revenue requirement issues. |
| 12/95 | U-21485 (Surrebuttal) | | | | |
| 1/96 | 95-299-EL-AIR 95-300-EL-AIR | OH | Industrial Energy Consumers | The Toledo Edison Co., The Cleveland Electric Illuminating Co. | Competition, asset write-offs and revaluation, O&M expense, other revenue requirement issues. |
| 2/96 | PUC Docket 14965 | TX | Office of Public Utility Counsel | Central Power & Light | Nuclear decommissioning. |
| 5/96 | 95-485-LCS | NM | City of Las Cruces | El Paso Electric Co. | Stranded cost recovery, municipalization. |
| 7/96 | 8725 | MD | The Maryland Industrial Group and Redland Genstar, Inc. | Baltimore Gas & Electric Co., Potomac Electric Power Co., and Constellation Energy Corp. | Merger savings, tracking mechanism, earnings sharing plan, revenue requirement issues. |
| 9/96 11/96 | U-22092 U-22092 (Surrebuttal) | LA | Louisiana Public Service Commission Staff | Entergy Gulf States, Inc. | River Bend phase-in plan, base/fuel realignment, NOL and AltMin asset deferred taxes, other revenue requirement issues, allocation of regulated/nonregulated costs. |
| 10/96 | 96-327 | KY | Kentucky Industrial Utility Customers, Inc. | Big Rivers Electric Corp. | Environmental surcharge recoverable costs. |
| 2/97 | R-00973877 | PA | Philadelphia Area Industrial Energy Users Group | PECO Energy Co. | Stranded cost recovery, regulatory assets and liabilities, intangible transition charge, revenue requirements. |
| 3/97 | 96-489 | KY | Kentucky Industrial Utility Customers, Inc. | Kentucky Power Co. | Environmental surcharge recoverable costs, system agreements, allowance inventory, jurisdictional allocation. |
| 6/97 | TO-97-397 | MO | MCI Telecommunications Corp., Inc., MCImetro Access Transmission Services, Inc. | Southwestern Bell Telephone Co. | Price cap regulation, revenue requirements, rate of return. |

**Expert Testimony Appearances
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as of March 2015**

| Date | Case | Jurisdic. | Party | Utility | Subject |
|-------------|--------------------------|------------------|---|---|--|
| 6/97 | R-00973953 | PA | Philadelphia Area Industrial Energy Users Group | PECO Energy Co. | Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning. |
| 7/97 | R-00973954 | PA | PP&L Industrial Customer Alliance | Pennsylvania Power & Light Co. | Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning. |
| 7/97 | U-22092 | LA | Louisiana Public Service Commission Staff | Entergy Gulf States, Inc. | Depreciation rates and methodologies, River Bend phase-in plan. |
| 8/97 | 97-300 | KY | Kentucky Industrial Utility Customers, Inc. | Louisville Gas & Electric Co., Kentucky Utilities Co. | Merger policy, cost savings, surcredit sharing mechanism, revenue requirements, rate of return. |
| 8/97 | R-00973954 (Surrebuttal) | PA | PP&L Industrial Customer Alliance | Pennsylvania Power & Light Co. | Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning. |
| 10/97 | 97-204 | KY | Alcan Aluminum Corp. Southwire Co. | Big Rivers Electric Corp. | Restructuring, revenue requirements, reasonableness. |
| 10/97 | R-974008 | PA | Metropolitan Edison Industrial Users Group | Metropolitan Edison Co. | Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning, revenue requirements. |
| 10/97 | R-974009 | PA | Penelec Industrial Customer Alliance | Pennsylvania Electric Co. | Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning, revenue requirements. |
| 11/97 | 97-204 (Rebuttal) | KY | Alcan Aluminum Corp. Southwire Co. | Big Rivers Electric Corp. | Restructuring, revenue requirements, reasonableness of rates, cost allocation. |
| 11/97 | U-22491 | LA | Louisiana Public Service Commission Staff | Entergy Gulf States, Inc. | Allocation of regulated and nonregulated costs, other revenue requirement issues. |
| 11/97 | R-00973953 (Surrebuttal) | PA | Philadelphia Area Industrial Energy Users Group | PECO Energy Co. | Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning. |
| 11/97 | R-973981 | PA | West Penn Power Industrial Intervenor | West Penn Power Co. | Restructuring, deregulation, stranded costs, regulatory assets, liabilities, fossil decommissioning, revenue requirements, securitization. |
| 11/97 | R-974104 | PA | Duquesne Industrial Intervenor | Duquesne Light Co. | Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning, revenue requirements, securitization. |
| 12/97 | R-973981 (Surrebuttal) | PA | West Penn Power Industrial Intervenor | West Penn Power Co. | Restructuring, deregulation, stranded costs, regulatory assets, liabilities, fossil decommissioning, revenue requirements. |
| 12/97 | R-974104 (Surrebuttal) | PA | Duquesne Industrial Intervenor | Duquesne Light Co. | Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning, revenue requirements, securitization. |
| 1/98 | U-22491 (Surrebuttal) | LA | Louisiana Public Service Commission Staff | Entergy Gulf States, Inc. | Allocation of regulated and nonregulated costs, other revenue requirement issues. |

**Expert Testimony Appearances
of
Lane Kollen
as of March 2015**

| Date | Case | Jurisdic. | Party | Utility | Subject |
|-------------|--|------------------|---|----------------------------------|--|
| 2/98 | 8774 | MD | Westvaco | Potomac Edison Co. | Merger of Duquesne, AE, customer safeguards, savings sharing. |
| 3/98 | U-22092 (Allocated Stranded Cost Issues) | LA | Louisiana Public Service Commission Staff | Entergy Gulf States, Inc. | Restructuring, stranded costs, regulatory assets, securitization, regulatory mitigation. |
| 3/98 | 8390-U | GA | Georgia Natural Gas Group, Georgia Textile Manufacturers Assoc. | Atlanta Gas Light Co. | Restructuring, unbundling, stranded costs, incentive regulation, revenue requirements. |
| 3/98 | U-22092 (Allocated Stranded Cost Issues) (Surrebuttal) | LA | Louisiana Public Service Commission Staff | Entergy Gulf States, Inc. | Restructuring, stranded costs, regulatory assets, securitization, regulatory mitigation. |
| 10/98 | 97-596 | ME | Maine Office of the Public Advocate | Bangor Hydro-Electric Co. | Restructuring, unbundling, stranded costs, T&D revenue requirements. |
| 10/98 | 9355-U | GA | Georgia Public Service Commission Adversary Staff | Georgia Power Co. | Affiliate transactions. |
| 10/98 | U-17735 | LA | Louisiana Public Service Commission Staff | Cajun Electric Power Cooperative | G&T cooperative ratemaking policy, other revenue requirement issues. |
| 11/98 | U-23327 | LA | Louisiana Public Service Commission Staff | SWEPCO, CSW and AEP | Merger policy, savings sharing mechanism, affiliate transaction conditions. |
| 12/98 | U-23358 (Direct) | LA | Louisiana Public Service Commission Staff | Entergy Gulf States, Inc. | Allocation of regulated and nonregulated costs, tax issues, and other revenue requirement issues. |
| 12/98 | 98-577 | ME | Maine Office of Public Advocate | Maine Public Service Co. | Restructuring, unbundling, stranded cost, T&D revenue requirements. |
| 1/99 | 98-10-07 | CT | Connecticut Industrial Energy Consumers | United Illuminating Co. | Stranded costs, investment tax credits, accumulated deferred income taxes, excess deferred income taxes. |
| 3/99 | U-23358 (Surrebuttal) | LA | Louisiana Public Service Commission Staff | Entergy Gulf States, Inc. | Allocation of regulated and nonregulated costs, tax issues, and other revenue requirement issues. |
| 3/99 | 98-474 | KY | Kentucky Industrial Utility Customers, Inc. | Louisville Gas and Electric Co. | Revenue requirements, alternative forms of regulation. |
| 3/99 | 98-426 | KY | Kentucky Industrial Utility Customers, Inc. | Kentucky Utilities Co. | Revenue requirements, alternative forms of regulation. |
| 3/99 | 99-082 | KY | Kentucky Industrial Utility Customers, Inc. | Louisville Gas and Electric Co. | Revenue requirements. |
| 3/99 | 99-083 | KY | Kentucky Industrial Utility Customers, Inc. | Kentucky Utilities Co. | Revenue requirements. |
| 4/99 | U-23358 (Supplemental Surrebuttal) | LA | Louisiana Public Service Commission Staff | Entergy Gulf States, Inc. | Allocation of regulated and nonregulated costs, tax issues, and other revenue requirement issues. |
| 4/99 | 99-03-04 | CT | Connecticut Industrial Energy Consumers | United Illuminating Co. | Regulatory assets and liabilities, stranded costs, recovery mechanisms. |

**Expert Testimony Appearances
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as of March 2015**

| Date | Case | Jurisdct. | Party | Utility | Subject |
|-------------|--|------------------|---|---|---|
| 4/99 | 99-02-05 | Ct | Connecticut Industrial Utility Customers | Connecticut Light and Power Co. | Regulatory assets and liabilities, stranded costs, recovery mechanisms. |
| 5/99 | 98-426 99-082 (Additional Direct) | KY | Kentucky Industrial Utility Customers, Inc. | Louisville Gas and Electric Co. | Revenue requirements. |
| 5/99 | 98-474 99-083 (Additional Direct) | KY | Kentucky Industrial Utility Customers, Inc. | Kentucky Utilities Co. | Revenue requirements. |
| 5/99 | 98-426 98-474 (Response to Amended Applications) | KY | Kentucky Industrial Utility Customers, Inc. | Louisville Gas and Electric Co., Kentucky Utilities Co. | Alternative regulation. |
| 6/99 | 97-596 | ME | Maine Office of Public Advocate | Bangor Hydro-Electric Co. | Request for accounting order regarding electric industry restructuring costs. |
| 6/99 | U-23358 | LA | Louisiana Public Service Commission Staff | Entergy Gulf States, Inc. | Affiliate transactions, cost allocations. |
| 7/99 | 99-03-35 | CT | Connecticut Industrial Energy Consumers | United Illuminating Co. | Stranded costs, regulatory assets, tax effects of asset divestiture. |
| 7/99 | U-23327 | LA | Louisiana Public Service Commission Staff | Southwestern Electric Power Co., Central and South West Corp, American Electric Power Co. | Merger Settlement and Stipulation. |
| 7/99 | 97-596 Surrebuttal | ME | Maine Office of Public Advocate | Bangor Hydro-Electric Co. | Restructuring, unbundling, stranded cost, T&D revenue requirements. |
| 7/99 | 98-0452-E-GI | WV | West Virginia Energy Users Group | Monongahela Power, Potomac Edison, Appalachian Power, Wheeling Power | Regulatory assets and liabilities. |
| 8/99 | 98-577 Surrebuttal | ME | Maine Office of Public Advocate | Maine Public Service Co. | Restructuring, unbundling, stranded costs, T&D revenue requirements. |
| 8/99 | 98-426 99-082 Rebuttal | KY | Kentucky Industrial Utility Customers, Inc. | Louisville Gas and Electric Co. | Revenue requirements. |
| 8/99 | 98-474 98-083 Rebuttal | KY | Kentucky Industrial Utility Customers, Inc. | Kentucky Utilities Co. | Revenue requirements. |
| 8/99 | 98-0452-E-GI Rebuttal | WV | West Virginia Energy Users Group | Monongahela Power, Potomac Edison, Appalachian Power, Wheeling Power | Regulatory assets and liabilities. |
| 10/99 | U-24182 Direct | LA | Louisiana Public Service Commission Staff | Entergy Gulf States, inc. | Allocation of regulated and nonregulated costs, affiliate transactions, tax issues, and other revenue requirement issues. |

**Expert Testimony Appearances
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| Date | Case | Jurisdic. | Party | Utility | Subject |
|-------------|---|------------------|--|--|---|
| 11/99 | PUC Docket 21527 | TX | The Dallas-Fort Worth Hospital Council and Coalition of Independent Colleges and Universities | TXU Electric | Restructuring, stranded costs, taxes, securitization. |
| 11/99 | U-23358 Surrebuttal Affiliate Transactions Review | LA | Louisiana Public Service Commission Staff | Entergy Gulf States, Inc. | Service company affiliate transaction costs. |
| 01/00 | U-24182 Surrebuttal | LA | Louisiana Public Service Commission Staff | Entergy Gulf States, Inc. | Allocation of regulated and nonregulated costs, affiliate transactions, tax issues, and other revenue requirement issues. |
| 04/00 | 99-1212-EL-ETP 99-1213-EL-ATA 99-1214-EL-AAM | OH | Greater Cleveland Growth Association | First Energy (Cleveland Electric Illuminating, Toledo Edison) | Historical review, stranded costs, regulatory assets, liabilities. |
| 05/00 | 2000-107 | KY | Kentucky Industrial Utility Customers, Inc. | Kentucky Power Co. | ECR surcharge roll-in to base rates. |
| 05/00 | U-24182 Supplemental Direct | LA | Louisiana Public Service Commission Staff | Entergy Gulf States, Inc. | Affiliate expense proforma adjustments. |
| 05/00 | A-110550F0147 | PA | Philadelphia Area Industrial Energy Users Group | PECO Energy | Merger between PECO and Unicom. |
| 05/00 | 99-1658-EL-ETP | OH | AK Steel Corp. | Cincinnati Gas & Electric Co. | Regulatory transition costs, including regulatory assets and liabilities, SFAS 109, ADIT, EDIT, ITC. |
| 07/00 | PUC Docket 22344 | TX | The Dallas-Fort Worth Hospital Council and The Coalition of Independent Colleges and Universities | Statewide Generic Proceeding | Escalation of O&M expenses for unbundled T&D revenue requirements in projected test year. |
| 07/00 | U-21453 | LA | Louisiana Public Service Commission | SWEPCO | Stranded costs, regulatory assets and liabilities. |
| 08/00 | U-24064 | LA | Louisiana Public Service Commission Staff | CLECO | Affiliate transaction pricing ratemaking principles, subsidization of nonregulated affiliates, ratemaking adjustments. |
| 10/00 | SOAH Docket 473-00-1015 PUC Docket 22350 | TX | The Dallas-Fort Worth Hospital Council and The Coalition of Independent Colleges and Universities | TXU Electric Co. | Restructuring, T&D revenue requirements, mitigation, regulatory assets and liabilities. |
| 10/00 | R-00974104 Affidavit | PA | Duquesne Industrial Intervenors | Duquesne Light Co. | Final accounting for stranded costs, including treatment of auction proceeds, taxes, capital costs, switchback costs, and excess pension funding. |
| 11/00 | P-00001837 R-00974008 P-00001838 R-00974009 | PA | Metropolitan Edison Industrial Users Group Penelec Industrial Customer Alliance | Metropolitan Edison Co., Pennsylvania Electric Co. | Final accounting for stranded costs, including treatment of auction proceeds, taxes, regulatory assets and liabilities, transaction costs. |

**Expert Testimony Appearances
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| Date | Case | Jurisdic. | Party | Utility | Subject |
|-------------|--|------------------|---|--|--|
| 12/00 | U-21453, U-20925, U-22092 (Subdocket C) Surrebuttal | LA | Louisiana Public Service Commission Staff | SWEPCO | Stranded costs, regulatory assets. |
| 01/01 | U-24993 Direct | LA | Louisiana Public Service Commission Staff | Entergy Gulf States, Inc. | Allocation of regulated and nonregulated costs, tax issues, and other revenue requirement issues. |
| 01/01 | U-21453, U-20925, U-22092 (Subdocket B) Surrebuttal | LA | Louisiana Public Service Commission Staff | Entergy Gulf States, Inc. | Industry restructuring, business separation plan, organization structure, hold harmless conditions, financing. |
| 01/01 | Case No. 2000-386 | KY | Kentucky Industrial Utility Customers, Inc. | Louisville Gas & Electric Co. | Recovery of environmental costs, surcharge mechanism. |
| 01/01 | Case No. 2000-439 | KY | Kentucky Industrial Utility Customers, Inc. | Kentucky Utilities Co. | Recovery of environmental costs, surcharge mechanism. |
| 02/01 | A-110300F0095 A-110400F0040 | PA | Met-Ed Industrial Users Group, Penelec Industrial Customer Alliance | GPU, Inc. FirstEnergy Corp. | Merger, savings, reliability. |
| 03/01 | P-00001860 P-00001861 | PA | Met-Ed Industrial Users Group, Penelec Industrial Customer Alliance | Metropolitan Edison Co., Pennsylvania Electric Co. | Recovery of costs due to provider of last resort obligation. |
| 04/01 | U-21453, U-20925, U-22092 (Subdocket B) Settlement Term Sheet | LA | Louisiana Public Service Commission Staff | Entergy Gulf States, Inc. | Business separation plan: settlement agreement on overall plan structure. |
| 04/01 | U-21453, U-20925, U-22092 (Subdocket B) Contested Issues | LA | Louisiana Public Service Commission Staff | Entergy Gulf States, Inc. | Business separation plan: agreements, hold harmless conditions, separations methodology. |
| 05/01 | U-21453, U-20925, U-22092 (Subdocket B) Contested Issues Transmission and Distribution Rebuttal | LA | Louisiana Public Service Commission Staff | Entergy Gulf States, Inc. | Business separation plan: agreements, hold harmless conditions, separations methodology. |
| 07/01 | U-21453, U-20925, U-22092 (Subdocket B) Transmission and Distribution Term Sheet | LA | Louisiana Public Service Commission Staff | Entergy Gulf States, Inc. | Business separation plan: settlement agreement on T&D issues, agreements necessary to implement T&D separations, hold harmless conditions, separations methodology. |

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| Date | Case | Jurisdict. | Party | Utility | Subject |
|-------------|--|-------------------|---|--|--|
| 10/01 | 14000-U | GA | Georgia Public Service Commission Adversary Staff | Georgia Power Company | Revenue requirements, Rate Plan, fuel clause recovery. |
| 11/01 | 14311-U Direct Panel with Bolin Killings | GA | Georgia Public Service Commission Adversary Staff | Atlanta Gas Light Co | Revenue requirements, revenue forecast, O&M expense, depreciation, plant additions, cash working capital. |
| 11/01 | U-25687 Direct | LA | Louisiana Public Service Commission Staff | Entergy Gulf States, Inc. | Revenue requirements, capital structure, allocation of regulated and nonregulated costs, River Bend uprate. |
| 02/02 | PUC Docket 25230 | TX | The Dallas-Fort Worth Hospital Council and the Coalition of Independent Colleges and Universities | TXU Electric | Stipulation. Regulatory assets, securitization financing. |
| 02/02 | U-25687 Surrebuttal | LA | Louisiana Public Service Commission Staff | Entergy Gulf States, Inc. | Revenue requirements, corporate franchise tax, conversion to LLC, River Bend uprate. |
| 03/02 | 14311-U Rebuttal Panel with Bolin Killings | GA | Georgia Public Service Commission Adversary Staff | Atlanta Gas Light Co. | Revenue requirements, earnings sharing plan, service quality standards. |
| 03/02 | 14311-U Rebuttal Panel with Michelle L. Thebert | GA | Georgia Public Service Commission Adversary Staff | Atlanta Gas Light Co. | Revenue requirements, revenue forecast, O&M expense, depreciation, plant additions, cash working capital. |
| 03/02 | 001148-EI | FL | South Florida Hospital and Healthcare Assoc. | Florida Power & Light Co. | Revenue requirements. Nuclear life extension, storm damage accruals and reserve, capital structure, O&M expense. |
| 04/02 | U-25687 (Suppl. Surrebuttal) | LA | Louisiana Public Service Commission | Entergy Gulf States, Inc. | Revenue requirements, corporate franchise tax, conversion to LLC, River Bend uprate. |
| 04/02 | U-21453, U-20925 U-22092 (Subdocket C) | LA | Louisiana Public Service Commission | SWEPCO | Business separation plan, T&D Term Sheet, separations methodologies, hold harmless conditions. |
| 08/02 | EL01-88-000 | FERC | Louisiana Public Service Commission | Entergy Services, Inc. and the Entergy Operating Companies | System Agreement, production cost equalization, tariffs. |
| 08/02 | U-25888 | LA | Louisiana Public Service Commission Staff | Entergy Gulf States, Inc. and Entergy Louisiana, Inc. | System Agreement, production cost disparities, prudence. |
| 09/02 | 2002-00224 2002-00225 | KY | Kentucky Industrial Utilities Customers, Inc. | Kentucky Utilities Co., Louisville Gas & Electric Co. | Line losses and fuel clause recovery associated with off-system sales. |
| 11/02 | 2002-00146 2002-00147 | KY | Kentucky Industrial Utilities Customers, Inc. | Kentucky Utilities Co., Louisville Gas & Electric Co. | Environmental compliance costs and surcharge recovery. |
| 01/03 | 2002-00169 | KY | Kentucky Industrial Utilities Customers, Inc. | Kentucky Power Co. | Environmental compliance costs and surcharge recovery. |

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| Date | Case | Jurisdic. | Party | Utility | Subject |
|-------------|--|------------------|--|---|---|
| 04/03 | 2002-00429 2002-00430 | KY | Kentucky Industrial Utilities Customers, Inc. | Kentucky Utilities Co., Louisville Gas & Electric Co. | Extension of merger surcredit, flaws in Companies' studies. |
| 04/03 | U-26527 | LA | Louisiana Public Service Commission Staff | Entergy Gulf States, Inc. | Revenue requirements, corporate franchise tax, conversion to LLC, capital structure, post-test year adjustments. |
| 06/03 | EL01-88-000 Rebuttal | FERC | Louisiana Public Service Commission | Entergy Services, Inc. and the Entergy Operating Companies | System Agreement, production cost equalization, tariffs. |
| 06/03 | 2003-00068 | KY | Kentucky Industrial Utility Customers | Kentucky Utilities Co. | Environmental cost recovery, correction of base rate error. |
| 11/03 | ER03-753-000 | FERC | Louisiana Public Service Commission | Entergy Services, Inc. and the Entergy Operating Companies | Unit power purchases and sale cost-based tariff pursuant to System Agreement. |
| 11/03 | ER03-583-000, ER03-583-001, ER03-583-002 ER03-681-000, ER03-681-001 ER03-682-000, ER03-682-001, ER03-682-002 ER03-744-000, ER03-744-001 (Consolidated) | FERC | Louisiana Public Service Commission | Entergy Services, Inc., the Entergy Operating Companies, EWO Marketing, L.P, and Entergy Power, Inc. | Unit power purchases and sale agreements, contractual provisions, projected costs, levelized rates, and formula rates. |
| 12/03 | U-26527 Surrebuttal | LA | Louisiana Public Service Commission Staff | Entergy Gulf States, Inc. | Revenue requirements, corporate franchise tax, conversion to LLC, capital structure, post-test year adjustments. |
| 12/03 | 2003-0334 2003-0335 | KY | Kentucky Industrial Utility Customers, Inc. | Kentucky Utilities Co., Louisville Gas & Electric Co. | Earnings Sharing Mechanism. |
| 12/03 | U-27136 | LA | Louisiana Public Service Commission Staff | Entergy Louisiana, Inc. | Purchased power contracts between affiliates, terms and conditions. |
| 03/04 | U-26527 Supplemental Surrebuttal | LA | Louisiana Public Service Commission Staff | Entergy Gulf States, inc. | Revenue requirements, corporate franchise tax, conversion to LLC, capital structure, post-test year adjustments. |
| 03/04 | 2003-00433 | KY | Kentucky Industrial Utility Customers, Inc. | Louisville Gas & Electric Co. | Revenue requirements, depreciation rates, O&M expense, deferrals and amortization, earnings sharing mechanism, merger surcredit, VDT surcredit. |
| 03/04 | 2003-00434 | KY | Kentucky Industrial Utility Customers, Inc. | Kentucky Utilities Co. | Revenue requirements, depreciation rates, O&M expense, deferrals and amortization, earnings sharing mechanism, merger surcredit, VDT surcredit. |

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| Date | Case | Jurisdict. | Party | Utility | Subject |
|-------------|---|-------------------|---|---|--|
| 03/04 | SOAH Docket 473-04-2459 PUC Docket 29206 | TX | Cities Served by Texas- New Mexico Power Co. | Texas-New Mexico Power Co. | Stranded costs true-up, including valuation issues, ITC, ADIT, excess earnings. |
| 05/04 | 04-169-EL-UNC | OH | Ohio Energy Group, Inc. | Columbus Southern Power Co. & Ohio Power Co. | Rate stabilization plan, deferrals, T&D rate increases, earnings. |
| 06/04 | SOAH Docket 473-04-4555 PUC Docket 29526 | TX | Houston Council for Health and Education | CenterPoint Energy Houston Electric | Stranded costs true-up, including valuation issues, ITC, EDIT, excess mitigation credits, capacity auction true-up revenues, interest. |
| 08/04 | SOAH Docket 473-04-4555 PUC Docket 29526 (Suppl Direct) | TX | Houston Council for Health and Education | CenterPoint Energy Houston Electric | Interest on stranded cost pursuant to Texas Supreme Court remand. |
| 09/04 | U-23327 Subdocket B | LA | Louisiana Public Service Commission Staff | SWEPCO | Fuel and purchased power expenses recoverable through fuel adjustment clause, trading activities, compliance with terms of various LPSC Orders. |
| 10/04 | U-23327 Subdocket A | LA | Louisiana Public Service Commission Staff | SWEPCO | Revenue requirements. |
| 12/04 | Case Nos. 2004-00321, 2004-00372 | KY | Gallatin Steel Co. | East Kentucky Power Cooperative, Inc., Big Sandy Recc, et al. | Environmental cost recovery, qualified costs, TIER requirements, cost allocation. |
| 01/05 | 30485 | TX | Houston Council for Health and Education | CenterPoint Energy Houston Electric, LLC | Stranded cost true-up including regulatory Central Co. assets and liabilities, ITC, EDIT, capacity auction, proceeds, excess mitigation credits, retrospective and prospective ADIT. |
| 02/05 | 18638-U | GA | Georgia Public Service Commission Adversary Staff | Atlanta Gas Light Co. | Revenue requirements. |
| 02/05 | 18638-U Panel with Tony Wackerly | GA | Georgia Public Service Commission Adversary Staff | Atlanta Gas Light Co. | Comprehensive rate plan, pipeline replacement program surcharge, performance based rate plan. |
| 02/05 | 18638-U Panel with Michelle Thebert | GA | Georgia Public Service Commission Adversary Staff | Atlanta Gas Light Co. | Energy conservation, economic development, and tariff issues. |
| 03/05 | Case Nos. 2004-00426, 2004-00421 | KY | Kentucky Industrial Utility Customers, Inc. | Kentucky Utilities Co., Louisville Gas & Electric | Environmental cost recovery, Jobs Creation Act of 2004 and §199 deduction, excess common equity ratio, deferral and amortization of nonrecurring O&M expense. |
| 06/05 | 2005-00068 | KY | Kentucky Industrial Utility Customers, Inc. | Kentucky Power Co. | Environmental cost recovery, Jobs Creation Act of 2004 and §199 deduction, margins on allowances used for AEP system sales. |
| 06/05 | 050045-EI | FL | South Florida Hospital and Healthcare Assoc. | Florida Power & Light Co. | Storm damage expense and reserve, RTO costs, O&M expense projections, return on equity performance incentive, capital structure, selective second phase post-test year rate increase. |

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| Date | Case | Jurisdiction | Party | Utility | Subject |
|-------------|--|---------------------|--|---|---|
| 08/05 | 31056 | TX | Alliance for Valley Healthcare | AEP Texas Central Co. | Stranded cost true-up including regulatory assets and liabilities, ITC, EDIT, capacity auction, proceeds, excess mitigation credits, retrospective and prospective ADIT. |
| 09/05 | 20298-U | GA | Georgia Public Service Commission Adversary Staff | Atmos Energy Corp. | Revenue requirements, roll-in of surcharges, cost recovery through surcharge, reporting requirements. |
| 09/05 | 20298-U Panel with Victoria Taylor | GA | Georgia Public Service Commission Adversary Staff | Atmos Energy Corp. | Affiliate transactions, cost allocations, capitalization, cost of debt. |
| 10/05 | 04-42 | DE | Delaware Public Service Commission Staff | Artesian Water Co. | Allocation of tax net operating losses between regulated and unregulated. |
| 11/05 | 2005-00351 2005-00352 | KY | Kentucky Industrial Utility Customers, Inc. | Kentucky Utilities Co., Louisville Gas & Electric | Workforce Separation Program cost recovery and shared savings through VDT surcredit. |
| 01/06 | 2005-00341 | KY | Kentucky Industrial Utility Customers, Inc. | Kentucky Power Co. | System Sales Clause Rider, Environmental Cost Recovery Rider, Net Congestion Rider, Storm damage, vegetation management program, depreciation, off-system sales, maintenance normalization, pension and OPEB. |
| 03/06 | PUC Docket 31994 | TX | Cities | Texas-New Mexico Power Co. | Stranded cost recovery through competition transition or change. |
| 05/06 | 31994 Supplemental | TX | Cities | Texas-New Mexico Power Co. | Retrospective ADFIT, prospective ADFIT. |
| 03/06 | U-21453, U-20925, U-22092 | LA | Louisiana Public Service Commission Staff | Entergy Gulf States, Inc. | Jurisdictional separation plan. |
| 03/06 | NOPR Reg 104385-OR | IRS | Alliance for Valley Health Care and Houston Council for Health Education | AEP Texas Central Company and CenterPoint Energy Houston Electric | Proposed Regulations affecting flow-through to ratepayers of excess deferred income taxes and investment tax credits on generation plant that is sold or deregulated. |
| 04/06 | U-25116 | LA | Louisiana Public Service Commission Staff | Entergy Louisiana, Inc. | 2002-2004 Audit of Fuel Adjustment Clause Filings. Affiliate transactions. |
| 07/06 | R-00061366, Et. al. | PA | Met-Ed Ind. Users Group Pennsylvania Ind. Customer Alliance | Metropolitan Edison Co., Pennsylvania Electric Co. | Recovery of NUG-related stranded costs, government mandated program costs, storm damage costs. |
| 07/06 | U-23327 | LA | Louisiana Public Service Commission Staff | Southwestern Electric Power Co. | Revenue requirements, formula rate plan, banking proposal. |
| 08/06 | U-21453, U-20925, U-22092 (Subdocket J) | LA | Louisiana Public Service Commission Staff | Entergy Gulf States, Inc. | Jurisdictional separation plan. |
| 11/06 | 05CVH03-3375 Franklin County Court Affidavit | OH | Various Taxing Authorities (Non-Utility Proceeding) | State of Ohio Department of Revenue | Accounting for nuclear fuel assemblies as manufactured equipment and capitalized plant. |

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| Date | Case | Jurisdic. | Party | Utility | Subject |
|-------------|---|------------------|--|---|---|
| 12/06 | U-23327 Subdocket A Reply Testimony | LA | Louisiana Public Service Commission Staff | Southwestern Electric Power Co. | Revenue requirements, formula rate plan, banking proposal. |
| 03/07 | U-29764 | LA | Louisiana Public Service Commission Staff | Entergy Gulf States, Inc., Entergy Louisiana, LLC | Jurisdictional allocation of Entergy System Agreement equalization remedy receipts. |
| 03/07 | PUC Docket 33309 | TX | Cities | AEP Texas Central Co. | Revenue requirements, including functionalization of transmission and distribution costs. |
| 03/07 | PUC Docket 33310 | TX | Cities | AEP Texas North Co. | Revenue requirements, including functionalization of transmission and distribution costs. |
| 03/07 | 2006-00472 | KY | Kentucky Industrial Utility Customers, Inc. | East Kentucky Power Cooperative | Interim rate increase, RUS loan covenants, credit facility requirements, financial condition. |
| 03/07 | U-29157 | LA | Louisiana Public Service Commission Staff | Cleco Power, LLC | Permanent (Phase II) storm damage cost recovery. |
| 04/07 | U-29764 Supplemental and Rebuttal | LA | Louisiana Public Service Commission Staff | Entergy Gulf States, Inc., Entergy Louisiana, LLC | Jurisdictional allocation of Entergy System Agreement equalization remedy receipts. |
| 04/07 | ER07-682-000 Affidavit | FERC | Louisiana Public Service Commission | Entergy Services, Inc. and the Entergy Operating Companies | Allocation of intangible and general plant and A&G expenses to production and state income tax effects on equalization remedy receipts. |
| 04/07 | ER07-684-000 Affidavit | FERC | Louisiana Public Service Commission | Entergy Services, Inc. and the Entergy Operating Companies | Fuel hedging costs and compliance with FERC USOA. |
| 05/07 | ER07-682-000 Affidavit | FERC | Louisiana Public Service Commission | Entergy Services, Inc. and the Entergy Operating Companies | Allocation of intangible and general plant and A&G expenses to production and account 924 effects on MSS-3 equalization remedy payments and receipts. |
| 06/07 | U-29764 | LA | Louisiana Public Service Commission Staff | Entergy Louisiana, LLC, Entergy Gulf States, Inc. | Show cause for violating LPSC Order on fuel hedging costs. |
| 07/07 | 2006-00472 | KY | Kentucky Industrial Utility Customers, Inc. | East Kentucky Power Cooperative | Revenue requirements, post-test year adjustments, TIER, surcharge revenues and costs, financial need. |
| 07/07 | ER07-956-000 Affidavit | FERC | Louisiana Public Service Commission | Entergy Services, Inc. | Storm damage costs related to Hurricanes Katrina and Rita and effects of MSS-3 equalization payments and receipts. |
| 10/07 | 05-UR-103 Direct | WI | Wisconsin Industrial Energy Group | Wisconsin Electric Power Company, Wisconsin Gas, LLC | Revenue requirements, carrying charges on CWIP, amortization and return on regulatory assets, working capital, incentive compensation, use of rate base in lieu of capitalization, quantification and use of Point Beach sale proceeds. |

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| Date | Case | Jurisdic. | Party | Utility | Subject |
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| 10/07 | 05-UR-103 Surrebuttal | WI | Wisconsin Industrial Energy Group | Wisconsin Electric Power Company, Wisconsin Gas, LLC | Revenue requirements, carrying charges on CWIP, amortization and return on regulatory assets, working capital, incentive compensation, use of rate base in lieu of capitalization, quantification and use of Point Beach sale proceeds. |
| 10/07 | 25060-U Direct | GA | Georgia Public Service Commission Public Interest Adversary Staff | Georgia Power Company | Affiliate costs, incentive compensation, consolidated income taxes, §199 deduction. |
| 11/07 | 06-0033-E-CN Direct | WV | West Virginia Energy Users Group | Appalachian Power Company | IGCC surcharge during construction period and post-in-service date. |
| 11/07 | ER07-682-000 Direct | FERC | Louisiana Public Service Commission | Entergy Services, Inc. and the Entergy Operating Companies | Functionalization and allocation of intangible and general plant and A&G expenses. |
| 01/08 | ER07-682-000 Cross-Answering | FERC | Louisiana Public Service Commission | Entergy Services, Inc. and the Entergy Operating Companies | Functionalization and allocation of intangible and general plant and A&G expenses. |
| 01/08 | 07-551-EL-AIR Direct | OH | Ohio Energy Group, Inc. | Ohio Edison Company, Cleveland Electric Illuminating Company, Toledo Edison Company | Revenue requirements. |
| 02/08 | ER07-956-000 Direct | FERC | Louisiana Public Service Commission | Entergy Services, Inc. and the Entergy Operating Companies | Functionalization of expenses, storm damage expense and reserves, tax NOL carrybacks in accounts, ADIT, nuclear service lives and effects on depreciation and decommissioning. |
| 03/08 | ER07-956-000 Cross-Answering | FERC | Louisiana Public Service Commission | Entergy Services, Inc. and the Entergy Operating Companies | Functionalization of expenses, storm damage expense and reserves, tax NOL carrybacks in accounts, ADIT, nuclear service lives and effects on depreciation and decommissioning. |
| 04/08 | 2007-00562, 2007-00563 | KY | Kentucky Industrial Utility Customers, Inc. | Kentucky Utilities Co., Louisville Gas and Electric Co. | Merger surcredit. |
| 04/08 | 26837 Direct Bond, Johnson, Thebert, Kollen Panel | GA | Georgia Public Service Commission Staff | SCANA Energy Marketing, Inc. | Rule Nisi complaint. |
| 05/08 | 26837 Rebuttal Bond, Johnson, Thebert, Kollen Panel | GA | Georgia Public Service Commission Staff | SCANA Energy Marketing, Inc. | Rule Nisi complaint. |
| 05/08 | 26837 Suppl Rebuttal Bond, Johnson, Thebert, Kollen Panel | GA | Georgia Public Service Commission Staff | SCANA Energy Marketing, Inc. | Rule Nisi complaint. |

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| Date | Case | Jurisdic. | Party | Utility | Subject |
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| 06/08 | 2008-00115 | KY | Kentucky Industrial Utility Customers, Inc. | East Kentucky Power Cooperative, Inc. | Environmental surcharge recoveries, including costs recovered in existing rates, TIER. |
| 07/08 | 27163 Direct | GA | Georgia Public Service Commission Public Interest Advocacy Staff | Atmos Energy Corp. | Revenue requirements, including projected test year rate base and expenses. |
| 07/08 | 27163 Taylor, Kollen Panel | GA | Georgia Public Service Commission Public Interest Advocacy Staff | Atmos Energy Corp. | Affiliate transactions and division cost allocations, capital structure, cost of debt. |
| 08/08 | 6680-CE-170 Direct | WI | Wisconsin Industrial Energy Group, Inc. | Wisconsin Power and Light Company | Nelson Dewey 3 or Colombia 3 fixed financial parameters. |
| 08/08 | 6680-UR-116 Direct | WI | Wisconsin Industrial Energy Group, Inc. | Wisconsin Power and Light Company | CWIP in rate base, labor expenses, pension expense, financing, capital structure, decoupling. |
| 08/08 | 6680-UR-116 Rebuttal | WI | Wisconsin Industrial Energy Group, Inc. | Wisconsin Power and Light Company | Capital structure. |
| 08/08 | 6690-UR-119 Direct | WI | Wisconsin Industrial Energy Group, Inc. | Wisconsin Public Service Corp. | Prudence of Weston 3 outage, incentive compensation, Crane Creek Wind Farm incremental revenue requirement, capital structure. |
| 09/08 | 6690-UR-119 Surrebuttal | WI | Wisconsin Industrial Energy Group, Inc. | Wisconsin Public Service Corp. | Prudence of Weston 3 outage, Section 199 deduction. |
| 09/08 | 08-935-EL-SSO, 08-918-EL-SSO | OH | Ohio Energy Group, Inc. | First Energy | Standard service offer rates pursuant to electric security plan, significantly excessive earnings test. |
| 10/08 | 08-917-EL-SSO | OH | Ohio Energy Group, Inc. | AEP | Standard service offer rates pursuant to electric security plan, significantly excessive earnings test. |
| 10/08 | 2007-00564, 2007-00565, 2008-00251 2008-00252 | KY | Kentucky Industrial Utility Customers, Inc. | Louisville Gas and Electric Co., Kentucky Utilities Company | Revenue forecast, affiliate costs, depreciation expenses, federal and state income tax expense, capitalization, cost of debt. |
| 11/08 | EL08-51 | FERC | Louisiana Public Service Commission | Entergy Services, Inc. | Spindletop gas storage facilities, regulatory asset and bandwidth remedy. |
| 11/08 | 35717 | TX | Cities Served by Oncor Delivery Company | Oncor Delivery Company | Recovery of old meter costs, asset AD FIT, cash working capital, recovery of prior year restructuring costs, levelized recovery of storm damage costs, prospective storm damage accrual, consolidated tax savings adjustment. |
| 12/08 | 27800 | GA | Georgia Public Service Commission | Georgia Power Company | AFUDC versus CWIP in rate base, mirror CWIP, certification cost, use of short term debt and trust preferred financing, CWIP recovery, regulatory incentive. |
| 01/09 | ER08-1056 | FERC | Louisiana Public Service Commission | Entergy Services, Inc. | Entergy System Agreement bandwidth remedy calculations, including depreciation expense, ADIT, capital structure. |
| 01/09 | ER08-1056 Supplemental Direct | FERC | Louisiana Public Service Commission | Entergy Services, Inc. | Blytheville leased turbines; accumulated depreciation. |

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|-------------|--|------------------|---|---|--|
| 02/09 | EL08-51 Rebuttal | FERC | Louisiana Public Service Commission | Entergy Services, Inc. | Spindletop gas storage facilities regulatory asset and bandwidth remedy. |
| 02/09 | 2008-00409 Direct | KY | Kentucky Industrial Utility Customers, Inc. | East Kentucky Power Cooperative, Inc. | Revenue requirements. |
| 03/09 | ER08-1056 Answering | FERC | Louisiana Public Service Commission | Entergy Services, Inc. | Entergy System Agreement bandwidth remedy calculations, including depreciation expense, ADIT, capital structure. |
| 03/09 | U-21453, U-20925 U-22092 (Sub J) Direct | LA | Louisiana Public Service Commission Staff | Entergy Gulf States Louisiana, LLC | Violation of EGSI separation order, ETI and EGSL separation accounting, Spindletop regulatory asset. |
| 04/09 | Rebuttal | | | | |
| 04/09 | 2009-00040 Direct-Interim (Oral) | KY | Kentucky Industrial Utility Customers, Inc. | Big Rivers Electric Corp. | Emergency interim rate increase; cash requirements. |
| 04/09 | PUC Docket 36530 | TX | State Office of Administrative Hearings | Oncor Electric Delivery Company, LLC | Rate case expenses. |
| 05/09 | ER08-1056 Rebuttal | FERC | Louisiana Public Service Commission | Entergy Services, Inc. | Entergy System Agreement bandwidth remedy calculations, including depreciation expense, ADIT, capital structure. |
| 06/09 | 2009-00040 Direct- Permanent | KY | Kentucky Industrial Utility Customers, Inc. | Big Rivers Electric Corp. | Revenue requirements, TIER, cash flow. |
| 07/09 | 080677-EI | FL | South Florida Hospital and Healthcare Association | Florida Power & Light Company | Multiple test years, GBRA rider, forecast assumptions, revenue requirement, O&M expense, depreciation expense, Economic Stimulus Bill, capital structure. |
| 08/09 | U-21453, U- 20925, U-22092 (Subdocket J) Supplemental Rebuttal | LA | Louisiana Public Service Commission | Entergy Gulf States Louisiana, LLC | Violation of EGSI separation order, ETI and EGSL separation accounting, Spindletop regulatory asset. |
| 08/09 | 8516 and 29950 | GA | Georgia Public Service Commission Staff | Atlanta Gas Light Company | Modification of PRP surcharge to include infrastructure costs. |
| 09/09 | 05-UR-104 Direct and Surrebuttal | WI | Wisconsin Industrial Energy Group | Wisconsin Electric Power Company | Revenue requirements, incentive compensation, depreciation, deferral mitigation, capital structure, cost of debt. |
| 09/09 | 09AL-299E | CO | CF&I Steel, Rocky Mountain Steel Mills LP, Climax Molybdenum Company | Public Service Company of Colorado | Forecasted test year, historic test year, proforma adjustments for major plant additions, tax depreciation. |
| 09/09 | 6680-UR-117 Direct and Surrebuttal | WI | Wisconsin Industrial Energy Group | Wisconsin Power and Light Company | Revenue requirements, CWIP in rate base, deferral mitigation, payroll, capacity shutdowns, regulatory assets, rate of return. |

**Expert Testimony Appearances
of
Lane Kollen
as of March 2015**

| Date | Case | Jurisdict. | Party | Utility | Subject |
|-------------|---|-------------------|---|--|--|
| 10/09 | 09A-415E Answer | CO | Cripple Creek & Victor Gold Mining Company, et al. | Black Hills/CO Electric Utility Company | Cost prudence, cost sharing mechanism. |
| 10/09 | EL09-50 Direct | FERC | Louisiana Public Service Commission | Entergy Services, Inc. | Waterford 3 sale/leaseback accumulated deferred income taxes, Entergy System Agreement bandwidth remedy calculations. |
| 10/09 | 2009-00329 | KY | Kentucky Industrial Utility Customers, Inc. | Louisville Gas and Electric Company, Kentucky Utilities Company | Trimble County 2 depreciation rates. |
| 12/09 | PUE-2009-00030 | VA | Old Dominion Committee for Fair Utility Rates | Appalachian Power Company | Return on equity incentive. |
| 12/09 | ER09-1224 Direct | FERC | Louisiana Public Service Commission | Entergy Services, Inc. | Hypothetical versus actual costs, out of period costs, Spindletop deferred capital costs, Waterford 3 sale/leaseback ADIT. |
| 01/10 | ER09-1224 Cross-Answering | FERC | Louisiana Public Service Commission | Entergy Services, inc. | Hypothetical versus actual costs, out of period costs, Spindletop deferred capital costs, Waterford 3 sale/leaseback ADIT. |
| 01/10 | EL09-50 Rebuttal Supplemental Rebuttal | FERC | Louisiana Public Service Commission | Entergy Services, Inc. | Waterford 3 sale/leaseback accumulated deferred income taxes, Entergy System Agreement bandwidth remedy calculations. |
| 02/10 | ER09-1224 Final | FERC | Louisiana Public Service Commission | Entergy Services, Inc. | Hypothetical versus actual costs, out of period costs, Spindletop deferred capital costs, Waterford 3 sale/leaseback ADIT. |
| 02/10 | 30442 Wackerly-Kollen Panel | GA | Georgia Public Service Commission Staff | Atmos Energy Corporation | Revenue requirement issues. |
| 02/10 | 30442 McBride-Kollen Panel | GA | Georgia Public Service Commission Staff | Atmos Energy Corporation | Affiliate/division transactions, cost allocation, capital structure. |
| 02/10 | 2009-00353 | KY | Kentucky Industrial Utility Customers, Inc., Attorney General | Louisville Gas and Electric Company, Kentucky Utilities Company | Ratemaking recovery of wind power purchased power agreements. |
| 03/10 | 2009-00545 | KY | Kentucky Industrial Utility Customers, Inc. | Kentucky Power Company | Ratemaking recovery of wind power purchased power agreement. |
| 03/10 | E015/GR-09-1151 | MN | Large Power Interveners | Minnesota Power | Revenue requirement issues, cost overruns on environmental retrofit project. |
| 03/10 | EL10-55 | FERC | Louisiana Public Service Commission | Entergy Services, Inc., Entergy Operating Cos | Depreciation expense and effects on System Agreement tariffs. |
| 04/10 | 2009-00459 | KY | Kentucky Industrial Utility Customers, Inc. | Kentucky Power Company | Revenue requirement issues. |

**Expert Testimony Appearances
of
Lane Kollen
as of March 2015**

| Date | Case | Jurisdct. | Party | Utility | Subject |
|-------------|------------------------------------|------------------|---|---|--|
| 04/10 | 2009-00458, 2009-00459 | KY | Kentucky Industrial Utility Customers, Inc. | Kentucky Utilities Company, Louisville Gas and Electric Company | Revenue requirement issues. |
| 08/10 | 31647 | GA | Georgia Public Service Commission Staff | Atlanta Gas Light Company | Revenue requirement and synergy savings issues. |
| 08/10 | 31647 Wackerly-Kollen Panel | GA | Georgia Public Service Commission Staff | Atlanta Gas Light Company | Affiliate transaction and Customer First program issues. |
| 08/10 | 2010-00204 | KY | Kentucky Industrial Utility Customers, Inc. | Louisville Gas and Electric Company, Kentucky Utilities Company | PPL acquisition of E.ON U.S. (LG&E and KU) conditions, acquisition savings, sharing deferral mechanism. |
| 09/10 | 38339 Direct and Cross-Rebuttal | TX | Gulf Coast Coalition of Cities | CenterPoint Energy Houston Electric | Revenue requirement issues, including consolidated tax savings adjustment, incentive compensation FIN 48; AMS surcharge including roll-in to base rates; rate case expenses. |
| 09/10 | EL10-55 | FERC | Louisiana Public Service Commission | Entergy Services, Inc., Entergy Operating Cos | Depreciation rates and expense input effects on System Agreement tariffs. |
| 09/10 | 2010-00167 | KY | Gallatin Steel | East Kentucky Power Cooperative, Inc. | Revenue requirements. |
| 09/10 | U-23327 Subdocket E Direct | LA | Louisiana Public Service Commission | SWEPCO | Fuel audit: SO2 allowance expense, variable O&M expense, off-system sales margin sharing. |
| 11/10 | U-23327 Rebuttal | LA | Louisiana Public Service Commission | SWEPCO | Fuel audit: SO2 allowance expense, variable O&M expense, off-system sales margin sharing. |
| 09/10 | U-31351 | LA | Louisiana Public Service Commission Staff | SWEPCO and Valley Electric Membership Cooperative | Sale of Valley assets to SWEPCO and dissolution of Valley. |
| 10/10 | 10-1261-EL-UNC | OH | Ohio OCC, Ohio Manufacturers Association, Ohio Energy Group, Ohio Hospital Association, Appalachian Peace and Justice Network | Columbus Southern Power Company | Significantly excessive earnings test. |
| 10/10 | 10-0713-E-PC | WV | West Virginia Energy Users Group | Monongahela Power Company, Potomac Edison Power Company | Merger of First Energy and Allegheny Energy. |
| 10/10 | U-23327 Subdocket F Direct | LA | Louisiana Public Service Commission Staff | SWEPCO | AFUDC adjustments in Formula Rate Plan. |
| 11/10 | EL10-55 Rebuttal | FERC | Louisiana Public Service Commission | Entergy Services, Inc., Entergy Operating Cos | Depreciation rates and expense input effects on System Agreement tariffs. |

**Expert Testimony Appearances
of
Lane Kollen
as of March 2015**

| Date | Case | Jurisdic. | Party | Utility | Subject |
|-------------|--|------------------|--|--|---|
| 12/10 | ER10-1350 Direct | FERC | Louisiana Public Service Commission | Entergy Services, Inc. Entergy Operating Cos | Waterford 3 lease amortization, ADIT, and fuel inventory effects on System Agreement tariffs. |
| 01/11 | ER10-1350 Cross-Answering | FERC | Louisiana Public Service Commission | Entergy Services, Inc., Entergy Operating Cos | Waterford 3 lease amortization, ADIT, and fuel inventory effects on System Agreement tariffs. |
| 03/11 | ER10-2001 Direct | FERC | Louisiana Public Service Commission | Entergy Services, Inc., Entergy Arkansas, Inc. | EAI depreciation rates. |
| 04/11 | Cross-Answering | | | | |
| 04/11 | U-23327 Subdocket E | LA | Louisiana Public Service Commission Staff | SWEPCO | Settlement, incl resolution of SO2 allowance expense, var O&M expense, sharing of OSS margins. |
| 04/11 | 38306 Direct | TX | Cities Served by Texas- New Mexico Power Company | Texas-New Mexico Power Company | AMS deployment plan, AMS Surcharge, rate case expenses. |
| 05/11 | Suppl Direct | | | | |
| 05/11 | 11-0274-E-GI | WV | West Virginia Energy Users Group | Appalachian Power Company, Wheeling Power Company | Deferral recovery phase-in, construction surcharge. |
| 05/11 | 2011-00036 | KY | Kentucky Industrial Utility Customers, Inc. | Big Rivers Electric Corp. | Revenue requirements. |
| 06/11 | 29849 | GA | Georgia Public Service Commission Staff | Georgia Power Company | Accounting issues related to Vogtle risk-sharing mechanism. |
| 07/11 | ER11-2161 Direct and Answering | FERC | Louisiana Public Service Commission | Entergy Services, Inc. and Entergy Texas, Inc. | ETI depreciation rates; accounting issues. |
| 07/11 | PUE-2011-00027 | VA | Virginia Committee for Fair Utility Rates | Virginia Electric and Power Company | Return on equity performance incentive. |
| 07/11 | 11-346-EL-SSO 11-348-EL-SSO 11-349-EL-AAM 11-350-EL-AAM | OH | Ohio Energy Group | AEP-OH | Equity Stabilization Incentive Plan; actual earned returns; ADIT offsets in riders. |
| 08/11 | U-23327 Subdocket F Rebuttal | LA | Louisiana Public Service Commission Staff | SWEPCO | Depreciation rates and service lives; AFUDC adjustments. |
| 08/11 | 05-UR-105 | WI | Wisconsin Industrial Energy Group | WE Energies, Inc. | Suspended amortization expenses; revenue requirements. |
| 08/11 | ER11-2161 Cross-Answering | FERC | Louisiana Public Service Commission | Entergy Services, Inc. and Entergy Texas, Inc. | ETI depreciation rates; accounting issues. |
| 09/11 | PUC Docket 39504 | TX | Gulf Coast Coalition of Cities | CenterPoint Energy Houston Electric | Investment tax credit, excess deferred income taxes; normalization. |
| 09/11 | 2011-00161 2011-00162 | KY | Kentucky Industrial Utility Consumers, Inc. | Louisville Gas & Electric Company, Kentucky Utilities Company | Environmental requirements and financing. |

**Expert Testimony Appearances
of
Lane Kollen
as of March 2015**

| Date | Case | Jurisdic. | Party | Utility | Subject |
|-------------|--|------------------|---|---|--|
| 10/11 | 11-4571-EL-UNC 11-4572-EL-UNC | OH | Ohio Energy Group | Columbus Southern Power Company, Ohio Power Company | Significantly excessive earnings. |
| 10/11 | 4220-UR-117 Direct | WI | Wisconsin Industrial Energy Group | Northern States Power-Wisconsin | Nuclear O&M, depreciation. |
| 11/11 | 4220-UR-117 Surrebuttal | WI | Wisconsin Industrial Energy Group | Northern States Power-Wisconsin | Nuclear O&M, depreciation. |
| 11/11 | PUC Docket 39722 | TX | Cities Served by AEP Texas Central Company | AEP Texas Central Company | Investment tax credit, excess deferred income taxes; normalization. |
| 02/12 | PUC Docket 40020 | TX | Cities Served by Oncor | Lone Star Transmission, LLC | Temporary rates. |
| 03/12 | 11AL-947E Answer | CO | Climax Molybdenum Company and CF&I Steel, L.P. d/b/a Evraz Rocky Mountain Steel | Public Service Company of Colorado | Revenue requirements, including historic test year, future test year, CACJA CWIP, contra-AFUDC. |
| 03/12 | 2011-00401 | KY | Kentucky Industrial Utility Customers, Inc. | Kentucky Power Company | Big Sandy 2 environmental retrofits and environmental surcharge recovery. |
| 4/12 | 2011-00036 Direct Rehearing Supplemental Direct Rehearing | KY | Kentucky Industrial Utility Customers, Inc. | Big Rivers Electric Corp. | Rate case expenses, depreciation rates and expense. |
| 04/12 | 10-2929-EL-UNC | OH | Ohio Energy Group | AEP Ohio Power | State compensation mechanism, CRES capacity charges, Equity Stabilization Mechanism |
| 05/12 | 11-346-EL-SSO 11-348-EL-SSO | OH | Ohio Energy Group | AEP Ohio Power | State compensation mechanism, Equity Stabilization Mechanism, Retail Stability Rider. |
| 05/12 | 11-4393-EL-RDR | OH | Ohio Energy Group | Duke Energy Ohio, Inc. | Incentives for over-compliance on EE/PDR mandates. |
| 06/12 | 40020 | TX | Cities Served by Oncor | Lone Star Transmission, LLC | Revenue requirements, including ADIT, bonus depreciation and NOL, working capital, self insurance, depreciation rates, federal income tax expense. |
| 07/12 | 120015-EI | FL | South Florida Hospital and Healthcare Association | Florida Power & Light Company | Revenue requirements, including vegetation management, nuclear outage expense, cash working capital, CWIP in rate base. |
| 07/12 | 2012-00063 | KY | Kentucky Industrial Utility Customers, Inc. | Big Rivers Electric Corp. | Environmental retrofits, including environmental surcharge recovery. |
| 09/12 | 05-UR-106 | WI | Wisconsin Industrial Energy Group, Inc. | Wisconsin Electric Power Company | Section 1603 grants, new solar facility, payroll expenses, cost of debt. |
| 10/12 | 2012-00221 2012-00222 | KY | Kentucky Industrial Utility Customers, Inc. | Louisville Gas and Electric Company, Kentucky Utilities Company | Revenue requirements, including off-system sales, outage maintenance, storm damage, injuries and damages, depreciation rates and expense. |

**Expert Testimony Appearances
of
Lane Kollen
as of March 2015**

| Date | Case | Jurisdic. | Party | Utility | Subject |
|-------------|-----------------------|------------------|---|--|--|
| 10/12 | 120015-EI Direct | FL | South Florida Hospital and Healthcare Association | Florida Power & Light Company | Settlement issues. |
| 11/12 | 120015-EI Rebuttal | FL | South Florida Hospital and Healthcare Association | Florida Power & Light Company | Settlement issues. |
| 10/12 | 40604 | TX | Steering Committee of Cities Served by Oncor | Cross Texas Transmission, LLC | Policy and procedural issues, revenue requirements, including AFUDC, ADIT – bonus depreciation & NOL, incentive compensation, staffing, self-insurance, net salvage, depreciation rates and expense, income tax expense. |
| 11/12 | 40627 Direct | TX | City of Austin d/b/a Austin Energy | City of Austin d/b/a Austin Energy | Rate case expenses. |
| 12/12 | 40443 | TX | Cities Served by SWEPCO | Southwestern Electric Power Company | Revenue requirements, including depreciation rates and service lives, O&M expenses, consolidated tax savings, CWIP in rate base, Turk plant costs. |
| 12/12 | U-29764 | LA | Louisiana Public Service Commission Staff | Entergy Gulf States Louisiana, LLC and Entergy Louisiana, LLC | Termination of purchased power contracts between EGSL and ETI, Spindletop regulatory asset. |
| 01/13 | ER12-1384 Rebuttal | FERC | Louisiana Public Service Commission | Entergy Gulf States Louisiana, LLC and Entergy Louisiana, LLC | Little Gypsy 3 cancellation costs. |
| 02/13 | 40627 Rebuttal | TX | City of Austin d/b/a Austin Energy | City of Austin d/b/a Austin Energy | Rate case expenses. |
| 03/13 | 12-426-EL-SSO | OH | The Ohio Energy Group | The Dayton Power and Light Company | Capacity charges under state compensation mechanism, Service Stability Rider, Switching Tracker. |
| 04/13 | 12-2400-EL-UNC | OH | The Ohio Energy Group | Duke Energy Ohio, Inc. | Capacity charges under state compensation mechanism, deferrals, rider to recover deferrals. |
| 04/13 | 2012-00578 | KY | Kentucky Industrial Utility Customers, Inc. | Kentucky Power Company | Resource plan, including acquisition of interest in Mitchell plant. |
| 05/13 | 2012-00535 | KY | Kentucky Industrial Utility Customers, Inc. | Big Rivers Electric Corporation | Revenue requirements, excess capacity, restructuring. |
| 06/13 | 12-3254-EL-UNC | OH | The Ohio Energy Group, Inc., Office of the Ohio Consumers' Counsel | Ohio Power Company | Energy auctions under CBP, including reserve prices. |
| 07/13 | 2013-00144 | KY | Kentucky Industrial Utility Customers, Inc. | Kentucky Power Company | Biomass renewable energy purchase agreement. |
| 07/13 | 2013-00221 | KY | Kentucky Industrial Utility Customers, Inc. | Big Rivers Electric Corporation | Agreements to provide Century Hawesville Smelter market access. |
| 10/13 | 2013-00199 | KY | Kentucky Industrial Utility Customers, Inc. | Big Rivers Electric Corporation | Revenue requirements, excess capacity, restructuring. |

**Expert Testimony Appearances
of
Lane Kollen
as of March 2015**

| Date | Case | Jurisdic. | Party | Utility | Subject |
|-------------|------------------------------|------------------|---|---|--|
| 12/13 | 2013-00413 | KY | Kentucky Industrial Utility Customers, Inc. | Big Rivers Electric Corporation | Agreements to provide Century Sebree Smelter market access. |
| 01/14 | ER10-1350 | FERC | Louisiana Public Service Commission | Entergy Services, Inc. | Waterford 3 lease accounting and treatment in annual bandwidth filings. |
| 04/14 | ER13-432 Direct | FERC | Louisiana Public Service Commission | Entergy Gulf States Louisiana, LLC and Entergy Louisiana, LLC | UP Settlement benefits and damages. |
| 05/14 | PUE-2013-00132 | VA | HP Hood LLC | Shenandoah Valley Electric Cooperative | Market based rate; load control tariffs. |
| 07/14 | PUE-2014-00033 | VA | Virginia Committee for Fair Utility Rates | Virginia Electric and Power Company | Fuel and purchased power hedge accounting, change in FAC Definitional Framework. |
| 08/14 | ER13-432 Rebuttal | FERC | Louisiana Public Service Commission | Entergy Gulf States Louisiana, LLC and Entergy Louisiana, LLC | UP Settlement benefits and damages. |
| 08/14 | 2014-00134 | KY | Kentucky Industrial Utility Customers, Inc. | Big Rivers Electric Corporation | Requirements power sales agreements with Nebraska entities. |
| 09/14 | E-015/CN-12-1163 Direct | MN | Large Power Intervenors | Minnesota Power | Great Northern Transmission Line; cost cap; AFUDC v. current recovery; rider v. base recovery; class cost allocation. |
| 10/14 | 2014-00225 | KY | Kentucky Industrial Utility Customers, Inc. | Kentucky Power Company | Allocation of fuel costs to off-system sales. |
| 10/14 | ER13-1508 | FERC | Louisiana Public Service Commission | Entergy Services, Inc. | Entergy service agreements and tariffs for affiliate power purchases and sales; return on equity. |
| 10/14 | 14-0702-E-42T 14-0701-E-D | WV | West Virginia Energy Users Group | First Energy-Monongahela Power, Potomac Edison | Consolidated tax savings; payroll; pension, OPEB, amortization; depreciation; environmental surcharge. |
| 11/14 | E-015/CN-12-1163 Surrebutal | MN | Large Power Intervenors | Minnesota Power | Great Northern Transmission Line; cost cap; AFUDC v. current recovery; rider v. base recovery; class allocation. |
| 11/14 | 05-376-EL-UNC | OH | Ohio Energy Group | Ohio Power Company | Refund of IGCC CWIP financing cost recoveries. |
| 11/14 | 14AL-0660E | CO | Climax, CF&I Steel | Public Service Company of Colorado | Historic test year v. future test year; AFUDC v. current return; CACJA rider, transmission rider; equivalent availability rider; ADIT; depreciation; royalty income; amortization. |
| 12/14 | EL14-026 | SD | Black Hills Industrial Intervenors | Black Hills Power Company | Revenue requirement issues, including depreciation expense and affiliate charges. |
| 01/15 | 9400-YO-100 Direct | WI | Wisconsin Industrial Energy Group | Wisconsin Energy Corporation | WEC acquisition of Integrys Energy Group, Inc. |
| 01/15 | 14F-0336EG 14F-0404EG | CO | Development Recover Company LLC | Public Service Company of Colorado | Line extension policies and refunds. |

**Expert Testimony Appearances
of
Lane Kollen
as of March 2015**

| Date | Case | Jurisdic. | Party | Utility | Subject |
|-------------|------------------------------|------------------|--------------------------------------|----------------------------------|--|
| 01/15 | 14-0702-E-42T 14-0701-E-D | WV | West Virginia Energy Users Group | AEP-Appalachian Power Company | Income taxes, payroll, pension, OPEB, deferred costs and write offs, depreciation rates, environmental projects surcharge. |
| 02/15 | 9400-YO-100 Rebuttal | WI | Wisconsin Industrial Energy Group | Wisconsin Energy Corporation | WEC acquisition of Integrys Energy Group, Inc. |

EXHIBIT ____ (LK-2)

Kentucky Utilities Company
Kentucky Jurisdictional Comparison of O&M Expenses
Forecast Test Year vs Base Year vs 2011 through 2014 Actual
For the Test Year Ended June 30, 2016
(\$ Millions)

| Account | Twelve Months Ended 12/31/2011 | Twelve Months Ended 12/31/2012 | Twelve Months Ended 12/31/2013 | Twelve Months Ended 12/31/2014 | Unadjusted BASE | Adjusted BASE | Unadjusted TEST | Adjusted TEST | Unadjusted BASE vs 2013 Variance | Unadjusted TEST vs 2013 Variance |
|--|---|---|---|---|--------------------|------------------|--------------------|------------------|--|--|
| Total Fuel and Non Fuel | | | | | | | | | | |
| Production Operation-Steam | 473 | 454 | 497 | 487 | 496 | 453 | 497 | 429 | (1) | (0) |
| Production Maintenance-Steam | 57 | 72 | 55 | 70 | 70 | 69 | 70 | 67 | 15 | 15 |
| Production - Hydraulic | 0 | 0 | 0 | 1 | 1 | 1 | 0 | 0 | 0 | (0) |
| Production - Other Power | 31 | 37 | 29 | 72 | 69 | 69 | 156 | 156 | 41 | 127 |
| Production - Other Power Supply | 97 | 93 | 71 | 96 | 92 | 92 | 70 | 70 | 22 | (1) |
| Transmission - Operation | 18 | 19 | 17 | 19 | 19 | 19 | 20 | 20 | 2 | 3 |
| Transmission - Maintenance | 6 | 7 | 7 | 10 | 7 | 7 | 6 | 6 | 0 | (1) |
| Regional Market Expenses | 1 | 1 | (0) | - | (0) | - | - | - | (0) | 0 |
| Distribution-Operation | 19 | 20 | 19 | 23 | 21 | 21 | 21 | 21 | 2 | 1 |
| Distribution-Maintenance | 25 | 32 | 31 | 32 | 35 | 35 | 32 | 32 | 4 | 0 |
| Customer Accounts Expenses | 27 | 27 | 26 | 32 | 32 | 32 | 32 | 32 | 6 | 6 |
| Customer Service & Informational Sales | 14 | 15 | 20 | 18 | 19 | 2 | 20 | 2 | (0) | 1 |
| | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Administrative & General | 93 | 89 | 96 | 93 | 100 | 100 | 123 | 123 | 4 | 27 |
| Total O&M - Fuel and Non Fuel | 862 | 867 | 868 | 952 | 962 | 900 | 1,047 | 957 | 95 | 179 |
| Less: Fuel Accounts | | | | | | | | | | |
| 501 | 425 | 406 | 443 | 430 | 437 | 405 | 420 | 374 | (7) | (23) |
| 509 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (0) | (0) |
| 547 | 28 | 34 | 26 | 69 | 67 | 67 | 140 | 140 | 41 | 114 |
| 555 | 95 | 92 | 69 | 95 | 92 | 92 | 68 | 68 | 22 | (1) |
| Total Fuel Accounts | 548 | 532 | 539 | 594 | 595 | 563 | 629 | 582 | 56 | 90 |
| Total Non-Fuel O&M | 313 | 335 | 329 | 359 | 368 | 337 | 419 | 375 | 39 | 90 |
| 3 Yr Average | | | <u>326</u> | | | | | | | |
| Total Non Fuel | | | | | | | | | | |
| Production Operation-Steam | 47 | 48 | 54 | 57 | 60 | 47 | 77 | 55 | 6 | 23 |
| Production Maintenance-Steam | 57 | 72 | 55 | 70 | 70 | 69 | 70 | 67 | 15 | 15 |
| Production - Hydraulic | 0 | 0 | 0 | 1 | 1 | 1 | 0 | 0 | 0 | (0) |
| Production - Other Power | 3 | 3 | 3 | 3 | 3 | 3 | 16 | 16 | (0) | 13 |
| Production - Other Power Supply | 2 | 2 | 2 | 2 | 1 | 1 | 2 | 2 | (1) | 0 |
| Transmission - Operation | 18 | 19 | 17 | 19 | 19 | 19 | 20 | 20 | 2 | 3 |
| Transmission - Maintenance | 6 | 7 | 7 | 10 | 7 | 7 | 6 | 6 | 0 | (1) |
| Regional Market Expenses | 1 | 1 | (0) | - | (0) | - | - | - | (0) | 0 |
| Distribution-Operation | 19 | 20 | 19 | 23 | 21 | 21 | 21 | 21 | 2 | 1 |
| Distribution-Maintenance | 25 | 32 | 31 | 32 | 35 | 35 | 32 | 32 | 4 | 0 |
| Customer Accounts Expenses | 27 | 27 | 26 | 32 | 32 | 32 | 32 | 32 | 6 | 6 |
| Customer Service & Informational Sales | 14 | 15 | 20 | 18 | 19 | 2 | 20 | 2 | (0) | 1 |
| | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Administrative & General | 93 | 89 | 96 | 93 | 100 | 100 | 123 | 123 | 4 | 27 |
| Total Non Fuel O&M | 313 | 335 | 329 | 359 | 368 | 337 | 419 | 375 | 39 | 90 |

Source: 2011, 2012, 2013, and Unadjusted Base - Response to PSC 1-29(b) pages 4 through 6 for KY jurisdictional amounts.
Unadjusted Test and Adjusted Test. 2014 - Response to AG-2-20.

Schedule C-2.1 for Unadjusted Base (Matches Response Above), Adjusted Base,

Note: See Schedule D-2 for Adjustments to Base and Forecast Years - Removal of expenses related to FAC, DSM and ECR Mechanisms.

EXHIBIT ____ (LK-3)

Louville Gas and Electric Company
 Kentucky Jurisdictional Comparison of O&M Expenses - Electric Only - 100% KY
 Forecast Test Year vs Base Year vs 2011 through 2014 Actual
 For the Test Year Ended June 30, 2016
 (\$ Millions)

| Account | Twelve Months Ended 12/31/2011 | Twelve Months Ended 12/31/2012 | Twelve Months Ended 12/31/2013 | Twelve Months Ended 12/31/2014 | Unadjusted BASE | Adjusted BASE | Unadjusted TEST | Adjusted TEST | Unadjusted BASE vs 2013 Variance | Unadjusted TEST vs 2013 Variance |
|--|---|---|---|---|--------------------|------------------|--------------------|------------------|--|--|
| Total Fuel and Non Fuel | | | | | | | | | | |
| Production Operation-Steam | 400 | 423 | 420 | 435 | 426 | 422 | 353 | 344 | 6 | (68) |
| Production Maintenance-Steam | 58 | 60 | 60 | 57 | 58 | 58 | 52 | 47 | (2) | (8) |
| Production - Hydraulic | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | (0) | 0 |
| Production - Other Power | 19 | 23 | 17 | 42 | 38 | 38 | 66 | 66 | 20 | 49 |
| Production - Other Power Supply | 79 | 55 | 50 | 51 | 47 | 47 | 70 | 70 | (3) | 20 |
| Transmission - Operation | 14 | 13 | 11 | 12 | 12 | 12 | 12 | 12 | 0 | 0 |
| Transmission - Maintenance | 3 | 2 | 3 | 3 | 3 | 3 | 4 | 4 | 0 | 1 |
| Regional Market Expenses | 1 | 1 | (0) | - | - | - | - | - | 0 | 0 |
| Distribution-Operation | 18 | 19 | 19 | 21 | 21 | 21 | 20 | 20 | 3 | 1 |
| Distribution-Maintenance | 25 | 24 | 26 | 29 | 28 | 28 | 28 | 28 | 2 | 1 |
| Customer Accounts Expenses | 12 | 10 | 10 | 13 | 13 | 13 | 13 | 13 | 2 | 3 |
| Customer Service & Informational Sales | 11 | 12 | 15 | 15 | 15 | 1 | 16 | 1 | 0 | 1 |
| Sales | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (0) | 0 |
| Administrative & General | 83 | 79 | 87 | 82 | 88 | 88 | 91 | 91 | 1 | 5 |
| Total O&M - Fuel and Non Fuel | 724 | 723 | 722 | 762 | 751 | 733 | 727 | 699 | 30 | 5 |
| Less: Fuel Accounts | | | | | | | | | | |
| 501 | 344 | 365 | 363 | 375 | 363 | 362 | 299 | 302 | 0 | (64) |
| 509 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (0) |
| 547 | 17 | 21 | 16 | 40 | 36 | 36 | 61 | 61 | 20 | 45 |
| 555 | 75 | 52 | 48 | 48 | 46 | 46 | 68 | 68 | (2) | 20 |
| Total Fuel Accounts | 436 | 438 | 427 | 464 | 445 | 444 | 429 | 431 | 18 | 2 |
| Total Non-Fuel O&M | 288 | 285 | 294 | 298 | 306 | 289 | 298 | 267 | 12 | 3 |
| 3 Yr Average | | | <u>289</u> | | | | | | | |
| Total Non Fuel | | | | | | | | | | |
| Production Operation-Steam | 56 | 58 | 57 | 60 | 63 | 60 | 53 | 42 | 6 | (4) |
| Production Maintenance-Steam | 58 | 60 | 60 | 57 | 58 | 58 | 52 | 47 | (2) | (8) |
| Production - Hydraulic | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | (0) | 0 |
| Production - Other Power | 2 | 2 | 1 | 2 | 2 | 2 | 5 | 5 | 1 | 4 |
| Production - Other Power Supply | 4 | 2 | 2 | 3 | 2 | 2 | 2 | 2 | (1) | (0) |
| Transmission - Operation | 14 | 13 | 11 | 12 | 12 | 12 | 12 | 12 | 0 | 0 |
| Transmission - Maintenance | 3 | 2 | 3 | 3 | 3 | 3 | 4 | 4 | 0 | 1 |
| Regional Market Expenses | 1 | 1 | (0) | - | - | - | - | - | 0 | 0 |
| Distribution-Operation | 18 | 19 | 19 | 21 | 21 | 21 | 20 | 20 | 3 | 1 |
| Distribution-Maintenance | 25 | 24 | 26 | 29 | 28 | 28 | 28 | 28 | 2 | 1 |
| Customer Accounts Expenses | 12 | 10 | 10 | 13 | 13 | 13 | 13 | 13 | 2 | 3 |
| Customer Service & Informational Sales | 11 | 12 | 15 | 15 | 15 | 1 | 16 | 1 | 0 | 1 |
| Sales | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (0) | 0 |
| Administrative & General | 83 | 79 | 87 | 82 | 88 | 88 | 91 | 91 | 1 | 5 |
| Total Non Fuel O&M | 288 | 285 | 294 | 298 | 306 | 289 | 298 | 267 | 12 | 3 |

Source: 2011, 2012, 2013, and Unadjusted Base - Response to PSC 1-29(b) pages 4 through 6 for KY jurisdictional amounts.
 Unadjusted Test and Adjusted Test. 2014 - Response to AG-2-15.

Schedule C-2.1 for Unadjusted Base (Matches Response Above), Adjusted Base,

Note: See Schedule D-2 for Adjustments to Base and Forecast Years - Removal of expenses related to FAC, DSM and ECR Mechanisms.

EXHIBIT ____ (LK-4)

KENTUCKY UTILITIES COMPANY

**Response to Commission Staff's First Request for Information
Dated November 14, 2014**

Case No. 2014-00371

Question No. 32

Responding Witness: Paula H. Pottinger, Ph.D.

- Q-32. List separately the budgeted and actual numbers of full- and part-time employees by employee group, by month and by year, for the three most recent calendar years, the base period, and the forecasted test period.
- A-32. See attached.

Kentucky Utilities Company

Case No. 2014-00371

Question No. 32

Headcount by Employee Type by Month - Budget

| 2011 | JAN | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC |
|-----------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Exempt | 636 | 636 | 637 | 637 | 637 | 637 | 639 | 639 | 639 | 640 | 640 | 640 |
| Non-exempt | 392 | 392 | 392 | 392 | 392 | 392 | 392 | 392 | 392 | 393 | 393 | 384 |
| Union-Hourly | 621 | 621 | 621 | 621 | 621 | 621 | 621 | 621 | 621 | 621 | 621 | 620 |
| Part-time Other | 18 | 18 | 18 | 18 | 19 | 20 | 20 | 20 | 19 | 19 | 19 | 19 |
| Total | 1,667 | 1,667 | 1,668 | 1,668 | 1,669 | 1,670 | 1,673 | 1,673 | 1,671 | 1,673 | 1,673 | 1,663 |

| 2012 | JAN | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC |
|-----------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Exempt | 656 | 659 | 659 | 661 | 663 | 667 | 678 | 678 | 680 | 679 | 683 | 686 |
| Non-exempt | 415 | 419 | 426 | 427 | 433 | 433 | 437 | 437 | 445 | 445 | 445 | 445 |
| Union-Hourly | 605 | 605 | 606 | 606 | 606 | 606 | 608 | 608 | 608 | 608 | 608 | 608 |
| Part-time Other | - | - | - | - | - | - | - | - | - | - | - | - |
| Total | 1,676 | 1,683 | 1,692 | 1,694 | 1,702 | 1,705 | 1,723 | 1,723 | 1,732 | 1,732 | 1,736 | 1,739 |

| 2013 | JAN | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC |
|-----------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Exempt | 677 | 679 | 680 | 681 | 681 | 682 | 684 | 684 | 685 | 685 | 685 | 685 |
| Non-exempt | 440 | 440 | 440 | 440 | 440 | 440 | 444 | 444 | 444 | 444 | 444 | 444 |
| Union-Hourly | 599 | 600 | 600 | 600 | 600 | 600 | 611 | 610 | 610 | 610 | 611 | 611 |
| Part-time Other | 38 | 38 | 38 | 38 | 40 | 40 | 40 | 40 | 38 | 38 | 38 | 38 |
| Total | 1,754 | 1,757 | 1,759 | 1,759 | 1,761 | 1,762 | 1,778 | 1,777 | 1,776 | 1,776 | 1,777 | 1,778 |

Base Year: March 2014

| - Feb 2015 | MAR | APR | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC | JAN | FEB |
|-----------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Exempt | 717 | 716 | 716 | 716 | 719 | 721 | 720 | 725 | 725 | 725 | 740 | 740 |
| Non-exempt | 450 | 453 | 453 | 453 | 457 | 457 | 457 | 448 | 448 | 448 | 457 | 457 |
| Union-Hourly | 613 | 619 | 619 | 619 | 619 | 619 | 619 | 610 | 610 | 609 | 609 | 609 |
| Part-time Other | 37 | 37 | 39 | 39 | 40 | 40 | 38 | 38 | 38 | 39 | 49 | 49 |
| Total | 1,816 | 1,825 | 1,826 | 1,827 | 1,834 | 1,836 | 1,834 | 1,820 | 1,820 | 1,820 | 1,855 | 1,855 |

Forecast Test Year July

| 2015-June 2016 | JUL | AUG | SEP | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUN |
|-----------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Exempt | 756 | 756 | 755 | 755 | 755 | 755 | 757 | 757 | 760 | 760 | 767 | 767 |
| Non-exempt | 462 | 462 | 462 | 462 | 462 | 462 | 464 | 464 | 464 | 465 | 456 | 456 |
| Union-Hourly | 607 | 607 | 607 | 607 | 607 | 607 | 607 | 607 | 607 | 618 | 594 | 594 |
| Part-time Other | 52 | 52 | 50 | 49 | 49 | 50 | 49 | 49 | 49 | 49 | 52 | 52 |
| Total | 1,876 | 1,876 | 1,874 | 1,873 | 1,873 | 1,874 | 1,877 | 1,877 | 1,879 | 1,891 | 1,868 | 1,868 |

EXHIBIT ____ (LK-5)

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Commission Staff's First Request for Information
Dated November 14, 2014**

Case No. 2014-00372

Question No. 32

Responding Witness: Paula H. Pottinger, Ph.D.

- Q-32. List separately the budgeted and actual numbers of full- and part-time employees by employee group, by month and by year, for the three most recent calendar years, the base period, and the forecasted test period.
- A-32. See attached.

LOUISVILLE GAS AND ELECTRIC COMPANY

Case No. 2014-00372

Question No. 32

Headcount by Employee Type by Month - Budget

| 2011 | JAN | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC |
|-----------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Exempt | 670 | 670 | 672 | 672 | 672 | 673 | 673 | 673 | 673 | 674 | 674 | 674 |
| Non-exempt | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 224 |
| Union-Hourly | 719 | 719 | 720 | 720 | 721 | 721 | 721 | 721 | 721 | 721 | 722 | 722 |
| Part-time Other | 20 | 20 | 20 | 20 | 21 | 22 | 22 | 22 | 20 | 20 | 20 | 20 |
| Total | 1,643 | 1,643 | 1,646 | 1,646 | 1,647 | 1,649 | 1,650 | 1,650 | 1,649 | 1,650 | 1,651 | 1,641 |

| 2012 | JAN | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC |
|-----------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Exempt | 696 | 698 | 699 | 703 | 705 | 709 | 718 | 718 | 722 | 722 | 726 | 729 |
| Non-exempt | 226 | 229 | 236 | 236 | 241 | 241 | 241 | 241 | 247 | 247 | 248 | 248 |
| Union-Hourly | 706 | 706 | 709 | 715 | 714 | 715 | 716 | 716 | 718 | 718 | 718 | 718 |
| Part-time Other | - | - | - | - | - | - | - | - | - | - | - | - |
| Total | 1,628 | 1,634 | 1,643 | 1,654 | 1,660 | 1,665 | 1,676 | 1,676 | 1,687 | 1,688 | 1,692 | 1,695 |

| 2013 | JAN | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC |
|-----------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Exempt | 701 | 702 | 703 | 708 | 708 | 709 | 710 | 710 | 711 | 711 | 711 | 712 |
| Non-exempt | 238 | 238 | 238 | 238 | 238 | 238 | 239 | 239 | 239 | 239 | 239 | 239 |
| Union-Hourly | 720 | 720 | 721 | 723 | 722 | 723 | 724 | 724 | 725 | 727 | 727 | 724 |
| Part-time Other | 38 | 38 | 38 | 38 | 38 | 38 | 38 | 38 | 37 | 37 | 37 | 37 |
| Total | 1,697 | 1,698 | 1,700 | 1,706 | 1,706 | 1,708 | 1,712 | 1,712 | 1,713 | 1,715 | 1,715 | 1,712 |

Base Year: March 2014

- Feb 2015

| | MAR | APR | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC | JAN | FEB |
|-----------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Exempt | 737 | 737 | 737 | 740 | 743 | 744 | 746 | 747 | 747 | 747 | 767 | 768 |
| Non-exempt | 250 | 253 | 253 | 253 | 254 | 254 | 254 | 254 | 254 | 254 | 248 | 248 |
| Union-Hourly | 746 | 751 | 754 | 754 | 752 | 752 | 751 | 752 | 752 | 752 | 736 | 736 |
| Part-time Other | 39 | 39 | 40 | 40 | 40 | 41 | 40 | 40 | 40 | 40 | 43 | 43 |
| Total | 1,773 | 1,781 | 1,785 | 1,788 | 1,789 | 1,791 | 1,792 | 1,793 | 1,793 | 1,793 | 1,795 | 1,796 |

Forecast Test Year July

2015-June 2016

| | JUL | AUG | SEP | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUN |
|-----------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Exempt | 758 | 757 | 757 | 757 | 757 | 757 | 757 | 758 | 761 | 759 | 762 | 763 |
| Non-exempt | 248 | 248 | 248 | 248 | 248 | 248 | 249 | 249 | 249 | 249 | 249 | 249 |
| Union-Hourly | 726 | 726 | 726 | 725 | 724 | 724 | 725 | 725 | 728 | 732 | 732 | 732 |
| Part-time Other | 42 | 42 | 41 | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 42 | 42 |
| Total | 1,775 | 1,774 | 1,772 | 1,771 | 1,770 | 1,770 | 1,772 | 1,773 | 1,780 | 1,782 | 1,785 | 1,786 |

EXHIBIT ____ (LK-6)

KENTUCKY UTILITIES COMPANY

CASE NO. 2014-00371

**Response to First Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated January 8, 2015**

Question No. 10

Responding Witness: Russel A. Hudson

- Q.1-10. Please refer to Mr. Thompson's and Mr. Blake's Direct Testimonies for Kentucky Utilities ("KU"), discussing workforce additions for KU/LG&E (the "Companies"). Refer further to their discussion of the workforce and the reasons for increases in the number of employees for each of the Companies' functional departments since the end of their last test year, April 1, 2012, as follows:

| | <u>Increase in Number</u> | <u>% Increase</u> |
|---------------------------------------|-------------------------------|-------------------|
| Mr. Thompson: | | |
| Pages 23-24 – Generation | 50 | 5% |
| Page 31 – Transmission | 19 | 14% |
| Page 53 – Distribution | 53 | 8% |
| Page 62 – Customer Service | 93 | 16% |
| Page 67 – Safety & Technical Training | 8 | Not Provided |
| Mr. Blake: | | |
| Pages 9-10 – Information Technology | 53 | Not Provided |
| Page 10 – Administrative | 17 | Not Provided |
| Total | 293 | |

- a. Please confirm that the Companies' total net forecasted gain in positions is 293, excluding LG&E's gas operations, for the end of the projected test period compared to the number of employees as of April 1, 2012. If the total and the breakdown of projected net addition employees are different than those listed above, please describe the differences.
- b. Please provide a breakdown of the Company's net forecasted gains by department listed above.

- c. Please provide the number of positions that have already been added since April 1, 2012 for each of the departments listed above separately for the Company.
- d. Please provide the estimated annual reduction in contractor expense that has occurred since April 1, 2012 for each of the departments listed above for the Company.
- e. Please provide the estimated annual reduction in contractor expense for the Company that will occur between now and the end of the projected test year for each of the departments listed above.
- f. Please provide the estimated increase in wages expense and related benefits expense for the Company that has occurred since April 1, 2012 related to the employees already added for each of the departments listed above separately.
- g. Please provide the estimated increase in wages expense and related benefits expense for the Company that will occur between now and the end of the projected test year related to the employees projected to be added for each of the departments listed above separately.
- h. For each of the net employee position additions enumerated in the list above, please provide a listing and description of each position. For the generation department, please also provide a description of the positions that were reduced or are expected to be reduced due to generating unit retirements.
- i. For each of the departments listed above, please provide the number of net employee additions for the Company that has already occurred related to compliance with the NERC's current or proposed Critical Infrastructure Protection ("CIP") standards.
- j. For each of the departments listed above, please provide the number of net employee additions for the Company that is estimated to occur between now and the end of the projected test year related to compliance with the NERC's current or proposed CIP standards.

A.1-10. a-j. See attached.

| LG&E | | | | | | | | |
|------------|-----------------------|--------------|------------------|-----------------------------|------------------------|----------------|------------|----------------|
| Generation | Transmission | Distribution | Customer Service | Safety & Technical Training | Information Technology | Administrative | Total | |
| a. | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| b. | (14) | 6 | 41 | 30 | 3 | 25 | 8 | 99 |
| c. | 23 | 4 | 19 | 24 | 3 | 17 | 6 | 96 |
| d. | \$ - | \$ 88,503 | \$ 1,379,941 | \$ 246,063 | \$ - | \$ - | \$ - | \$ 1,714,507 |
| e. | \$ - | \$ 158,896 | \$ 1,476,493 | \$ 14,750 | \$ - | \$ - | \$ - | \$ 1,650,139 |
| f. | \$ 3,411,104 | \$ 457,805 | \$ 1,551,163 | \$ 1,762,370 | \$ 420,989 | \$ 2,314,392 | \$ 646,799 | \$ 10,564,622 |
| g. | \$ (5,664,780) | \$ 240,039 | \$ 1,867,740 | \$ 450,122 | \$ 89,103 | \$ 899,514 | \$ 321,381 | \$ (1,796,881) |
| h. | See pages 2 through 6 | | | | | | | |
| i. | - | 1 | - | 2 | - | 4 | - | 7 |
| j. | - | - | - | - | - | - | - | - |

| KU | | | | | | | | |
|------------|-----------------------|--------------|------------------|-----------------------------|------------------------|----------------|------------|---------------|
| Generation | Transmission | Distribution | Customer Service | Safety & Technical Training | Information Technology | Administrative | Total | |
| a. | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| b. | 64 | 13 | 12 | 63 | 5 | 28 | 9 | 194 |
| c. | 47 | 8 | 5 | 32 | 5 | 18 | 6 | 121 |
| d. | \$ - | \$ 197,079 | \$ 440,947 | \$ 188,137 | \$ - | \$ - | \$ - | \$ 826,163 |
| e. | \$ - | \$ 353,842 | \$ 310,687 | \$ 576,535 | \$ - | \$ - | \$ - | \$ 1,241,064 |
| f. | \$ 4,254,608 | \$ 1,019,464 | \$ 352,626 | \$ 2,044,008 | \$ 571,560 | \$ 2,503,270 | \$ 731,252 | \$ 11,476,788 |
| g. | \$ 3,538,548 | \$ 534,526 | \$ 715,234 | \$ 2,380,574 | \$ 120,971 | \$ 972,929 | \$ 363,341 | \$ 8,626,123 |
| h. | See pages 2 through 6 | | | | | | | |
| i. | 2 | 3 | - | 2 | - | 5 | 1 | 13 |
| j. | - | - | - | - | - | 1 | - | 1 |

| Combined Utilities | | | | | | | | |
|--------------------|-----------------------|--------------|------------------|-----------------------------|------------------------|----------------|--------------|---------------|
| Generation | Transmission | Distribution | Customer Service | Safety & Technical Training | Information Technology | Administrative | Total | |
| a. | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| b. | 50 | 19 | 53 | 93 | 8 | 53 | 17 | 293 |
| c. | 70 | 12 | 24 | 56 | 8 | 35 | 12 | 217 |
| d. | \$ - | \$ 285,582 | \$ 1,820,888 | \$ 434,200 | \$ - | \$ - | \$ - | \$ 2,540,670 |
| e. | \$ - | \$ 512,738 | \$ 1,787,180 | \$ 591,285 | \$ - | \$ - | \$ - | \$ 2,891,203 |
| f. | \$ 7,665,712 | \$ 1,477,269 | \$ 1,903,789 | \$ 3,806,378 | \$ 992,549 | \$ 4,817,662 | \$ 1,378,051 | \$ 22,041,410 |
| g. | \$ (2,126,232) | \$ 774,565 | \$ 2,582,974 | \$ 2,830,696 | \$ 210,074 | \$ 1,872,443 | \$ 684,722 | \$ 6,829,242 |
| h. | See pages 2 through 4 | | | | | | | |
| i. | 2 | 4 | - | 4 | - | 9 | 1 | 20 |
| j. | - | - | - | - | - | 1 | - | 1 |

Note: \$ amounts are annual totals

| Dept | Title | # of positions | Business Need |
|------------|---|----------------|--|
| Generation | Chemical Engineer | 3 | Capital Projects |
| Generation | Civil Engineer | 1 | Capital Projects |
| Generation | Electrical Engineer | 3 | Capital Projects |
| Generation | Mechanical Engineer | 1 | Capital Projects |
| Generation | Mgr Major Capital Projects | 1 | Capital Projects |
| Generation | Project Coordinator | 9 | Capital Projects |
| Generation | Boiler Welding QA/QC Specialist | 1 | Core Skill Building/Knowledge Retention and Transfer |
| Generation | Buyer | 2 | Core Skill Building/Knowledge Retention and Transfer |
| Generation | CCS Administrative Coordinator | 1 | Core Skill Building/Knowledge Retention and Transfer |
| Generation | Civil Engineer | 4 | Core Skill Building/Knowledge Retention and Transfer |
| Generation | Commercial Ops Analyst | 1 | Core Skill Building/Knowledge Retention and Transfer |
| Generation | Compliance Engineer | 1 | Core Skill Building/Knowledge Retention and Transfer |
| Generation | Consumer Behavioral Analyst | 1 | Core Skill Building/Knowledge Retention and Transfer |
| Generation | Contract Administrator | 3 | Core Skill Building/Knowledge Retention and Transfer |
| Generation | Dept/Div Secretary | 1 | Core Skill Building/Knowledge Retention and Transfer |
| Generation | Dir. Fleet Maint Perfm & Reliab | 1 | Core Skill Building/Knowledge Retention and Transfer |
| Generation | Drafter | 1 | Core Skill Building/Knowledge Retention and Transfer |
| Generation | E&I Technician | 5 | Core Skill Building/Knowledge Retention and Transfer |
| Generation | Electrical Engineer | 3 | Core Skill Building/Knowledge Retention and Transfer |
| Generation | Engineer | 2 | Core Skill Building/Knowledge Retention and Transfer |
| Generation | Group Leader - Engineering | 1 | Core Skill Building/Knowledge Retention and Transfer |
| Generation | I&E Maintenance Planner | 1 | Core Skill Building/Knowledge Retention and Transfer |
| Generation | I&E Technician (SAM) | 1 | Core Skill Building/Knowledge Retention and Transfer |
| Generation | Lab Assistant | 1 | Core Skill Building/Knowledge Retention and Transfer |
| Generation | Lab Tech | 1 | Core Skill Building/Knowledge Retention and Transfer |
| Generation | Maintenance Tech | 10 | Core Skill Building/Knowledge Retention and Transfer |
| Generation | Material Handling Leader | 1 | Core Skill Building/Knowledge Retention and Transfer |
| Generation | Mechanic | 1 | Core Skill Building/Knowledge Retention and Transfer |
| Generation | Mechanical Engineer | 10 | Core Skill Building/Knowledge Retention and Transfer |
| Generation | OF Turbine Mechanic | 2 | Core Skill Building/Knowledge Retention and Transfer |
| Generation | Operator/Production Leader | 9 | Core Skill Building/Knowledge Retention and Transfer |
| Generation | Production Leader | 1 | Core Skill Building/Knowledge Retention and Transfer |
| Generation | R&D Scientist | 5 | Core Skill Building/Knowledge Retention and Transfer |
| Generation | Service Shop Coordinator | 1 | Core Skill Building/Knowledge Retention and Transfer |
| Generation | Sourcing Assistant | 1 | Core Skill Building/Knowledge Retention and Transfer |
| Generation | Sr. Labor Distribution Clerk/Timekeeper | 2 | Core Skill Building/Knowledge Retention and Transfer |
| Generation | Supervisor - Maintenance | 1 | Core Skill Building/Knowledge Retention and Transfer |
| Generation | Supply Mkt and Inv Analyst | 1 | Core Skill Building/Knowledge Retention and Transfer |
| Generation | Technician/Mntc Leader | 4 | Core Skill Building/Knowledge Retention and Transfer |
| Generation | Trainer | 2 | Core Skill Building/Knowledge Retention and Transfer |
| Generation | Turbine Specialist | 2 | Core Skill Building/Knowledge Retention and Transfer |

| Dept | Title | # of positions | Business Need |
|--------------|---|----------------|--|
| Generation | Warehouse Supervisor | 1 | Core Skill Building/Knowledge Retention and Transfer |
| Generation | Dir ES Business Information | -1 | Corporate Reorganization |
| Generation | ES SR. Business Info Analyst | -1 | Corporate Reorganization |
| Generation | Mgr Eng Serv Business Info | -1 | Corporate Reorganization |
| Generation | Mgr. Ops Analysis | -1 | Corporate Reorganization |
| Generation | Chief Operating Officer | -2 | Corporate Reorganization |
| Generation | Green River transfer to metering | -11 | Plant retirement |
| Generation | Manager- Tyrone | -1 | Plant retirement |
| Generation | Green River retirement | -15 | Plant retirement |
| Generation | Cane Run Retirement | -25 | Plant retirement |
| Generation | CCR Supervisor | 1 | Regulatory Compliance |
| Generation | CIP Clerk | 1 | Regulatory Compliance |
| Generation | CIP Control Specialist | 1 | Regulatory Compliance |
| Generation | Control Specialist | 1 | Regulatory Compliance |
| Transmission | Cascade Analyst | 1 | Core Skill Building/Knowledge Retention and Transfer |
| Transmission | Drafting Technician | 3 | Core Skill Building/Knowledge Retention and Transfer |
| Transmission | Electrical Engineer | 1 | Core Skill Building/Knowledge Retention and Transfer |
| Transmission | Group Leader Substation Asset Mgmt | 1 | Core Skill Building/Knowledge Retention and Transfer |
| Transmission | Lines Inspector | 3 | Core Skill Building/Knowledge Retention and Transfer |
| Transmission | Mgr Transmission Substation, Eng., Constr., Maint | 1 | Core Skill Building/Knowledge Retention and Transfer |
| Transmission | Planning Engineer | 2 | Core Skill Building/Knowledge Retention and Transfer |
| Transmission | Planning Engineer | 1 | Regulatory Compliance |
| Transmission | Project Coordinator | 1 | Capital Projects |
| Transmission | Protection/Relay Technician | 3 | Core Skill Building/Knowledge Retention and Transfer |
| Transmission | Protection/Relay Technician | 1 | Capital Projects |
| Transmission | Protection Engineer | 2 | Regulatory Compliance |
| Transmission | Substation Inspector | 2 | Core Skill Building/Knowledge Retention and Transfer |
| Transmission | System Control Engineer | 1 | Regulatory Compliance |
| Transmission | System Control Engineer | 1 | Core Skill Building/Knowledge Retention and Transfer |
| Transmission | System Administrator | -4 | Corporate Reorganization |
| Transmission | Safety Coordinator | -1 | Corporate Reorganization |
| Transmission | Contract Coordinator | -1 | Position not backfilled |
| Transmission | Cascade Administrator | 1 | Core Skill Building/Knowledge Retention and Transfer |
| Distribution | Computer Graphics Technician | 2 | Core Skill Building/Knowledge Retention and Transfer |
| Distribution | Distribution operations Assistant | 1 | Core Skill Building/Knowledge Retention and Transfer |
| Distribution | Electrical Apprentice | 6 | Core Skill Building/Knowledge Retention and Transfer |
| Distribution | Electrical Engineer | 1 | Core Skill Building/Knowledge Retention and Transfer |
| Distribution | Electrical Engineer (Danville) | 1 | Core Skill Building/Knowledge Retention and Transfer |
| Distribution | Electrical Engineer (Maysville) | 1 | Core Skill Building/Knowledge Retention and Transfer |
| Distribution | Electrical Engineer (SC&M) | 1 | Core Skill Building/Knowledge Retention and Transfer |
| Distribution | Electrical Engineer (System Planning) | 1 | Core Skill Building/Knowledge Retention and Transfer |

| Dept | Title | # of positions | Business Need |
|-------------------|--|----------------|--|
| Distribution | Engineer (Reliability) | 1 | Core Skill Building/Knowledge Retention and Transfer |
| Distribution | Engineer Design Tech | 1 | Core Skill Building/Knowledge Retention and Transfer |
| Distribution | Engineer Design Tech (Danville) | 1 | Core Skill Building/Knowledge Retention and Transfer |
| Distribution | Facility Records Technician | 3 | Core Skill Building/Knowledge Retention and Transfer |
| Distribution | Field Coordinator | 3 | Core Skill Building/Knowledge Retention and Transfer |
| Distribution | Line Technician (Greenville) | 1 | Core Skill Building/Knowledge Retention and Transfer |
| Distribution | Line Technician (Louisville) | 19 | Core Skill Building/Knowledge Retention and Transfer |
| Distribution | Line Technician (Pineville) | 1 | Core Skill Building/Knowledge Retention and Transfer |
| Distribution | Line Technician (Richmond) | 1 | Core Skill Building/Knowledge Retention and Transfer |
| Distribution | Mechanic Helper | 1 | Core Skill Building/Knowledge Retention and Transfer |
| Distribution | Network Technician | 6 | Core Skill Building/Knowledge Retention and Transfer |
| Distribution | Project Coordinator | 1 | Core Skill Building/Knowledge Retention and Transfer |
| Distribution | Records Coordinator | 2 | Core Skill Building/Knowledge Retention and Transfer |
| Distribution | Restoration Coordinator | 2 | Core Skill Building/Knowledge Retention and Transfer |
| Distribution | SC&M Coordinator Analyst | 1 | Core Skill Building/Knowledge Retention and Transfer |
| Distribution | Utility Arborist | 1 | Core Skill Building/Knowledge Retention and Transfer |
| Distribution | Sr. Distribution operations assistant | -1 | Core Skill Building/Knowledge Retention and Transfer |
| Distribution | Substation Tech | -1 | Core Skill Building/Knowledge Retention and Transfer |
| Distribution | Sys Admin | -3 | Core Skill Building/Knowledge Retention and Transfer |
| Distribution | Team Leader (SC&M) | -1 | Core Skill Building/Knowledge Retention and Transfer |
| Customer Services | AMR Tech | 1 | Regulatory Compliance |
| Customer Services | Area Retail Operations Manager | 1 | Customer Service |
| Customer Services | Billing Analysis Associate | 1 | Core Skill Building/Knowledge Retention and Transfer |
| Customer Services | Billing Analysis Associate | 3 | Customer Service |
| Customer Services | Call Center Business Analyst | 2 | Customer Service |
| Customer Services | Call Center Performance Operations rep | 1 | Customer Service |
| Customer Services | Call Center QA Rep | 1 | Customer Service |
| Customer Services | Call Center Representative (Morganfield) | 20 | Customer Service |
| Customer Services | CIP Associate | 1 | Regulatory Compliance |
| Customer Services | CIP Coordinator | 1 | Regulatory Compliance |
| Customer Services | Corp Security Secretary | 1 | Core Skill Building/Knowledge Retention and Transfer |
| Customer Services | Customer Care Coach | 2 | Customer Service |
| Customer Services | Customer Relations Associate | 1 | Core Skill Building/Knowledge Retention & Transfer |
| Customer Services | Customer Representative - Business Office | 7 | Customer Service |
| Customer Services | Customer Representatives | 7 | Customer Service |
| Customer Services | Customer Representatives - Residential Call Center | 6 | Customer Service |
| Customer Services | Dept/Div Secretary | 2 | Core Skill Building/Knowledge Retention and Transfer |
| Customer Services | Electric Meter Tech | 2 | Core Skill Building/Knowledge Retention and Transfer |
| Customer Services | Electrical Engineer | 1 | Core Skill Building/Knowledge Retention and Transfer |
| Customer Services | Energy Efficiency | 4 | Customer Service |
| Customer Services | Gas Meter Mechanic Helper | 1 | Core Skill Building/Knowledge Retention and Transfer |

| Dept | Title | # of positions | Business Need |
|-----------------------------|---|----------------|--|
| Customer Services | Gas Meter Shop Supervisor | 1 | Core Skill Building/Knowledge Retention and Transfer |
| Customer Services | Manager Facilities Construction and Space Utilization | 1 | Core Skill Building/Knowledge Retention and Transfer |
| Customer Services | Manager ROW | 1 | Core Skill Building/Knowledge Retention and Transfer |
| Customer Services | Manager, Facility Services | 1 | Core Skill Building/Knowledge Retention and Transfer |
| Customer Services | Meter Reader | 11 | Regulatory Compliance |
| Customer Services | Meter Reading Process Analyst | 1 | Core Skill Building/Knowledge Retention and Transfer |
| Customer Services | Program Manager | 1 | Customer Service |
| Customer Services | ROW Agent | 7 | Core Skill Building/Knowledge Retention and Transfer |
| Customer Services | Security Technical Assistant | 1 | Regulatory Compliance |
| Customer Services | Supervisor Corp Facility Services | 1 | Core Skill Building/Knowledge Retention and Transfer |
| Customer Services | Supervisor Facility Operations | 2 | Core Skill Building/Knowledge Retention and Transfer |
| Customer Services | Meter Tech | -1 | NA |
| Safety & Technical training | Safety Specialist | 3 | Core Skill Building/Knowledge Retention and Transfer |
| Safety & Technical training | Fire and Security Investigator | 1 | Corporate Reorganization |
| Safety & Technical training | Manager, ED and Transmission Safety | 1 | Corporate Reorganization |
| Safety & Technical training | Manager, Gas Distribution Safety | 1 | Core Skill Building/Knowledge Retention and Transfer |
| Safety & Technical training | Safety Coordinator | 1 | Corporate Reorganization |
| Safety & Technical training | Training Consultant | 1 | Core Skill Building/Knowledge Retention and Transfer |
| Safety & Technical training | Safety Metrics Analyst | 1 | Core Skill Building/Knowledge Retention and Transfer |
| Safety & Technical training | Health and Safety Coordinator | -1 | Core Skill Building/Knowledge Retention and Transfer |
| Information Technology | Business Relationship Manager | 4 | Corporate Reorganization |
| Information Technology | Computer Operator Associate | 1 | Core Skill Building/Knowledge Retention and Transfer |
| Information Technology | Data Architect | 1 | Regulatory Compliance |
| Information Technology | Database Administrator | 1 | Capital Projects |
| Information Technology | Enterprise Architect | 1 | Core Skill Building/Knowledge Retention and Transfer |
| Information Technology | Group Leader - Energy Mgmt | 1 | Corporate Reorganization |
| Information Technology | IT Systems Engineer | 5 | Corporate Reorganization |
| Information Technology | IT Technical Specialist | 1 | Corporate Reorganization |
| Information Technology | Manager, IT Development & Support | 1 | Corporate Reorganization |
| Information Technology | Manager, IT Requirement | 1 | Corporate Reorganization |
| Information Technology | Manager, IT Security Compliance | 1 | Regulatory Compliance |
| Information Technology | Manager, IT Security Operations | 1 | Regulatory Compliance |
| Information Technology | Network Engineer | 5 | Regulatory Compliance |
| Information Technology | Network Engineer | 2 | Customer Service |
| Information Technology | Network Systems Engineer | 2 | Core Skill Building/Knowledge Retention and Transfer |
| Information Technology | Network Systems Engineer | 2 | Capital Projects |
| Information Technology | Programmer Analyst | 1 | Core Skill Building/Knowledge Retention and Transfer |
| Information Technology | Programmer Analyst | 1 | Regulatory Compliance |
| Information Technology | Programmer Analyst | 5 | Capital Projects |
| Information Technology | Programmer Analyst | 4 | Customer Service |
| Information Technology | Project Manager | 2 | Customer Service |

| Dept | Title | # of positions | Business Need |
|------------------------|-------------------------------------|-----------------------|--|
| Information Technology | Service Desk Analyst | 1 | Customer Service |
| Information Technology | Tech Support Analyst | 2 | Core Skill Building/Knowledge Retention and Transfer |
| Information Technology | Telecom Engineer | 1 | Core Skill Building/Knowledge Retention and Transfer |
| Information Technology | Telecom Engineer | 1 | Capital Projects |
| Information Technology | Telecom Technician | 1 | Regulatory Compliance |
| Information Technology | Telecom Technician | 1 | Capital Projects |
| Information Technology | Workstation System Support | 3 | Customer Service |
| Administrative | Environmental Scientist | 2 | Regulatory Compliance |
| Administrative | Air Emissions Testing Coordinator | 1 | Regulatory Compliance |
| Administrative | Air Emissions Test Scientist | 1 | Regulatory Compliance |
| Administrative | Manager, Compliance | 1 | Regulatory Compliance |
| Administrative | Sr. Oracle Business Support Analyst | 2 | Corporate Reorganization |
| Administrative | Web Specialist | 1 | Customer Service |
| Administrative | Director, Media Relations | 1 | Customer Service |
| Administrative | Community Relations Specialist | 1 | Customer Service |
| Administrative | Rates Analyst | 2 | Core Skill Building/Knowledge Retention and Transfer |
| Administrative | Manager, Corporate Responsibility | 1 | Core Skill Building/Knowledge Retention and Transfer |
| Administrative | Assistant to VP External Affairs | 1 | Core Skill Building/Knowledge Retention and Transfer |
| Administrative | Corporate Events Specialist | 1 | Core Skill Building/Knowledge Retention and Transfer |
| Administrative | HRIS Analyst | 1 | Core Skill Building/Knowledge Retention and Transfer |
| Administrative | Sourcing Leader | 1 | Core Skill Building/Knowledge Retention and Transfer |

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EXHIBIT ____ (LK-7)

KENTUCKY UTILITIES COMPANY

CASE NO. 2014-00371

**Response to First Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated January 8, 2015**

Question No. 9

Responding Witness: Russel A. Hudson

- Q.1-9. Please provide a breakdown of the total headcount by department and in total for the Company as of: i) December 31 for each of the years 2009-2013; ii) April 1, 2012; iii) the most current date available; iv) the end of the forecasted base year ended February 28, 2015; and v) the end of forecasted test year.
- A.1-9. The Companies' workforce includes LG&E and KU Services Company ("LKS"), LG&E and KU employees. For actuals, LKS employees' labor costs are allocated to LG&E or KU consistent with the Cost Allocation Manual ("CAM"). For purposes of this response, we have included headcount for each Company. See attached.

KENTUCKY UTILITIES COMPANY

Breakdown of total headcount, by department as of i) 12/31/2009, 12/31/2010, 12/31/2011, 12/31/2012, 12/31/2013

KU Headcount

| Business Area | 12/31/2008 | 12/31/2009 | 12/31/2010 | 12/31/2011 | 12/31/2012 | 12/31/2013 |
|----------------------------------|------------|------------|------------|------------|------------|------------|
| CEO | - | - | - | - | - | - |
| CAO (exclusive of IT) | 8 | 8 | 8 | 8 | 8 | 8 |
| IT | 23 | 10 | 10 | 10 | 11 | 11 |
| CFO | - | 2 | 3 | 2 | 3 | 3 |
| COO department only | - | - | - | - | - | - |
| Generation / Project Engineering | 406 | 402 | 406 | 399 | 387 | 406 |
| Energy Supply & Analysis | - | - | - | - | - | - |
| Transmission | - | - | - | - | - | - |
| Electric Distribution | 372 | 365 | 368 | 371 | 372 | 365 |
| Gas Distribution | - | - | - | - | - | - |
| Customer Service | 168 | 175 | 176 | 149 | 150 | 151 |
| Safety / Technical Training | - | - | - | - | - | - |
| TOTAL | 977 | 962 | 971 | 939 | 931 | 944 |

LGE Headcount

| Business Area | 12/31/2008 | 12/31/2009 | 12/31/2010 | 12/31/2011 | 12/31/2012 | 12/31/2013 |
|----------------------------------|------------|------------|--------------|------------|------------|------------|
| CEO | - | - | - | - | - | - |
| CAO (exclusive of IT) | - | - | - | - | - | - |
| IT | 10 | 9 | 10 | 10 | 10 | 10 |
| CFO | - | 3 | 3 | 3 | 3 | 3 |
| COO department only | - | - | - | - | - | - |
| Generation / Project Engineering | 460 | 461 | 476 | 476 | 485 | 495 |
| Energy Supply & Analysis | - | - | - | - | - | - |
| Transmission | - | - | - | - | - | - |
| Electric Distribution | 199 | 202 | 205 | 202 | 214 | 203 |
| Gas Distribution | 210 | 211 | 215 | 217 | 218 | 224 |
| Customer Service | 100 | 104 | 104 | 57 | 59 | 62 |
| Safety / Technical Training | 1 | 1 | 1 | 1 | 1 | 1 |
| TOTAL | 980 | 991 | 1,014 | 966 | 990 | 998 |

LKS Headcount

| Business Area | 12/31/2008 | 12/31/2009 | 12/31/2010 | 12/31/2011 | 12/31/2012 | 12/31/2013 |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| CEO | 2 | 2 | 3 | 3 | 3 | 3 |
| CAO (exclusive of IT) | 167 | 167 | 166 | 176 | 180 | 187 |
| IT | 217 | 220 | 222 | 230 | 249 | 265 |
| CFO | 131 | 136 | 135 | 132 | 133 | 131 |
| COO department only | - | - | - | - | - | 2 |
| Generation / Project Engineering | 90 | 88 | 94 | 93 | 112 | 118 |
| Energy Supply & Analysis | 75 | 76 | 67 | 68 | 65 | 60 |
| Transmission | 102 | 109 | 117 | 134 | 137 | 140 |
| Electric Distribution | 64 | 61 | 63 | 72 | 61 | 86 |
| Gas Distribution | 1 | 1 | 1 | 1 | 1 | 4 |
| Customer Service | 241 | 241 | 235 | 358 | 396 | 419 |
| Safety / Technical Training | 18 | 17 | 17 | 18 | 18 | 19 |
| TOTAL | 1,108 | 1,118 | 1,120 | 1,285 | 1,355 | 1,434 |

KENTUCKY UTILITIES COMPANY

Breakdown of total headcount, by department as of ii) April 1, 2012; iii) 12/31/2014; iv) base year ended 2/28/15; and v) forecast test year ending 6/30/16

KU Headcount

| Business Area | 3/31/2012 | 12/31/2014 | 2/28/2015 | 6/30/2016 |
|----------------------------------|------------|------------|------------|------------|
| CEO | - | - | - | - |
| CAO (exclusive of IT) | 8 | 8 | 9 | 9 |
| IT | 11 | 11 | 11 | 11 |
| CFO | 3 | 3 | 3 | 3 |
| COO department only | - | - | - | - |
| Generation / Project Engineering | 397 | 408 | 424 | 397 |
| Energy Supply & Analysis | - | - | - | - |
| Transmission | - | - | - | - |
| Electric Distribution | 369 | 367 | 373 | 375 |
| Gas Distribution | - | - | - | - |
| Customer Service | 150 | 152 | 152 | 167 |
| Safety / Technical Training | - | - | - | - |
| TOTAL | 938 | 949 | 972 | 962 |

LGE Headcount

| Business Area | 3/31/2012 | 12/31/2014 | 2/28/2015 | 6/30/2016 |
|----------------------------------|------------|--------------|--------------|--------------|
| CEO | - | - | - | - |
| CAO (exclusive of IT) | - | - | - | - |
| IT | 10 | 10 | 10 | 10 |
| CFO | 3 | 3 | 3 | 3 |
| COO department only | - | - | - | - |
| Generation / Project Engineering | 476 | 498 | 512 | 489 |
| Energy Supply & Analysis | - | - | - | - |
| Transmission | - | - | - | - |
| Electric Distribution | 210 | 215 | 229 | 235 |
| Gas Distribution | 216 | 239 | 244 | 255 |
| Customer Service | 57 | 63 | 66 | 66 |
| Safety / Technical Training | 1 | 1 | 1 | 1 |
| TOTAL | 973 | 1,029 | 1,065 | 1,059 |

LKS Headcount

| Business Area | 3/31/2012 | 12/31/2014 | 2/28/2015 | 6/30/2016 |
|----------------------------------|--------------|--------------|--------------|--------------|
| CEO | 3 | 2 | 2 | 2 |
| CAO (exclusive of IT) | 178 | 190 | 193 | 194 |
| IT | 237 | 272 | 290 | 290 |
| CFO | 136 | 136 | 136 | 136 |
| COO department only | - | 2 | 2 | 2 |
| Generation / Project Engineering | 94 | 135 | 127 | 135 |
| Energy Supply & Analysis | 67 | 63 | 64 | 63 |
| Transmission | 135 | 147 | 149 | 154 |
| Electric Distribution | 72 | 93 | 94 | 94 |
| Gas Distribution | 1 | 4 | 4 | 4 |
| Customer Service | 386 | 434 | 451 | 453 |
| Safety / Technical Training | 18 | 26 | 25 | 26 |
| TOTAL | 1,327 | 1,504 | 1,537 | 1,553 |

EXHIBIT ____ (LK-8)

Kentucky Utilities Company
KIUC Adjustment to Reduce Payroll and Related Benefits Expenses
For the Test Year Ended June 30, 2016
\$ Millions

Sources: Responses to KIUC 2-20

| | |
|--|-----------------------|
| Core Skill Building /Knowledge Retention and Transfer - Payroll Expense | 8.086 |
| Core Skill Building /Knowledge Retention and Transfer - Benefits and Taxes Expense | 2.701 |
| Core Skill Building /Knowledge Retention and Transfer - Total Expense (Includes Transfers to Headquarters and Mill Creek - See AG 2-18) | <u>10.787</u> |
| | |
| Green River Employees Transferred to Metering (11) - Payroll Expense | 0.712 |
| Green River Employees Transferred to Metering (11) - Benefits and Taxes Expense | 0.267 |
| Green River Employees Transferred to Metering (11) - Total Expense | <u>0.979</u> |
| | |
| Annual Estimated Decrease in Contractor Expense - Total KU | (2.067) |
| | |
| Core Skill Building /Knowledge Retention and Transfer - Number of Employees | 202 |
| Green River Employees Transferred to Metering | 11 |
| Total Employees Being Removed | <u>213</u> |
| | |
| Total Employee Additions | <u>293</u> |
| Percentage of Employee Additions Being Removed | <u>72.7%</u> |
| | |
| Annual Estimated Decrease in Contractor Expense Related to Employee Cost Removals | (1.503) |
| | |
| Total Reduction to Payroll and Benefits Expense Net of Contractor Expense Savings - Tot Co | (10.263) |
| | |
| KY Jurisdiction Allocation % - Forecast Test Year for Labor | <u>90.10%</u> |
| | |
| Total Reduction to Payroll and Benefits Expense Net of Contractor Expense Savings - KY Jur | <u><u>(9.247)</u></u> |

EXHIBIT ____ (LK-9)

Louisville Gas and Electric Company
KIUC Adjustment to Reduce Payroll and Related Benefits Expenses
For the Test Year Ended June 30, 2016
\$ Millions

Sources: Responses to KIUC 2-20

| | | |
|--|------------|-----------------------|
| Core Skill Building /Knowledge Retention and Transfer - Payroll Expense | | 7.696 |
| Core Skill Building /Knowledge Retention and Transfer - Benefits and Taxes Expense | | 2.722 |
| Core Skill Building /Knowledge Retention and Transfer - Total Expense | | <u>10.418</u> |
| (Includes Transfers to Headquarters and Mill Creek - See AG 2-18) | | |
| Annual Estimated Decrease in Contractor Expense - Total KU | | (3.365) |
| Core Skill Building /Knowledge Retention and Transfer - Number of Employees | 202 | |
| Green River Employees Transferred to Metering | <u>11</u> | |
| Total Employees Being Removed | 213 | |
| Total Employee Additions | <u>293</u> | |
| Percentage of Employee Additions Being Removed | | <u>72.7%</u> |
| Annual Estimated Decrease in Contractor Expense Related to Employee Cost Removals | | (2.446) |
| Total Reduction to Payroll and Benefits Expense Net of Contractor Expense Savings - Tot Co | | (7.972) |
| Electric Only Allocation - Based on As-Filed Capitalization and Rate Base % | | <u>82.61%</u> |
| Total Reduction to Payroll and Benefits Expense Net of Contractor Expense Savings - Electric | | <u><u>(6.586)</u></u> |

EXHIBIT ____ (LK-10)

Kentucky Utilities Company
KIUC Adjustment to Reduce Payroll and Related Benefits Expense for Employee Slippage
For the Test Year Ended June 30, 2016
\$ Millions

Sources: Responses to Staff 1-32, AG 1-50, Sch C-2.1

| | Budgeted | Actual | Difference | % Slippage |
|------------------------------|--------------|--------------|------------|--------------|
| Employees at the End of 2011 | 1,663 | 1,642 | 21 | 1.26% |
| Employees at the End of 2012 | 1,739 | 1,677 | 62 | 3.57% |
| Employees at the End of 2013 | 1,778 | 1,757 | 21 | 1.18% |
| Average Employees | <u>1,727</u> | <u>1,692</u> | <u>35</u> | <u>2.01%</u> |

| | Amount |
|--|-----------------|
| Test Year Budgeted Payroll Expense (Base Pay + Overtime and Other Pay + Incentive Compensation) | 142.483 |
| Less: Incentive Compensation Removed in Separate KIUC Adjustment | <u>(6.474)</u> |
| Test Year Budgeted Payroll Expense As Adjusted by KIUC | <u>136.008</u> |
| Test Year Budgeted Pensions and Benefits Expense | 51.092 |
| Less: Pension Expense Removed in Separate KIUC Adjustment | <u>(11.795)</u> |
| Test Year Budgeted Pensions and Benefits Expense As Adjusted by KIUC | <u>39.297</u> |
| Payroll Taxes Budgeted After Adjustment for Incentive Compensation | <u>9.780</u> |
| Test Year Payroll Expense and Pensions and Benefits Expense As Adjusted by KIUC | <u>185.085</u> |
| Average Employee Slippage Factor From Above | <u>2.01%</u> |
| KIUC Recommended Reduction in Payroll & Related Pensions and Benefits Expense | (3.716) |
| KY Jurisdiction Allocation % - Forecast Test Year for Labor | <u>90.10%</u> |
| KIUC Recommended Reduction in Payroll & Related Pensions and Benefits Expense | <u>(3.348)</u> |

EXHIBIT ____ (LK-11)

Louisville Gas and Electric Company
KIUC Adjustment to Reduce Payroll and Related Benefits Expense for Employee Slippage
For the Test Year Ended June 30, 2016
\$ Millions

Sources: Responses to Staff 1-32, AG 1-50, Sch C-2.1

| | <u>Budgeted</u> | <u>Actual</u> | <u>Difference</u> | <u>% Slippage</u> |
|------------------------------|-----------------|---------------|-------------------|-------------------|
| Employees at the End of 2011 | 1,641 | 1,574 | 67 | 4.08% |
| Employees at the End of 2012 | 1,695 | 1,640 | 55 | 3.24% |
| Employees at the End of 2013 | 1,712 | 1,685 | 27 | 1.58% |
| Average Employees | <u>1,683</u> | <u>1,633</u> | <u>50</u> | <u>2.95%</u> |

| | <u>Amount</u> |
|--|-----------------|
| Test Year Budgeted Payroll Expense (Base Pay + Overtime and Other Pay + Incentive Compensation) | 123.799 |
| Electric Only Allocation - Based on As-Filed Capitalization and Rate Base % | <u>82.61%</u> |
| Test Year Budgeted Payroll Expense - Electric Only | 102.270 |
| Less: Incentive Compensation Removed in Separate KIUC Adjustment | <u>(4.935)</u> |
| Test Year Budgeted Payroll Expense As Adjusted by KIUC | <u>97.335</u> |
| Test Year Budgeted Pensions and Benefits Expense - Electric Only | 32.172 |
| Less: Pension Expense Removed in Separate KIUC Adjustment | <u>(12.562)</u> |
| Test Year Budgeted Pensions and Benefits Expense As Adjusted by KIUC | <u>19.610</u> |
| Payroll Taxes Budgeted After Adjustment for Incentive Compensation | <u>8.005</u> |
| Test Year Payroll Expense and Pensions and Benefits Expense As Adjusted by KIUC | <u>124.950</u> |
| Average Employee Slippage Factor From Above | <u>2.95%</u> |
| KIUC Recommended Reduction in Payroll & Related Pensions and Benefits Expense | <u>(3.688)</u> |

EXHIBIT ____ (LK-12)

KENTUCKY UTILITIES COMPANY

CASE NO. 2014-00371

**Response to First Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated January 8, 2015**

Question No. 7

Responding Witness: Russel A. Hudson

- Q.1-7. Please provide in an Excel spreadsheet the operating expenses by FERC O&M and A&G and other expense accounts by month from January 2013 through December 2017 for each generating unit that the Company has retired or plans to retire during that five-year period. Provide a copy of all assumptions, data, and calculations, including electronic spreadsheets with all formulas intact
- A.1-7. See attachment being provided in Excel format. The Tyrone steam plant was retired on February 28, 2013. Continuing costs charged and forecasted attributable to Tyrone are related to ongoing costs to oversee maintenance of the structures at the site. The assumption included in base and test year periods is that the Green River Coal Steam plant will retire on April 16, 2016. O&M costs remaining in the plans past the retirement date are related to five employees remaining at the plant to provide supervisory oversight over maintenance of remaining structures and to monitor environmental needs.

Operating Expenses by FERC (excl Fuel)
 KU Retired and/or Retiring Units
 2013-2017
 Case No. 2014-00371
 KIUC Q. 1-7

| | | Actuals | | | | | | | | | | | |
|---------------------|--------|---------|---------|---------|-----------|-----------|---------|---------|---------|---------|---------|---------|---------|
| FERC | Jan-13 | Feb-13 | Mar-13 | Apr-13 | May-13 | Jun-13 | Jul-13 | Aug-13 | Sep-13 | Oct-13 | Nov-13 | Dec-13 | |
| Green River 3 | 408 | 461 | 629 | 402 | 58 | 191 | 282 | 98 | 607 | 388 | 1,021 | 301 | 309 |
| | 500 | 16,935 | 13,161 | 14,138 | 19,294 | 15,009 | 12,194 | 12,816 | 16,621 | 17,861 | 46,520 | 5,462 | 16,064 |
| | 501 | 29,759 | 26,358 | 31,880 | 30,186 | 36,487 | 28,985 | 25,550 | 28,418 | 33,034 | 27,241 | 26,019 | 34,795 |
| | 502 | 51,375 | 34,199 | 38,491 | 71,873 | 52,647 | 41,532 | 51,086 | 29,217 | 40,300 | 40,427 | 51,313 | 45,125 |
| | 505 | 17,091 | 19,124 | 25,886 | 64,808 | 37,431 | 24,813 | 47,252 | 14,063 | 34,196 | 22,915 | 50,937 | 25,196 |
| | 506 | 25,971 | 27,217 | 21,898 | 32,667 | 26,415 | 26,611 | 24,799 | 25,836 | 24,503 | 31,215 | 27,334 | 35,289 |
| | 509 | 2,702 | 2,836 | 1,570 | 2,452 | 2,278 | 1,682 | 2,257 | 1,011 | 1,568 | 1,634 | 2,840 | 6,033 |
| | 510 | 39,497 | 80,427 | 38,800 | 48,469 | 31,030 | 34,319 | 36,123 | 37,850 | 39,687 | 43,586 | 93,872 | 35,126 |
| | 511 | 41,111 | 30,029 | 25,889 | 15,483 | 21,993 | 39,707 | 23,663 | 31,107 | 22,046 | 31,900 | 30,029 | 21,283 |
| | 512 | 54,232 | 57,602 | 30,672 | 28,362 | 30,910 | 33,664 | 34,372 | 68,135 | 49,037 | 241,323 | 60,011 | 40,414 |
| | 513 | 19,926 | 5,924 | 67,624 | 16,825 | 12,052 | 69,355 | 20,774 | 8,799 | 11,750 | 26,146 | 12,923 | 15,125 |
| | 514 | 4,806 | 3,515 | 5,151 | 2,435 | 17,546 | 12,754 | 4,093 | 5,540 | 2,682 | 11,864 | 37,480 | 5,609 |
| | 925 | 57 | 71 | 50 | 8 | 20 | 29 | 14 | 57 | 46 | (10) | (6) | (21) |
| | 926 | 1,918 | 2,412 | 2,055 | 330 | 830 | 1,211 | 555 | 2,346 | 1,876 | 2,820 | 1,769 | 1,621 |
| Total Green River 3 | | 305,841 | 303,504 | 304,506 | 333,249 | 284,839 | 327,140 | 283,451 | 269,609 | 278,974 | 528,602 | 400,285 | 281,970 |
| Green River 4 | 408 | 797 | 404 | 838 | 1,799 | 293 | 344 | 230 | 288 | 530 | 362 | 382 | 463 |
| | 500 | 25,402 | 19,742 | 48,769 | 538,391 | (421,717) | 18,291 | 19,224 | 24,931 | 26,792 | 30,608 | 23,967 | 24,096 |
| | 501 | 44,639 | 39,536 | 47,820 | 45,280 | 54,730 | 43,478 | 38,325 | 42,627 | 49,550 | 40,862 | 39,029 | 52,193 |
| | 502 | 91,293 | 99,220 | 100,037 | 47,026 | 103,306 | 96,001 | 88,105 | 109,524 | 88,458 | 112,141 | 94,347 | 110,080 |
| | 505 | 30,371 | 55,485 | 68,412 | 42,404 | 73,449 | 57,356 | 81,491 | 52,717 | 75,061 | 63,566 | 93,656 | 61,465 |
| | 506 | 38,957 | 40,826 | 32,847 | 49,001 | 39,622 | 39,917 | 37,199 | 38,755 | 36,755 | 46,823 | 41,001 | 52,934 |
| | 509 | 2,824 | 2,659 | 2,983 | 1,234 | 3,161 | 2,746 | 2,800 | 2,784 | 2,494 | 3,354 | 4,087 | 9,775 |
| | 510 | 59,984 | 43,178 | 58,200 | 72,703 | 46,545 | 51,478 | 54,185 | 56,776 | 59,530 | 65,379 | 140,808 | 52,690 |
| | 511 | 59,940 | 44,488 | 44,906 | 30,311 | 38,020 | 52,562 | 36,755 | 30,264 | 31,610 | 48,529 | 37,950 | 30,148 |
| | 512 | 165,594 | 347,894 | 169,884 | 442,243 | 485,897 | 93,208 | 96,842 | 85,512 | 133,339 | 89,174 | 54,635 | 164,388 |
| | 513 | 45,484 | 32,151 | 63,949 | 47,598 | 52,913 | 18,806 | 35,438 | 34,615 | 19,369 | 20,679 | 25,592 | 26,992 |
| | 514 | 7,521 | 5,677 | 8,247 | 4,773 | 42,979 | 19,131 | 6,139 | 8,858 | 4,023 | 17,979 | 56,220 | 8,413 |
| | 925 | 59 | 38 | 72 | 153 | 29 | 43 | 26 | 38 | 46 | (7) | (6) | (34) |
| | 926 | 2,004 | 1,276 | 2,906 | 6,289 | 1,201 | 1,761 | 1,067 | 1,559 | 1,897 | 1,928 | 1,663 | 2,646 |
| Total Green River 4 | | 574,867 | 732,573 | 649,869 | 1,329,206 | 520,428 | 495,122 | 497,825 | 489,246 | 529,455 | 541,376 | 613,331 | 596,248 |

Operating Expenses by FERC (excl Fuel)
 KU Retired and/or Retiring Units
 2013-2017
 Case No. 2014-00371
 KIUC Q. 1-7

| FERC | Actuals | | | | | | | | | | | | |
|--------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | Jan-13 | Feb-13 | Mar-13 | Apr-13 | May-13 | Jun-13 | Jul-13 | Aug-13 | Sep-13 | Oct-13 | Nov-13 | Dec-13 | |
| Green River Common | 408 | 28,751 | 25,259 | 29,296 | 31,056 | 26,961 | 26,268 | 27,595 | 27,570 | 27,088 | 29,808 | 27,387 | 27,649 |
| | 426 | - | - | 55 | (5) | - | - | 307 | - | - | - | - | 515 |
| | 500 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 501 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 502 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 505 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 506 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 507 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 509 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 510 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 511 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 512 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 513 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 514 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 925 | 3,158 | 2,731 | 3,053 | 3,236 | 2,985 | 2,646 | 2,809 | 3,000 | 2,649 | (455) | (412) | (1,591) |
| | 926 | 106,791 | 93,820 | 125,595 | 135,377 | 122,810 | 109,078 | 115,343 | 123,739 | 108,756 | 131,046 | 116,256 | 124,348 |
| Total Green River Common | | 138,700 | 121,810 | 157,999 | 169,663 | 152,757 | 137,992 | 146,055 | 154,309 | 138,493 | 160,399 | 143,231 | 150,922 |
| Tyrone 3 | 408 | 1,092 | 1,097 | 2,295 | 1,754 | 1,781 | 1,803 | 1,379 | 1,947 | 1,033 | 1,601 | 1,278 | 876 |
| | 500 | 19,822 | 13,162 | (2,674) | - | - | 844 | 5,859 | 1,283 | 5,594 | - | - | - |
| | 501 | 3,054 | 8,700 | 42,000 | 19,109 | 6,694 | - | - | - | - | - | - | - |
| | 502 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 506 | 21,619 | 28,637 | 35,934 | 35,336 | 24,918 | 32,312 | 43,723 | 41,571 | 37,299 | 16,624 | 23,756 | 14,424 |
| | 510 | 8,758 | 189 | - | - | - | - | - | 130 | - | - | - | - |
| | 511 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 512 | - | - | (1,007) | - | - | - | - | - | - | - | - | - |
| | 514 | - | - | - | - | - | (1,551) | - | - | - | - | - | - |
| | 925 | 148 | 148 | 314 | 243 | 237 | 249 | 179 | 269 | 136 | (33) | (25) | (64) |
| | 926 | 4,993 | 5,013 | 12,701 | 9,960 | 9,710 | 10,238 | 7,358 | 11,027 | 5,595 | 9,274 | 7,440 | 4,966 |
| Total Tyrone 3 | | 59,486 | 56,946 | 89,564 | 66,401 | 43,340 | 43,894 | 58,498 | 56,227 | 49,657 | 27,467 | 32,450 | 20,202 |
| Tyrone Common | 408 | 1,093 | 969 | (195) | - | - | 49 | 440 | 107 | 422 | - | - | - |
| | 426 | - | - | - | - | - | - | 12 | - | 116 | - | 243 | - |
| | 506 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 510 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 925 | 151 | 132 | (27) | - | - | 7 | 61 | 14 | 58 | - | - | - |
| | 926 | 5,103 | 4,513 | (913) | - | - | 278 | 2,498 | 598 | 2,394 | - | - | - |
| Total Tyrone Common | | 6,347 | 5,615 | (1,136) | - | - | 333 | 3,011 | 719 | 2,990 | - | 243 | - |

Operating Expenses by FERC (e:
 KU Retired and/or Retiring Unit
 2013-2017
 Case No. 2014-00371
 KIUC Q. 1-7

| FERC | Actuals | | | | | | | | | | | | |
|---------------------|---------|---------|---------|---------|-----------|---------|---------|---------|---------|---------|-----------|---------|---------|
| | Jan-14 | Feb-14 | Mar-14 | Apr-14 | May-14 | Jun-14 | Jul-14 | Aug-14 | Sep-14 | Oct-14 | Nov-14 | Dec-14 | |
| Green River 3 | 408 | 347 | 303 | 406 | 217 | 436 | 698 | 445 | 247 | 651 | 1,587 | 998 | 763 |
| | 500 | 27,000 | 18,742 | 20,380 | 20,948 | 18,187 | 16,115 | 16,509 | 18,980 | 19,156 | 25,735 | 23,521 | 28,064 |
| | 501 | 32,724 | 26,654 | 36,748 | 26,744 | 36,794 | 35,178 | 34,571 | 41,071 | 35,347 | 40,436 | 35,815 | 34,450 |
| | 502 | 48,555 | 36,474 | 46,168 | 55,623 | 43,957 | 58,480 | 59,634 | 48,579 | 48,977 | 35,571 | 52,031 | 54,243 |
| | 505 | 27,059 | 22,459 | 35,764 | 38,452 | 50,852 | 21,270 | 27,874 | 27,722 | 43,118 | 20,520 | 50,109 | 29,243 |
| | 506 | 27,696 | 26,776 | 31,160 | 34,974 | 29,949 | 27,704 | 28,957 | 58,822 | 33,397 | 83,069 | 43,737 | 34,334 |
| | 509 | 1,664 | 1,427 | 1,900 | 1,957 | 1,522 | 1,776 | 1,817 | 1,917 | 2,231 | 1,197 | 1,798 | 1,736 |
| | 510 | 32,905 | 28,124 | 32,523 | 31,748 | 29,357 | 32,600 | 37,861 | 34,095 | 36,312 | 46,165 | 19,947 | 42,772 |
| | 511 | 20,819 | 16,482 | 17,581 | 21,157 | 41,091 | 28,056 | 25,877 | 24,477 | 28,707 | 25,077 | 52,752 | 26,141 |
| | 512 | 51,299 | 34,911 | 74,217 | 42,531 | 106,198 | 88,082 | 89,493 | 99,165 | 119,570 | 659,645 | 54,057 | 156,535 |
| | 513 | 8,924 | 12,419 | 18,331 | 11,074 | 17,945 | 21,056 | 21,371 | 19,963 | 41,264 | 55,528 | 61,304 | 68,057 |
| | 514 | 1,996 | 1,194 | 1,805 | 8,789 | 2,744 | 20,726 | 3,723 | 3,423 | 5,565 | 6,466 | 11,046 | (1,960) |
| | 925 | 49 | 40 | 53 | 31 | 43 | 39 | 47 | 24 | 49 | 97 | 68 | (102) |
| | 926 | 1,788 | 1,480 | 1,642 | 963 | 1,329 | 1,078 | 1,312 | 682 | 1,368 | 3,159 | 1,896 | 2,235 |
| Total Green River 3 | | 282,824 | 227,486 | 318,679 | 295,209 | 380,404 | 352,858 | 349,492 | 379,168 | 415,712 | 1,004,252 | 409,079 | 476,511 |
| Green River 4 | 408 | 524 | 623 | 370 | 1,015 | 822 | 719 | 643 | 562 | 395 | 346 | 353 | 661 |
| | 500 | 40,500 | 28,113 | 30,570 | 31,422 | 27,280 | 24,172 | 24,763 | 28,470 | 28,734 | 38,603 | 35,282 | 42,096 |
| | 501 | 49,085 | 39,982 | 55,122 | 40,116 | 55,191 | 52,767 | 51,857 | 61,607 | 53,021 | 60,654 | 53,723 | 51,675 |
| | 502 | 97,333 | 82,265 | 93,777 | 59,430 | 104,779 | 88,696 | 103,178 | 89,869 | 84,598 | 110,891 | 104,120 | 109,044 |
| | 505 | 54,243 | 50,655 | 72,985 | 41,084 | 121,216 | 32,261 | 48,228 | 51,284 | 74,477 | 63,969 | 100,274 | 58,787 |
| | 506 | 41,544 | 40,164 | 46,740 | 52,460 | 44,924 | 41,556 | 43,435 | 88,233 | 50,096 | 124,603 | 65,605 | 51,501 |
| | 509 | 2,584 | 2,369 | 3,076 | 1,838 | 2,675 | 2,197 | 2,500 | 2,820 | 3,137 | 2,623 | 2,674 | 2,133 |
| | 510 | 49,358 | 42,186 | 48,785 | 47,622 | 44,036 | 48,900 | 56,791 | 51,142 | 54,468 | 69,248 | 29,920 | 64,159 |
| | 511 | 30,480 | 22,139 | 26,763 | 29,689 | 122,875 | 77,602 | 43,847 | 38,554 | 41,520 | 37,688 | 78,254 | 34,972 |
| | 512 | 190,250 | 94,477 | 145,341 | 789,223 | 176,030 | 169,581 | 165,278 | 82,100 | 125,322 | 141,990 | 195,641 | 227,465 |
| | 513 | 12,358 | 20,560 | 10,008 | 41,153 | 48,038 | 32,067 | 26,573 | 42,184 | 26,685 | 48,295 | 43,688 | 73,200 |
| | 514 | 3,267 | 1,791 | 2,708 | 16,167 | 5,112 | 31,065 | 5,858 | 5,148 | 8,347 | 9,700 | 16,568 | (2,941) |
| | 925 | 53 | 60 | 48 | 94 | 61 | 71 | 52 | 55 | 36 | 26 | 38 | (95) |
| | 926 | 1,938 | 2,189 | 1,493 | 3,097 | 1,911 | 1,963 | 1,450 | 1,696 | 1,011 | 723 | 1,061 | 2,084 |
| Total Green River 4 | | 573,517 | 427,572 | 537,786 | 1,154,410 | 754,951 | 603,617 | 574,454 | 543,725 | 551,848 | 709,358 | 727,202 | 714,740 |

Operating Expenses by FERC (e):
 KU Retired and/or Retiring Unit
 2013-2017
 Case No. 2014-00371
 KIUC Q. 1-7

| FERC | Actuals | | | | | | | | | | | | |
|--------------------------|---------|---------|---------|---------|---------|---------|--------|--------|--------|--------|--------|--------|---------|
| | Jan-14 | Feb-14 | Mar-14 | Apr-14 | May-14 | Jun-14 | Jul-14 | Aug-14 | Sep-14 | Oct-14 | Nov-14 | Dec-14 | |
| Green River Common | 408 | 26,388 | 24,479 | 27,237 | 26,334 | 25,766 | 22,916 | 24,372 | 24,260 | 24,076 | 28,333 | 23,545 | 43,498 |
| | 426 | - | - | - | - | - | 4,900 | 721 | (13) | - | 250 | - | 4,253 |
| | 500 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 501 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 502 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 505 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 506 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 507 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 509 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 510 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 511 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 512 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 513 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 514 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 925 | 2,974 | 2,874 | 2,883 | 2,716 | 2,671 | 1,972 | 2,031 | 2,227 | 2,092 | 2,260 | 1,874 | (4,916) |
| | 926 | 107,870 | 102,179 | 90,239 | 84,802 | 83,293 | 55,135 | 56,548 | 62,047 | 58,544 | 63,135 | 52,289 | 107,618 |
| Total Green River Common | | 137,232 | 129,532 | 120,358 | 113,852 | 111,729 | 84,924 | 83,671 | 88,520 | 84,712 | 93,978 | 77,709 | 150,453 |
| Tyrone 3 | 408 | (6) | 13 | 13 | 13 | - | - | - | - | - | - | - | - |
| | 500 | - | - | - | - | - | - | 9,216 | 6,036 | 100 | - | - | - |
| | 501 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 502 | - | - | - | - | - | - | - | 187 | - | - | - | - |
| | 506 | 28,393 | 25,304 | 27,899 | 28,439 | 30,223 | 35,748 | 29,782 | 71,291 | 25,983 | 19,671 | 14,498 | 7,859 |
| | 510 | - | - | 7,685 | - | - | 404 | - | - | - | - | 4,730 | - |
| | 511 | - | 195 | (195) | - | - | - | - | - | - | - | - | - |
| | 512 | - | - | - | - | 1,363 | 1,318 | - | - | - | - | - | - |
| | 514 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 925 | 12 | 2 | 2 | 2 | - | - | - | - | - | - | - | - |
| | 926 | (140) | 68 | 59 | 59 | 864 | - | - | - | - | - | - | - |
| Total Tyrone 3 | | 28,259 | 25,582 | 35,463 | 28,513 | 32,450 | 37,470 | 29,782 | 80,507 | 32,206 | 19,771 | 19,228 | 7,859 |
| Tyrone Common | 408 | 1,410 | 1,516 | 1,467 | 1,534 | 1,639 | 1,812 | 1,211 | 1,125 | 1,138 | 622 | 327 | 615 |
| | 426 | - | - | - | - | - | - | - | - | - | - | 419 | 341 |
| | 506 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 510 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 925 | 176 | 212 | 205 | 218 | 233 | 211 | 138 | 133 | 127 | 72 | 39 | (91) |
| | 926 | 7,427 | 7,805 | 6,397 | 6,780 | 7,261 | 5,881 | 3,843 | 3,693 | 3,592 | 2,040 | 1,073 | 1,993 |
| Total Tyrone Common | | 9,013 | 9,533 | 8,069 | 8,531 | 9,134 | 7,904 | 5,192 | 4,950 | 4,857 | 2,734 | 1,857 | 2,859 |

Operating Expenses by FERC (e):
 KU Retired and/or Retiring Unit
 2013-2017
 Case No. 2014-00371
 KIUC Q. 1-7

| | | Budget | | | | | | | | | | | |
|---------------------|-----|--------|--------|-----------|--------|--------|--------|--------|--------|--------|---------|--------|--------|
| FERC | | Jan-15 | Feb-15 | Mar-15 | Apr-15 | May-15 | Jun-15 | Jul-15 | Aug-15 | Sep-15 | Oct-15 | Nov-15 | Dec-15 |
| Green River 3 | 408 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 500 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 501 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 502 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 505 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 506 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 509 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 510 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 511 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 512 | - | - | - | - | - | - | - | - | - | 300,000 | - | - |
| | 513 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 514 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 925 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 926 | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Green River 3 | | - | - | - | - | - | - | - | - | - | 300,000 | - | - |
| Green River 4 | 408 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 500 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 501 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 502 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 505 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 506 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 509 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 510 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 511 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 512 | - | - | 1,000,000 | - | - | - | - | - | - | - | - | - |
| | 513 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 514 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 925 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 926 | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Green River 4 | | - | - | 1,000,000 | - | - | - | - | - | - | - | - | - |

Operating Expenses by FERC (e:
 KU Retired and/or Retiring Unit
 2013-2017
 Case No. 2014-00371
 KIUC Q. 1-7

| FERC | Budget | | | | | | | | | | | | |
|--------------------------|--------|---------|---------|-----------|-----------|---------|-----------|-----------|-----------|-----------|-----------|---------|---------|
| | Jan-15 | Feb-15 | Mar-15 | Apr-15 | May-15 | Jun-15 | Jul-15 | Aug-15 | Sep-15 | Oct-15 | Nov-15 | Dec-15 | |
| Green River Common | 408 | 30,438 | 26,864 | 29,975 | 28,398 | 28,264 | 29,154 | 29,943 | 29,887 | 30,478 | 31,447 | 26,783 | 28,146 |
| | 426 | 4,080 | - | - | 1,020 | - | - | 1,020 | - | - | 4,080 | - | 1,020 |
| | 500 | 19,588 | 18,385 | 19,937 | 19,317 | 19,317 | 19,937 | 20,557 | 19,937 | 19,937 | 20,557 | 18,698 | 19,937 |
| | 501 | 105,599 | 102,169 | 107,993 | 152,599 | 152,827 | 156,564 | 154,221 | 229,512 | 158,258 | 155,966 | 101,441 | 105,306 |
| | 502 | 170,798 | 158,226 | 168,645 | 163,366 | 162,270 | 165,042 | 132,226 | 132,709 | 135,038 | 138,034 | 121,855 | 125,445 |
| | 505 | 118,068 | 97,850 | 114,837 | 105,990 | 104,819 | 109,403 | 86,498 | 87,147 | 90,776 | 95,767 | 69,797 | 76,215 |
| | 506 | 41,771 | 53,935 | 41,771 | 41,411 | 41,771 | 41,411 | 41,771 | 41,771 | 41,411 | 41,771 | 41,411 | 41,771 |
| | 507 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 509 | 6,335 | 6,335 | 6,335 | 6,335 | 6,335 | 6,335 | 6,335 | 6,335 | 6,335 | 6,335 | 6,335 | 6,335 |
| | 510 | 82,749 | 76,379 | 83,197 | 79,841 | 79,674 | 82,001 | 107,120 | 106,417 | 106,998 | 113,703 | 102,654 | 104,234 |
| | 511 | 62,372 | 62,372 | 65,131 | 62,372 | 62,372 | 95,731 | 84,572 | 84,572 | 107,531 | 84,572 | 84,572 | 87,331 |
| | 512 | 38,992 | 38,992 | 222,592 | 54,292 | 55,822 | 66,992 | 79,192 | 79,192 | 259,732 | 111,322 | 79,192 | 79,192 |
| | 513 | 49,621 | 49,622 | 51,661 | 64,922 | 49,621 | 73,809 | 77,920 | 77,920 | 79,961 | 77,920 | 88,120 | 79,962 |
| | 514 | 71,891 | 71,891 | 85,846 | 81,188 | 75,906 | 89,861 | 24,740 | 24,740 | 38,695 | 24,740 | 20,725 | 34,680 |
| | 925 | 4,163 | 3,674 | 4,100 | 3,884 | 3,866 | 3,987 | 4,095 | 4,088 | 4,169 | 4,301 | 3,663 | 3,850 |
| | 926 | 167,892 | 148,177 | 165,337 | 156,639 | 155,902 | 160,806 | 165,160 | 164,849 | 168,111 | 173,455 | 147,729 | 155,248 |
| Total Green River Common | | 974,357 | 914,871 | 1,167,356 | 1,021,575 | 998,767 | 1,101,033 | 1,015,370 | 1,089,077 | 1,247,431 | 1,083,971 | 912,976 | 948,671 |
| Tyrone 3 | 408 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 500 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 501 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 502 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 506 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 510 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 511 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 512 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 514 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 925 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 926 | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Tyrone 3 | | - | - | - | - | - | - | - | - | - | - | - | - |
| Tyrone Common | 408 | 351 | 312 | 347 | 320 | 314 | 323 | 336 | 339 | 346 | 354 | 301 | 308 |
| | 426 | - | - | - | - | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | - | - | - |
| | 506 | 15,012 | 13,927 | 14,956 | 14,425 | 14,541 | 14,462 | 14,819 | 14,855 | 14,748 | 15,051 | 14,179 | 14,472 |
| | 510 | - | - | - | - | - | - | - | 510 | 510 | 6,120 | 4,080 | 1,020 |
| | 925 | 48 | 43 | 47 | 44 | 43 | 44 | 46 | 46 | 47 | 48 | 41 | 42 |
| | 926 | 1,936 | 1,721 | 1,912 | 1,767 | 1,731 | 1,783 | 1,852 | 1,868 | 1,907 | 1,953 | 1,659 | 1,702 |
| Total Tyrone Common | | 17,346 | 16,002 | 17,261 | 16,556 | 19,629 | 19,612 | 20,053 | 20,618 | 20,557 | 23,527 | 20,260 | 17,545 |

Operating Expenses by FERC (e:
 KU Retired and/or Retiring Unit
 2013-2017
 Case No. 2014-00371
 KIUC Q. 1-7

| | | Budget | | | | | | | | | | | |
|---------------------|-----|--------|---------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| FERC | | Jan-16 | Feb-16 | Mar-16 | Apr-16 | May-16 | Jun-16 | Jul-16 | Aug-16 | Sep-16 | Oct-16 | Nov-16 | Dec-16 |
| Green River 3 | 408 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 500 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 501 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 502 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 505 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 506 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 509 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 510 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 511 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 512 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 513 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 514 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 925 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 926 | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Green River 3 | | - | - | - | - | - | - | - | - | - | - | - | - |
| Green River 4 | 408 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 500 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 501 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 502 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 505 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 506 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 509 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 510 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 511 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 512 | - | 300,000 | - | - | - | - | - | - | - | - | - | - |
| | 513 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 514 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 925 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 926 | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Green River 4 | | - | 300,000 | - | - | - | - | - | - | - | - | - | - |

Operating Expenses by FERC (e):
 KU Retired and/or Retiring Unit
 2013-2017
 Case No. 2014-00371
 KIUC Q. 1-7

| FERC | Budget | | | | | | | | | | | | |
|--------------------------|--------|---------|---------|-----------|---------|-----------|---------|---------|---------|---------|---------|---------|---------|
| | Jan-16 | Feb-16 | Mar-16 | Apr-16 | May-16 | Jun-16 | Jul-16 | Aug-16 | Sep-16 | Oct-16 | Nov-16 | Dec-16 | |
| Green River Common | 408 | 30,408 | 29,643 | 33,191 | 27,870 | 3,541 | 3,467 | 1,567 | 1,825 | 1,666 | 1,650 | 1,567 | 1,506 |
| | 426 | - | - | - | 1,200 | - | - | - | - | - | - | - | - |
| | 500 | 20,349 | 20,349 | 22,032 | 20,059 | 1,869,731 | 10,994 | 5,208 | 5,489 | 5,301 | 5,301 | 5,208 | 5,208 |
| | 501 | 135,525 | 135,392 | 166,244 | 129,541 | - | 10,000 | - | - | - | - | - | - |
| | 502 | 134,588 | 131,762 | 143,215 | 127,828 | 5,399 | 5,547 | 5,227 | 6,069 | 5,517 | 5,517 | 5,227 | 4,995 |
| | 505 | 87,659 | 82,085 | 102,669 | 73,807 | 10,248 | 10,396 | 10,076 | 10,918 | 10,366 | 10,366 | 10,076 | 9,844 |
| | 506 | 42,487 | 55,258 | 42,487 | 42,119 | 55,166 | 29,798 | 30,166 | 30,166 | 29,798 | 30,166 | 29,798 | 30,166 |
| | 507 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 509 | 6,462 | 6,462 | 6,462 | 6,462 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 |
| | 510 | 108,170 | 107,516 | 115,136 | 103,062 | 25,868 | 24,582 | 6,911 | 8,950 | 8,243 | 12,465 | 10,032 | 7,110 |
| | 511 | 84,623 | 84,623 | 87,437 | 84,623 | 70,000 | 2,814 | - | - | 2,814 | - | - | 2,814 |
| | 512 | 79,691 | 79,691 | 259,691 | 104,893 | 10,000 | 16,500 | - | - | - | 16,500 | - | - |
| | 513 | 78,070 | 78,071 | 80,151 | 93,676 | - | - | - | - | - | - | - | - |
| | 514 | 14,836 | 14,836 | 16,065 | 24,319 | 200,000 | 206,000 | 200,000 | 200,000 | 200,000 | 200,000 | 200,000 | 200,000 |
| | 925 | 4,159 | 4,054 | 4,540 | 3,812 | 484 | 474 | 214 | 250 | 228 | 226 | 214 | 206 |
| | 926 | 167,724 | 163,508 | 183,078 | 153,727 | 19,532 | 19,125 | 8,645 | 10,067 | 9,187 | 9,100 | 8,645 | 8,305 |
| Total Green River Common | | 994,751 | 993,251 | 1,262,398 | 996,998 | 2,270,236 | 339,963 | 268,280 | 274,000 | 273,387 | 291,559 | 271,033 | 270,420 |
| Tyrone 3 | 408 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 500 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 501 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 502 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 506 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 510 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 511 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 512 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 514 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 925 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 926 | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Tyrone 3 | | - | - | - | - | - | - | - | - | - | - | - | - |
| Tyrone Common | 408 | 343 | 339 | 375 | 311 | 341 | 332 | 308 | 386 | 356 | 346 | 328 | 298 |
| | 426 | - | - | - | - | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | - | - | - |
| | 506 | 15,136 | 14,689 | 15,540 | 14,529 | 15,112 | 14,796 | 14,698 | 15,678 | 15,094 | 15,169 | 14,746 | 14,564 |
| | 510 | - | - | - | - | - | - | - | 520 | 520 | 6,242 | 4,162 | 1,040 |
| | 925 | 47 | 46 | 51 | 43 | 47 | 45 | 42 | 53 | 49 | 47 | 45 | 41 |
| | 926 | 1,892 | 1,871 | 2,067 | 1,716 | 1,882 | 1,832 | 1,702 | 2,128 | 1,961 | 1,906 | 1,810 | 1,644 |
| Total Tyrone Common | | 17,417 | 16,946 | 18,033 | 16,599 | 20,382 | 20,005 | 19,750 | 21,764 | 20,979 | 23,710 | 21,090 | 17,587 |

Operating Expenses by FERC (e:
 KU Retired and/or Retiring Unit
 2013-2017
 Case No. 2014-00371
 KIUC Q. 1-7

| | | Budget | | | | | | | | | | | |
|---------------------|-----|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| FERC | | Jan-17 | Feb-17 | Mar-17 | Apr-17 | May-17 | Jun-17 | Jul-17 | Aug-17 | Sep-17 | Oct-17 | Nov-17 | Dec-17 |
| Green River 3 | 408 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 500 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 501 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 502 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 505 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 506 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 509 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 510 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 511 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 512 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 513 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 514 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 925 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 926 | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Green River 3 | | - | - | - | - | - | - | - | - | - | - | - | - |
| Green River 4 | 408 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 500 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 501 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 502 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 505 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 506 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 509 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 510 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 511 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 512 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 513 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 514 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 925 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 926 | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Green River 4 | | - | - | - | - | - | - | - | - | - | - | - | - |

Operating Expenses by FERC (e:
 KU Retired and/or Retiring Unit
 2013-2017
 Case No. 2014-00371
 KIUC Q. 1-7

| FERC | Budget | | | | | | | | | | | | |
|--------------------------|--------|--------|--------|--------|--------|--------|---------|--------|--------|--------|--------|--------|--------|
| | Jan-17 | Feb-17 | Mar-17 | Apr-17 | May-17 | Jun-17 | Jul-17 | Aug-17 | Sep-17 | Oct-17 | Nov-17 | Dec-17 | |
| Green River Common | 408 | 1,355 | 1,212 | 1,448 | 1,157 | 1,448 | 1,375 | 1,303 | 1,520 | 1,303 | 1,448 | 1,303 | 2,829 |
| | 426 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 500 | 5,316 | 5,093 | 5,427 | 4,982 | 5,426 | 5,316 | 5,204 | 5,538 | 5,204 | 5,426 | 5,204 | 5,093 |
| | 501 | - | - | - | 2,500 | 2,500 | 2,500 | 2,500 | - | - | - | - | - |
| | 502 | 4,282 | 6,319 | 4,649 | 3,696 | 7,149 | 4,411 | 4,173 | 7,387 | 4,173 | 4,649 | 6,673 | 3,934 |
| | 505 | 8,615 | 8,152 | 8,982 | 8,029 | 8,982 | 8,744 | 8,506 | 9,220 | 8,506 | 8,982 | 8,506 | 8,267 |
| | 506 | 15,810 | 15,058 | 15,810 | 15,436 | 15,810 | 15,436 | 15,810 | 15,811 | 15,436 | 15,811 | 15,436 | 15,811 |
| | 507 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 509 | 278 | 278 | 278 | 278 | 278 | 278 | 278 | 278 | 278 | 278 | 278 | 278 |
| | 510 | 6,518 | 5,853 | 6,850 | 5,517 | 6,849 | 6,518 | 6,185 | 7,978 | 6,981 | 12,155 | 9,369 | 26,682 |
| | 511 | - | - | 2,927 | - | - | 22,927 | - | - | 2,927 | - | - | 2,927 |
| | 512 | - | - | - | - | - | 21,500 | - | - | - | 21,500 | - | - |
| | 513 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 514 | - | - | - | 6,000 | - | 6,000 | - | - | - | - | - | - |
| | 925 | 185 | 166 | 198 | 158 | 198 | 188 | 178 | 208 | 178 | 198 | 178 | 387 |
| | 926 | 7,473 | 6,686 | 7,985 | 6,384 | 7,985 | 7,586 | 7,185 | 8,384 | 7,185 | 7,985 | 7,185 | 15,602 |
| Total Green River Common | | 49,832 | 48,818 | 54,554 | 54,137 | 56,625 | 102,778 | 51,322 | 56,324 | 52,170 | 78,432 | 54,131 | 81,809 |
| Tyrone 3 | 408 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 500 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 501 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 502 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 506 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 510 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 511 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 512 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 514 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 925 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 926 | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Tyrone 3 | | - | - | - | - | - | - | - | - | - | - | - | - |
| Tyrone Common | 408 | 372 | 330 | 386 | 301 | 369 | 341 | 317 | 396 | 346 | 374 | 337 | 286 |
| | 426 | - | - | - | - | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | - | - | - |
| | 506 | 15,719 | 14,786 | 15,894 | 14,614 | 15,685 | 15,123 | 15,018 | 16,029 | 15,189 | 15,748 | 15,070 | 14,632 |
| | 510 | - | - | - | - | - | - | 531 | 531 | 6,367 | 4,245 | 1,061 | - |
| | 925 | 51 | 45 | 53 | 41 | 51 | 47 | 43 | 54 | 47 | 51 | 46 | 39 |
| | 926 | 2,051 | 1,823 | 2,128 | 1,661 | 2,037 | 1,882 | 1,747 | 2,187 | 1,911 | 2,064 | 1,859 | 1,580 |
| Total Tyrone Common | | 18,193 | 16,984 | 18,461 | 16,618 | 21,142 | 20,393 | 20,126 | 22,197 | 21,025 | 24,605 | 21,557 | 17,599 |

EXHIBIT ____ (LK-13)

KENTUCKY UTILITIES COMPANY

CASE NO. 2014-00371

**Response to First Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated January 8, 2015**

Question No. 8

Responding Witness: Russel A. Hudson

- Q.1-8. Please provide in an Excel spreadsheet the FTE staffing levels and related payroll (direct and burdens) by month from January 2013 through December 2017 at each generating unit/plant that the Company has retired or plans to retire during that five-year period.
- A.1-8. See the response to Question No. 7. See tab labeled "Q.8 KU labor."

Retired and/or Retiring Units
 Staffing Levels and Payroll
 2013-2017
 Case No. 2014-00371
 KIUC Q. 1-8

| | Actuals | | | | | | | | | | | |
|--------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | Jan-13 | Feb-13 | Mar-13 | Apr-13 | May-13 | Jun-13 | Jul-13 | Aug-13 | Sep-13 | Oct-13 | Nov-13 | Dec-13 |
| Labor \$ | | | | | | | | | | | | |
| Green River 3 | 75,205 | 67,995 | 78,066 | 83,225 | 63,805 | 61,807 | 60,454 | 76,467 | 66,414 | 85,283 | 63,596 | 67,734 |
| Green River 4 | 320,560 | 279,044 | 330,267 | 348,338 | 299,853 | 289,284 | 303,840 | 302,148 | 299,413 | 325,086 | 301,835 | 341,149 |
| Green River Common | 138,700 | 121,810 | 157,944 | 169,668 | 152,757 | 137,992 | 145,748 | 154,309 | 138,493 | 160,399 | 143,231 | 150,406 |
| Green River Total | 534,464 | 468,849 | 566,277 | 601,232 | 516,414 | 489,083 | 510,042 | 532,925 | 504,319 | 570,768 | 508,662 | 559,290 |
| Tyrone 3 | 41,585 | 32,308 | 41,770 | 34,098 | 34,079 | 35,665 | 31,718 | 39,180 | 25,033 | 31,023 | 24,650 | 17,837 |
| Tyrone Common | 6,347 | 5,615 | (1,136) | - | - | 333 | 2,999 | 719 | 2,874 | - | - | - |
| Total Tyrone* | 47,932 | 37,923 | 40,634 | 34,098 | 34,079 | 35,998 | 34,717 | 39,899 | 27,907 | 31,023 | 24,650 | 17,837 |

Staffing Levels**

| | | | | | | | | | | | | |
|-------------|----|----|----|----|----|----|----|----|----|----|----|----|
| Green River | 41 | 41 | 41 | 41 | 41 | 41 | 41 | 41 | 41 | 41 | 41 | 41 |
| Tyrone | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |

* Beginning in January 2014, there are no employees physically located at Tyrone. However, there are minimal labor costs originating from the EW Brown plant to maintain the retired plan

** Staffing levels are not divided by unit

Retired and/or Retiri
 Staffing Levels and Pa
 2013-2017
 Case No. 2014-00371
 KIUC Q. 1-8

| | Actuals | | | | | | | | | | | |
|--------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | Jan-14 | Feb-14 | Mar-14 | Apr-14 | May-14 | Jun-14 | Jul-14 | Aug-14 | Sep-14 | Oct-14 | Nov-14 | Dec-14 |
| Labor \$ | | | | | | | | | | | | |
| Green River 3 | 72,580 | 66,828 | 74,423 | 70,851 | 67,529 | 69,972 | 74,251 | 68,947 | 75,554 | 107,442 | 75,807 | 83,970 |
| Green River 4 | 314,877 | 295,793 | 326,205 | 317,142 | 316,010 | 304,008 | 316,705 | 318,425 | 310,332 | 349,339 | 300,342 | 370,471 |
| Green River Common | 137,232 | 129,532 | 120,358 | 113,852 | 111,729 | 80,024 | 82,951 | 88,534 | 84,712 | 93,728 | 77,709 | 146,200 |
| Green River Total | 524,689 | 492,153 | 520,986 | 501,845 | 495,268 | 454,004 | 473,907 | 475,906 | 470,598 | 550,509 | 453,858 | 600,640 |
| Tyrone 3 | 18,935 | 20,696 | 20,026 | 20,971 | 23,014 | 26,586 | 17,715 | 16,534 | 16,578 | 9,124 | 4,805 | 6,044 |
| Tyrone Common | 9,013 | 9,533 | 8,069 | 8,531 | 9,134 | 7,904 | 5,192 | 4,950 | 4,857 | 2,734 | 1,439 | 2,518 |
| Total Tyrone* | 27,948 | 30,229 | 28,096 | 29,502 | 32,148 | 34,489 | 22,907 | 21,485 | 21,434 | 11,858 | 6,244 | 8,562 |
| Staffing Levels** | | | | | | | | | | | | |
| Green River | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 40 |
| Tyrone | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

* Beginning in January 2014t.

** Staffing levels are not di

Retired and/or Retiri
 Staffing Levels and Pa
 2013-2017
 Case No. 2014-00371
 KIUC Q. 1-8

| | Budget | | | | | | | | | | | |
|--------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | Jan-15 | Feb-15 | Mar-15 | Apr-15 | May-15 | Jun-15 | Jul-15 | Aug-15 | Sep-15 | Oct-15 | Nov-15 | Dec-15 |
| Labor \$ | | | | | | | | | | | | |
| Green River 3 | - | - | - | - | - | - | - | - | - | - | - | - |
| Green River 4 | - | - | - | - | - | - | - | - | - | - | - | - |
| Green River Common | 578,022 | 510,451 | 569,687 | 538,762 | 535,667 | 552,561 | 568,109 | 567,071 | 578,230 | 596,420 | 507,850 | 533,099 |
| Green River Total | 578,022 | 510,451 | 569,687 | 538,762 | 535,667 | 552,561 | 568,109 | 567,071 | 578,230 | 596,420 | 507,850 | 533,099 |
| Tyrone 3 | - | - | - | - | - | - | - | - | - | - | - | - |
| Tyrone Common | 6,791 | 6,037 | 6,706 | 6,198 | 6,074 | 6,254 | 6,498 | 6,553 | 6,689 | 6,852 | 5,822 | 5,970 |
| Total Tyrone* | 6,791 | 6,037 | 6,706 | 6,198 | 6,074 | 6,254 | 6,498 | 6,553 | 6,689 | 6,852 | 5,822 | 5,970 |

Staffing Levels**

| | | | | | | | | | | | | |
|-------------|----|----|----|----|----|----|----|----|----|----|----|----|
| Green River | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 40 |
| Tyrone | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

* Beginning in January 2014

** Staffing levels are not di

Retired and/or Retiri
 Staffing Levels and Pa
 2013-2017
 Case No. 2014-00371
 KIUC Q. 1-8

| | Budget | | | | | | | | | | | |
|--------------------------|---------|---------|---------|---------|-----------|--------|--------|--------|--------|--------|--------|--------|
| | Jan-16 | Feb-16 | Mar-16 | Apr-16 | May-16 | Jun-16 | Jul-16 | Aug-16 | Sep-16 | Oct-16 | Nov-16 | Dec-16 |
| Labor \$ | | | | | | | | | | | | |
| Green River 3 | - | - | - | - | - | - | - | - | - | - | - | - |
| Green River 4 | - | - | - | - | - | - | - | - | - | - | - | - |
| Green River Common | 577,663 | 563,391 | 631,065 | 528,787 | 1,926,886 | 66,667 | 29,930 | 34,870 | 31,810 | 31,507 | 29,930 | 28,736 |
| Green River Total | 577,663 | 563,391 | 631,065 | 528,787 | 1,926,886 | 66,667 | 29,930 | 34,870 | 31,810 | 31,507 | 29,930 | 28,736 |
| Tyrone 3 | - | - | - | - | - | - | - | - | - | - | - | - |
| Tyrone Common | 6,637 | 6,564 | 7,253 | 6,020 | 6,602 | 6,426 | 5,970 | 7,464 | 6,880 | 6,688 | 6,349 | 5,767 |
| Total Tyrone* | 6,637 | 6,564 | 7,253 | 6,020 | 6,602 | 6,426 | 5,970 | 7,464 | 6,880 | 6,688 | 6,349 | 5,767 |
| Staffing Levels** | | | | | | | | | | | | |
| Green River | 40 | 40 | 40 | 40 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Tyrone | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

* Beginning in January 2014

** Staffing levels are not di

Retired and/or Retiri
 Staffing Levels and Pa
 2013-2017
 Case No. 2014-00371
 KIUC Q. 1-8

| | Budget | | | | | | | | | | | |
|--------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | Jan-17 | Feb-17 | Mar-17 | Apr-17 | May-17 | Jun-17 | Jul-17 | Aug-17 | Sep-17 | Oct-17 | Nov-17 | Dec-17 |
| Labor \$ | | | | | | | | | | | | |
| Green River 3 | - | - | - | - | - | - | - | - | - | - | - | - |
| Green River 4 | - | - | - | - | - | - | - | - | - | - | - | - |
| Green River Common | 26,220 | 23,458 | 28,015 | 22,399 | 28,013 | 26,613 | 25,210 | 29,415 | 25,210 | 28,013 | 25,210 | 54,739 |
| Green River Total | 26,220 | 23,458 | 28,015 | 22,399 | 28,013 | 26,613 | 25,210 | 29,415 | 25,210 | 28,013 | 25,210 | 54,739 |
| Tyrone 3 | - | - | - | - | - | - | - | - | - | - | - | - |
| Tyrone Common | 7,198 | 6,395 | 7,466 | 5,828 | 7,147 | 6,603 | 6,131 | 7,672 | 6,704 | 7,242 | 6,523 | 5,542 |
| Total Tyrone* | 7,198 | 6,395 | 7,466 | 5,828 | 7,147 | 6,603 | 6,131 | 7,672 | 6,704 | 7,242 | 6,523 | 5,542 |
| Staffing Levels** | | | | | | | | | | | | |
| Green River | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Tyrone | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

* Beginning in January 2014
 ** Staffing levels are not di

EXHIBIT ____ (LK-14)

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2014-00372

**Response to First Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated January 8, 2015**

Question No. 7

Responding Witness: Russel A. Hudson

- Q.1-7. Please provide in an Excel spreadsheet the operating expenses by FERC O&M and A&G and other expense accounts by month from January 2013 through December 2017 for each generating unit that the Company has retired or plans to retire during that five-year period. Provide a copy of all assumptions, data, and calculations, including electronic spreadsheets with all formulas intact
- A.1-7. See attachment being provided in Excel format. The assumption included in base and test year periods is that the Cane Run Coal Steam plant will retire on April 30, 2015. O&M costs remaining in the plans past the retirement date is for maintenance of remaining structures at the plant to keep it secure and in a "dry" state.

Operating Expenses by FERC (excl Fuel)
 LG&E Retired and/or Retiring Units
 2013-2017
 Case No. 2014-00371
 KIUC Q. 1-7

| | | Actuals | | | | | | | | | | | |
|------------------|--------|-----------|---------|-----------|-----------|---------|-----------|----------|---------|---------|-----------|---------|-----------|
| FERC | Jan-13 | Feb-13 | Mar-13 | Apr-13 | May-13 | Jun-13 | Jul-13 | Aug-13 | Sep-13 | Oct-13 | Nov-13 | Dec-13 | |
| Cane Run 4 | 408 | 2,423 | 3,226 | 2,618 | 2,301 | 2,256 | 3,735 | 3,744 | 2,683 | 2,132 | 3,115 | 2,118 | 2,926 |
| | 500 | 15,030 | 16,862 | 21,133 | 19,447 | 20,419 | 17,898 | 21,156 | 20,650 | 20,075 | 23,369 | 16,222 | 20,933 |
| | 501 | 88,319 | 139,012 | 100,655 | 115,676 | 79,807 | 142,737 | 115,524 | 126,688 | 148,808 | 111,184 | 134,047 | 98,037 |
| | 502 | 451,082 | 301,325 | 382,734 | 560,855 | 403,769 | 107,196 | (16,095) | 428,451 | 363,913 | 432,222 | 431,503 | 461,938 |
| | 505 | 2,547 | 2,246 | 980 | 3,505 | 3,019 | 236 | 0 | 1,239 | 2,169 | 1,928 | 1,289 | 1,296 |
| | 506 | 128,180 | 137,655 | 124,879 | 102,069 | 124,205 | 127,720 | 131,056 | 122,419 | 131,113 | 122,220 | 120,740 | 133,013 |
| | 507 | - | - | 230 | 230 | 230 | 230 | 230 | 230 | 230 | 230 | 230 | 230 |
| | 509 | 1,430 | 3,459 | 74 | 52 | 75 | 61 | 54 | 77 | 74 | 67 | 3,582 | 4,725 |
| | 510 | 24,987 | 21,278 | 29,911 | 31,184 | 25,008 | 26,179 | 24,049 | 31,246 | 34,307 | 69,404 | 11,885 | 10,945 |
| | 511 | 16,898 | 28,186 | 13,678 | 456 | 14,751 | 8,824 | 13,156 | 11,568 | 9,580 | 6,994 | 12,993 | 13,713 |
| | 512 | 60,504 | 177,251 | 134,905 | 171,114 | 166,025 | 122,296 | 274,304 | 121,348 | 76,284 | 329,653 | 29,223 | 126,336 |
| | 513 | 70,035 | 13,078 | 20,750 | 118,046 | 26,964 | 31,102 | 36,588 | 103,584 | 111,368 | 37,094 | 85,261 | 62,062 |
| | 514 | 13,057 | 19,338 | 12,269 | 13,015 | 12,062 | 10,097 | 13,191 | 14,979 | 10,558 | 12,776 | 15,077 | 32,248 |
| | 925 | 295 | 316 | 319 | 205 | 250 | 514 | 479 | 310 | 257 | (275) | (162) | 144 |
| | 926 | 8,956 | 9,618 | 12,915 | 8,329 | 10,135 | 21,417 | 19,452 | 12,600 | 10,420 | 12,259 | 7,178 | 10,081 |
| Total Cane Run 4 | | 883,743 | 872,851 | 858,050 | 1,146,482 | 888,974 | 620,242 | 636,888 | 998,071 | 921,286 | 1,162,240 | 871,185 | 978,627 |
| Cane Run 5 | 408 | 2,604 | 2,379 | 3,219 | 8,940 | 2,835 | 2,122 | 2,368 | 1,984 | 1,240 | 4,613 | 2,941 | 1,902 |
| | 426 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 500 | 16,700 | 18,736 | 23,482 | 21,608 | 22,688 | 19,887 | 23,507 | 22,944 | 22,305 | 25,966 | 18,025 | 23,259 |
| | 501 | 81,473 | 51,861 | 94,261 | 82,733 | 85,273 | 100,818 | 51,313 | 63,820 | 63,161 | 102,197 | 107,514 | 143,476 |
| | 502 | 504,212 | 406,849 | 410,214 | 124,781 | 413,060 | 527,731 | 520,294 | 464,284 | 493,894 | 414,771 | 410,522 | 450,794 |
| | 505 | 2,946 | 3,107 | 1,081 | 535 | 3,156 | 1,837 | 2,764 | 1,397 | 3,044 | 1,970 | 1,251 | 1,311 |
| | 506 | 145,368 | 151,385 | 133,491 | 126,244 | 148,102 | 139,857 | 142,327 | 134,602 | 145,603 | 136,361 | 158,483 | 159,066 |
| | 507 | - | - | 255 | 255 | 255 | 255 | 255 | 255 | 255 | 255 | 255 | 255 |
| | 509 | 2 | 65 | 83 | 56 | 83 | 70 | 62 | 87 | 84 | 74 | 3,981 | 5,249 |
| | 510 | 27,763 | 23,642 | 33,235 | 34,649 | 27,787 | 29,088 | 26,721 | 34,717 | 38,119 | 77,116 | 13,206 | 12,162 |
| | 511 | 33,936 | 31,994 | 21,839 | 11,156 | 32,875 | 30,434 | 17,257 | 31,332 | 10,411 | 14,330 | 19,463 | 23,982 |
| | 512 | 147,069 | 132,791 | 289,403 | 1,018,291 | 69,961 | 113,622 | 99,327 | 103,129 | 43,650 | 321,916 | 186,055 | 195,208 |
| | 513 | 62,916 | 101,142 | 32,049 | 153,722 | 117,509 | 53,445 | 47,477 | 26,750 | 13,551 | 33,497 | 43,498 | 96,266 |
| | 514 | 14,508 | 21,487 | 13,632 | 14,461 | 13,402 | 11,219 | 14,657 | 16,643 | 11,731 | 14,195 | 16,753 | 35,831 |
| | 925 | 343 | 340 | 353 | 724 | 410 | 278 | 357 | 292 | 169 | (358) | (274) | 125 |
| | 926 | 10,425 | 10,331 | 14,330 | 29,372 | 16,648 | 11,286 | 14,489 | 11,837 | 6,879 | 15,824 | 12,102 | 8,007 |
| Total Cane Run 5 | | 1,050,266 | 956,108 | 1,070,928 | 1,627,526 | 954,044 | 1,041,950 | 963,175 | 914,072 | 854,096 | 1,162,727 | 993,774 | 1,156,892 |

Operating Expenses by FERC (excl Fuel)
 LG&E Retired and/or Retiring Units
 2013-2017
 Case No. 2014-00371
 KIUC Q. 1-7

| | | Actuals | | | | | | | | | | | |
|-----------------------|-----|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| FERC | | Jan-13 | Feb-13 | Mar-13 | Apr-13 | May-13 | Jun-13 | Jul-13 | Aug-13 | Sep-13 | Oct-13 | Nov-13 | Dec-13 |
| Cane Run 6 | 408 | 4,606 | 3,057 | 4,285 | 5,783 | 3,103 | 1,771 | 2,774 | 4,275 | 2,014 | 2,299 | 3,304 | 2,228 |
| | 500 | 23,937 | 26,855 | 33,657 | 30,971 | 92,705 | (31,682) | 33,693 | 32,886 | 31,971 | 37,217 | 25,835 | 33,338 |
| | 501 | 181,267 | 113,500 | 114,544 | 114,049 | 124,005 | 68,405 | 71,349 | 136,551 | 54,749 | 115,386 | 120,300 | 99,658 |
| | 502 | 664,251 | 473,286 | 679,267 | 742,763 | 508,714 | 747,097 | 709,446 | 473,895 | 649,975 | 770,109 | 624,733 | 688,535 |
| | 505 | 2,809 | 2,696 | 1,519 | 3,942 | 2,765 | 2,138 | 2,979 | 1,045 | 2,957 | 2,861 | 1,462 | 1,475 |
| | 506 | 206,755 | 256,143 | 192,636 | 169,060 | 228,956 | 217,049 | 204,801 | 206,898 | 228,469 | 216,162 | 190,049 | 225,346 |
| | 507 | - | - | 366 | 366 | 366 | 366 | 366 | 366 | 366 | 366 | 366 | 366 |
| | 509 | 3 | 93 | 119 | 81 | 117 | 99 | 88 | 121 | 119 | 106 | 5,704 | 7,523 |
| | 510 | 39,794 | 33,887 | 47,636 | 49,663 | 39,828 | 41,692 | 38,300 | 49,761 | 54,637 | 110,532 | 18,928 | 17,432 |
| | 511 | 12,085 | 12,222 | 13,740 | (1,622) | 18,032 | 13,865 | 20,481 | 18,534 | 17,221 | 11,135 | 22,055 | 22,602 |
| | 512 | 450,133 | 24,011 | 234,395 | 330,384 | 228,838 | 228,913 | 140,625 | 420,345 | 179,435 | 240,749 | 165,610 | 210,802 |
| | 513 | 297,965 | 148,026 | 29,684 | 181,232 | 39,840 | 60,669 | 42,947 | 108,357 | 2,688 | 57,596 | 43,397 | 8,710 |
| | 514 | 20,794 | 30,798 | 19,539 | 20,728 | 19,210 | 16,081 | 21,008 | 23,855 | 16,815 | 20,346 | 24,012 | 51,358 |
| | 925 | 552 | 346 | 360 | 572 | 385 | 217 | 375 | 521 | 204 | (196) | (275) | 132 |
| | 926 | 16,784 | 10,506 | 14,632 | 23,547 | 15,621 | 8,820 | 15,237 | 21,544 | 8,264 | 8,685 | 12,189 | 8,802 |
| Total Cane Run 6 | | 1,921,734 | 1,135,425 | 1,386,379 | 1,671,519 | 1,322,487 | 1,375,501 | 1,304,468 | 1,498,954 | 1,249,882 | 1,593,352 | 1,257,668 | 1,378,306 |
| Cane Run Common | 408 | 68,489 | 62,366 | 65,236 | 66,889 | 60,442 | 67,193 | 66,495 | 67,497 | 68,185 | 72,337 | 55,447 | 64,496 |
| | 426 | 2,132 | 1,242 | 551 | 4,573 | 14,483 | 9,733 | 1,320 | 1,800 | 1,680 | 4,000 | 115,588 | 24,441 |
| | 500 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 501 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 502 | - | - | - | - | - | (14,804) | 1 | (401) | - | - | - | (2,946) |
| | 505 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 506 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 507 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 509 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 510 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 511 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 512 | - | (27) | - | - | - | (19,310) | - | (6,901) | - | - | - | - |
| | 513 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 514 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 921 | 333 | - | 130 | 35 | 165 | - | 660 | - | - | - | 130 | 140 |
| | 925 | 9,353 | 8,194 | 8,399 | 8,225 | 8,068 | 8,921 | 8,718 | 8,959 | 8,345 | (8,414) | (6,487) | 3,251 |
| | 926 | 278,928 | 250,769 | 339,541 | 336,693 | 332,495 | 364,312 | 358,192 | 369,429 | 340,200 | 375,275 | 289,447 | 270,349 |
| | 930 | - | 390 | - | 172 | 1,166 | - | - | 75 | - | - | - | - |
| Total Cane Run Common | | 359,235 | 322,933 | 413,858 | 416,588 | 416,818 | 416,046 | 435,387 | 440,456 | 418,411 | 443,197 | 454,124 | 359,732 |

Operating Expenses by FERC
 LG&E Retired and/or Retirin:
 2013-2017
 Case No. 2014-00371
 KIUC Q. 1-7

| | | Actuals | | | | | | | | | | | |
|------------------|-----|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| FERC | | Jan-14 | Feb-14 | Mar-14 | Apr-14 | May-14 | Jun-14 | Jul-14 | Aug-14 | Sep-14 | Oct-14 | Nov-14 | Dec-14 |
| Cane Run 4 | 408 | 2,334 | 2,113 | 2,225 | 7,981 | 2,125 | 2,223 | 2,409 | 2,251 | 2,883 | 2,530 | 1,594 | 4,951 |
| | 500 | 23,369 | 18,982 | 21,643 | 20,718 | 19,806 | 19,324 | 20,145 | 17,864 | 19,828 | 18,495 | 15,851 | 23,257 |
| | 501 | 79,178 | 128,469 | 92,047 | 106,166 | 130,546 | 75,440 | 113,997 | 124,962 | 57,423 | 76,056 | 56,461 | 42,367 |
| | 502 | 487,424 | 391,800 | 579,652 | 211,992 | 364,109 | 426,336 | 446,966 | 299,709 | 503,000 | 495,377 | 498,907 | 591,635 |
| | 505 | 2,233 | 1,064 | 3,317 | 1,205 | 1,393 | 2,782 | 2,747 | 745 | 1,501 | 2,092 | 1,561 | 3,999 |
| | 506 | 106,906 | 132,851 | 122,207 | 169,308 | 122,314 | 155,375 | 141,704 | 158,032 | 165,543 | 108,130 | 121,008 | 103,420 |
| | 507 | 230 | - | - | - | - | 1,148 | - | 459 | 230 | 230 | 230 | 230 |
| | 509 | 356 | 343 | 235 | 2,649 | 1,077 | 1,115 | 4,442 | 2,576 | 4,466 | 1,793 | 2,440 | 1,877 |
| | 510 | 21,763 | 24,264 | 29,942 | 28,212 | 25,489 | 16,097 | 24,804 | 12,657 | 15,830 | 56,978 | (6,572) | 5,313 |
| | 511 | 15,860 | 14,077 | 14,640 | 6,363 | 10,509 | 12,223 | 10,030 | 14,681 | 6,656 | 9,318 | 9,002 | 29,746 |
| | 512 | 98,683 | 131,666 | 56,326 | 653,378 | 118,027 | 108,658 | 144,860 | 161,136 | 289,888 | 197,063 | 142,550 | 113,197 |
| | 513 | 50,815 | 23,542 | 36,897 | 81,449 | 29,268 | 29,412 | 35,412 | 19,679 | 21,303 | 36,656 | 14,710 | 34,179 |
| | 514 | 10,670 | 10,213 | 17,241 | 19,646 | 6,626 | (3,736) | 19,005 | 12,616 | 12,743 | 15,159 | 1,345 | 8,563 |
| | 925 | 198 | 188 | 208 | 601 | 225 | 153 | 136 | 168 | 187 | 179 | 103 | (409) |
| | 926 | 6,014 | 5,848 | 5,712 | 16,928 | 6,160 | 4,635 | 4,247 | 5,242 | 5,977 | 5,659 | 3,129 | 10,478 |
| Total Cane Run 4 | | 906,035 | 885,422 | 982,292 | 1,326,595 | 837,674 | 851,183 | 970,902 | 832,777 | 1,107,458 | 1,025,714 | 862,319 | 972,803 |
| Cane Run 5 | 408 | 3,021 | 3,812 | 7,401 | 3,158 | 2,381 | 2,119 | 2,377 | 2,350 | 2,342 | 2,214 | 1,049 | 2,790 |
| | 426 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 500 | 25,966 | 21,091 | 24,048 | 23,020 | 22,007 | 21,471 | 22,383 | 19,849 | 22,031 | 20,550 | 17,613 | 25,841 |
| | 501 | 62,434 | 103,909 | 99,554 | 84,414 | 114,817 | 109,421 | 117,989 | 137,184 | 72,920 | 73,529 | 46,486 | 45,708 |
| | 502 | 620,009 | 511,873 | 521,374 | 678,528 | 508,270 | 477,876 | 517,324 | 411,159 | 539,901 | 555,799 | 523,241 | 660,338 |
| | 505 | 2,957 | 1,443 | 3,089 | 3,882 | 1,957 | 3,076 | 3,240 | 1,019 | 1,577 | 2,396 | 1,715 | 4,590 |
| | 506 | 139,979 | 155,976 | 127,035 | 195,904 | 121,620 | 153,633 | 151,205 | 197,172 | 176,246 | 112,633 | 153,661 | 108,291 |
| | 507 | 255 | - | - | - | - | 1,275 | - | 510 | 255 | 255 | 255 | 255 |
| | 509 | 395 | 381 | 261 | 2,944 | 1,196 | 1,239 | 4,935 | 2,863 | 4,962 | 1,992 | 2,711 | 2,086 |
| | 510 | 24,182 | 26,960 | 33,269 | 31,347 | 28,321 | 17,885 | 27,560 | 14,063 | 17,589 | 63,309 | (7,302) | 5,904 |
| | 511 | 17,735 | 15,381 | 19,022 | 9,018 | 8,167 | 15,422 | 14,914 | 17,657 | 12,398 | 13,384 | 21,424 | 46,032 |
| | 512 | 147,555 | 207,961 | 454,726 | 264,021 | 163,607 | 196,411 | 175,465 | 202,166 | 216,860 | 206,798 | 208,827 | 223,070 |
| | 513 | 51,900 | 19,971 | 59,635 | 77,859 | 61,627 | 24,117 | 60,413 | 80,006 | 39,238 | 52,422 | 35,854 | 23,858 |
| | 514 | 11,856 | 11,348 | 19,157 | 21,829 | 7,362 | (4,151) | 21,117 | 14,018 | 14,159 | 16,843 | 1,495 | 9,515 |
| | 925 | 287 | 407 | 486 | 222 | 298 | 171 | 184 | 203 | 199 | 183 | 87 | (268) |
| | 926 | 9,031 | 12,535 | 13,404 | 6,094 | 8,177 | 5,380 | 5,908 | 6,306 | 6,116 | 5,565 | 2,659 | 6,698 |
| Total Cane Run 5 | | 1,117,560 | 1,093,050 | 1,382,461 | 1,402,240 | 1,049,808 | 1,025,344 | 1,125,015 | 1,106,524 | 1,126,794 | 1,127,872 | 1,009,776 | 1,164,707 |

Operating Expenses by FERC
 LG&E Retired and/or Retirin:
 2013-2017
 Case No. 2014-00371
 KIUC Q. 1-7

| FERC | Actuals | | | | | | | | | | | | |
|-----------------------|---------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|----------|----------|----------|
| | Jan-14 | Feb-14 | Mar-14 | Apr-14 | May-14 | Jun-14 | Jul-14 | Aug-14 | Sep-14 | Oct-14 | Nov-14 | Dec-14 | |
| Cane Run 6 | 408 | 4,653 | 4,323 | 11,160 | 4,167 | 4,044 | 4,139 | 2,621 | 2,295 | 2,360 | 2,087 | 2,073 | 4,160 |
| | 500 | 37,218 | 30,231 | 34,469 | 32,996 | 31,543 | 30,775 | 32,083 | 28,451 | 31,578 | 29,455 | 25,245 | 37,039 |
| | 501 | 155,401 | 107,270 | 139,804 | 118,936 | 149,761 | 105,840 | 111,697 | 98,078 | 59,006 | 48,111 | 72,574 | 57,899 |
| | 502 | 743,757 | 742,144 | 508,023 | 630,638 | 605,310 | 659,467 | 805,046 | 744,907 | 448,013 | 6,768 | 337,114 | 25,286 |
| | 505 | 2,747 | 1,741 | 2,442 | 2,830 | 1,874 | 3,456 | 3,962 | 1,469 | 1,007 | - | 808 | - |
| | 506 | 214,251 | 254,263 | 192,283 | 286,022 | 362,559 | 229,988 | 214,153 | 239,398 | 259,042 | 161,580 | 203,430 | 170,488 |
| | 507 | 366 | - | - | - | - | 1,828 | - | 731 | 366 | 366 | 366 | 366 |
| | 509 | 566 | 546 | 374 | 4,219 | 1,715 | 1,776 | 7,074 | 4,103 | 7,112 | 2,855 | 3,886 | 2,990 |
| | 510 | 34,660 | 38,643 | 47,685 | 44,931 | 40,594 | 25,635 | 39,502 | 20,157 | 25,211 | 90,742 | (10,467) | 8,462 |
| | 511 | 24,876 | 21,083 | 35,940 | 15,910 | 11,311 | 17,271 | 16,274 | 27,927 | 7,020 | 12,162 | 13,568 | 37,180 |
| | 512 | 253,372 | 246,379 | 462,259 | 507,568 | 267,247 | 231,623 | 252,488 | 180,633 | 124,670 | 92,175 | 80,507 | 71,332 |
| | 513 | 113,450 | 114,197 | 504,521 | (325,916) | 24,492 | 36,940 | 53,233 | 27,622 | 17,950 | 5,700 | 23,594 | 3,556 |
| | 514 | 16,993 | 16,266 | 27,458 | 31,288 | 10,553 | (5,950) | 30,268 | 20,092 | 20,295 | 24,141 | 2,142 | 13,638 |
| | 925 | 426 | 382 | 724 | 384 | 415 | 290 | 245 | 176 | 212 | 148 | 159 | (323) |
| | 926 | 13,419 | 12,534 | 20,088 | 10,607 | 11,504 | 10,175 | 7,258 | 5,340 | 6,515 | 4,479 | 4,829 | 7,951 |
| Total Cane Run 6 | | 1,616,155 | 1,590,001 | 1,987,230 | 1,364,579 | 1,522,921 | 1,353,252 | 1,575,902 | 1,401,379 | 1,010,358 | 480,769 | 759,828 | 440,023 |
| Cane Run Common | 408 | 86,947 | 75,595 | 88,285 | 75,663 | 72,580 | 66,197 | 71,078 | 69,993 | 69,286 | 56,455 | 52,088 | 118,007 |
| | 426 | 6,860 | 3,837 | 1,781 | 3,403 | 1,821 | 9,525 | 1,230 | 5,026 | 2,031 | 4,294 | 7,502 | 7,437 |
| | 500 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 501 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 502 | - | - | - | - | (1,847) | - | 1,847 | (12,224) | (2,865) | (8,617) | (14,466) | (5,328) |
| | 505 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 506 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 507 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 509 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 510 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 511 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 512 | - | (27) | - | - | (5,657) | - | 5,657 | (165) | 2,972 | (18,375) | (3,464) | (21,693) |
| | 513 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 514 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 921 | 231 | 110 | - | - | 150 | - | 150 | - | - | 50 | - | 305 |
| | 925 | 10,085 | 8,972 | 10,074 | 8,834 | 8,301 | 5,755 | 6,069 | 6,095 | 5,888 | 4,963 | 3,713 | (8,722) |
| | 926 | 315,607 | 279,536 | 278,517 | 243,905 | 231,433 | 178,290 | 187,517 | 186,739 | 180,671 | 151,720 | 113,678 | 210,761 |
| | 930 | 417 | - | - | - | - | (417) | - | - | - | - | - | - |
| Total Cane Run Common | | 420,146 | 368,023 | 378,657 | 331,804 | 306,780 | 259,351 | 273,548 | 255,463 | 257,984 | 190,489 | 159,051 | 300,766 |

Operating Expenses by FERC
 LG&E Retired and/or Retirin;
 2013-2017
 Case No. 2014-00371
 KIUC Q. 1-7

| | | Budget | | | | | | | | | | | |
|------------------|-----|---------|---------|---------|---------|--------|--------|--------|--------|--------|--------|--------|--------|
| FERC | | Jan-15 | Feb-15 | Mar-15 | Apr-15 | May-15 | Jun-15 | Jul-15 | Aug-15 | Sep-15 | Oct-15 | Nov-15 | Dec-15 |
| Cane Run 4 | 408 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 500 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 501 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 502 | 153,069 | 126,244 | 165,864 | 190,135 | - | - | - | - | - | - | - | - |
| | 505 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 506 | 1,994 | 8,629 | 22,022 | 9,193 | - | - | - | - | - | - | - | - |
| | 507 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 509 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 510 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 511 | - | - | 5,573 | 8,657 | - | - | - | - | - | - | - | - |
| | 512 | 7,022 | 12,224 | 12,745 | 23,363 | - | - | - | - | - | - | - | - |
| | 513 | 574 | 574 | 5,880 | 574 | - | - | - | - | - | - | - | - |
| | 514 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 925 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 926 | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Cane Run 4 | | 162,659 | 147,671 | 212,084 | 231,922 | - | - | - | - | - | - | - | - |
| Cane Run 5 | 408 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 426 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 500 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 501 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 502 | 279,544 | 207,874 | 289,133 | 299,100 | - | - | - | - | - | - | - | - |
| | 505 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 506 | - | 9,237 | 18,544 | 9,800 | - | - | - | - | - | - | - | - |
| | 507 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 509 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 510 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 511 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 512 | 17,725 | 9,208 | 13,327 | 8,361 | - | - | - | - | - | - | - | - |
| | 513 | 718 | 718 | 718 | 718 | - | - | - | - | - | - | - | - |
| | 514 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 925 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 926 | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Cane Run 5 | | 297,987 | 227,037 | 321,722 | 317,979 | - | - | - | - | - | - | - | - |

Operating Expenses by FERC
 LG&E Retired and/or Retirin;
 2013-2017
 Case No. 2014-00371
 KIUC Q. 1-7

| FERC | Budget | | | | | | | | | | | | |
|-----------------------|--------|-----------|-----------|-----------|------------|---------|---------|---------|---------|---------|---------|---------|---------|
| | Jan-15 | Feb-15 | Mar-15 | Apr-15 | May-15 | Jun-15 | Jul-15 | Aug-15 | Sep-15 | Oct-15 | Nov-15 | Dec-15 | |
| Cane Run 6 | 408 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 500 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 501 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 502 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 505 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 506 | - | 2,477 | 4,529 | 1,126 | - | - | - | - | - | - | - | - |
| | 507 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 509 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 510 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 511 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 512 | 988 | 988 | 13,228 | 16,288 | - | - | - | - | - | - | - | - |
| | 513 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 514 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 925 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 926 | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Cane Run 6 | | 988 | 3,465 | 17,757 | 17,414 | - | - | - | - | - | - | - | - |
| Cane Run Common | 408 | 60,530 | 58,849 | 64,349 | 60,777 | - | - | - | - | - | - | - | - |
| | 426 | 219 | - | 1,639 | 1,912 | - | - | - | - | - | - | - | - |
| | 500 | 15,000 | 15,000 | 15,000 | 2,515,261 | - | - | - | - | - | - | - | - |
| | 501 | 104,501 | 145,878 | 104,351 | 158,095 | - | - | - | - | - | - | - | - |
| | 502 | 478,786 | 468,050 | 512,475 | 506,675 | 46,590 | 16,590 | 16,590 | 16,590 | 16,590 | - | - | - |
| | 505 | 5,231 | 5,231 | 9,165 | 5,231 | - | - | - | - | - | - | - | - |
| | 506 | 484,428 | 489,265 | 528,407 | 696,390 | 103,986 | 103,296 | 103,986 | 103,986 | 103,296 | 103,986 | 103,296 | 103,986 |
| | 507 | 836 | 836 | 836 | 836 | - | - | - | - | - | - | - | - |
| | 509 | 20 | 16 | 15 | 9 | 21 | 21 | 29 | 29 | 23 | 12 | 16 | 17 |
| | 510 | 78,961 | 70,323 | 76,983 | 115,449 | - | 10,000 | - | 1,530 | 1,530 | 8,160 | 6,120 | 1,020 |
| | 511 | 71,489 | 84,926 | 72,272 | 71,911 | - | - | - | - | - | - | - | - |
| | 512 | 406,113 | 380,171 | 509,689 | 491,581 | - | - | - | - | - | - | - | - |
| | 513 | 68,690 | 61,294 | 74,977 | 64,432 | - | - | - | - | - | - | - | - |
| | 514 | 20,994 | 20,994 | 20,994 | 8,999,395 | - | - | - | - | - | - | - | - |
| | 921 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 925 | 10,377 | 10,089 | 11,032 | 10,420 | - | - | - | - | - | - | - | - |
| | 926 | 378,600 | 368,089 | 402,493 | 380,150 | - | - | - | - | - | - | - | - |
| | 930 | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Cane Run Common | | 2,184,775 | 2,179,010 | 2,404,676 | 14,078,523 | 150,597 | 129,907 | 120,605 | 122,135 | 121,439 | 112,158 | 109,432 | 105,023 |

Operating Expenses by FERC
 LG&E Retired and/or Retirin;
 2013-2017
 Case No. 2014-00371
 KIUC Q. 1-7

| | | Budget | | | | | | | | | | | |
|------------------|-----|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| FERC | | Jan-16 | Feb-16 | Mar-16 | Apr-16 | May-16 | Jun-16 | Jul-16 | Aug-16 | Sep-16 | Oct-16 | Nov-16 | Dec-16 |
| Cane Run 4 | 408 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 500 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 501 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 502 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 505 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 506 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 507 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 509 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 510 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 511 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 512 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 513 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 514 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 925 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 926 | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Cane Run 4 | | - | - | - | - | - | - | - | - | - | - | - | - |
| Cane Run 5 | 408 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 426 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 500 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 501 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 502 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 505 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 506 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 507 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 509 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 510 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 511 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 512 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 513 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 514 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 925 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 926 | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Cane Run 5 | | - | - | - | - | - | - | - | - | - | - | - | - |

Operating Expenses by FERC
 LG&E Retired and/or Retirin;
 2013-2017
 Case No. 2014-00371
 KIUC Q. 1-7

| | | Budget | | | | | | | | | | | |
|------------------------------|-----|---------------|---------------|---------------|---------------|---------------|----------------|---------------|----------------|----------------|----------------|----------------|----------------|
| FERC | | Jan-16 | Feb-16 | Mar-16 | Apr-16 | May-16 | Jun-16 | Jul-16 | Aug-16 | Sep-16 | Oct-16 | Nov-16 | Dec-16 |
| Cane Run 6 | 408 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 500 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 501 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 502 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 505 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 506 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 507 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 509 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 510 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 511 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 512 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 513 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 514 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 925 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 926 | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Cane Run 6 | | - | - | - | - | - | - | - | - | - | - | - | - |
| Cane Run Common | 408 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 426 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 500 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 501 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 502 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 505 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 506 | 99,903 | 98,494 | 99,903 | 99,198 | 99,903 | 99,198 | 99,903 | 99,903 | 99,198 | 99,903 | 99,197 | 99,902 |
| | 507 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 509 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 510 | - | - | - | - | - | 10,200 | - | 1,561 | 1,561 | 8,323 | 6,242 | 1,040 |
| | 511 | - | - | - | - | - | 150,000 | - | - | - | - | - | 150,000 |
| | 512 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 513 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 514 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 921 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 925 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 926 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 930 | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Cane Run Common | | 99,903 | 98,494 | 99,903 | 99,198 | 99,903 | 259,398 | 99,903 | 101,464 | 100,759 | 108,226 | 105,439 | 250,942 |

Operating Expenses by FERC
 LG&E Retired and/or Retirin;
 2013-2017
 Case No. 2014-00371
 KIUC Q. 1-7

| | | Budget | | | | | | | | | | | |
|------------------|-----|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| FERC | | Jan-17 | Feb-17 | Mar-17 | Apr-17 | May-17 | Jun-17 | Jul-17 | Aug-17 | Sep-17 | Oct-17 | Nov-17 | Dec-17 |
| Cane Run 4 | 408 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 500 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 501 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 502 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 505 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 506 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 507 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 509 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 510 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 511 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 512 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 513 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 514 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 925 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 926 | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Cane Run 4 | | - | - | - | - | - | - | - | - | - | - | - | - |
| Cane Run 5 | 408 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 426 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 500 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 501 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 502 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 505 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 506 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 507 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 509 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 510 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 511 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 512 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 513 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 514 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 925 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 926 | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Cane Run 5 | | - | - | - | - | - | - | - | - | - | - | - | - |

Operating Expenses by FERC
 LG&E Retired and/or Retirin
 2013-2017
 Case No. 2014-00371
 KIUC Q. 1-7

| | | Budget | | | | | | | | | | | |
|-----------------------|--------|--------|--------|--------|--------|---------|--------|--------|--------|---------|--------|---------|--|
| FERC | Jan-17 | Feb-17 | Mar-17 | Apr-17 | May-17 | Jun-17 | Jul-17 | Aug-17 | Sep-17 | Oct-17 | Nov-17 | Dec-17 | |
| Cane Run 6 | 408 | - | - | - | - | - | - | - | - | - | - | - | |
| | 500 | - | - | - | - | - | - | - | - | - | - | - | |
| | 501 | - | - | - | - | - | - | - | - | - | - | - | |
| | 502 | - | - | - | - | - | - | - | - | - | - | - | |
| | 505 | - | - | - | - | - | - | - | - | - | - | - | |
| | 506 | - | - | - | - | - | - | - | - | - | - | - | |
| | 507 | - | - | - | - | - | - | - | - | - | - | - | |
| | 509 | - | - | - | - | - | - | - | - | - | - | - | |
| | 510 | - | - | - | - | - | - | - | - | - | - | - | |
| | 511 | - | - | - | - | - | - | - | - | - | - | - | |
| | 512 | - | - | - | - | - | - | - | - | - | - | - | |
| | 513 | - | - | - | - | - | - | - | - | - | - | - | |
| | 514 | - | - | - | - | - | - | - | - | - | - | - | |
| | 925 | - | - | - | - | - | - | - | - | - | - | - | |
| | 926 | - | - | - | - | - | - | - | - | - | - | - | |
| Total Cane Run 6 | | - | - | - | - | - | - | - | - | - | - | - | |
| Cane Run Common | 408 | - | - | - | - | - | - | - | - | - | - | - | |
| | 426 | - | - | - | - | - | - | - | - | - | - | - | |
| | 500 | - | - | - | - | - | - | - | - | - | - | - | |
| | 501 | - | - | - | - | - | - | - | - | - | - | - | |
| | 502 | - | - | - | - | - | - | - | - | - | - | - | |
| | 505 | - | - | - | - | - | - | - | - | - | - | - | |
| | 506 | 92,304 | 90,867 | 92,304 | 91,585 | 92,304 | 91,585 | 92,304 | 91,585 | 92,304 | 91,586 | 92,305 | |
| | 507 | - | - | - | - | - | - | - | - | - | - | - | |
| | 509 | - | - | - | - | - | - | - | - | - | - | - | |
| | 510 | - | - | - | - | 10,404 | - | 1,592 | 1,592 | 8,490 | 6,367 | 1,061 | |
| | 511 | - | - | - | - | 153,000 | - | - | - | - | - | 153,000 | |
| | 512 | - | - | - | - | - | - | - | - | - | - | - | |
| | 513 | - | - | - | - | - | - | - | - | - | - | - | |
| | 514 | - | - | - | - | - | - | - | - | - | - | - | |
| | 921 | - | - | - | - | - | - | - | - | - | - | - | |
| | 925 | - | - | - | - | - | - | - | - | - | - | - | |
| | 926 | - | - | - | - | - | - | - | - | - | - | - | |
| | 930 | - | - | - | - | - | - | - | - | - | - | - | |
| Total Cane Run Common | | 92,304 | 90,867 | 92,304 | 91,585 | 254,989 | 92,304 | 93,896 | 93,177 | 100,794 | 97,953 | 246,366 | |

EXHIBIT ____ (LK-15)

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2014-00372

**Response to First Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated January 8, 2015**

Question No. 8

Responding Witness: Russel A. Hudson

- Q.1-8. Please provide in an Excel spreadsheet the FTE staffing levels and related payroll (direct and burdens) by month from January 2013 through December 2017 at each generating unit/plant that the Company has retired or plans to retire during that five-year period.
- A.1-8. See the response to Question No. 7. See tab labeled "Q.8 LGE labor."

Operating Expenses by FERC (excl Fuel)
 LG&E Retired and/or Retiring Units
 2013-2017
 Case No. 2014-00371
 KIUC Q. 1-7

| FERC | Actuals | | | | | | | | | | | | |
|------------------|---------|-----------|---------|-----------|-----------|---------|-----------|----------|---------|---------|-----------|---------|-----------|
| | Jan-13 | Feb-13 | Mar-13 | Apr-13 | May-13 | Jun-13 | Jul-13 | Aug-13 | Sep-13 | Oct-13 | Nov-13 | Dec-13 | |
| Cane Run 4 | 408 | 2,423 | 3,226 | 2,618 | 2,301 | 2,256 | 3,735 | 3,744 | 2,683 | 2,132 | 3,115 | 2,118 | 2,926 |
| | 500 | 15,030 | 16,862 | 21,133 | 19,447 | 20,419 | 17,898 | 21,156 | 20,650 | 20,075 | 23,369 | 16,222 | 20,933 |
| | 501 | 88,319 | 139,012 | 100,655 | 115,676 | 79,807 | 142,737 | 115,524 | 126,688 | 148,808 | 111,184 | 134,047 | 98,037 |
| | 502 | 451,082 | 301,325 | 382,734 | 560,855 | 403,769 | 107,196 | (16,095) | 428,451 | 363,913 | 432,222 | 431,503 | 461,938 |
| | 505 | 2,547 | 2,246 | 980 | 3,505 | 3,019 | 236 | 0 | 1,239 | 2,169 | 1,928 | 1,289 | 1,296 |
| | 506 | 128,180 | 137,655 | 124,879 | 102,069 | 124,205 | 127,720 | 131,056 | 122,419 | 131,113 | 122,220 | 120,740 | 133,013 |
| | 507 | - | - | 230 | 230 | 230 | 230 | 230 | 230 | 230 | 230 | 230 | 230 |
| | 509 | 1,430 | 3,459 | 74 | 52 | 75 | 61 | 54 | 77 | 74 | 67 | 3,582 | 4,725 |
| | 510 | 24,987 | 21,278 | 29,911 | 31,184 | 25,008 | 26,179 | 24,049 | 31,246 | 34,307 | 69,404 | 11,885 | 10,945 |
| | 511 | 16,898 | 28,186 | 13,678 | 456 | 14,751 | 8,824 | 13,156 | 11,568 | 9,580 | 6,994 | 12,993 | 13,713 |
| | 512 | 60,504 | 177,251 | 134,905 | 171,114 | 166,025 | 122,296 | 274,304 | 121,348 | 76,284 | 329,653 | 29,223 | 126,336 |
| | 513 | 70,035 | 13,078 | 20,750 | 118,046 | 26,964 | 31,102 | 36,588 | 103,584 | 111,368 | 37,094 | 85,261 | 62,062 |
| | 514 | 13,057 | 19,338 | 12,269 | 13,015 | 12,062 | 10,097 | 13,191 | 14,979 | 10,558 | 12,776 | 15,077 | 32,248 |
| | 925 | 295 | 316 | 319 | 205 | 250 | 514 | 479 | 310 | 257 | (275) | (162) | 144 |
| | 926 | 8,956 | 9,618 | 12,915 | 8,329 | 10,135 | 21,417 | 19,452 | 12,600 | 10,420 | 12,259 | 7,178 | 10,081 |
| Total Cane Run 4 | | 883,743 | 872,851 | 858,050 | 1,146,482 | 888,974 | 620,242 | 636,888 | 998,071 | 921,286 | 1,162,240 | 871,185 | 978,627 |
| Cane Run 5 | 408 | 2,604 | 2,379 | 3,219 | 8,940 | 2,835 | 2,122 | 2,368 | 1,984 | 1,240 | 4,613 | 2,941 | 1,902 |
| | 426 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 500 | 16,700 | 18,736 | 23,482 | 21,608 | 22,688 | 19,887 | 23,507 | 22,944 | 22,305 | 25,966 | 18,025 | 23,259 |
| | 501 | 81,473 | 51,861 | 94,261 | 82,733 | 85,273 | 100,818 | 51,313 | 63,820 | 63,161 | 102,197 | 107,514 | 143,476 |
| | 502 | 504,212 | 406,849 | 410,214 | 124,781 | 413,060 | 527,731 | 520,294 | 464,284 | 493,894 | 414,771 | 410,522 | 450,794 |
| | 505 | 2,946 | 3,107 | 1,081 | 535 | 3,156 | 1,837 | 2,764 | 1,397 | 3,044 | 1,970 | 1,251 | 1,311 |
| | 506 | 145,368 | 151,385 | 133,491 | 126,244 | 148,102 | 139,857 | 142,327 | 134,602 | 145,603 | 136,361 | 158,483 | 159,066 |
| | 507 | - | - | 255 | 255 | 255 | 255 | 255 | 255 | 255 | 255 | 255 | 255 |
| | 509 | 2 | 65 | 83 | 56 | 83 | 70 | 62 | 87 | 84 | 74 | 3,981 | 5,249 |
| | 510 | 27,763 | 23,642 | 33,235 | 34,649 | 27,787 | 29,088 | 26,721 | 34,717 | 38,119 | 77,116 | 13,206 | 12,162 |
| | 511 | 33,936 | 31,994 | 21,839 | 11,156 | 32,875 | 30,434 | 17,257 | 31,332 | 10,411 | 14,330 | 19,463 | 23,982 |
| | 512 | 147,069 | 132,791 | 289,403 | 1,018,291 | 69,961 | 113,622 | 99,327 | 103,129 | 43,650 | 321,916 | 186,055 | 195,208 |
| | 513 | 62,916 | 101,142 | 32,049 | 153,722 | 117,509 | 53,445 | 47,477 | 26,750 | 13,551 | 33,497 | 43,498 | 96,266 |
| | 514 | 14,508 | 21,487 | 13,632 | 14,461 | 13,402 | 11,219 | 14,657 | 16,643 | 11,731 | 14,195 | 16,753 | 35,831 |
| | 925 | 343 | 340 | 353 | 724 | 410 | 278 | 357 | 292 | 169 | (358) | (274) | 125 |
| | 926 | 10,425 | 10,331 | 14,330 | 29,372 | 16,648 | 11,286 | 14,489 | 11,837 | 6,879 | 15,824 | 12,102 | 8,007 |
| Total Cane Run 5 | | 1,050,266 | 956,108 | 1,070,928 | 1,627,526 | 954,044 | 1,041,950 | 963,175 | 914,072 | 854,096 | 1,162,727 | 993,774 | 1,156,892 |

Operating Expenses by FERC (excl Fuel)
 LG&E Retired and/or Retiring Units
 2013-2017
 Case No. 2014-00371
 KIUC Q. 1-7

| FERC | Actuals | | | | | | | | | | | | |
|-----------------------|---------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | Jan-13 | Feb-13 | Mar-13 | Apr-13 | May-13 | Jun-13 | Jul-13 | Aug-13 | Sep-13 | Oct-13 | Nov-13 | Dec-13 | |
| Cane Run 6 | 408 | 4,606 | 3,057 | 4,285 | 5,783 | 3,103 | 1,771 | 2,774 | 4,275 | 2,014 | 2,299 | 3,304 | 2,228 |
| | 500 | 23,937 | 26,855 | 33,657 | 30,971 | 92,705 | (31,682) | 33,693 | 32,886 | 31,971 | 37,217 | 25,835 | 33,338 |
| | 501 | 181,267 | 113,500 | 114,544 | 114,049 | 124,005 | 68,405 | 71,349 | 136,551 | 54,749 | 115,386 | 120,300 | 99,658 |
| | 502 | 664,251 | 473,286 | 679,267 | 742,763 | 508,714 | 747,097 | 709,446 | 473,895 | 649,975 | 770,109 | 624,733 | 688,535 |
| | 505 | 2,809 | 2,696 | 1,519 | 3,942 | 2,765 | 2,138 | 2,979 | 1,045 | 2,957 | 2,861 | 1,462 | 1,475 |
| | 506 | 206,755 | 256,143 | 192,636 | 169,060 | 228,956 | 217,049 | 204,801 | 206,898 | 228,469 | 216,162 | 190,049 | 225,346 |
| | 507 | - | - | 366 | 366 | 366 | 366 | 366 | 366 | 366 | 366 | 366 | 366 |
| | 509 | 3 | 93 | 119 | 81 | 117 | 99 | 88 | 121 | 119 | 106 | 5,704 | 7,523 |
| | 510 | 39,794 | 33,887 | 47,636 | 49,663 | 39,828 | 41,692 | 38,300 | 49,761 | 54,637 | 110,532 | 18,928 | 17,432 |
| | 511 | 12,085 | 12,222 | 13,740 | (1,622) | 18,032 | 13,865 | 20,481 | 18,534 | 17,221 | 11,135 | 22,055 | 22,602 |
| | 512 | 450,133 | 24,011 | 234,395 | 330,384 | 228,838 | 228,913 | 140,625 | 420,345 | 179,435 | 240,749 | 165,610 | 210,802 |
| | 513 | 297,965 | 148,026 | 29,684 | 181,232 | 39,840 | 60,669 | 42,947 | 108,357 | 2,688 | 57,596 | 43,397 | 8,710 |
| | 514 | 20,794 | 30,798 | 19,539 | 20,728 | 19,210 | 16,081 | 21,008 | 23,855 | 16,815 | 20,346 | 24,012 | 51,358 |
| | 925 | 552 | 346 | 360 | 572 | 385 | 217 | 375 | 521 | 204 | (196) | (275) | 132 |
| | 926 | 16,784 | 10,506 | 14,632 | 23,547 | 15,621 | 8,820 | 15,237 | 21,544 | 8,264 | 8,685 | 12,189 | 8,802 |
| Total Cane Run 6 | | 1,921,734 | 1,135,425 | 1,386,379 | 1,671,519 | 1,322,487 | 1,375,501 | 1,304,468 | 1,498,954 | 1,249,882 | 1,593,352 | 1,257,668 | 1,378,306 |
| Cane Run Common | 408 | 68,489 | 62,366 | 65,236 | 66,889 | 60,442 | 67,193 | 66,495 | 67,497 | 68,185 | 72,337 | 55,447 | 64,496 |
| | 426 | 2,132 | 1,242 | 551 | 4,573 | 14,483 | 9,733 | 1,320 | 1,800 | 1,680 | 4,000 | 115,588 | 24,441 |
| | 500 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 501 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 502 | - | - | - | - | - | (14,804) | 1 | (401) | - | - | - | (2,946) |
| | 505 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 506 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 507 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 509 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 510 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 511 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 512 | - | (27) | - | - | - | (19,310) | - | (6,901) | - | - | - | - |
| | 513 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 514 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 921 | 333 | - | 130 | 35 | 165 | - | 660 | - | - | - | 130 | 140 |
| | 925 | 9,353 | 8,194 | 8,399 | 8,225 | 8,068 | 8,921 | 8,718 | 8,959 | 8,345 | (8,414) | (6,487) | 3,251 |
| | 926 | 278,928 | 250,769 | 339,541 | 336,693 | 332,495 | 364,312 | 358,192 | 369,429 | 340,200 | 375,275 | 289,447 | 270,349 |
| | 930 | - | 390 | - | 172 | 1,166 | - | - | 75 | - | - | - | - |
| Total Cane Run Common | | 359,235 | 322,933 | 413,858 | 416,588 | 416,818 | 416,046 | 435,387 | 440,456 | 418,411 | 443,197 | 454,124 | 359,732 |

Operating Expenses by FERC
 LG&E Retired and/or Retirin;
 2013-2017
 Case No. 2014-00371
 KIUC Q. 1-7

| | | Actuals | | | | | | | | | | | |
|------------------|-----|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| FERC | | Jan-14 | Feb-14 | Mar-14 | Apr-14 | May-14 | Jun-14 | Jul-14 | Aug-14 | Sep-14 | Oct-14 | Nov-14 | Dec-14 |
| Cane Run 4 | 408 | 2,334 | 2,113 | 2,225 | 7,981 | 2,125 | 2,223 | 2,409 | 2,251 | 2,883 | 2,530 | 1,594 | 4,951 |
| | 500 | 23,369 | 18,982 | 21,643 | 20,718 | 19,806 | 19,324 | 20,145 | 17,864 | 19,828 | 18,495 | 15,851 | 23,257 |
| | 501 | 79,178 | 128,469 | 92,047 | 106,166 | 130,546 | 75,440 | 113,997 | 124,962 | 57,423 | 76,056 | 56,461 | 42,367 |
| | 502 | 487,424 | 391,800 | 579,652 | 211,992 | 364,109 | 426,336 | 446,966 | 299,709 | 503,000 | 495,377 | 498,907 | 591,635 |
| | 505 | 2,233 | 1,064 | 3,317 | 1,205 | 1,393 | 2,782 | 2,747 | 745 | 1,501 | 2,092 | 1,561 | 3,999 |
| | 506 | 106,906 | 132,851 | 122,207 | 169,308 | 122,314 | 155,375 | 141,704 | 158,032 | 165,543 | 108,130 | 121,008 | 103,420 |
| | 507 | 230 | - | - | - | - | 1,148 | - | 459 | 230 | 230 | 230 | 230 |
| | 509 | 356 | 343 | 235 | 2,649 | 1,077 | 1,115 | 4,442 | 2,576 | 4,466 | 1,793 | 2,440 | 1,877 |
| | 510 | 21,763 | 24,264 | 29,942 | 28,212 | 25,489 | 16,097 | 24,804 | 12,657 | 15,830 | 56,978 | (6,572) | 5,313 |
| | 511 | 15,860 | 14,077 | 14,640 | 6,363 | 10,509 | 12,223 | 10,030 | 14,681 | 6,656 | 9,318 | 9,002 | 29,746 |
| | 512 | 98,683 | 131,666 | 56,326 | 653,378 | 118,027 | 108,658 | 144,860 | 161,136 | 289,888 | 197,063 | 142,550 | 113,197 |
| | 513 | 50,815 | 23,542 | 36,897 | 81,449 | 29,268 | 29,412 | 35,412 | 19,679 | 21,303 | 36,656 | 14,710 | 34,179 |
| | 514 | 10,670 | 10,213 | 17,241 | 19,646 | 6,626 | (3,736) | 19,005 | 12,616 | 12,743 | 15,159 | 1,345 | 8,563 |
| | 925 | 198 | 188 | 208 | 601 | 225 | 153 | 136 | 168 | 187 | 179 | 103 | (409) |
| | 926 | 6,014 | 5,848 | 5,712 | 16,928 | 6,160 | 4,635 | 4,247 | 5,242 | 5,977 | 5,659 | 3,129 | 10,478 |
| Total Cane Run 4 | | 906,035 | 885,422 | 982,292 | 1,326,595 | 837,674 | 851,183 | 970,902 | 832,777 | 1,107,458 | 1,025,714 | 862,319 | 972,803 |
| Cane Run 5 | 408 | 3,021 | 3,812 | 7,401 | 3,158 | 2,381 | 2,119 | 2,377 | 2,350 | 2,342 | 2,214 | 1,049 | 2,790 |
| | 426 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 500 | 25,966 | 21,091 | 24,048 | 23,020 | 22,007 | 21,471 | 22,383 | 19,849 | 22,031 | 20,550 | 17,613 | 25,841 |
| | 501 | 62,434 | 103,909 | 99,554 | 84,414 | 114,817 | 109,421 | 117,989 | 137,184 | 72,920 | 73,529 | 46,486 | 45,708 |
| | 502 | 620,009 | 511,873 | 521,374 | 678,528 | 508,270 | 477,876 | 517,324 | 411,159 | 539,901 | 555,799 | 523,241 | 660,338 |
| | 505 | 2,957 | 1,443 | 3,089 | 3,882 | 1,957 | 3,076 | 3,240 | 1,019 | 1,577 | 2,396 | 1,715 | 4,590 |
| | 506 | 139,979 | 155,976 | 127,035 | 195,904 | 121,620 | 153,633 | 151,205 | 197,172 | 176,246 | 112,633 | 153,661 | 108,291 |
| | 507 | 255 | - | - | - | - | 1,275 | - | 510 | 255 | 255 | 255 | 255 |
| | 509 | 395 | 381 | 261 | 2,944 | 1,196 | 1,239 | 4,935 | 2,863 | 4,962 | 1,992 | 2,711 | 2,086 |
| | 510 | 24,182 | 26,960 | 33,269 | 31,347 | 28,321 | 17,885 | 27,560 | 14,063 | 17,589 | 63,309 | (7,302) | 5,904 |
| | 511 | 17,735 | 15,381 | 19,022 | 9,018 | 8,167 | 15,422 | 14,914 | 17,657 | 12,398 | 13,384 | 21,424 | 46,032 |
| | 512 | 147,555 | 207,961 | 454,726 | 264,021 | 163,607 | 196,411 | 175,465 | 202,166 | 216,860 | 206,798 | 208,827 | 223,070 |
| | 513 | 51,900 | 19,971 | 59,635 | 77,859 | 61,627 | 24,117 | 60,413 | 80,006 | 39,238 | 52,422 | 35,854 | 23,858 |
| | 514 | 11,856 | 11,348 | 19,157 | 21,829 | 7,362 | (4,151) | 21,117 | 14,018 | 14,159 | 16,843 | 1,495 | 9,515 |
| | 925 | 287 | 407 | 486 | 222 | 298 | 171 | 184 | 203 | 199 | 183 | 87 | (268) |
| | 926 | 9,031 | 12,535 | 13,404 | 6,094 | 8,177 | 5,380 | 5,908 | 6,306 | 6,116 | 5,565 | 2,659 | 6,698 |
| Total Cane Run 5 | | 1,117,560 | 1,093,050 | 1,382,461 | 1,402,240 | 1,049,808 | 1,025,344 | 1,125,015 | 1,106,524 | 1,126,794 | 1,127,872 | 1,009,776 | 1,164,707 |

Operating Expenses by FERC
 LG&E Retired and/or Retirin;
 2013-2017
 Case No. 2014-00371
 KIUC Q. 1-7

| | | Actuals | | | | | | | | | | | |
|-----------------------|-----|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|----------|----------|----------|
| FERC | | Jan-14 | Feb-14 | Mar-14 | Apr-14 | May-14 | Jun-14 | Jul-14 | Aug-14 | Sep-14 | Oct-14 | Nov-14 | Dec-14 |
| Cane Run 6 | 408 | 4,653 | 4,323 | 11,160 | 4,167 | 4,044 | 4,139 | 2,621 | 2,295 | 2,360 | 2,087 | 2,073 | 4,160 |
| | 500 | 37,218 | 30,231 | 34,469 | 32,996 | 31,543 | 30,775 | 32,083 | 28,451 | 31,578 | 29,455 | 25,245 | 37,039 |
| | 501 | 155,401 | 107,270 | 139,804 | 118,936 | 149,761 | 105,840 | 111,697 | 98,078 | 59,006 | 48,111 | 72,574 | 57,899 |
| | 502 | 743,757 | 742,144 | 508,023 | 630,638 | 605,310 | 659,467 | 805,046 | 744,907 | 448,013 | 6,768 | 337,114 | 25,286 |
| | 505 | 2,747 | 1,741 | 2,442 | 2,830 | 1,874 | 3,456 | 3,962 | 1,469 | 1,007 | - | 808 | - |
| | 506 | 214,251 | 254,263 | 192,283 | 286,022 | 362,559 | 229,988 | 214,153 | 239,398 | 259,042 | 161,580 | 203,430 | 170,488 |
| | 507 | 366 | - | - | - | - | 1,828 | - | 731 | 366 | 366 | 366 | 366 |
| | 509 | 566 | 546 | 374 | 4,219 | 1,715 | 1,776 | 7,074 | 4,103 | 7,112 | 2,855 | 3,886 | 2,990 |
| | 510 | 34,660 | 38,643 | 47,685 | 44,931 | 40,594 | 25,635 | 39,502 | 20,157 | 25,211 | 90,742 | (10,467) | 8,462 |
| | 511 | 24,876 | 21,083 | 35,940 | 15,910 | 11,311 | 17,271 | 16,274 | 27,927 | 7,020 | 12,162 | 13,568 | 37,180 |
| | 512 | 253,372 | 246,379 | 462,259 | 507,568 | 267,247 | 231,623 | 252,488 | 180,633 | 124,670 | 92,175 | 80,507 | 71,332 |
| | 513 | 113,450 | 114,197 | 504,521 | (325,916) | 24,492 | 36,940 | 53,233 | 27,622 | 17,950 | 5,700 | 23,594 | 3,556 |
| | 514 | 16,993 | 16,266 | 27,458 | 31,288 | 10,553 | (5,950) | 30,268 | 20,092 | 20,295 | 24,141 | 2,142 | 13,638 |
| | 925 | 426 | 382 | 724 | 384 | 415 | 290 | 245 | 176 | 212 | 148 | 159 | (323) |
| | 926 | 13,419 | 12,534 | 20,088 | 10,607 | 11,504 | 10,175 | 7,258 | 5,340 | 6,515 | 4,479 | 4,829 | 7,951 |
| Total Cane Run 6 | | 1,616,155 | 1,590,001 | 1,987,230 | 1,364,579 | 1,522,921 | 1,353,252 | 1,575,902 | 1,401,379 | 1,010,358 | 480,769 | 759,828 | 440,023 |
| Cane Run Common | 408 | 86,947 | 75,595 | 88,285 | 75,663 | 72,580 | 66,197 | 71,078 | 69,993 | 69,286 | 56,455 | 52,088 | 118,007 |
| | 426 | 6,860 | 3,837 | 1,781 | 3,403 | 1,821 | 9,525 | 1,230 | 5,026 | 2,031 | 4,294 | 7,502 | 7,437 |
| | 500 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 501 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 502 | - | - | - | - | (1,847) | - | 1,847 | (12,224) | (2,865) | (8,617) | (14,466) | (5,328) |
| | 505 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 506 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 507 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 509 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 510 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 511 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 512 | - | (27) | - | - | (5,657) | - | 5,657 | (165) | 2,972 | (18,375) | (3,464) | (21,693) |
| | 513 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 514 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 921 | 231 | 110 | - | - | 150 | - | 150 | - | - | 50 | - | 305 |
| | 925 | 10,085 | 8,972 | 10,074 | 8,834 | 8,301 | 5,755 | 6,069 | 6,095 | 5,888 | 4,963 | 3,713 | (8,722) |
| | 926 | 315,607 | 279,536 | 278,517 | 243,905 | 231,433 | 178,290 | 187,517 | 186,739 | 180,671 | 151,720 | 113,678 | 210,761 |
| | 930 | 417 | - | - | - | - | (417) | - | - | - | - | - | - |
| Total Cane Run Common | | 420,146 | 368,023 | 378,657 | 331,804 | 306,780 | 259,351 | 273,548 | 255,463 | 257,984 | 190,489 | 159,051 | 300,766 |

Operating Expenses by FERC
 LG&E Retired and/or Retirin;
 2013-2017
 Case No. 2014-00371
 KIUC Q. 1-7

| | | Budget | | | | | | | | | | | |
|------------------|-----|---------|---------|---------|---------|--------|--------|--------|--------|--------|--------|--------|--------|
| FERC | | Jan-15 | Feb-15 | Mar-15 | Apr-15 | May-15 | Jun-15 | Jul-15 | Aug-15 | Sep-15 | Oct-15 | Nov-15 | Dec-15 |
| Cane Run 4 | 408 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 500 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 501 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 502 | 153,069 | 126,244 | 165,864 | 190,135 | - | - | - | - | - | - | - | - |
| | 505 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 506 | 1,994 | 8,629 | 22,022 | 9,193 | - | - | - | - | - | - | - | - |
| | 507 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 509 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 510 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 511 | - | - | 5,573 | 8,657 | - | - | - | - | - | - | - | - |
| | 512 | 7,022 | 12,224 | 12,745 | 23,363 | - | - | - | - | - | - | - | - |
| | 513 | 574 | 574 | 5,880 | 574 | - | - | - | - | - | - | - | - |
| | 514 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 925 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 926 | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Cane Run 4 | | 162,659 | 147,671 | 212,084 | 231,922 | - | - | - | - | - | - | - | - |
| Cane Run 5 | 408 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 426 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 500 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 501 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 502 | 279,544 | 207,874 | 289,133 | 299,100 | - | - | - | - | - | - | - | - |
| | 505 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 506 | - | 9,237 | 18,544 | 9,800 | - | - | - | - | - | - | - | - |
| | 507 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 509 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 510 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 511 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 512 | 17,725 | 9,208 | 13,327 | 8,361 | - | - | - | - | - | - | - | - |
| | 513 | 718 | 718 | 718 | 718 | - | - | - | - | - | - | - | - |
| | 514 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 925 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 926 | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Cane Run 5 | | 297,987 | 227,037 | 321,722 | 317,979 | - | - | - | - | - | - | - | - |

Operating Expenses by FERC
 LG&E Retired and/or Retirin
 2013-2017
 Case No. 2014-00371
 KIUC Q. 1-7

| FERC | Budget | | | | | | | | | | | | |
|-----------------------|--------|-----------|-----------|-----------|------------|---------|---------|---------|---------|---------|---------|---------|---------|
| | Jan-15 | Feb-15 | Mar-15 | Apr-15 | May-15 | Jun-15 | Jul-15 | Aug-15 | Sep-15 | Oct-15 | Nov-15 | Dec-15 | |
| Cane Run 6 | 408 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 500 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 501 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 502 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 505 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 506 | - | 2,477 | 4,529 | 1,126 | - | - | - | - | - | - | - | - |
| | 507 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 509 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 510 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 511 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 512 | 988 | 988 | 13,228 | 16,288 | - | - | - | - | - | - | - | - |
| | 513 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 514 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 925 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 926 | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Cane Run 6 | | 988 | 3,465 | 17,757 | 17,414 | - | - | - | - | - | - | - | - |
| Cane Run Common | 408 | 60,530 | 58,849 | 64,349 | 60,777 | - | - | - | - | - | - | - | - |
| | 426 | 219 | - | 1,639 | 1,912 | - | - | - | - | - | - | - | - |
| | 500 | 15,000 | 15,000 | 15,000 | 2,515,261 | - | - | - | - | - | - | - | - |
| | 501 | 104,501 | 145,878 | 104,351 | 158,095 | - | - | - | - | - | - | - | - |
| | 502 | 478,786 | 468,050 | 512,475 | 506,675 | 46,590 | 16,590 | 16,590 | 16,590 | 16,590 | - | - | - |
| | 505 | 5,231 | 5,231 | 9,165 | 5,231 | - | - | - | - | - | - | - | - |
| | 506 | 484,428 | 489,265 | 528,407 | 696,390 | 103,986 | 103,296 | 103,986 | 103,986 | 103,296 | 103,986 | 103,296 | 103,986 |
| | 507 | 836 | 836 | 836 | 836 | - | - | - | - | - | - | - | - |
| | 509 | 20 | 16 | 15 | 9 | 21 | 21 | 29 | 29 | 23 | 12 | 16 | 17 |
| | 510 | 78,961 | 70,323 | 76,983 | 115,449 | - | 10,000 | - | 1,530 | 1,530 | 8,160 | 6,120 | 1,020 |
| | 511 | 71,489 | 84,926 | 72,272 | 71,911 | - | - | - | - | - | - | - | - |
| | 512 | 406,113 | 380,171 | 509,689 | 491,581 | - | - | - | - | - | - | - | - |
| | 513 | 68,690 | 61,294 | 74,977 | 64,432 | - | - | - | - | - | - | - | - |
| | 514 | 20,994 | 20,994 | 20,994 | 8,999,395 | - | - | - | - | - | - | - | - |
| | 921 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 925 | 10,377 | 10,089 | 11,032 | 10,420 | - | - | - | - | - | - | - | - |
| | 926 | 378,600 | 368,089 | 402,493 | 380,150 | - | - | - | - | - | - | - | - |
| | 930 | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Cane Run Common | | 2,184,775 | 2,179,010 | 2,404,676 | 14,078,523 | 150,597 | 129,907 | 120,605 | 122,135 | 121,439 | 112,158 | 109,432 | 105,023 |

Operating Expenses by FERC
 LG&E Retired and/or Retirin;
 2013-2017
 Case No. 2014-00371
 KIUC Q. 1-7

| | | Budget | | | | | | | | | | | |
|------------------|-----|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| FERC | | Jan-16 | Feb-16 | Mar-16 | Apr-16 | May-16 | Jun-16 | Jul-16 | Aug-16 | Sep-16 | Oct-16 | Nov-16 | Dec-16 |
| Cane Run 4 | 408 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 500 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 501 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 502 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 505 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 506 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 507 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 509 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 510 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 511 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 512 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 513 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 514 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 925 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 926 | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Cane Run 4 | | - | - | - | - | - | - | - | - | - | - | - | - |
| Cane Run 5 | 408 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 426 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 500 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 501 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 502 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 505 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 506 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 507 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 509 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 510 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 511 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 512 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 513 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 514 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 925 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 926 | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Cane Run 5 | | - | - | - | - | - | - | - | - | - | - | - | - |

Operating Expenses by FERC
 LG&E Retired and/or Retirin
 2013-2017
 Case No. 2014-00371
 KIUC Q. 1-7

| FERC | Budget | | | | | | | | | | | | |
|------------------------------|--------|--------|--------|--------|--------|--------|---------|--------|---------|---------|---------|---------|---------|
| | Jan-16 | Feb-16 | Mar-16 | Apr-16 | May-16 | Jun-16 | Jul-16 | Aug-16 | Sep-16 | Oct-16 | Nov-16 | Dec-16 | |
| Cane Run 6 | 408 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 500 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 501 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 502 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 505 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 506 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 507 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 509 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 510 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 511 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 512 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 513 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 514 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 925 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 926 | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Cane Run 6 | | - | - | - | - | - | - | - | - | - | - | - | - |
| Cane Run Common | 408 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 426 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 500 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 501 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 502 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 505 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 506 | 99,903 | 98,494 | 99,903 | 99,198 | 99,903 | 99,198 | 99,903 | 99,903 | 99,198 | 99,903 | 99,197 | 99,902 |
| | 507 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 509 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 510 | - | - | - | - | - | 10,200 | - | 1,561 | 1,561 | 8,323 | 6,242 | 1,040 |
| | 511 | - | - | - | - | - | 150,000 | - | - | - | - | - | 150,000 |
| | 512 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 513 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 514 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 921 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 925 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 926 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 930 | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Cane Run Common | | 99,903 | 98,494 | 99,903 | 99,198 | 99,903 | 259,398 | 99,903 | 101,464 | 100,759 | 108,226 | 105,439 | 250,942 |

Operating Expenses by FERC
 LG&E Retired and/or Retirin;
 2013-2017
 Case No. 2014-00371
 KIUC Q. 1-7

| | | Budget | | | | | | | | | | | |
|------------------|-----|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| FERC | | Jan-17 | Feb-17 | Mar-17 | Apr-17 | May-17 | Jun-17 | Jul-17 | Aug-17 | Sep-17 | Oct-17 | Nov-17 | Dec-17 |
| Cane Run 4 | 408 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 500 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 501 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 502 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 505 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 506 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 507 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 509 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 510 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 511 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 512 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 513 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 514 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 925 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 926 | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Cane Run 4 | | - | - | - | - | - | - | - | - | - | - | - | - |
| Cane Run 5 | 408 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 426 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 500 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 501 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 502 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 505 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 506 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 507 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 509 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 510 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 511 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 512 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 513 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 514 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 925 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 926 | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Cane Run 5 | | - | - | - | - | - | - | - | - | - | - | - | - |

Operating Expenses by FERC
 LG&E Retired and/or Retirin;
 2013-2017
 Case No. 2014-00371
 KIUC Q. 1-7

| | | Budget | | | | | | | | | | | |
|-----------------------|-----|--------|--------|--------|--------|--------|---------|--------|--------|--------|---------|--------|---------|
| FERC | | Jan-17 | Feb-17 | Mar-17 | Apr-17 | May-17 | Jun-17 | Jul-17 | Aug-17 | Sep-17 | Oct-17 | Nov-17 | Dec-17 |
| Cane Run 6 | 408 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 500 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 501 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 502 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 505 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 506 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 507 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 509 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 510 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 511 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 512 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 513 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 514 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 925 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 926 | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Cane Run 6 | | - | - | - | - | - | - | - | - | - | - | - | - |
| Cane Run Common | 408 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 426 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 500 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 501 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 502 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 505 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 506 | 92,304 | 90,867 | 92,304 | 91,585 | 92,304 | 91,585 | 92,304 | 92,304 | 91,585 | 92,304 | 91,586 | 92,305 |
| | 507 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 509 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 510 | - | - | - | - | - | 10,404 | - | 1,592 | 1,592 | 8,490 | 6,367 | 1,061 |
| | 511 | - | - | - | - | - | 153,000 | - | - | - | - | - | 153,000 |
| | 512 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 513 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 514 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 921 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 925 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 926 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 930 | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Cane Run Common | | 92,304 | 90,867 | 92,304 | 91,585 | 92,304 | 254,989 | 92,304 | 93,896 | 93,177 | 100,794 | 97,953 | 246,366 |

EXHIBIT ____ (LK-16)

KENTUCKY UTILITIES COMPANY

CASE NO. 2014-00371

**Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated February 6, 2015**

Question No. 2-14

Responding Witness: Kent W. Blake / Paula H. Pottinger, Ph.D. / Counsel

Q.2-14. Refer to the Company's response to KIUC 1-12. The question asked the following:

Please provide the incentive compensation expense for 2013, 2014, the base year, and the test year by incentive compensation plan and by goal or target for each plan. This includes incentive compensation expense assigned and allocated to the Company as well as incentive compensation expense incurred directly by the Company.

The Company's response referred to its response to AG 1-150. The response to AG 1-150 does not provide the information requested in KIUC 1-12 by plan and by goal or target for each plan. It also does not provide the information for LKS charged to the Company.

- a. Please provide the information requested in KIUC 1-12. To be clear, this request also includes all stock-based compensation awards, and is not limited only to incentive compensation with cash or deferred payouts.
 - b. Please provide the calculation of incentive compensation expense in the historic year, the base year and the test year in electronic format with all formulas intact. This calculation should reflect all performance metrics and goals, the achieved metric or goal, and the calculation of the cost, including the allocation between expense and capital.
- A.2-14. a. See the Company's Objection filed on February 16, 2015. The Team Incentive Award (TIA) is the only plan with payments included in the cost of service. Information by goal and by target for the TIA is provided in response to AG 1-76. None of the costs of stock-based compensation or other incentive plans, beyond the TIA, were incurred by Kentucky Utilities Company, nor were any such costs allocated to Kentucky Utilities Company by any other entity.

- b. The attached information is from the Company’s financial system and provides incentive compensation expense for 2013, 2014, the base year and the test year. Incentive compensation expense is determined at the beginning of the year, reviewed quarterly and adjusted, if appropriate. Incentive compensation expense is based on labor allocations from the Company’s financial system and assumes on-target financial, customer satisfaction and team performance. Individual performance is assumed at 120%. When actual incentive payouts are made during the first quarter of the following year, true-up entries are made to allocate the incentive expense to the appropriate companies and FERC accounts.

While the Company does not report incentive expense by performance goal, 2013’s expense is provided below by financial, customer, individual and team performance goals. 2014 incentive expense by performance goal will be available mid-March. See the response to AG 1-76 for details on measure weightings.

| Performance Measure | Capitalized | Expensed | Other Balance Sheet | Total |
|-------------------------------|------------------|-------------------|---------------------------|-------------------|
| Financial - PPL EPS | 30,600 | 128,213 | 16,755 | 175,568 |
| Financial - LKE Net Income | 1,514,625 | 6,346,183 | 829,312 | 8,690,120 |
| Customer Satisfaction | 352,541 | 1,477,125 | 193,029 | 2,022,696 |
| Individual/Team Effectiveness | 739,397 | 3,098,026 | 404,847 | 4,242,269 |
| Total | 2,637,163 | 11,049,547 | 1,443,943 | 15,130,652 |

Kentucky Utilities
Case No. 2014-00371
Incentive Compensation Expense for 2013, 2014, Base Year and Test Year

KU

| Company Allocated from | Capitalized | Expensed | Other Balance Sheet | Total |
|-------------------------------|------------------|-------------------|---------------------|-------------------|
| 2013 | | | | |
| Servco | 932,862 | 6,224,626 | 558,715 | 7,716,203 |
| LGE | 72,010 | 590,166 | 4,098 | 666,274 |
| KU | 1,632,290 | 4,234,754 | 881,130 | 6,748,175 |
| | <u>2,637,163</u> | <u>11,049,547</u> | <u>1,443,943</u> | <u>15,130,652</u> |
| 2014 | | | | |
| Servco | 897,388 | 6,707,097 | 638,069 | 8,242,553 |
| LGE | 136,308 | 662,181 | 1,997 | 800,487 |
| KU | 1,531,086 | 3,921,890 | 939,384 | 6,392,360 |
| | <u>2,564,782</u> | <u>11,291,168</u> | <u>1,579,450</u> | <u>15,435,400</u> |
| Base Period | | | | |
| Servco | 638,433 | 6,013,104 | 486,415 | 7,137,953 |
| LGE | 57,100 | 348,698 | 2,565 | 408,363 |
| KU | 1,485,327 | 4,294,301 | 392,326 | 6,171,954 |
| | <u>2,180,860</u> | <u>10,656,104</u> | <u>881,306</u> | <u>13,718,270</u> |
| Forecasted Test Period | | | | |
| Servco | 764,253 | 6,523,127 | 629,908 | 7,917,288 |
| LGE | 9,117 | 27,117 | - | 36,234 |
| KU | 1,326,217 | 4,423,194 | 304,422 | 6,053,834 |
| | <u>2,099,587</u> | <u>10,973,438</u> | <u>934,331</u> | <u>14,007,355</u> |

EXHIBIT ____ (LK-17)

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2014-00372

**Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated February 6, 2015**

Question No. 2-14

Responding Witness: Kent W. Blake / Paula H. Pottinger, Ph.D. / Counsel

Q.2-14. Refer to the Company's response to KIUC 1-12. The question asked the following:

Please provide the incentive compensation expense for 2013, 2014, the base year, and the test year by incentive compensation plan and by goal or target for each plan. This includes incentive compensation expense assigned and allocated to the Company as well as incentive compensation expense incurred directly by the Company.

The Company's response referred to its response to AG 1-150. The response to AG 1-150 does not provide the information requested in KIUC 1-12 by plan and by goal or target for each plan. It also does not provide the information for LKS charged to the Company.

- a. Please provide the information requested in KIUC 1-12. To be clear, this request also includes all stock-based compensation awards, and is not limited only to incentive compensation with cash or deferred payouts.
 - b. Please provide the calculation of incentive compensation expense in the historic year, the base year and the test year in electronic format with all formulas intact. This calculation should reflect all performance metrics and goals, the achieved metric or goal, and the calculation of the cost, including the allocation between expense and capital.
- A.2-14. a. See the Company's Objection filed on February 16, 2015. The Team Incentive Award (TIA) is the only plan with payments included in the cost of service. Information by goal and by target for the TIA is provided in response to AG-1 Question 75. None of the costs of stock-based compensation or other incentive plans, beyond the TIA, were incurred by the Louisville Gas and Electric Company, nor were any such costs allocated to Louisville Gas and Electric Company by any other entity.

- b. The attached information is from the Company's financial system and provides incentive compensation expense for 2013, 2014, the base year and the test year. Incentive compensation expense is determined at the beginning of the year, reviewed quarterly and adjusted, if appropriate. Incentive compensation expense is based on labor allocations from the Company's financial system and assumes on-target financial, customer satisfaction and team performance. Individual performance is assumed at 120%. When actual incentive payouts are made during the first quarter of the following year, true-up entries are made to allocate the incentive expense to the appropriate companies and FERC accounts.

While the Company does not report incentive expense by performance goal, 2013's expense is provided below by financial, customer, individual and team performance goals. 2014 incentive expense by performance goal will be available mid-March. See the response to AG 1-75 for details on measure weightings.

| Performance Measure | Capitalized | Expensed | Other Balance Sheet | Total |
|-------------------------------|-------------|------------|---------------------------|------------|
| Financial - PPL EPS | 23,233 | 118,308 | 13,043 | 154,584 |
| Financial - LKE Net Income | 1,149,986 | 5,855,895 | 645,579 | 7,651,460 |
| Customer Satisfaction | 267,669 | 1,363,007 | 150,264 | 1,780,939 |
| Individual/Team Effectiveness | 561,391 | 2,858,681 | 315,153 | 3,735,225 |
| Total | 2,002,279 | 10,195,891 | 1,124,038 | 13,322,208 |

Louisville Gas and Electric Company
Case No. 2014-00372
Incentive Compensation Expense for 2013, 2014, Base Year and Test Year

| LGE | | | | |
|-------------------------------|--------------------|-------------------|----------------------------|-------------------|
| Company Allocated from | Capitalized | Expensed | Other Balance Sheet | Total |
| 2013 | | | | |
| Servco | 747,474 | 5,332,386 | 387,392 | 6,467,253 |
| LGE | 1,245,402 | 4,800,507 | 736,437 | 6,782,347 |
| KU | 9,402 | 62,998 | 208 | 72,608 |
| | <u>2,002,279</u> | <u>10,195,891</u> | <u>1,124,038</u> | <u>13,322,208</u> |
| 2014 | | | | |
| Servco | 812,954 | 5,662,348 | 438,861 | 6,914,163 |
| LGE | 1,367,206 | 4,634,350 | 927,773 | 6,929,329 |
| KU | 7,925 | 42,654 | (0) | 50,579 |
| | <u>2,188,086</u> | <u>10,339,352</u> | <u>1,366,634</u> | <u>13,894,071</u> |
| Base Period | | | | |
| Servco | 603,244 | 4,977,410 | 342,211 | 5,922,865 |
| LGE | 1,417,270 | 5,537,539 | 526,211 | 7,481,020 |
| KU | 13,209 | 38,691 | - | 51,901 |
| | <u>2,033,724</u> | <u>10,553,640</u> | <u>868,422</u> | <u>13,455,786</u> |
| Forecasted Test Period | | | | |
| Servco | 546,333 | 5,407,473 | 399,224 | 6,353,030 |
| LGE | 1,084,276 | 5,573,371 | 388,069 | 7,045,716 |
| KU | 17,915 | 29,124 | 10,722 | 57,761 |
| | <u>1,648,524</u> | <u>11,009,967</u> | <u>798,015</u> | <u>13,456,506</u> |

EXHIBIT ____ (LK-18)

KENTUCKY UTILITIES COMPANY

CASE NO. 2014-00371

**Response to Attorney General's Initial Requests for Information
Dated January 8, 2015**

Question No. 75

Responding Witness: Paula H. Pottinger, Ph.D.

- Q-75. Incentive Programs. Please provide complete copies of any incentive compensation plan, bonus programs or other incentive award programs in effect at the Company for each year 2010 through 2014.
- A-75. See attached for the incentive programs which are included in the cost to provide service in this case.



TEAM INCENTIVE AWARD (TIA) PLAN



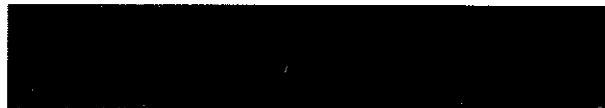
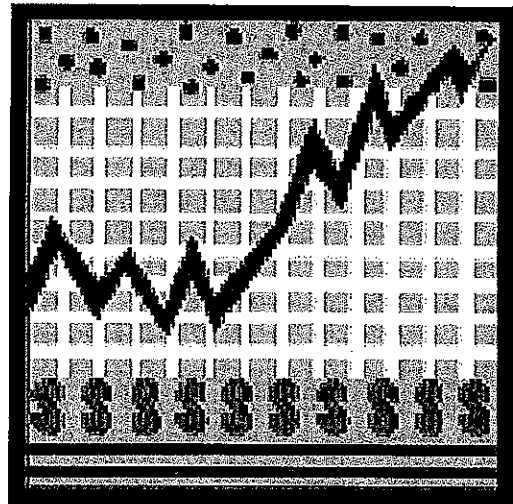
Financial Performance



Customer Satisfaction



Individual and Team
Contributions



Eligible employees participate in the LG&E and KU Team Incentive Award (“TIA”). The TIA seeks to focus employee efforts on business goals and rewards employees for achieving those goals. The TIA provides an opportunity for eligible employees to share in the added value they create through superior performance.

TIA AND BUSINESS STRATEGY

The company realizes the wealth that exists in the abilities of its people. The challenge is to become the best in our competitive market through each individual using his or her talents combined with other team members to make it happen. The TIA Plan plays a key role in assisting the company in focusing employees on business goals as well as providing employees with a program that can increase their individual compensation.

The TIA was developed to motivate and direct employees toward the achievement of strategic goals. It also assists with attracting and retaining skilled personnel by providing competitive financial rewards that are commensurate with their talents, cooperation and contribution.

There are several basic TIA concepts:

- There is a focus on the cooperative spirit of all employees working together as a team.
- Risk-taking, embodied in initiative, fresh perspectives and innovative solutions, is encouraged and rewarded.
- The plan is designed to motivate and improve the individual performance of all employees.
- Incentive award levels will vary depending on the employee's base salary, position and performance. The TIA represents "pay at risk." The relationship of the target awards to salary reflects that employees who have increasing responsibility for company performance, as reflected in higher salaries, generally have higher amounts of individual compensation tied to that performance.

With these concepts in mind, the TIA was designed:

- To promote the achievement of the company's objectives.
- To attract, motivate and retain employees.

TIA PLAN

Key elements of the TIA are as follows:

1. Participants include all active full-time and regular, part-time salaried employees, IBEW 2100 employees and KU hourly and bargaining unit employees.
2. All TIA participants have Target Awards based on the following:

Target Award Participation

| | |
|--------------------------------|-----------------------|
| Non-Exempt & Hourly | 6% of annual earnings |
| Exempt Individual Contributors | 9% of base salary |
| Managers | 14% of base salary |
| Senior Managers | 25% of base salary |

3. Performance objectives are established annually to support the Company's business strategies. The size of the awards will depend upon the degree to which these objectives are achieved.
4. Exempt employees with salary changes during the year will have their awards calculated in accordance with the amount of time they work under each respective base salary.
5. Total annual earnings, including overtime, are used in calculating the earned awards for all regular non-exempt and hourly full- and part-time employees. Prior TIA awards are excluded from total annual earnings to calculate earned awards.
6. Earned TIA Awards will be paid in cash within 90 days of the completion of the calendar-based annual performance period.
7. Compensation from the TIA is included in calculating benefits under the Company's Retirement (except for the KU Retirement Plan) and 401(k) Savings Plan.
8. This plan in no way creates a contract of employment for any duration. The company has full and final discretion with respect to the interpretation and application of this plan. The Company reserves the right to modify or terminate this plan in its sole discretion. This plan document supersedes any prior plan document relating to the TIA.

ELIGIBILITY

All active, regular full- and part-time salaried employees, IBEW 2100 employees and KU hourly and bargaining unit employees, who have at least one month continuous service and are on the payroll on December 31 of the performance year, are eligible for a TIA. Employees who become disabled, die or retire during the performance year will be eligible for a prorated award. Disability, for purpose of this plan, means that the employee is eligible for the receipt of benefits under the Long Term Disability Plan. Retire means that the employee is eligible to retire under the terms of the pension plan. Employees who join the company during the performance year, who have at least one month continuous service, and are on the payroll on December 31 will also be eligible for a prorated award. Employees incurring unpaid work days during the performance year may experience a proportionate reduction in their TIA.

FINANCIAL PERFORMANCE OBJECTIVES

The financial performance objective is determined annually by the parent company. This performance measure is also used for the executive annual incentive to provide direct alignment and common performance objectives with the TIA.

INDIVIDUAL PERFORMANCE

OBJECTIVES

The individual performance objective links individual performance to the TIA award. The individual performance objective can be combined with performance objectives for small teams as well as with key objectives from the Performance Excellence Process. Individual performance objectives should align with, and support, strategic business goals to drive performance.

TIA COMMUNICATION

TIA performance results for financial and operational performance measures are communicated periodically through the Company's internal communications to provide information concerning performance to date. Final TIA performance results are approved following the completion of the performance period and are communicated through the Company's internal communications.

CONCLUSION

The Team Incentive Award Plan is designed to strengthen the connection between pay and performance. It will direct a portion of total pay to awards based on financial, operational and individual achievements. The TIA focuses eligible salaried and hourly employee's attention on the company's business goals.

TIA FORMULA

The TIA calculation formula is shown below, along with an example of a potential award. In this example, note the participant's salary is \$40,000 and the target award is 9%.

TIA CALCULATION

- Step 1: Target Award % x Annual Base Pay Earnings = Target Award
- Step 2: Target Award x Financial Performance Objective Weight x Financial Performance % Earned = Financial Performance Earned Award
- Step 3: Target Award x Customer Satisfaction Objective Weight x Customer Satisfaction Performance % Earned = Customer Satisfaction Earned Award
- Step 4: Target Award x Individual Performance Objective Weight x Individual Effectiveness % Earned = Individual Performance Earned Award
- Step 5: Financial Performance Earned Award + Customer Satisfaction Earned Award + Individual Performance Earned Award = Total Earned TIA

TIA CALCULATION EXAMPLE

- Annual Base Pay Earnings = \$40,000
Target Award Percent = 9%
Financial Performance % Earned = 105%
Customer Satisfaction % Earned = 100%
Individual Performance % Earned = 110%
- Step 1: $9\% \times \$40,000 = \$3,600$
- Step 2: $\$3,600 \times 55\% \times 105\% = \$2,079$
- Step 3: $\$3,600 \times 15\% \times 100\% = \540
- Step 4: $\$3,600 \times 30\% \times 110\% = \$1,188$
- Step 5: $\$2,079 + \$540 + 1,188 = \$3,807$



TEAM INCENTIVE AWARD (TIA) PLAN



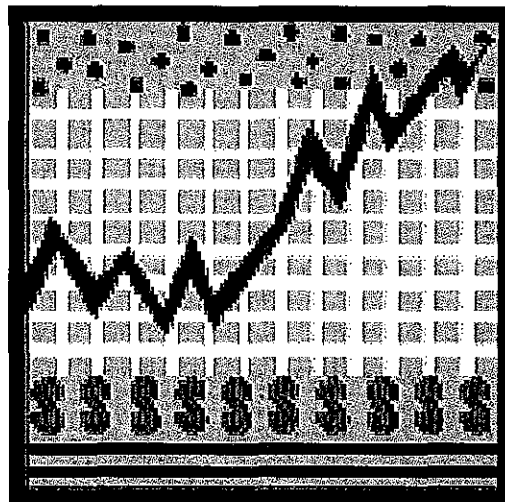
Financial Performance



Customer Satisfaction



Individual Contributions
To The Team



Eligible employees participate in the LG&E and KU Team Incentive Award (“TIA”). The TIA seeks to focus employee efforts on business goals and rewards employees for achieving those goals. The TIA provides an opportunity for eligible employees to share in the added value they create through superior performance.

TIA AND BUSINESS STRATEGY

The company realizes the wealth that exists in the abilities of its people. The challenge is to become the best in our competitive market through each individual using his or her talents combined with other team members to make it happen. The TIA Plan plays a key role in assisting the company in focusing employees on business goals as well as providing employees with a program that can increase their individual compensation.

The TIA was developed to motivate and direct employees toward the achievement of strategic goals. It also assists with attracting and retaining skilled personnel by providing competitive financial rewards that are commensurate with their talents, cooperation and contribution.

There are several basic TIA concepts:

- There is a focus on the cooperative spirit of all employees working together as a team to ensure a bright future.
- Risk-taking, embodied in initiative, fresh perspectives and innovative solutions, is encouraged and rewarded.
- The plan is designed to motivate and improve the individual performance of all employees.
- Incentive award levels will vary depending on the employee's base salary, position and performance. The TIA represents "pay at risk." The relationship of the target awards to salary reflects that employees who have increasing responsibility for company performance, as reflected in higher salaries, generally have higher amounts of individual compensation tied to that performance.

With these concepts in mind, the TIA was designed:

- To promote the achievement of the company's objectives.
- To attract, motivate and retain employees.

TIA PLAN

Key elements of the TIA are as follows:

1. Participants include all active full-time and regular, part-time salaried employees, IBEW 2100 employees and KU hourly and bargaining unit employees.
2. All TIA participants have Target Awards based on the following:

| <u>Target Award Participation</u> | |
|-----------------------------------|-----------------------|
| Non-Exempt & Hourly | 6% of annual earnings |
| Exempt | |
| Individual Contributors | 9% of base salary |
| Managers | 14% of base salary |
| Senior Managers | 25% of base salary |

3. Performance objectives are established annually to support the Company's business strategies. The size of the awards will depend upon the degree to which these objectives are achieved.
4. Exempt employees with salary changes during the year will have their awards calculated in accordance with the amount of time they work under each respective base salary.
5. Total annual earnings, including overtime, are used in calculating the earned awards for all regular non-exempt and hourly full- and part-time employees. Prior TIA awards are excluded from total annual earnings to calculate earned awards.
6. Earned TIA Awards will be paid in cash within 90 days of the completion of the calendar-based annual performance period.
7. Compensation from the TIA is included in calculating benefits under the Company's Retirement (except for the KU Retirement Plan) and 401(k) Savings Plan.
8. This plan in no way creates a contract of employment for any duration. The company has full and final discretion with respect to the interpretation and application of this plan. The Company reserves the right to modify or terminate this plan in its sole discretion. This plan document supersedes any prior plan document relating to the TIA.

ELIGIBILITY

All active, regular full- and part-time salaried employees, IBEW 2100 employees and KU hourly and bargaining unit employees, who have at least one month continuous service and are on the payroll on December 31 of the performance year, are eligible for a TIA. Employees who become disabled, die or retire during the performance year will be eligible for a prorated award. Disability, for purpose of this plan, means that the employee is eligible for the receipt of benefits under the Long Term Disability Plan. Retire means that the employee is eligible to retire under the terms of the pension plan. Employees who join the company during the performance year, who have at least one month continuous service, and are on the payroll on December 31 will also be eligible for a prorated award. Employees incurring unpaid work days during the performance year may experience a proportionate reduction in their TIA.

FINANCIAL PERFORMANCE OBJECTIVES

The financial performance objective is determined annually by the LG&E and KU Finance department. This performance measure is also used for the officer annual incentives as part of the LG&E and KU Short Term Incentive Plan to provide direct alignment and common performance objectives with the TIA. In 2000, we began combining the averages for LG&E and KU Customer Satisfaction into one financial performance objective.

INDIVIDUAL PERFORMANCE OBJECTIVES

The individual performance objective links an individual employee's performance and contributions to the Company and their work group to the TIA award. The individual performance objective can be combined with performance objectives for small teams as well as with key objectives from the Performance Excellence Process. Individual performance objectives should align with, and support, strategic business goals to drive business success.

TIA COMMUNICATION

TIA performance results for financial and operational performance measures are communicated periodically through the Company's internal communications to provide information concerning performance to date. Final TIA performance results are approved following the completion of the performance period and are communicated through the Company's internal communications.

CONCLUSION

The Team Incentive Award Plan is designed to strengthen the connection between pay and performance. It will direct a portion of total pay to awards based on financial, operational and individual achievements. TIA focuses eligible salaried and hourly employee's attention on the company's business goals. It shares the added value created by success and provides everyone a powerful incentive to do his or her very best.

TIA FORMULA

The TIA calculation formula is shown below, along with an example of a potential award. In this example, note the participant's salary is \$40,000 and the target award is 9%.

TIA CALCULATION

Step 1: Target Award % x Annual Base Pay Earnings = Target Award

Step 2: Target Award x Financial Performance Objective Weight x Financial Performance % Earned =
Financial Performance Earned Award

Step 3: Target Award x Customer Satisfaction Objective Weight x Customer Satisfaction Performance %
Earned = Customer Satisfaction Earned Award

Step 4: Target Award x Individual Performance Objective Weight x Individual Effectiveness % Earned =
Individual Performance Earned Award

Step 5: Financial Performance Earned Award + Customer Satisfaction Earned Award + Individual Performance
Earned Award = Total Earned TIA

TIA CALCULATION EXAMPLE

Annual Base Pay Earnings = \$40,000

Target Award Percent = 9%

Financial Performance % Earned = 105%

Customer Satisfaction % Earned = 100%

Individual Performance % Earned = 110%

Step 1: 9% x \$40,000 = \$3,600

Step 2: \$3,600 x 45% x 105% = \$1,701

Step 3: \$3,600 x 15% x 100% = \$540

Step 4: \$3,600 x 40% x 110% = \$1,584

Step 5: \$1,701 + \$540 + 1,584 = \$3,825

2012 Employee Bulletin
LG&E and KU Team Incentive Award measures, weightings announced for 2012

Program to include new PPL "Earnings per Share" minimum performance requirement

LG&E and KU's Team Incentive Award has been a core feature of the company's employee rewards philosophy since the 1990s. While the specific measures and weightings have varied over the years to reflect strategic emphasis, the TIA rewards financial, customer, and individual or team accomplishments. The financial measures have varied — based on the strategy of LG&E and KU's parent company — and have included internal operating profit, Earnings Before Interest and Taxes ("EBIT"), adjusted EBIT and, most recently, net income. The primary financial measure continues to be LKE net income in 2012.

In terms of the standard performance measures and weightings for LG&E and KU employees, the following table outlines TIA components for 2012.

| 2012 TIA Measures and Weightings |
|------------------------------------|
| • 55% – LKE Net Income |
| • 15% – Customer Satisfaction |
| • 30% – Individual/Team Objectives |

Managers will be notified via email when PeopleSoft is available to review and approve individual TIA targets, measures and weightings.

Managers can then print individual letters for salaried employees. Union and hourly employees will be informed of TIA targets, measures and weightings during a team briefing or in a bulletin board posting.

Also in 2012, LG&E and KU are aligning more closely with PPL's incentive structure by implementing a minimum PPL EPS — "Earnings per Share" — requirement.

The minimum EPS reflects PPL's commitment to align compensation with shareholder interests. PPL has achieved the minimum EPS requirement every year since its inception.

According to Chief Financial Officer, **Kent Blake**, achieving the minimum EPS reflects an important part of PPL's mission, which includes providing shareholders with best-in-sector returns. "Shareholders carefully consider EPS as a way to gauge a company's profitability. EPS is a key driver of share price," he said.

To support our commitment to shareholders, the minimum EPS performance requirement must be achieved before *any* part of the TIA can be paid. If the EPS is not achieved, no TIA payments will be made regardless of LKE financial, customer satisfaction, team or individual performance. While past performance is no indication of future performance, the minimum EPS performance requirement has been achieved every year since it was instituted.

If you have specific questions about TIA measures please contact your Human Resources representative.

What is "EPS"?

"Earnings per Share" or "EPS" is a carefully scrutinized metric that is often used to gauge a company's profitability per share of stock and is a key driver of share prices. EPS is calculated by dividing net income by the total number of shares outstanding.

For example, if a company's net income is \$5 million, and there are 10 million shares outstanding, the EPS would be \$0.50:

$$\text{\$5 million} / \text{10 million shares} = \text{\$0.50}$$

Frequently Asked Questions

Are LG&E and KU's standard TIA measures and weightings changing in 2012?

No. The standard TIA measures and weightings are the same as 2011: 55 percent for LG&E and KU net income; 15 percent for customer satisfaction; and 30 percent for individual or team effectiveness.

What is Net Income?

Net Income is LKE's primary financial measure. Net Income is the company's income after all expenses and taxes have been deducted.

How is Customer Satisfaction measured?

Our market research vendor, Bellomy Research, calls randomly selected LG&E and KU customers as well as customers from each peer group company and asks them to take a survey about their satisfaction with their respective utility company. The scores are compiled quarterly, and those results are used to rank the utility companies.

If LKE's overall satisfaction score is above the peer competitive range, we earn 6 points; if within the peer competitive range, we earn 3 points. Two bonus points can be earned if LKE is first in the absolute ranking; one point is earned if we are second in the absolute ranking.

What are Individual Objectives and Team Effectiveness Measures?

Individual objectives and team effectiveness measures are established each year to ensure we are collectively working to achieve strategic business goals. Individual goals vary by individual and by department and support respective department and line of business objectives. Team effectiveness measures are specific to each line of business and reflect key performance indicators.

What is EPS?

EPS is a carefully scrutinized metric that is often used to gauge a company's profitability per share of stock and is a key driver of share prices. EPS is calculated by dividing net income by the total number of shares outstanding.

Who is affected by the EPS minimum performance requirement?

All employees — including executives, senior managers, managers, salaried, hourly and union employees — are affected by the EPS requirement. PPL must achieve the minimum performance requirement in order for *any* incentive program to be funded.

Why are we making this change now?

The Earnings per Share (EPS) minimum performance requirement was in place at PPL prior to the LG&E and KU acquisition. Adoption of this feature of PPL's incentive plan at LKE, as a PPL company, aligns our program with PPL shareholder interests.

What happens if PPL EPS falls below the level required for payments?

No incentives will be paid to any employee in the PPL family of companies. Specifically, for the TIA at LG&E and KU, this means that no payment will be made for LG&E and KU financial, customer satisfaction, team or individual measures, regardless of performance.

What is the specific minimum EPS performance requirement?

PPL, as a publically traded company, must remain vigilant in minimizing the risk of selective disclosure of financial information. As such, internal disclosure of financial targets and goals would create the potential for disclosure outside the company. Best practice is to not provide the specific EPS requirement.

How can LG&E and KU employees impact PPL EPS?

LG&E and KU employees impact PPL's EPS by focusing on their respective budgets which influence LG&E and KU's net income results. The LG&E and KU business segment represents 15 percent of PPL's 2012 EPS total.

Has the minimum requirement for PPL EPS been achieved in the past?

Yes. While past performance is no indication of future performance, the EPS minimum performance requirement has been achieved every year since it was instituted. PPL has paid incentives to employees since the 1990s.

EXHIBIT ____ (LK-19)

KENTUCKY UTILITIES COMPANY

CASE NO. 2014-00371

**Response to First Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated January 8, 2015**

Question No. 20

Responding Witness: Daniel K. Arbough

- Q.1-20. Please provide the Company's pension cost calculations for each year 2008 through 2014, the base year, and the test year, showing for each of those years the vintage year gains and losses and the calculation of the amortization of the gains and losses associated with each of those vintage years.
- A.1-20. See attached schedule of the Company's pension cost for each year 2008 through 2014, the base year, and the test year.

| Kentucky Utilities' Pension Costs | | | | | | | | | |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | Base Year | Test Year |
| Service cost | 9,824,728 | 10,846,457 | 11,923,065 | 13,536,659 | 12,807,482 | 15,161,440 | 12,693,955 | 13,213,077 | 16,010,380 |
| Interest cost | 24,376,281 | 25,078,862 | 26,933,197 | 28,077,257 | 26,828,995 | 26,697,750 | 28,532,418 | 29,001,705 | 32,023,655 |
| Expected return on assets | (26,591,898) | (19,387,235) | (23,058,517) | (27,060,946) | (29,578,243) | (36,389,398) | (37,479,393) | (37,549,333) | (39,223,867) |
| Amortizations: | | | | | | | | | |
| Transition | - | - | - | - | - | - | - | - | - |
| Prior service cost | 2,098,821 | 2,054,315 | 2,114,733 | 2,011,865 | 1,995,945 | 2,033,254 | 2,049,822 | 2,049,390 | 1,704,173 |
| (Gain)/loss | 373,365 | 11,125,390 | 9,055,256 | 12,475,354 | 9,379,726 | 17,029,468 | 4,890,168 | 6,821,354 | 15,488,751 |
| ASC 715 NPBC | 10,081,297 | 29,717,790 | 26,967,734 | 29,040,188 | 21,433,905 | 24,532,514 | 10,686,969 | 13,536,192 | 26,003,091 |

EXHIBIT ____ (LK-20)

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2014-00372

**Response to First Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated January 8, 2015**

Question No. 20

Responding Witness: Daniel K. Arbough

- Q.1-20. Please provide the Company's pension cost calculations for each year 2008 through 2014, the base year, and the test year, showing for each of those years the vintage year gains and losses and the calculation of the amortization of the gains and losses associated with each of those vintage years.
- A.1-20. See attached schedule of the Company's pension cost for each year 2008 through 2014, the base year, and the test year.

| Louisville Gas and Electric's Pension Costs | | | | | | | | | |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | Base Year | Test Year |
| Service cost | 7,879,130 | 8,189,129 | 8,454,895 | 9,358,414 | 8,700,412 | 9,968,160 | 7,854,643 | 8,186,474 | 9,821,355 |
| Interest cost | 31,393,743 | 31,758,234 | 32,883,611 | 33,621,614 | 32,396,917 | 31,199,114 | 33,269,413 | 33,685,157 | 35,927,834 |
| Expected return on assets | (37,404,737) | (26,815,372) | (30,549,918) | (35,447,526) | (38,273,402) | (43,158,195) | (43,575,784) | (43,592,951) | (44,772,026) |
| Amortizations: | | | | | | | | | |
| Transition | - | - | - | - | - | - | - | - | - |
| Prior service cost | 6,812,422 | 6,683,590 | 6,297,938 | 5,307,007 | 5,625,835 | 5,160,010 | 5,153,432 | 5,341,298 | 5,955,669 |
| (Gain)/loss | 1,526,257 | 14,602,369 | 12,561,515 | 18,397,507 | 16,084,885 | 24,174,580 | 9,555,061 | 11,930,480 | 21,983,270 |
| ASC 715 NPBC | 10,206,815 | 34,417,949 | 29,648,041 | 31,237,016 | 24,534,647 | 27,343,668 | 12,256,765 | 15,550,457 | 28,916,101 |

EXHIBIT ____ (LK-21)

KENTUCKY UTILITIES COMPANY

CASE NO. 2014-00371

**Response to First Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated January 8, 2015**

Question No. 15

Responding Witness: Daniel K. Arbough

Q.1-15. Please provide the Company's 2013 and 2014 pension and OPEB actuarial reports as well as the actuarial cost projections for the base year and the test year in a comparable format.

A.1-15. See attachments 1-5 for the 2013 and 2014 actuarial reports.

See the response to Question No. 20 for pension actuarial cost projections for the base year and test year.

See attachment 6 for the OPEB actuarial cost projections for the base year and test year.

Linda C. Myers, F.S.A.
Principal

400 West Market Street, Suite 700
Louisville, KY 40202
+1 502 561 4726
Fax +1 502 561 4748
linda.myers@mercer.com
www.mercer.com



Private & Confidential

Ms. Kelli Higdon
LG&E and KU Energy LLC
220 West Main Street
Louisville, KY 40202

March 4, 2013

Dear Kelli:

Enclosed are exhibits illustrating the 2013 accounting expense (for both financial and regulatory accounting purposes) for the Qualified Retirement Plans [REDACTED] of LG&E and KU Energy LLC for the fiscal year ending December 31, 2013.

Compared to the 2013 projections prepared on May 18, 2012, the net periodic pension cost for financial accounting purposes decreases from \$12.5 million to \$7.8 million, the regulatory accounting expense increases from \$36.1 million to \$56.9 million and the consolidated financial statement accounting expense increases from \$30.8 million to \$44.3 million. Please see the attached analysis for the change in net periodic pension cost relative to the estimate provided on May 18, 2012.

A measurement date of December 31, 2012 was used in these calculations. Plan liabilities were based on census data collected as of September 30, 2012. A summary of the participant data is attached. All other methods, assumptions, plan provisions and assets used in calculating the 2013 accounting expense are the same as those used in the December 31, 2012 disclosures, dated January 17, 2013 with the exception that the expected return on assets assumption was lowered from 7.25% to 7.10%.

In addition, we assumed the following contributions were made to the Plans on January 15, 2013:

| Plan | Amount (In Millions) |
|--------------|----------------------|
| LG&E Union | \$10.6 |
| Non-Union | |
| — LG&E | 30.9 |
| — KU | 59.4 |
| — ServCo | 48.3 |
| — [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] |



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March 4, 2013
Ms. Kelli Higdon
LG&E and KU Energy LLC

If you have any questions or need anything else, please give me a call.

Mercer has prepared this report exclusively for LG&E and KU Energy LLC; subject to this limitation, LG&E and KU Energy LLC may direct that this report be provided to its auditors in connection with the audit of its financial statements. Mercer is not responsible for use of this report by any other party.

The only purpose of this report is to provide an actuarial estimate of the net periodic benefit cost for defined benefit plans relating to the LG&E and KU Energy LLC Retirement Plans for the fiscal year ending December 31, 2013.

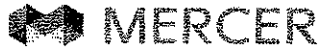
This report may not be used for any other purpose. Mercer is not responsible for the consequences of any unauthorized use. Its content may not be modified, incorporated into or used in other material, sold or otherwise provided, in whole or in part, to any other person or entity, without Mercer's permission.

All parts of this report, including any documents incorporated by reference, are integral to understanding and explaining its contents, no part may be taken out of context, used or relied upon without reference to the report as a whole.

Decisions about benefit changes, granting new benefits, investment policy, funding policy, benefit security and/or benefit-related issues should not be made on the basis of this valuation, but only after careful consideration of alternative economic, financial, demographic and societal factors, including financial scenarios that assume future sustained investment losses.

To prepare this report Mercer has used and relied on participant data as of September 30, 2012 as summarized herein. LG&E and KU Energy LLC is responsible for ensuring that such participant data provides an accurate description of all persons who are participants under the terms of the plan or otherwise entitled to benefits that is sufficiently comprehensive and accurate for the purposes of this report. If the data supplied are not sufficiently comprehensive and accurate for the purposes of this report, the valuation results may differ significantly from the results that would be obtained with such data; this may require a later revision of this report. Although Mercer has reviewed the data in accordance with Actuarial Standards of Practice No. 23, Mercer has not verified or audited any of the data or information provided.

Mercer has used and relied on the plan documents, including amendments, and interpretations of plan provisions, as summarized in the Plan Provisions section of the 2012 accounting valuation report. LG&E and KU Energy LLC is solely responsible for the validity, accuracy and comprehensiveness of this information. If any data or plan provisions supplied are not accurate



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Ms. Kelli Higdon
LG&E and KU Energy LLC

and complete, the valuation results may differ significantly from the results that would be obtained with accurate and complete information; this may require a later revision of this report. Moreover, plan documents may be susceptible to different interpretations, each of which could be reasonable, and that the different interpretations could lead to different valuation results.

This report is based on our understanding of applicable law and regulations as of the valuation date. Mercer is not an accountant or auditor and is not responsible for the interpretation of, or compliance with, accounting standards; citations to, and descriptions of accounting standards provided in this report are for reference purposes only. Mercer is not engaged in the practice of law. This report does not constitute and is not a substitute for legal advice.

The plan sponsor is ultimately responsible for selecting the plan's accounting policies, methods and assumptions. The policies, methods, and assumptions used in this valuation are described in the valuation report. The plan sponsor is solely responsible for communicating to Mercer any changes required to those policies, methods and assumptions.

A valuation report is only a snapshot of a plan's estimated financial condition at a particular point in time; it does not predict the plan's future financial condition or its ability to pay benefits in the future and does not provide any guarantee of future financial soundness of the plan. Over time, a plan's total cost will depend on a number of factors, including the amount of benefits the plan pays, the number of people paid benefits, the period of time over which benefits are paid, plan expenses and the amount earned on any assets invested to pay benefits. These amounts and other variables are uncertain and unknowable at the valuation date.

Because modeling all aspects of a situation is not possible or practical, we may use summary information, estimates, or simplifications of calculations to facilitate the modeling of future events in an efficient and cost-effective manner. We may also exclude factors or data that, if used, in our judgment, would not have significantly affected our results. Use of such simplifying techniques does not, in our judgment, affect the reasonableness of valuation results for the plan.

Valuations do not affect the ultimate cost of the plan, only the timing of when benefit costs are recognized. Cost recognition occurs over time. If the costs recognized over a period of years are lower or higher than necessary, for whatever reason, normal and expected practice is to adjust future expense levels with a view to recognizing the entire cost of the plan over time.

To prepare the valuation report, assumptions are used in a forward looking financial and demographic model to present a single scenario from a wide range of possibilities; the results based on that single scenario are included in the valuation. The future is uncertain and the plan's



Page 4
March 4, 2013
Ms. Kelli Higdon
LG&E and KU Energy LLC

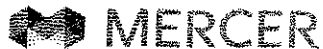
actual experience will differ from those assumptions; these differences may be significant or material because these results are very sensitive to the assumptions made and, in some cases, to the interaction between the assumptions.

Different assumptions or scenarios within the range of possibilities may also be reasonable and results based on those assumptions would be different. As a result of the uncertainty inherent in a forward looking projection over a very long period of time, no one projection is uniquely "correct" and many alternative projections of the future could also be regarded as reasonable. Two different actuaries could, quite reasonably, arrive at different results based on the same data and different views of the future. A "sensitivity analysis" shows the degree to which results would be different if you substitute alternative assumptions within the range of possibilities for those utilized in this report. We have not been engaged to perform such a sensitivity analysis and thus the results of such an analysis are not included in this report. At LG&E and KU Energy LLC's request, Mercer is available to perform such a sensitivity analysis.

Assumptions may also be changed from one valuation to the next because of changes in mandated requirements, plan experience, changes in expectations about the future and other factors. A change in assumptions is not an indication that prior assumptions were unreasonable when made.

This report was prepared in accordance with generally accepted actuarial principles and procedures. Based on the information provided to us, we believe that the actuarial assumptions are reasonable for the purposes described in this report.

LG&E and KU Energy LLC should notify Mercer promptly after receipt of the report if LG&E and KU Energy LLC disagrees with anything contained in the report or is aware of any information that would affect the results of the report that has not been communicated to Mercer or incorporated therein. The report will be deemed final and acceptable to LG&E and KU Energy LLC unless LG&E and KU Energy LLC promptly provides such notice to Mercer.



Page 5
March 4, 2013
Ms. Kelli Higdon
LG&E and KU Energy LLC

I am available to answer any questions on the material contained in the report, or to provide explanations or further details as may be appropriate. The undersigned credentialed actuary meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained in this report. I am not aware of any direct or material indirect financial interest or relationship, including investments or other services that could create a conflict of interest, that would impair the objectivity of this work.

Linda C. Myers

Linda C. Myers, F.S.A.
Enrolled Actuary (No. 11-04846)

3/4/2013

Date

Copy:

Dan Arbough, Kent Blake, Chris Garrett, Elliott Horne, Greg Meiman, Heather Metts,
Vaneeca Mottley, Ken Mudd, Lesley Pienaar, Valerie Scott, Cathy Shultz, Jeanne Wright,
Henry Erk, Marcie Gunnell, Patrick Baker

Enclosure

The information contained in this document (including any attachments) is not intended by Mercer to be used, and it cannot be used, for the purpose of avoiding penalties under the Internal Revenue Code that may be imposed on the taxpayer.

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2013 Net Periodic Pension Cost for Qualified Plans

Regulatory Accounting Purposes

| | LG&E Union | NonUnion Retirement Plan | | | | Total | WKE-Union |
|-------------------------------------|----------------------|--------------------------|----------------------|----------------------|-----------|-------|-----------|
| | | LG&E | ServCo | KU | WKE | | |
| 1. Service cost | \$ 2,009,930 | \$ 2,135,701 | \$ 12,932,918 | \$ 8,228,879 | \$ | | |
| 2. Interest cost | 13,564,734 | 9,688,835 | 17,648,530 | 17,237,432 | | | |
| 3. Expected return on assets | (19,750,316) | (13,542,925) | (21,911,895) | (24,643,746) | | | |
| 4. Amortizations: | | | | | | | |
| a. Transition | 0 | 0 | 0 | 0 | | | |
| b. Prior service cost | 2,118,027 | 1,915,245 | 2,502,694 | 691,710 | | | |
| c. Gain/loss | 13,633,023 | 6,931,648 | 8,018,278 | 12,731,350 | | | |
| 5. Net periodic pension cost | \$ 11,575,398 | \$ 7,128,504 | \$ 19,190,525 | \$ 14,245,625 | \$ | | |

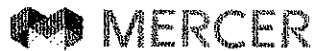
Financial Accounting Purposes

| | LG&E Union | NonUnion Retirement Plan | | | | Total | WKE-Union |
|-------------------------------------|-----------------------|--------------------------|---------------------|-------------------|-----------|-------|-----------|
| | | LG&E | ServCo | KU | WKE | | |
| 1. Service cost | \$ 2,009,930 | \$ 2,135,701 | \$ 12,932,918 | \$ 8,228,879 | \$ | | |
| 2. Interest cost | 13,564,734 | 9,688,835 | 17,648,530 | 17,237,432 | | | |
| 3. Expected return on assets | (19,750,316) | (13,542,925) | (21,911,895) | (24,643,746) | | | |
| 4. Amortizations: | | | | | | | |
| a. Transition | 0 | 0 | 0 | 0 | | | |
| b. Prior service cost | 778,382 | 0 | 0 | 0 | | | |
| c. Gain/loss | 492,338 | 231,849 | 0 | 0 | | | |
| 5. Net periodic pension cost | \$ (2,904,932) | \$ (1,486,540) | \$ 8,669,553 | \$ 822,565 | \$ | | |

2013 Net Periodic Pension Cost for Non-Qualified Plans

| Regulatory Accounting Purposes | Officer SERP | | | | Restoration Plan | | | | Qualified and Non-Qualified Plans |
|--------------------------------|--------------|------|--------|-------|------------------|--------|----|-----|-----------------------------------|
| | SERP | LG&E | ServCo | Total | LG&E | ServCo | KU | WKE | Grand Total |
| 1. Service cost | [REDACTED] | | | | | | | | |
| 2. Interest cost | | | | | | | | | |
| 3. Expected return on assets | | | | | | | | | |
| 4. Amortizations: | | | | | | | | | |
| a. Transition | | | | | | | | | |
| b. Prior service cost | | | | | | | | | |
| c. Gain/loss | | | | | | | | | |
| 5. Net periodic pension cost | | | | | | | | | |

| Financial Accounting Purposes | Officer SERP | | | | Restoration Plan | | | | |
|-------------------------------|--------------|------|--------|-------|------------------|--------|----|-----|-------|
| | SERP | LG&E | ServCo | Total | LG&E | ServCo | KU | WKE | Total |
| 1. Service cost | [REDACTED] | | | | | | | | |
| 2. Interest cost | | | | | | | | | |
| 3. Expected return on assets | | | | | | | | | |
| 4. Amortizations: | | | | | | | | | |
| a. Transition | | | | | | | | | |
| b. Prior service cost | | | | | | | | | |
| c. Gain/loss | | | | | | | | | |
| 5. Net periodic pension cost | | | | | | | | | |



LG&E and KU ENERGY LLC RETIREMENT PLANS

COMPARISON OF PROJECTED 2013 EXPENSE CALCULATED ON MAY 18, 2012 TO ACTUAL 2013 EXPENSE (In Millions)

| | Financial Accounting Purposes | Regulatory Accounting Purposes | Consolidated Financial Statement Purposes* |
|--|----------------------------------|-----------------------------------|---|
| 2013 Projected Expense calculated on May 18, 2012** | \$12.5 | \$36.1 | \$30.8 |
| Increase due to updating of mortality table | 0.1 | 0.4 | 0.3 |
| Increase due to reduction in discount rates | 2.3 | 27.6 | 20.0 |
| Decrease due to favorable investment experience for 2012 (assets earned approximately 12.5% compared to 7.25% assumed) | (1.3) | (2.4) | (2.1) |
| Increase due to reduction in expected return on assets assumption from 7.25% to 7.10% | 1.7 | 1.7 | 1.7 |
| Decrease due to additional \$96.4 million contribution made on January 15, 2013 | (6.6) | (6.6) | (6.6) |
| Increase/(decrease) due to updated data*** | (0.9) | 0.1 | 0.2 |
| 2013 Actual Expense | \$7.8 | \$56.9 | \$44.3 |

* Consolidated Financial Statement Purposes is Regulatory accounting expense for LG&E Union Plan, LG&E division of Non-Union Plan and KU division of Non-Union Plan and Financial accounting expense for all else.

** Please note that the discount rates used in the May 18, 2012 Projected 2013 Expense were 44 basis points higher than the December 31, 2011 discount rates.

*** Service cost was approximately \$0.9 million less than expected; however amortization of losses under regulatory accounting and consolidated financial statement purposes were higher than expected.



LG&E AND KU ENERGY LLC RETIREMENT PLANS

SUMMARY OF PARTICIPANT DATA AS OF SEPTEMBER 30, 2012

| | Qualified Plans | | WKE Union | |
|---|-----------------|--------------|-----------|--|
| | LG&E Union | Non-Union | | |
| Participants included in valuation | | | | |
| • Active | 515 | 1,836 | | |
| • Inactive with deferred benefits | 679 | 1,104 | | |
| • Inactive with immediate benefits | 1,564 | 2,337 | | |
| • Total (includes QDRO beneficiaries) | 2,758 | 5,277 | | |
| Active Statistics | | | | |
| • Average age | 51.3 | 51.7 | | |
| • Average years of service | 25.9 | 24.2 | | |
| Inactive deferred statistics | | | | |
| • Average age | 55.0 | 52.7 | | |
| • Total annual benefits | \$7,610,076 | \$11,126,544 | | |
| • Average annual benefits | \$11,208 | \$10,078 | | |
| Inactive immediate statistics | | | | |
| • Average age | 68.0 | 71.3 | | |
| • Total annual benefits | \$13,789,956 | \$31,644,264 | | |
| • Average annual benefits | \$8,817 | \$13,541 | | |



LG&E AND KU ENERGY LLC RETIREMENT PLANS

SUMMARY OF PARTICIPANT DATA AS OF SEPTEMBER 30, 2012

| | Non-Qualified Plans | | |
|---|---------------------|------------------|-----------------|
| | Officer's SERP | Restoration Plan | ██████████ SERP |
| Participants included in valuation | | | |
| • Active | | | |
| • Inactive with deferred benefits | | | |
| • Inactive with immediate benefits | | | |
| • Total | | | |
| Active Statistics | | | |
| • Average age | | | |
| • Average years of service | | | |
| Inactive deferred statistics | | | |
| • Average age | | | |
| • Total annual benefits | | | |
| • Average annual benefits | | | |
| Inactive immediate statistics | | | |
| • Average age | | | |
| • Total annual benefits | | | |
| • Average annual benefits | | | |



400 West Market Street, Suite 700
Louisville, KY 40202
502 561 4622
marcie.gunnell@mercer.com
www.mercer.com

Private & Confidential

Ms. Kelli Higdon
LG&E and KU Energy LLC
220 West Main Street
Louisville, KY 40202

March 4, 2013

Subject: 2013 Net Periodic Benefit Cost for Postretirement Benefit Plan

Dear Kelli:

Enclosed are exhibits illustrating the 2013 net periodic benefit cost for financial and regulatory accounting purposes for the Postretirement Benefit Plans of LG&E and KU Energy LLC. The figures in the exhibits may be revised if assets and/or liabilities are remeasured during the year due to a plan amendment, curtailment, settlement or other significant event.

A measurement date of December 31, 2012 was used in these calculations. Plan liabilities were based on census data collected as of September 30, 2012 and claims costs and the expected return on assets (from 7.25% to 7.10%) assumptions were updated. The market values of assets as of December 31, 2012 were provided by LG&E and KU Energy LLC. All other methods, assumptions and plan provisions used in calculating the 2013 net periodic benefit costs were the same as those used in the December 31, 2012 disclosures, including a 3.99% discount rate.

We have assumed no contributions to the 401(h) for 2013.

Compared to the 2013 net periodic benefit cost projections provided on May 18, 2012, the net periodic benefit cost increased. The financial accounting expense increased from \$7.5 million to \$10.1 million and the regulatory accounting expense increased from \$8.8 million to \$10.9 million and the consolidated financial statement accounting expense increased from \$8.6 million to \$10.9 million. Consolidated financial statement accounting includes the expense amounts under regulatory accounting for KU and LG&E (Union and Non-union) and expense amounts under financial accounting for ServCo, WKE (Union and Non-union) and International. The increase was primarily due to losses generated by the decrease in discount rate (from 5.22% to 3.99%), updated per capita claims cost and a lower expected return on 401(h) assets, partially offset by gains generated by updated participant data.

Based on our discussions, we have assumed that LG&E and KU Energy LLC will apply for and receive the subsidy available under Medicare in 2013 for the grandfathered pre-2000 Kentucky Utilities retirees that have post-65 drug coverage. The full amount of the reduction in expense has



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March 4, 2013
Ms. Kelli Higdon
LG&E and KU Energy LLC

been applied to Kentucky Utilities. The following assumptions were used with the Medicare Modernization Act calculations:

- LG&E and KU Energy LLC will determine actuarial equivalence by benefit option. Testing by benefit option, the grandfathered pre-2000 Kentucky Utilities post-65 retiree medical drug plan is projected to meet the definition of actuarial equivalence indefinitely.
- LG&E and KU Energy LLC will apply for and receive the subsidy available under Medicare indefinitely for all pre-2000 Kentucky Utilities retirees that have post-65 drug coverage.
- Retirees do not elect the Medicare Part D benefit.

The estimated subsidy was based on Mercer's understanding of the Medicare Reform legislation based on the final Center for Medicare Services (CMS) regulations issued in January 2005 and on the provided claims information from the medical plan administrator.

Mercer has prepared this report exclusively for LG&E and KU Energy LLC; subject to this limitation, LG&E and KU Energy LLC may direct that this report be provided to its auditors in connection with the audit of its financial statements. Mercer is not responsible for use of this report by any other party.

The only purpose of this report is to present Mercer's actuarial estimate of net periodic benefit cost for the fiscal year ending December 31, 2013 for other postretirement benefit plans relating to LG&E and KU Energy LLC, for LG&E and KU Energy LLC to incorporate, as LG&E and KU Energy LLC deems appropriate, in its financial statements under US accounting standards.

This report may not be used for any other purpose. Mercer is not responsible for the consequences of any unauthorized use. Its content may not be modified, incorporated into or used in other material, sold or otherwise provided, in whole or in part, to any other person or entity, without Mercer's permission.

All parts of this report, including any documents incorporated by reference, are integral to understanding and explaining its contents, no part may be taken out of context, used or relied upon without reference to the report as a whole.

Decisions about benefit changes, granting new benefits, investment policy, funding policy, benefit security and/or benefit-related issues should not be made on the basis of this valuation, but only after careful consideration of alternative economic, financial, demographic and societal factors, including financial scenarios that assume future sustained investment losses.



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March 4, 2013
Ms. Kelli Higdon
LG&E and KU Energy LLC

To prepare this report Mercer has used and relied on participant data as provided by LG&E and KU Energy LLC to Mercer Outsourcing as summarized on the attached exhibits. LG&E and KU Energy LLC is responsible for ensuring that such participant data provides an accurate description of all persons who are participants under the terms of the plan or otherwise entitled to benefits that is sufficiently comprehensive and accurate for the purposes of this report. If the data supplied are not sufficiently comprehensive and accurate for the purposes of this report, the valuation results may differ significantly from the results that would be obtained with such data; this may require a later revision of this report. Although Mercer has reviewed the data in accordance with Actuarial Standards of Practice No. 23, Mercer has not verified or audited any of the data or information provided.

Mercer has used and relied on the plan documents, including amendments, and interpretations of plan provisions provided by LG&E and KU Energy LLC. The plan provisions used in this valuation are described in the December 31, 2012 year end disclosure report, dated January 18, 2013. LG&E and KU Energy LLC is solely responsible for the validity, accuracy and comprehensiveness of this information. If any data or plan provisions supplied are not accurate and complete, the valuation results may differ significantly from the results that would be obtained with accurate and complete information; this may require a later revision of this report. Moreover, plan documents may be susceptible to different interpretations, each of which could be reasonable, and that the different interpretations could lead to different valuation results.

This report is based on our understanding of applicable law and regulations as of the valuation date. Mercer is not an accountant or auditor and is not responsible for the interpretation of, or compliance with, accounting standards; citations to, and descriptions of accounting standards provided in this report are for reference purposes only. Mercer is not engaged in the practice of law. This report does not constitute and is not a substitute for legal advice.

The plan sponsor is ultimately responsible for selecting the plan's accounting policies, methods and assumptions. The policies, methods, and assumptions used in this valuation are described in herein. The plan sponsor is solely responsible for communicating to Mercer any changes required to those policies, methods and assumptions.

A valuation report is only a snapshot of a plan's estimated financial condition at a particular point in time; it does not predict the plan's future financial condition or its ability to pay benefits in the future and does not provide any guarantee of future financial soundness of the plan. Over time, a plan's total cost will depend on a number of factors, including the amount of benefits the plan



Page 4
March 4, 2013
Ms. Kelli Higdon
LG&E and KU Energy LLC

pays, the number of people paid benefits, the period of time over which benefits are paid, plan expenses and the amount earned on any assets invested to pay benefits. These amounts and other variables are uncertain and unknowable at the valuation date.

Because modeling all aspects of a situation is not possible or practical, we may use summary information, estimates, or simplifications of calculations to facilitate the modeling of future events in an efficient and cost-effective manner. We may also exclude factors or data that, if used, in our judgment, would not have significantly affected our results. Use of such simplifying techniques does not, in our judgment, affect the reasonableness of valuation results for the plan.

Valuations do not affect the ultimate cost of the plan, only the timing of when benefit costs are recognized. Cost recognition occurs over time. If the costs recognized over a period of years are lower or higher than necessary, for whatever reason, normal and expected practice is to adjust future expense levels with a view to recognizing the entire cost of the plan over time.

To prepare the valuation report, assumptions are used in a forward looking financial and demographic model to present a single scenario from a wide range of possibilities; the results based on that single scenario are included in the valuation. The future is uncertain and the plan's actual experience will differ from those assumptions; these differences may be significant or material because these results are very sensitive to the assumptions made and, in some cases, to the interaction between the assumptions.

Different assumptions or scenarios within the range of possibilities may also be reasonable and results based on those assumptions would be different. As a result of the uncertainty inherent in a forward looking projection over a very long period of time, no one projection is uniquely "correct" and many alternative projections of the future could also be regarded as reasonable. Two different actuaries could, quite reasonably, arrive at different results based on the same data and different views of the future. A "sensitivity analysis" shows the degree to which results would be different if you substitute alternative assumptions within the range of possibilities for those utilized in this report. We have not been engaged to perform such a sensitivity analysis and thus the results of such an analysis are not included in this report. At LG&E and KU Energy LLC's request, Mercer is available to perform such a sensitivity analysis.

Assumptions may also be changed from one valuation to the next because of changes in mandated requirements, plan experience, changes in expectations about the future and other factors. A change in assumptions is not an indication that prior assumptions were unreasonable when made.



Page 5
March 4, 2013
Ms. Kelli Higdon
LG&E and KU Energy LLC

This report was prepared in accordance with generally accepted actuarial principles and procedures. Based on the information provided to us, we believe that the actuarial assumptions are reasonable for the purposes described in this report.

LG&E and KU Energy LLC should notify Mercer promptly after receipt of the valuation report if LG&E and KU Energy LLC disagrees with anything contained in the valuation report or is aware of any information that would affect the results of the valuation report that has not been communicated to Mercer or incorporated therein. The valuation report will be deemed final and acceptable to LG&E and KU Energy LLC unless LG&E and KU Energy LLC promptly provides such notice to Mercer.

Professional qualifications

We are available to answer any questions on the material contained in the report, or to provide explanations or further details as may be appropriate. Collectively, the credentialed actuaries Marcie Gunnell and Linda Myers meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained in this report. We are not aware of any direct or material indirect financial interest or relationship, including investments or other services that could create a conflict of interest, that would impair the objectivity of our work.



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March 4, 2013
Ms. Kelli Higdon
LG&E and KU Energy LLC

Please distribute copies of this letter to the appropriate parties. If you have any questions, please call me at 502 561 4622 or Patrick Baker at 502 561 4504.

Sincerely,

A handwritten signature in cursive script that reads 'Marcie S. Gunnell'.

Marcie S. Gunnell, A.S.A., M.A.A.A.
Principal

A handwritten signature in cursive script that reads 'Linda C. Myers'.

Linda C. Myers, F.S.A., M.A.A.A.
Principal

Copy:

Dan Arbough, Kent Blake, Chris Garrett, Elliott Horne, Greg Meiman, Heather Metts, Vaneeca Mottley, Ken Mudd, Lesley Pienaar, Valerie Scott, Cathy Shultz, Jeanne Wright, Henry Erk, Linda Myers, Patrick Baker, Ryan Sloat

Enclosure

The information contained in this document (including any attachments) is not intended by Mercer to be used, and it cannot be used, for the purpose of avoiding penalties under the Internal Revenue Code that may be imposed on the taxpayer.

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LG&E and KU Energy LLC
2013 Net Periodic Benefit Cost For Postretirement Benefit Plans
December 31, 2012 Measurement Date
Financial Accounting

| | Non-Union | | | | | | LG&E Union | WKE Union | Grand Total |
|---------------------------|-------------|-------------|-------------|-----|---------------|-------|-------------|-----------|-------------|
| | LG&E | KU | ServCo | WKE | International | Total | | | |
| Service cost | \$558,714 | \$1,627,357 | \$1,948,537 | | | | \$543,711 | | |
| Interest cost | 1,401,064 | 3,144,110 | 1,467,859 | | | | 2,166,007 | | |
| Expected return on assets | (514,386) | (1,976,373) | (1,963,676) | | | | 0 | | |
| Amortizations: | | | | | | | | | |
| Transition | 0 | 0 | 0 | | | | 0 | | |
| Prior service cost | 283,863 | 586,092 | 512,905 | | | | 375,701 | | |
| Gain/loss | 0 | 0 | 0 | | | | 0 | | |
| Net periodic benefit cost | \$1,729,255 | \$3,381,186 | \$1,965,625 | | | | \$3,085,419 | | |

Regulatory Accounting

| | Non-Union | | | | | | LG&E Union | WKE Union | Grand Total |
|--|-------------|-------------|-------------|-----|---------------|-------|-------------|-----------|-------------|
| | LG&E | KU | ServCo | WKE | International | Total | | | |
| Service cost | \$558,714 | \$1,627,357 | \$1,948,537 | | | | \$543,711 | | |
| Interest cost | 1,401,064 | 3,144,110 | 1,467,859 | | | | 2,166,007 | | |
| Expected return on assets | (514,386) | (1,976,373) | (1,963,676) | | | | 0 | | |
| Amortizations: | | | | | | | | | |
| Transition | 0 | 0 | 0 | | | | 0 | | |
| Prior service cost | 419,309 | 749,385 | 602,613 | | | | 1,118,030 | | |
| Gain/loss | 0 | 0 | 0 | | | | (198,854) | | |
| Net periodic benefit cost | \$1,864,701 | \$3,544,479 | \$2,055,333 | | | | \$3,628,894 | | |
| Accumulated Postretirement Benefit Obligation (APBO) as of December 31, 2012 | 36,513,343 | 81,394,201 | 37,280,350 | | | | 55,914,515 | | |

Attachment #2 to Response to KU KIUC-1 Question No. 15

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Arbough

3/1/2013

LG&E and KU ENERGY LLC RETIREMENT PLANS
COMPARISON OF PROJECTED 2013 EXPENSE CALCULATED ON
May 18, 2012 TO ACTUAL 2013 EXPENSE
(In Millions)

| | Financial Accounting Purposes | Regulatory Accounting Purposes | Consolidated Financial Statement Purposes ¹ |
|--|----------------------------------|-----------------------------------|---|
| 2013 Projected Expense calculated on May 18, 2012 | \$7.5 | \$8.8 | \$8.6 |
| Decrease due to change in updating of mortality table | (0.1) | (0.1) | (0.1) |
| Increase due to reduction in discount rates | 2.1 | 2.0 | 2.0 |
| Increase due to not funding 401(h) account in 2012 | 0.4 | 0.4 | 0.4 |
| Increase due to updated projected medical costs | 0.9 | 0.9 | 0.9 |
| Increase due to lower return on assets assumption (from 7.25% to 7.10%) | 0.1 | 0.1 | 0.1 |
| Decrease due to demographic and other gains / losses | (0.8) | (1.2) | (1.0) |
| 2013 Actual Expense | 10.1 | \$10.9 | \$10.9 |

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¹ Consolidated Financial Statement Purposes is Regulatory accounting expense for LG&E (Union and Non-Union) and KU (Union and Non-Union) and Financial accounting expense for all else.

LG&E and KU Energy LLC
Summary of Participant Data and Per Capita Claims Costs

| | <u>9/30/2012</u> | <u>9/30/2011</u> |
|---|---|---|
| Active participants | 3,228 | 3,120 |
| Average age | 47.4 | 47.5 |
| Average service | 18.8 | 19.2 |
| Inactive participants | | |
| Retirees | 2,621 | 2,635 |
| Spouses of retirees | 1,198 | 1,233 |
| Surviving spouses | 292 | 295 |
| Disableds | 119 | 122 |
| Total | 4,230 | 4,285 |
| | <u>Fiscal Year Ending</u> <u>December 31, 2013</u> | <u>Fiscal Year Ending</u> <u>December 31, 2012</u> |
| Annual average per capita claims cost | | |
| LG&E, Kentucky Utilities post-1999 and WKE Union average pre-Medicare | \$8,640 | \$7,805 |
| Kentucky Utilities pre-1993 average cost per person (pre and post Medicare) | \$6,255 | \$5,950 |
| Kentucky Utilities 1993-1999 average cost per person (pre and post Medicare) | \$4,141 | \$3,987 |
| Annual average expected Medicare Part D subsidy | | |
| Kentucky Utilities pre-1993 | \$806 | \$734 |
| Kentucky Utilities 1993-1999 | \$740 | \$682 |

LG&E and KU Energy LLC ("LKE")
 2014 Net Periodic Pension Cost
 Qualified Pension Plans - Revised to reflect original non-union inactive division codes

| | Regulatory | Regulatory | Financial | Regulatory | Financial | Financial | Consolidated | Regulatory |
|---|---------------------------|--|--------------|--------------|-----------|-----------------|--------------|-------------------------|
| | Non-Union Retirement Plan | | | | | | | Non-Union |
| | LG&E Union | LG&E | ServCo | KU | WKE | Non-Union Total | WKE Union | Total Qualified US GAAP |
| | | | | | | | | ServCo |
| Funded Status | | | | | | | | |
| ABO | 291,960,791 | 181,895,592 | 314,238,243 | 319,364,020 | | | | 314,238,243 |
| PBO | 291,960,791 | 203,826,984 | 382,044,504 | 358,066,243 | | | | 382,044,504 |
| Fair value of assets | 281,471,417 | 193,333,088 | 324,413,186 | 354,179,143 | | | | 324,413,186 |
| Funded status | (10,489,374) | (10,493,896) | (57,631,318) | (3,887,100) | | | | (57,631,318) |
| Amounts recognized in accumulated other comprehensive income consist of: | | | | | | | | |
| Net actuarial loss/(gain) | 90,205,599 | 49,955,184 | (15,372,183) | 79,418,733 | | | | 56,237,829 |
| Prior service cost/(credit) | 15,386,016 | 7,097,210 | - | 1,451,525 | | | | 11,455,908 |
| Transition obligation/(asset) | - | - | - | - | | | | - |
| Total | 105,591,615 | 57,052,394 | (15,372,183) | 80,870,258 | | | | 67,693,737 |
| Market related value of assets | 284,346,002 | 196,254,558 | 327,456,800 | 359,368,151 | | | | 327,456,800 |
| 2014 Net Periodic Pension Cost | | | | | | | | |
| Service cost | 1,326,414 | 1,679,175 | 10,833,938 | 6,814,810 | | | | 10,833,938 |
| Interest cost | 14,383,940 | 10,170,845 | 19,470,548 | 17,966,530 | | | | 19,470,548 |
| Expected return on assets | (19,094,174) | (13,714,725) | (24,055,778) | (24,425,285) | | | | (24,055,778) |
| Amortization of: | | | | | | | | |
| Transition obligation (asset) | - | - | - | - | | | | - |
| Prior service cost (credit) | 2,118,027 | 1,915,249 | - | 691,710 | | | | 2,502,695 |
| Actuarial (gain) loss | 6,041,249 | 2,807,143 | - | 4,033,380 | | | | 1,578,867 |
| Net periodic pension cost | 4,775,456 | 2,857,687 | 6,248,708 | 5,081,145 | | | | 10,330,270 |
| Key assumptions: | | | | | | | | |
| Discount rate | 5.13% | 5.20% | 5.20% | 5.20% | | | | 5.20% |
| Expected return on plan assets | 7.00% | 7.00% | 7.00% | 7.00% | | | | 7.00% |
| Rate of compensation increase | N/A | 4.00% | 4.00% | 4.00% | | | | 4.00% |
| Mortality | | 2014 IRS-prescribed RP-2000 tables. Includes projection for 7 years beyond valuation date for annuitants; 15 years for non-annuitants. | | | | | | |

The results contained in this document are based on the data provided by Mercer Outsourcing as of January 1, 2014. All other assumptions, methods, and plan provisions are the same as those used for the year-end 2013 financial statement disclosures provided on January 22, 2014. The descriptions of the assumptions, methods, plan provisions, and limitations as set forth in the year-end 2013 financial statement disclosure letter should be considered part of these results.

The results above have been revised to reflect the non-union plan division codes used for Mercer's 2013 accounting valuation, which were provided to us in the 2013 actuarial transition data. 95 inactive participants were reverted back to their original division. In addition, two deceased participants provided by LKE on 6/20/2014 were removed from the results.

TOWERS WATSON 

Centre Square East
1500 Market Street
Philadelphia, PA 19102-4790

T +215 246 6000

lowerswatson.com

April 30, 2014

Ms. Kelli Higdon
Senior Accounting Analyst
LG&E and KU Energy LLC
220 West Main Street
Louisville, KY 40202

Dear Kelli:

2014 ASC 715 ACCOUNTING RESULTS FOR QUALIFIED PENSION PLANS

LG&E and KU Energy LLC ("LKE" or "the Company") engaged Towers Watson Delaware, Inc. ("Towers Watson") to determine the Net Periodic Pension Cost/Income ("Expense") for its qualified pension plans, in accordance with FASB Accounting Standards Codification Topic 715 ("ASC 715") for the fiscal year beginning January 1, 2014. The exhibits that follow provide results on a plan by plan basis, with allocations as requested by LKE.

The benefit obligations were measured as of LKE's fiscal year begin date of January 1, 2014, and are based on January 1, 2014 census data collected from the plan administrator for the following valuations:



- LG&E and KU Retirement Plan
- Louisville Gas and Electric Company Bargaining Employees' Retirement Plan
- 

We have reviewed the census information for reasonableness and consistency, but have neither audited nor independently verified this information. Based on discussions with and concurrence by the plan sponsor, assumptions or estimates may have been made if data were not available. We are not aware of any errors or omissions in the data that would have a significant effect on the results of our calculations.

Please note the following regarding these results:

1. As of January 1, 2014, LG&E and KU Energy LLC has selected the following economic assumptions:

Discount rate:

| | January 1, 2014 |
|---|---|
| LG&E and KU Retirement Plan | 5.20% |
| Louisville Gas and Electric Company Bargaining Employees' Retirement Plan | 5.13% |
|  |  |

All discount rates are based on the results of the Towers Watson BOND:Link model. At December 31, 2013, cash flows by plan were provided by the prior actuary and used to develop individual discount rates. Further information regarding the BOND:Link model parameters chosen by LKE can be found in our e-mail correspondence from January 7, 2014.



Ms. Kelli Higdon
April 30, 2014

Rate of compensation increase:

The January 1, 2014 rate of compensation increase assumption for all LKE plans is a flat 4% at all ages.

Expected return on assets (EROA):

| | January 1, 2014 |
|---|-----------------|
| LG&E and KU Retirement Plan | 7.00% |
| Louisville Gas and Electric Company Bargaining Employees' Retirement Plan | 7.00% |
| [REDACTED] | [REDACTED] |

- All demographic assumptions are the same as those selected by LKE at January 1, 2013 with the exception of the mortality assumption. The mortality assumption has been changed from the optional combined 2013 mortality table with static mortality improvement published by the IRS to separate 2014 IRS rates for non-annuitants (based on RP-2000 "Employees" table without collar or amount adjustments, projected 15 beyond the valuation) and annuitants (based on RP-2000 "Healthy Annuitants" table without collar or amount adjustments, projected 7 years beyond the valuation date). The optional combined table used for the 2013 valuation is a blended table with a single mortality assumption for non-annuitants and annuitants based on similar mortality tables and mortality improvement projections. A summary of all assumptions can be found in the Assumption Setting Presentation provided to LKE on January 7, 2014. Detailed descriptions of these assumptions will be included in the actuarial valuation reports for the fiscal year ending December 31, 2014 (to be published during the coming months).

- All plan provisions are the same as those valued at January 1, 2013, updated at January 1, 2014 to reflect scheduled increases in the dollar per month multiplier, if applicable.

Detailed descriptions of the plan provisions will be included in the actuarial valuation reports for the fiscal year ending December 31, 2014 (to be published during the coming months).

- The expected contributions for 2014 were set equal to the actual contributions made on January 14, 2014, specifically according to the table below:

| | Contribution (in \$millions) |
|---|---------------------------------|
| LG&E and KU Retirement Plan | |
| LG&E non-union | \$8.2 |
| ServCo | \$24.7 |
| KU | \$2.2 |
| [REDACTED] | [REDACTED] |
| Louisville Gas and Electric Company Bargaining Employees' Retirement Plan | \$0.0 |
| [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] |

TOWERS WATSON Ms. Kelli Higdon
April 30, 2014**Reconciliation to February 21, 2014 Budget Projections**

The preliminary 2014 consolidated US GAAP expense for the three pension plans of \$17.9 million compares to the projected 2014 consolidated expense of \$24.6 million provided in our February 21, 2014 e-mail as follows:

| | Consolidated US GAAP Expense (in \$millions) |
|---|--|
| 2014 Projected Expense provided on February 21, 2014 | \$24.6* |
| 5% load on service cost and interest cost included in 2014 budgets | (4.2) |
| Demographic gains due to updated data | (2.7) |
| | |
| Difference between expected and actual 2014 bulk lump sum amounts | 0.1 |
| 2014 Preliminary Expense | \$17.9 |

*Estimated expense provided on February 21, 2014 did not include the WKE non-union portion of the LG&E and KU Retirement Plan on a Financial basis or the Western Kentucky Energy Corp. Bargaining Employees' Retirement Plan on a Financial basis.

Actuarial Certification

In preparing the results presented in this letter (including attached exhibits), we have relied upon information regarding plan provisions, participants, assets and sponsor accounting policies and methods provided by LKE and other persons or organizations designated by LKE. We have relied on all the data and information provided as complete and accurate. We have reviewed this information for overall reasonableness and consistency, but have neither audited nor independently verified this information. Based on discussions with and concurrence by the plan sponsor, assumptions or estimates may have been made if data were not available. We are not aware of any errors or omissions in the data that would have a significant effect on the results of our calculations. The results presented in this report are directly dependent upon the accuracy and completeness of the underlying data and information. Any material inaccuracy in the data, assets, plan provisions or other information provided to us may have produced results that are not suitable for the purposes of this report and such inaccuracies, as corrected by LKE, may produce materially different results that could require that a revised report be issued.

The measurement date is January 1, 2014. The benefit obligations were measured as of January 1, 2014 and are based on participant data as of the census data, January 1, 2014.

Information about the fair value of plan assets was furnished to us by BNY Mellon. LKE also provided information about the general ledger account balances for the pension plan costs at December 31, 2013, which reflect the expected funded status of the plans before adjustment to reflect the plans' funded status based on the year-end measurements. Towers Watson used information supplied by LKE regarding amounts recognized in accumulated other comprehensive income as of December 31, 2013. This data was reviewed for reasonableness and consistency, but no audit was performed.

As required by U.S. GAAP, the actuarial assumptions and the accounting policies and methods employed in the development of the pension cost have been selected by LKE. Towers Watson has concurred with these assumptions and methods. ASC 715-30-35 requires that each significant assumption "individually represent the best estimate of a particular future event."

The results shown in this report have been developed based on actuarial assumptions that, to the extent evaluated by Towers Watson, we consider to be reasonable and within the "best-estimate range" as

TOWERS WATSON 

Ms. Kelli Higdon
April 30, 2014

described by the Actuarial Standards of Practice. Other actuarial assumptions could also be considered to be reasonable and within the best-estimate range. Thus, reasonable results differing from those presented in this report could have been developed by selecting different points within the best-estimate range for various assumptions.

The results shown in this report are estimates based on data that may be imperfect and on assumptions about future events that cannot be predicted with any certainty. The effects of certain plan provisions may be approximated, or determined to be insignificant and therefore not valued. Reasonable efforts were made in preparing this valuation to confirm that items that are significant in the context of the actuarial liabilities or costs are treated appropriately, and are not excluded or included inappropriately. The numbers shown in this report are not rounded, but this is for convenience and should not imply precision, which is not a characteristic of actuarial calculations.

If overall future plan experience produces higher benefit payments or lower investment returns than assumed, the relative level of plan costs reported in this valuation will likely increase in future valuations (and vice versa). Future actuarial measurements may differ significantly from the current measurements presented in this report due to many factors, including: plan experience differing from the anticipated by the economic or demographic assumptions, increases or decreases expected as part of the natural operation of the methodology used for the measurements (such as the end of an amortization period), and changes in plan provisions or applicable law.

The information contained in this report was prepared for the internal use of LKE and its auditors in connection with our actuarial valuations of the qualified pension plans. It is neither intended for and may not be used for other purposes, and we accept no responsibility or liability in this regard. LKE may distribute this actuarial valuation report to the appropriate authorities who have the legal right to require LKE to provide them this report, in which case LKE will use best efforts to notify Towers Watson in advance of this distribution. Further distribution to, or use by, other parties of all or part of this document is expressly prohibited without Towers Watson's prior written consent. Towers Watson accepts no responsibility for any consequences arising from any other party relying on this report or any advice relating to its contents.

The undersigned consulting actuaries are members of the Society of Actuaries and meet the "Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States" relating to pension plans. Our objectivity is not impaired by any relationship between the plan sponsor and our employer, Towers Watson Delaware Inc.

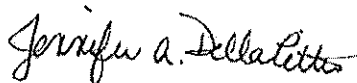
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TOWERS WATSON 

Ms. Kelli Hgdon
April 30, 2014

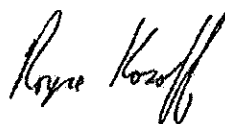
Please do not hesitate to call if you have any questions.

Sincerely,



Jennifer A. Della Pietra, ASA, EA

Senior Consulting Actuary
Direct Dial: 215-246-6861



Royce S. Kosoff, FSA, EA, CFA

Senior Consulting Actuary
Direct Dial: 215-246-6815



William R. Loth, FSA, EA
Consulting Actuary
Direct Dial: 215-246-6647

cc: George Sunder – PPL Corporation
Dan Arbough – LG&E and KU Energy LLC
Karla Durn – PPL Corporation
Kristin May, FSA, EA – Towers Watson

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TOWERS WATSON 

Arbough
 Centre Square East
 1500 Market Street
 Philadelphia, PA 19102-4790

T +215 246 6000

towerswatson.com

May 16, 2014

Ms. Kelli Higdon
 Senior Accounting Analyst
 LG&E and KU Energy LLC
 220 West Main Street
 Louisville, KY 40202

Dear Kelli:

2014 ASC 715 ACCOUNTING RESULTS FOR THE POSTRETIREMENT BENEFIT PLAN

LG&E and KU Energy LLC ("LKE" or "the Company") engaged Towers Watson Delaware, Inc. ("Towers Watson") to determine the Net Periodic Benefit Cost/Income ("Expense") for the LG&E and KU Energy Postretirement Benefit Plan, in accordance with FASB Accounting Standards Codification Topic 715 ("ASC 715") for the fiscal year beginning January 1, 2014. The exhibits that follow provide results for the plan, with allocations as requested by LKE.

Please note the following regarding these results:

- As of January 1, 2014, LG&E and KU Energy LLC has selected the following economic assumptions:

Discount rate:

The discount rate of 4.91% is based on the results of the Towers Watson BOND:Link model. At December 31, 2013, cash flows by plan were provided by the prior actuary and used to develop individual discount rates. Further information regarding the BOND:Link model parameters chosen by LKE can be found in our e-mail correspondence from January 7, 2014.

Rate of compensation increase:

The January 1, 2014 rate of compensation increase assumption for the plan is a flat 4% at all ages.

Expected return on assets (EROA):

The January 1, 2014 EROA assumption for the plan is 7.00% for the 401(h) account and 0.00% for the Union and Non-union VEBAs.

Health care cost trend:

| | December 31, 2013 |
|-------|-------------------|
| 2014 | 7.6% |
| 2015 | 7.2% |
| 2016 | 6.8% |
| 2017 | 6.4% |
| 2018 | 6.0% |
| 2019 | 5.5% |
| 2020+ | 5.0% |



Ms. Kelli Higdon
May 16, 2014

Per capita claims cost:

The per capita claims costs and employee contribution amounts for 2014 were provided by Mercer. We have reviewed the claims information for reasonableness and consistency, but have neither audited nor independently verified this information.

2. All demographic assumptions are the same as those selected by LKE at January 1, 2013 with the exception of the mortality assumption. The mortality assumption has been changed from the optional combined 2013 mortality table with static mortality improvement published by the IRS to separate 2014 IRS rates for non-annuitants (based on RP-2000 "Employees" table without collar or amount adjustments, projected 15 beyond the valuation) and annuitants (based on RP-2000 "Healthy Annuitants" table without collar or amount adjustments, projected 7 years beyond the valuation date). The optional combined table used for the 2013 valuation is a blended table with a single mortality assumption for non-annuitants and annuitants based on similar mortality tables and mortality improvement projections. A summary of all assumptions can be found in the Assumption Setting Presentation provided to LKE on January 7, 2014. Detailed descriptions of these assumptions will be included in the actuarial valuation reports for the fiscal year ending December 31, 2014 (to be published during the coming months).
3. All plan provisions are the same as those valued at January 1, 2013. Detailed descriptions of the plan provisions will be included in the actuarial valuation reports for the fiscal year ending December 31, 2014 (to be published during the coming months).
4. The expected contributions to the 401(h) sub-account are assumed to be contributed on December 31st, 2014 and, therefore, have no impact on the calculation of the expected return on assets. The expected contributions to the Union and Non-union VEBAs are assumed to be made monthly equal to the amounts paid out of the VEBA account each month.
5. Under PPACA, the Transitional Reinsurance Fee ("TRF") is scheduled to be collected from both self-insured employer medical plans and fully insured medical plans beginning in 2014 and continuing through 2016 as a means to help stabilize premiums for coverage in the individual market (inside and outside the exchanges). Consistent with the prior year, the TRF will be accounted for outside of the plan, and therefore, the 2014 postretirement benefit obligations have not been adjusted to reflect the expected cost of the TRF.

Reconciliation to February 21, 2014 Budget Projections

The preliminary 2014 consolidated US GAAP expense for the postretirement benefit plan of \$10.4 million compares to the projected 2014 consolidated expense of \$10.7 million provided in our February 21, 2014 e-mail as follows:

| | Consolidated US GAAP Expense (in \$millions) |
|--|--|
| 2014 Projected Expense provided on February 21, 2014 | \$10.7* |
| Demographic gains due to updated data | (0.1) |
| | |
| Reflection of updated per capita claims data | 0.6 |
| 5% load on service cost and interest cost included in 2014 budgets | (0.7) |
| 2014 Preliminary Expense | \$10.4 |

*Estimated expense provided on February 21, 2014 did not include the International, WKE non-union and WKE Union portions of the plan on a Financial basis.

Retiree Drug Subsidy under the Medicare Modernization Act

| 2014 Net Periodic Benefit Cost (\$) (Regulatory Accounting Basis) | With Subsidy | Effect of Subsidy | Without Subsidy |
|---|---------------|-------------------|-----------------|
| Service cost | 4,332,469 | - | 4,332,469 |
| Interest cost | 9,283,250 | 178,329 | 9,461,579 |
| Expected return on assets | (5,016,620) | - | (5,016,620) |
| Amortization of: | - | | |
| Transition obligation (asset) | - | - | - |
| Prior service cost (credit) | 2,486,179 | - | 2,486,179 |
| Actuarial (gain) loss | (731,851) | 258,487 | (473,364) |
| Net periodic benefit cost | \$ 10,353,427 | \$ 436,816 | \$ 10,790,243 |

The present value of the Medicare Retiree Drug Subsidy for the pre-2000 Kentucky Utilities retirees, measured as of January 1, 2014, using the assumptions outlined in this letter is \$3,804,507.

Actuarial Certification

In preparing the results presented in this letter (including the attached exhibit), we have relied upon information regarding plan provisions, participants, assets and sponsor accounting policies and methods provided by LKE and other persons or organizations designated by LKE. We have relied on all the data and information provided as complete and accurate. We have reviewed this information for overall reasonableness and consistency, but have neither audited nor independently verified this information. Based on discussions with and concurrence by the plan sponsor, assumptions or estimates may have been made if data were not available. We are not aware of any errors or omissions in the data that would have a significant effect on the results of our calculations. The results presented in this report are directly dependent upon the accuracy and completeness of the underlying data and information. Any material inaccuracy in the data, assets, plan provisions or other information provided to us may have produced results that are not suitable for the purposes of this report and such inaccuracies, as corrected by LKE, may produce materially different results that could require that a revised report be issued.



Ms. Kelli Higdon
May 16, 2014

The measurement date is January 1, 2014. The benefit obligations were measured as of January 1, 2014 and are based on participant data as of the census date, January 1, 2014.

Information about the fair value of plan assets was furnished to us by LKE. LKE also provided information about the general ledger account balances for the postretirement benefit plan cost at December 31, 2013, which reflect the expected funded status of the plans before adjustment to reflect the plans' funded status based on the year-end measurements, and differences between the expected Medicare Part D subsidies and amounts received during the year. Towers Watson used information supplied by LKE regarding postretirement benefit asset, postretirement liability and amounts recognized in accumulated other comprehensive income as of December 31, 2013. This data was reviewed for reasonableness and consistency, but no audit was performed.

Accumulated other comprehensive (income)/loss amounts shown in this letter are shown prior to adjustment for deferred taxes. Any deferred tax effects in AOCI should be determined in consultation with LKE's tax advisors and auditors.

As required by U.S. GAAP, the actuarial assumptions and the accounting policies and methods employed in the development of the postretirement benefit cost and financial reporting have been selected by LKE. Towers Watson has concurred with these assumptions and methods. ASC 715-30-35 requires that each significant assumption "individually represent the best estimate of a particular future event."

The results shown in this report have been developed based on actuarial assumptions that, to the extent evaluated by Towers Watson, we consider to be reasonable and within the "best-estimate range" as described by the Actuarial Standards of Practice. Other actuarial assumptions could also be considered to be reasonable and within the best-estimate range. Thus, reasonable results differing from those presented in this report could have been developed by selecting different points within the best-estimate range for various assumptions.

The results shown in this report are estimates based on data that may be imperfect and on assumptions about future events that cannot be predicted with any certainty. The effects of certain plan provisions may be approximated, or determined to be insignificant and therefore not valued. Reasonable efforts were made in preparing this valuation to confirm that items that are significant in the context of the actuarial liabilities or costs are treated appropriately, and are not excluded or included inappropriately. The numbers shown in this report are not rounded, but this is for convenience and should not imply precision, which is not a characteristic of actuarial calculations.

If overall future plan experience produces higher benefit payments or lower investment returns than assumed, the relative level of plan costs reported in this valuation will likely increase in future valuations (and vice versa). Future actuarial measurements may differ significantly from the current measurements presented in this report due to many factors, including: plan experience differing from that anticipated by the economic or demographic assumptions, increases or decreases expected as part of the natural operation of the methodology used for the measurements (such as the end of an amortization period), and changes in plan provisions or applicable law.

The information contained in this report was prepared for the benefit of LKE and its auditors in connection with our actuarial valuation of the postretirement benefit plan. This letter should not be used for other purposes, and Towers Watson accepts no responsibility for any such use. It should not be relied upon by any other person without Towers Watson's prior written consent.

The undersigned consulting actuaries are members of the Society of Actuaries and meet the "Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States" relating to other postretirement benefit plans. Our objectivity is not impaired by any relationship between the plan sponsor and our employer, Towers Watson Delaware Inc.

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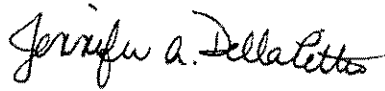
TOWERS WATSON 

Ms. Kelli Higdon
May 16, 2014

Arbough


Please do not hesitate to call if you have any questions.

Sincerely,



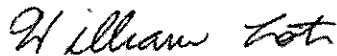
Jennifer A. Della Pietra, ASA, EA

Senior Consulting Actuary
Direct Dial: 215-246-6861



Royce S. Kosoff, FSA, EA, CFA

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Dan Arbough – LG&E and KU Energy LLC
Karla Durn – PPL Corporation
Kristin May, FSA, EA – Towers Watson

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LG&E and KU Energy LLC ("LKE")
2014 Net Periodic Benefit Cost
Post Retirement Welfare Plans (Regulatory)

| | Regulatory | Financial | Financial | Regulatory | Financial | Regulatory | Financial | Consolidated | Regulatory |
|---|--|-------------|-----------|--------------|-----------|--------------|-----------|--------------|-------------|
| | LG&E Non-union | ServCo | | KU | | LG&E Union | | | ServCo |
| Funded Status | | | | | | | | | |
| APBO | 32,626,922 | 38,254,043 | | 70,611,930 | | 52,652,997 | | | 38,254,043 |
| Fair Value of Assets | 8,981,980 | 30,849,603 | | 31,115,600 | | 807,256 | | | 30,849,603 |
| Funded Status | (23,644,942) | (7,404,440) | | (39,496,330) | | (51,845,741) | | | (7,404,440) |
| Amounts recognized in accumulated other comprehensive income consist of: | | | | | | | | | |
| Net actuarial loss/(gain) | 11,140,595 | 623,648 | | (29,920,615) | | (9,887,860) | | | 5,347,850 |
| Prior service cost/(credit) | 851,587 | 1,538,715 | | 1,758,273 | | 4,329,552 | | | 1,538,716 |
| Transition obligation/(asset) | - | - | | - | | - | | | - |
| Total | 11,992,182 | 2,162,361 | | (28,162,342) | | (5,558,308) | | | 6,886,566 |
| 2014 Net Periodic Benefit Cost | | | | | | | | | |
| Service cost | 455,921 | 1,878,366 | | 1,545,624 | | 452,558 | | | 1,878,366 |
| Interest cost | 1,534,039 | 1,842,064 | | 3,343,811 | | 2,495,154 | | | 1,842,064 |
| Expected return on assets | (595,499) | (2,159,472) | | (2,082,994) | | - | | | (2,159,472) |
| Amortization of: | | | | | | | | | |
| Transition obligation (asset) | - | - | | - | | - | | | - |
| Prior service cost (credit) | 283,863 | 512,905 | | 586,092 | | 1,096,964 | | | 512,905 |
| Actuarial (gain) loss | - | (82,087) | | (258,487) | | (374,721) | | | - |
| Net periodic benefit cost | 1,678,324 | 1,991,776 | | 3,134,046 | | 3,669,955 | | | 2,073,863 |
| Key assumptions: | | | | | | | | | |
| Discount Rate | 4.91% | 4.91% | | 4.91% | | 4.91% | | | 4.91% |
| Expected return on 401(h) assets | 7.00% | 7.00% | | 7.00% | | 7.00% | | | 7.00% |
| Rate of compensation increase | 4.00% | 4.00% | | 4.00% | | 4.00% | | | 4.00% |
| Mortality | 2014 IRS-prescribed RP-2000 tables. Includes projection for 7 years beyond valuation date for annuitants; 15 years for non-annuitants. | | | | | | | | |
| Health care cost trend rate | | | | | | | | | |
| Initial rate | 7.60% | 7.60% | | 7.60% | | 7.60% | | | 7.60% |
| Ultimate rate | 5.00% | 5.00% | | 5.00% | | 5.00% | | | 5.00% |
| Years to ultimate | 6 | 6 | | 6 | | 6 | | | 6 |

The results contained in this document are based on the individual participant data provided by Mercer and LKE as of January 1, 2014. 2014 per capita claim cost assumptions were provided by Mercer Health and Welfare actuaries. All other assumptions, methods, and plan provisions are the same as those used for the year-end 2013 financial statement disclosures provided on January 22, 2014. The descriptions of the assumptions, methods, plan provisions, and limitations as set forth in the year-end 2013 financial statement disclosure letter should be considered part of these results.

Kentucky Utilities' OPEB Costs

| | Base Year | Test Year |
|---------------------------|------------------|------------------|
| Service cost | 2,638,417 | 3,080,539 |
| Interest cost | 4,385,681 | 4,638,513 |
| Expected return on assets | (3,303,053) | (3,862,134) |
| Amortizations: | | |
| Transition | - | - |
| Prior service cost | 864,425 | 868,378 |
| (Gain)/loss | (214,544) | - |
| ASC 715 NPBC | 4,370,926 | 4,725,296 |

KENTUCKY UTILITIES COMPANY

CASE NO. 2014-00371

**Response to First Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated January 8, 2015**

Question No. 16

Responding Witness: Daniel K. Arbough

- Q.1-16. Please provide the Company's 2015, 2016, and 2017 pension actuarial cost projections using the same pension methodology and mortalities that were used in 2013 and 2014.
- A.1-16. See attached. Towers Watson, KU's actuary, has not calculated the pension actuarial cost projections for 2015, 2016 and 2017 using the methodology and mortalities used in the 2013 and 2014 cost calculations. The 2015, 2016 and 2017 pension actuarial cost projections are based on calculations provided by Towers Watson on May 30, 2014. On the last page of the attached report in Note 2, the actuary compares the consolidated 2014 expense for the qualified plans (\$18.7M), which was based on the RP-2000 scale AA mortality table, to the projected expense for 2015, which was based on the RP-2014 scale BB mortality table. Note 2 indicates that the expense projection is \$31.2 million higher than the 2014 expense primarily due to the change in the mortality assumption. Preparation of actuarial cost projections for 2015, 2016, and 2017 using the same pension methodology and mortalities that were used in 2013 and 2014 would require original work, significant time and additional cost.

TOWERS WATSON 

Centre Square East
1500 Market Street
Philadelphia, PA 19102-4790

T +215 246 6000

towerswatson.com

May 30, 2014

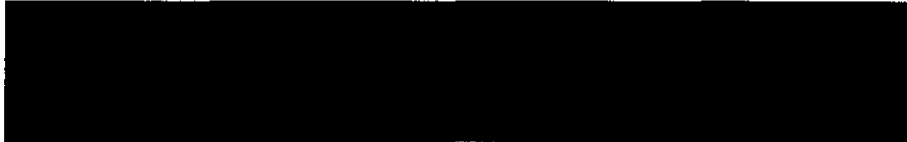
Ms. Kelli Higdon
Senior Accounting Analyst
LG&E and KU Energy LLC
220 West Main Street
Louisville, KY 40202

Dear Kelli:

2015-2019 FINANCIAL PROJECTIONS OF PENSION AND POSTRETIREMENT WELFARE PLANS

Towers Watson Delaware, Inc. ("Towers Watson") was engaged by LG&E and KU Energy LLC ("LKE" or "the Company") to provide 5-year projections of the Financial Accounting Standards Codification ("ASC") Topic 715 accounting cost for the following pension and postretirement welfare plans with allocations as requested by LKE:

- LG&E and KU Retirement Plan
- Louisville Gas and Electric Company Bargaining Employees' Retirement Plan



- LG&E and KU Postretirement Benefit Plan

The exhibits for the years 2015-2019 are as follows:

- Estimated ASC 715 accounting cost
- Estimated cash contributions to the pension plan trusts for the LG&E and KU Retirement Plan, the Louisville Gas and Electric Company Bargaining Employees' Retirement Plan, and the Western Kentucky Energy Corp. Bargaining Employees' Retirement Plan
- Expected cash flows for the LG&E and KU Postretirement Benefit Plan
- Expected employer contributions to the 401(h) account of the LG&E and KU Postretirement Benefit Plan

The projections are based on the 2014 actuarial valuation results provided to you on April 30 (qualified pension plans), May 16 (LG&E and KU Postretirement Benefit Plan), and May 23 (nonqualified pension plans). Except where otherwise noted, the assumptions, methods, data, and plan provisions used to develop these projections are the same as those used to develop the 2014 actuarial valuation results

1. These projections reflect the following key economic assumptions:

Discount rate:

| | December 31, 2014 and all subsequent years | December 31, 2013 |
|--|--|-------------------|
| LG&E and KU Retirement Plan | 4.70% | 5.20% |
| Louisville Gas and Electric Company Bargaining Employees' Retirement Plan | 4.63% | 5.13% |
| [REDACTED] | | |
| LG&E and KU Postretirement Benefit Plan | 4.41% | 4.91% |

All discount rates are based on the results of the Towers Watson BOND:Link model as of April 30, 2014, which resulted in a 50 basis point reduction from the discount rates at December 31, 2013

[REDACTED] Cash flows by plan are based on the results of the 2014 actuarial valuation results.

Rate of compensation increase:

The projected rates of compensation increase for all legacy LKE plans are flat at all ages.

| | December 31, 2014 and all subsequent years | December 31, 2013 |
|----------------------|--|-------------------|
| All legacy LKE plans | 4.00% | 4.00% |

Expected return on assets (EROA):

| | December 31, 2014 and all subsequent years | December 31, 2013 |
|--|--|-------------------|
| LG&E and KU Retirement Plan | 7.00% | 7.00% |
| Louisville Gas and Electric Company Bargaining Employees' Retirement Plan | 7.00% | 7.00% |
| [REDACTED] | [REDACTED] | [REDACTED] |
| LG&E Energy LLC Postretirement Benefit Plan | | |
| - Union VEBA* | 0.00% | 0.00% |
| - Nonunion VEBA* | 0.00% | 0.00% |
| - 401(h) sub-account | 7.00% | 7.00% |

* Historically used as a short-term payment vehicle, not long-term investment trust

Service cost growth:

The service cost is expected to grow at varying rates, depending on whether the plan is open or closed as well as the type of benefits provided by the plan.

| | All projection years |
|--|----------------------|
| LG&E and KU Retirement Plan | 2.00% |
| Louisville Gas and Electric Company Bargaining Employees' Retirement Plan | 2.00% |
| ██ | ████ |
| ██ | ████ |
| ██ | ████ |
| ██ | ████ |
| ██ | ████ |
| ██ | ████ |
| ██ | ████ |
| LG&E and KU Postretirement Benefit Plan | 4.41% |

Actual return on assets:

The actual return on assets during 2014 is assumed to be equal to the actual return through March 31, 2014 and a 0% return for the remainder of 2014.

| | 2015 and all subsequent years | 2014 |
|--|-------------------------------|-------|
| LG&E and KU Retirement Plan | 7.00% | 5.26% |
| Louisville Gas and Electric Company Bargaining Employees' Retirement Plan | 7.00% | 5.37% |
| ██ | ████ | ████ |
| ██ | ████ | ████ |
| LG&E Energy LLC Postretirement Benefit Plan | | |
| - Union VEBA* | 0.00% | 0.00% |
| - Nonunion VEBA* | 0.00% | 0.00% |
| - 401(h) sub-account | 7.00% | 5.23% |

Health care cost trend:

| | December 31, 2014 and all subsequent years | December 31, 2013 |
|-------|--|-------------------|
| 2014 | N/A | 7.6% |
| 2015 | 7.2% | 7.2% |
| 2016 | 6.8% | 6.8% |
| 2017 | 6.4% | 6.4% |
| 2018 | 6.0% | 6.0% |
| 2019 | 5.5% | 5.5% |
| 2020+ | 5.0% | 5.0% |

- All demographic assumptions are the same as those selected by LKE at December 31, 2013 with the exception of the mortality assumption. Projections include the estimated impact for the potential mortality assumption change to the fully generational RP-2014 mortality table with MP-2014 projection scale with white collar adjustment (no collar adjustment for the Louisville Gas and Electric

Company Bargaining Employees' Retirement Plan [REDACTED] at fiscal year-end 2014. A summary of all other assumptions can be found in the Assumption Setting Presentation provided to LKE on January 7, 2014. Detailed descriptions of these assumptions will be included in the actuarial valuation reports for the fiscal year ending December 31, 2014 (to be published during the coming months).

3. All plan provisions are the same as those valued at January 1, 2014 with the exception of the dollar per month multiplier for the Louisville Gas and Electric Company Bargaining Employees' Retirement Plan, which is assumed to increase 3% per year throughout the projection period.

Detailed descriptions of the plan provisions will be included in the actuarial valuation reports for the fiscal year ending December 31, 2014 (to be published during the coming months).

4. For the Louisville Gas and Electric Company Bargaining Employees' Retirement Plan, the increases in benefit multipliers are assumed to be collectively bargained and reflected every three years. The increase in Prior Service Cost for the increases in the benefit multipliers for 2015-2017 is assumed to be reflected at December 31, 2014, and the increase in Prior Service Cost for the increase in the benefit multipliers for 2018-2020 is assumed to be reflected at December 31, 2017.
5. The expected future service to retirement age (expected future lifetime of the plan population for the [REDACTED] the LG&E and KU Supplemental Executive Plan for [REDACTED], each of which have no active plan participants) used in the development of the unrecognized (gain) / loss amortization is equal to the amount developed in the January 1, 2014 actuarial valuation results and is assumed to decrease 0.5 per year for most plans to reflect the aging of the closed populations. The LG&E and KU Non-Executive Pension Restoration Plan and the LG&E and KU Postretirement Benefit Plan are not closed, so they have no assumed decrease in the amortization period. [REDACTED]
6. The projections for the LG&E and KU Retirement Plan and the Louisville Gas and Electric Company Bargaining Employees' Retirement reflect the actual lump sum payments made to terminated vested participants during the first half of 2014.
7. All contributions are assumed to be made at the end of the year. The projections reflect no prefunding for the Non-union and Union VEBAS.
8. Under the Affordable Care Act, the Transitional Reinsurance Fee ("TRF") is scheduled to be collected from both self-insured employer medical plans and fully insured medical plans beginning in 2014 and continuing through 2016 as a means to help stabilize premiums for coverage in the individual market (inside and outside the exchanges). Consistent with the 2014 valuation, the TRF will be accounted for outside of the plan, and therefore, the projected postretirement benefit obligations have not been adjusted to reflect the expected cost of the TRF.
9. Administrative expenses of the qualified pension plans were assumed to remain level with 2014 during the projection period and are allocated based on actual administrative expenses in 2013. Postretirement Benefit Plan administrative expenses were kept consistent with 2013 actual expenses during the projection period.

Actuarial certification

In preparing the calculations contained in this letter, Towers Watson has used information and data provided to us by LKE and other persons or organizations designated by LKE. We have relied on all the



Ms. Kelli Higdon
May 30, 2014

data and information provided, including plan provisions and asset information, as being complete and accurate. We have reviewed this information for overall reasonableness and consistency but have neither audited nor independently verified this information.

As required by ASC 715, the actuarial assumptions and methods employed in the development of the pension and postretirement plan obligations have been selected by the plan sponsor. Towers Watson has concurred with these assumptions and methods. ASC 715 requires that each significant assumption "individually represent the best estimate of a particular future event."

The results documented in this letter are estimates based on data that may be imperfect and on assumptions about future events that cannot be predicted with any certainty. Certain plan provisions may be approximated or determined to be immaterial and therefore not valued. Assumptions may be made about participant data or other factors. We have made reasonable efforts to ensure that items that are material in the context of the actuarial liabilities or costs are treated appropriately, and not excluded or included inappropriately.

Actual future experience will differ from the assumptions used in our calculations. As these differences arise, contributions or the cost for accounting purposes will be adjusted in future valuations to take changes into account. If these adjustments become material, they may result in future adjustments to the valuation model.

The results shown in this letter have been developed based on actuarial assumptions that, to the extent evaluated or selected by Towers Watson, we consider to be reasonable. Other actuarial assumptions could also be considered to be reasonable. Thus, reasonable results differing from those presented in this report could have been developed by selecting different reasonable assumptions.

The numbers in this letter are not rounded, but this is for convenience only and should not imply precision, which is not a characteristic of actuarial calculations.

The calculations provided in this letter have been prepared solely for the benefit of LKE for budgeting purposes. This letter should not be used for other purposes, and we accept no responsibility for any such use. It should not be relied upon by, or shared with, any third parties without Towers Watson's prior written consent.

This letter is provided subject to the terms set out herein and in our engagement letter dated March 28, 2013 and any accompanying or referenced terms and conditions.

This letter provides actuarial calculations. It does not constitute legal, accounting, tax or investment advice. We encourage you to consult with qualified advisors with respect to those matters.

The undersigned consulting actuaries are members of the Society of Actuaries and other professional actuarial organizations and meet the "Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States" relating to retirement plans. Our objectivity is not impaired by any relationship between the plan sponsor and our employer, Towers Watson.

* * * * *

TOWERS WATSON 

Ms. Kelli Higdon
May 30, 2014

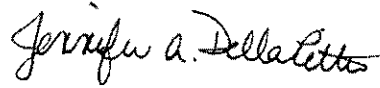
Please do not hesitate to call if you have any questions.

Sincerely,



Royce S. Kosoff, FSA, EA, CFA

Senior Consulting Actuary
Direct Dial: 215-246-6815



Jennifer A. Della Pietra, ASA, EA

Senior Consulting Actuary
Direct Dial: 215-246-6861



William R. Loth, FSA, EA
Consulting Actuary
Direct Dial: 215-246-6647

cc: David Crosby – LG&E and KU Energy LLC
Dan Arbough – LG&E and KU Energy LLC
George Sunder – PPL Corporation
Karla Durn – PPL Corporation
Kristin May, FSA, EA, MAAA – Towers Watson

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LG&E & KU Energy LLC
Estimated ASC 715 Net Periodic Pension Cost ("NPPC") For Qualified Pension Plans
2015 Fiscal Year

| | Regulatory | Regulatory | Financial | Financial | | Regulatory | Financial | Consolidated | Regulatory |
|---------------------------|-----------------------------|--------------|--------------|------------------|--------------------|--------------|-----------|--------------|--------------|
| | LG&E and KU Retirement Plan | | | | | Regulatory | Financial | Consolidated | Regulatory |
| | LG&E Non-union | KU | Servco | WKE Non-union | Non-union Total | | | | |
| Service cost | 2,155,220 | 8,410,431 | 13,520,777 | | | 1,599,741 | | | 13,520,777 |
| Interest cost | 10,551,938 | 19,171,202 | 22,337,611 | | | 15,165,158 | | | 22,337,611 |
| Expected return on assets | (13,641,272) | (24,458,474) | (24,752,753) | | | (18,956,655) | | | (24,752,753) |
| Amortizations: | | | | | | | | | |
| Transition | - | - | - | | | - | | | - |
| Prior service cost | 1,815,457 | 691,706 | - | | | 3,325,004 | | | 2,498,015 |
| (Gain)/loss | 6,901,548 | 10,935,346 | 2,085,458 | | | 12,243,026 | | | 9,793,863 |
| ASC 715 NPBC | 7,782,891 | 14,750,211 | 13,191,094 | | | 13,376,274 | | | 23,397,513 |

LG&E & KU Energy LLC
Estimated ASC 715 Net Periodic Pension Cost ("NPPC") For Qualified Pension Plans
2016 Fiscal Year

| | Regulatory | Regulatory | Financial | Financial | | Regulatory | Financial | Consolidated | Regulatory |
|---------------------------|-----------------------------|--------------|--------------|------------------|--------------------|--------------|-----------|--------------|--------------|
| | LG&E and KU Retirement Plan | | | | | Regulatory | Financial | Consolidated | Regulatory |
| | LG&E Non-union | KU | Servco | WKE Non-union | Non-union Total | | | | |
| Service cost | 2,198,325 | 8,578,640 | 13,791,192 | | | 1,631,736 | | | 13,791,192 |
| Interest cost | 10,637,140 | 19,621,767 | 23,548,502 | | | 15,243,630 | | | 23,548,502 |
| Expected return on assets | (14,261,169) | (25,741,568) | (26,572,160) | | | (20,026,033) | | | (26,572,160) |
| Amortizations: | | | | | | | | | |
| Transition | - | - | - | | | - | | | - |
| Prior service cost | 1,287,626 | 26,068 | - | | | 3,325,004 | | | 2,390,646 |
| (Gain)/loss | 5,986,095 | 9,630,885 | 1,868,345 | | | 10,484,456 | | | 9,122,994 |
| ASC 715 NPBC | 5,848,016 | 12,115,792 | 12,635,880 | | | 10,658,793 | | | 22,281,175 |

Notes

- These accounting projections are based on the January 1, 2014 valuation results provided on April 30, 2014. The description of the data, assumptions, methods, plan provisions, and limitations as set forth in the accounting valuation results cover letter should be considered part of these results. Please see the attached letter for a description of all other assumptions and methods used in this analysis, including a discount rate of [REDACTED], 4.63% for LG&E union plan, and 4.70% for the nonunion plans.
- Projections reflect the actual impact of the Terminated Vested (TV) lump sum windows phased between 2013 and 2014.
- Fair value of assets is assumed to earn [REDACTED] 7.00% each year for all others. However, in 2014, the fair value of assets is assumed to earn [REDACTED] 5.37% for LG&E union plan, and 5.26% for all others (based on actual return from January 1, 2014 through March 31, 2014 and 0% return for the remainder of 2014).
- Service cost is assumed to grow by 2% annually.
- RP-2014 mortality with MP-2014 projection has been reflected in each projection year (no collar adjustment for union plans and white collar for non-union plans).

LG&E & KU Energy LLC
Estimated ASC 715 Net Periodic Pension Cost ("NPPC") For Qualified Pension Plans
2017 Fiscal Year

| | Regulatory | Regulatory | Financial | Financial | Regulatory | | Financial | Consolidated | Regulatory |
|---------------------------|-----------------------------|--------------|--------------|---------------|-----------------|--------------|-----------|--------------|--------------|
| | LG&E and KU Retirement Plan | | | | | LG&E Union | WKE Union | US GAAP | Servco |
| | LG&E Non-union | KU | Servco | WKE Non-union | Non-union Total | | | | |
| Service cost | 2,242,291 | 8,750,213 | 14,067,016 | | | 1,664,371 | | | 14,067,016 |
| Interest cost | 10,718,015 | 20,070,290 | 24,745,247 | | | 15,297,267 | | | 24,745,247 |
| Expected return on assets | (14,784,541) | (26,903,275) | (28,371,007) | | | (20,947,423) | | | (28,371,007) |
| Amortizations: | | | | | | | | | |
| Transition | - | - | - | | | - | | | - |
| Prior service cost | 1,154,543 | 23,744 | - | | | 3,325,004 | | | 2,282,700 |
| (Gain)/loss | 5,497,877 | 9,230,455 | 1,626,773 | | | 8,918,672 | | | 8,427,667 |
| ASC 715 NPBC | 4,828,185 | 11,171,427 | 12,068,030 | | | 8,255,892 | | | 21,151,623 |

LG&E & KU Energy LLC
Estimated ASC 715 Net Periodic Pension Cost ("NPPC") For Qualified Pension Plans
2018 Fiscal Year

| | Regulatory | Regulatory | Financial | Financial | Regulatory | | Financial | Consolidated | Regulatory |
|---------------------------|-----------------------------|--------------|--------------|---------------|-----------------|--------------|-----------|--------------|--------------|
| | LG&E and KU Retirement Plan | | | | | LG&E Union | WKE Union | US GAAP | Servco |
| | LG&E Non-union | KU | Servco | WKE Non-union | Non-union Total | | | | |
| Service cost | 2,287,137 | 8,925,217 | 14,348,356 | | | 1,697,658 | | | 14,348,356 |
| Interest cost | 10,790,593 | 20,510,646 | 25,921,046 | | | 15,858,595 | | | 25,921,046 |
| Expected return on assets | (15,261,483) | (28,041,350) | (30,135,227) | | | (21,730,052) | | | (30,135,227) |
| Amortizations: | | | | | | | | | |
| Transition | - | - | - | | | - | | | - |
| Prior service cost | 924,330 | 18,294 | - | | | 4,837,907 | | | 1,781,848 |
| (Gain)/loss | 5,292,482 | 8,800,029 | 1,363,907 | | | 8,074,468 | | | 7,711,044 |
| ASC 715 NPBC | 4,033,059 | 10,212,836 | 11,498,082 | | | 8,738,576 | | | 19,627,067 |

Notes

1. These accounting projections are based on the January 1, 2014 valuation results provided on April 30, 2014. The description of the data, assumptions, methods, plan provisions, and limitations as set forth in the accounting valuation results cover letter should be considered part of these results. Please see the attached letter for a description of all other assumptions and methods used in this analysis, including a discount rate of 4.42% for the WKE union plan, 4.63% for LG&E union plan, and 4.70% for the nonunion plans.
2. Projections reflect the actual impact of the Terminated Vested (TV) lump sum windows phased between 2013 and 2014.
3. Fair value of assets is assumed to earn 0% each year for the WKE union plan and 7.00% each year for all others. However, in 2014, the fair value of assets is assumed to earn 0% for the WKE union plan, 5.37% for LG&E union plan, and 5.26% for all others (based on actual return from January 1, 2014 through March 31, 2014 and 0% return for the remainder of 2014).
4. Service cost is assumed to grow by 2% annually.
5. RP-2014 mortality with MP-2014 projection has been reflected in each projection year (no collar adjustment for union plans and white collar for non-union plans).

LG&E & KU Energy LLC
Estimated ASC 715 Net Periodic Pension Cost ("NPPC") For Qualified Pension Plans
2019 Fiscal Year

| | Regulatory | Regulatory | Financial | Financial | Regulatory | | Financial | Consolidated | Regulatory |
|---------------------------|-----------------------------|--------------|--------------|---------------|-----------------|--------------|-----------|--------------|--------------|
| | LG&E and KU Retirement Plan | | | | | LG&E Union | WKE Union | US GAAP | Servco |
| | LG&E Non-union | KU | Servco | WKE Non-union | Non-union Total | | | | |
| Service cost | 2,332,880 | 9,103,721 | 14,635,323 | | | 1,731,611 | | | 14,635,323 |
| Interest cost | 10,851,525 | 20,943,964 | 27,054,810 | | | 15,881,545 | | | 27,054,810 |
| Expected return on assets | (15,698,596) | (29,152,709) | (31,830,055) | | | (22,562,274) | | | (31,830,055) |
| Amortizations: | | | | | | | | | |
| Transition | - | - | - | | | - | | | - |
| Prior service cost | 5 | 3 | - | | | 4,674,242 | | | 4 |
| (Gain)/loss | 5,074,844 | 8,343,445 | 1,085,946 | | | 7,708,180 | | | 6,979,327 |
| ASC 715 NPBC | 2,560,657 | 9,238,425 | 10,946,024 | | | 7,433,305 | | | 16,839,410 |

Notes

1. These accounting projections are based on the January 1, 2014 valuation results provided on April 30, 2014. The description of the data, assumptions, methods, plan provisions, and limitations as set forth in the accounting valuation results cover letter should be considered part of these results. Please see the attached letter for a description of all other assumptions and methods used in this analysis, including a discount rate of [REDACTED], 4.63% for LG&E union plan, and 4.70% for the nonunion plans.
2. Projections reflect the actual impact of the Terminated Vested (TV) lump sum windows phased between 2013 and 2014.
3. Fair value of assets is assumed to earn [REDACTED] 7.00% each year for all others. However, in 2014, the fair value of assets is assumed to earn [REDACTED] 5.37% for LG&E union plan, and 5.26% for all others (based on actual return from January 1, 2014 through March 31, 2014 and 0% return for the remainder of 2014).
4. Service cost is assumed to grow by 2% annually.
5. RP-2014 mortality with MP-2014 projection has been reflected in each projection year (no collar adjustment for union plans and white collar for non-union plans).

LG&E & KU Energy LLC
Estimated Cash Contributions for Plan Years 2014-2019 (\$ millions)

| | LG&E and KU Retirement Plan | | | | | LG&E Union | WKE Union | Grand Total |
|------------------|-----------------------------|------------|------------|--------------|----------------|------------|-----------|-------------|
| | LG&E Nonunion | KU | Servco | WKE Nonunion | Nonunion Total | | | |
| 1/14/2014 actual | 8,200,000 | 2,200,000 | 24,700,000 | | | - | | |
| 12/31/2015 | 7,782,891 | 14,750,211 | 13,191,094 | | | 13,376,274 | | |
| 12/31/2016 | 5,848,016 | 12,115,792 | 12,635,880 | | | 10,658,793 | | |
| 12/31/2017 | 4,828,185 | 11,171,427 | 12,068,030 | | | 8,255,892 | | |
| 12/31/2018 | 4,033,059 | 10,212,836 | 11,498,082 | | | 8,738,576 | | |
| 12/31/2019 | 2,560,657 | 9,238,425 | 10,946,024 | | | 7,433,305 | | |

**LG&E & KU Energy LLC
Estimated ASC 715 Net Periodic Pension Cost ("NPPC") For Non-qualified Pension Plans
Financial Accounting Basis
2015 Fiscal Year**

| | Officers SERP | Restoration Plan | █ SERP | Non-qualified Total |
|---------------------------|---------------|------------------|--------|---------------------|
| Service cost | █ | █ | █ | █ |
| Interest cost | █ | █ | █ | █ |
| Expected return on assets | | | | |
| Amortizations: | | | | |
| Transition | | | | |
| Prior service cost | | | | |
| (Gain)/loss | | | | |
| ASC 715 NPBC | | | | |

**LG&E & KU Energy LLC
Estimated ASC 715 Net Periodic Pension Cost ("NPPC") For Non-qualified Pension Plans
Financial Accounting Basis
2016 Fiscal Year**

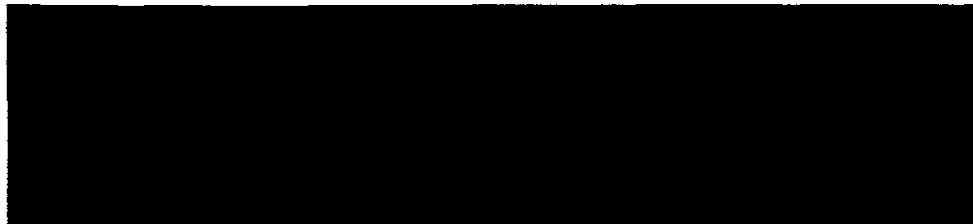
| | Officers SERP | Restoration Plan | █ SERP | Non-qualified Total |
|---------------------------|---------------|------------------|--------|---------------------|
| Service cost | █ | █ | █ | █ |
| Interest cost | █ | █ | █ | █ |
| Expected return on assets | | | | |
| Amortizations: | | | | |
| Transition | | | | |
| Prior service cost | | | | |
| (Gain)/loss | | | | |
| ASC 715 NPBC | | | | |

Notes

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LG&E & KU Energy LLC
Estimated ASC 715 Net Periodic Pension Cost ("NPPC") For Non-qualified Pension Plans
Financial Accounting Basis
2019 Fiscal Year

| | Officers SERP | Restoration Plan | ████ SERP | Non-qualified Total |
|---------------------------|---------------|------------------|-----------|---------------------|
| Service cost | | | | |
| Interest cost | | | | |
| Expected return on assets | | | | |
| Amortizations: | | | | |
| Transition | | | | |
| Prior service cost | | | | |
| (Gain)/loss | | | | |
| ASC 715 NPBC | | | | |



LG&E & KU Energy LLC
Estimated ASC 715 Net Periodic Benefit Cost ("NPBC") For Postretirement Benefit Plan
2015 Fiscal Year

| | Regulatory | Regulatory | Financial | Financial | Financial | | Regulatory | Financial | Consolidated | Regulatory | |
|---------------------------|------------|-------------|-------------|-----------|---------------|--|------------|------------|--------------|-------------|--------|
| | Non-Union | | | | | | Total | LG&E Union | WKE Union | US GAAP | ServCo |
| | LG&E | KU | ServCo | WKE | International | | | | | | |
| Service cost | 537,410 | 1,806,997 | 2,193,217 | | | | 524,683 | | | 2,193,217 | |
| Interest cost | 1,482,491 | 3,537,211 | 1,943,715 | | | | 2,465,236 | | | 1,943,715 | |
| Expected return on assets | (584,205) | (2,200,366) | (2,465,664) | | | | - | | | (2,465,664) | |
| Amortizations: | | | | | | | | | | | |
| Transition | - | - | - | | | | - | | | - | |
| Prior service cost | 283,863 | 586,092 | 512,905 | | | | 1,064,718 | | | 512,905 | |
| (Gain)/loss | - | - | - | | | | - | | | - | |
| ASC 715 NPBC | 1,719,560 | 3,729,934 | 2,184,173 | | | | 4,054,637 | | | 2,184,173 | |

LG&E & KU Energy LLC
Estimated ASC 715 Expense For Postretirement Benefit Plans
2016 Fiscal Year

| | Regulatory | Regulatory | Financial | Financial | Financial | | Regulatory | Financial | Consolidated | Regulatory | |
|---------------------------|------------|-------------|-------------|-----------|---------------|--|------------|------------|--------------|-------------|--------|
| | Non-Union | | | | | | Total | LG&E Union | WKE Union | US GAAP | ServCo |
| | LG&E | KU | ServCo | WKE | International | | | | | | |
| Service cost | 561,110 | 1,886,686 | 2,289,938 | | | | 547,822 | | | 2,289,938 | |
| Interest cost | 1,452,466 | 3,546,221 | 2,041,955 | | | | 2,434,631 | | | 2,041,955 | |
| Expected return on assets | (690,389) | (2,564,982) | (2,910,574) | | | | - | | | (2,910,574) | |
| Amortizations: | | | | | | | | | | | |
| Transition | - | - | - | | | | - | | | - | |
| Prior service cost | 283,861 | 586,089 | 512,905 | | | | 665,070 | | | 512,905 | |
| (Gain)/loss | - | - | - | | | | - | | | - | |
| ASC 715 NPBC | 1,607,048 | 3,454,014 | 1,934,224 | | | | 3,647,522 | | | 1,934,224 | |

Notes

1. These accounting projections are based on the January 1, 2014 valuation results provided on May 16, 2014. The description of the data, assumptions, methods, plan provisions, and limitations as set forth in the accounting valuation results cover letter should be considered part of these results. Please see the attached letter for a description of all other assumptions and methods used in this analysis, including a discount rate of 4.41%.
2. Non-union and Union VEBA amounts are assumed to remain level over the projection period (i.e., contributions equal disbursements and a 0.00% actual return on assets). 401(h) amounts are assumed to earn 7.00% each year, and contributions to the 401(h) account are assumed to be equal to the maximum deductible amount, starting in 2014 and are expected to be contributed at year-end. However, in 2014, the fair value of 401(h) assets is assumed to earn 5.23% (based on actual return from January 1, 2014 through March 31, 2014 and 0% return for the remainder of 2014).
3. We have assumed service cost growth equal to the discount rate (4.41% per year).
4. As instructed by LKE, historical allocation methodology has been followed (specifically, the calculation of the loss/(gain) amortization).
5. RP-2014 mortality with MP-2014 projection has been reflected in each projection year (white collar).

Attachment to Response to KU KIUC-1 Question No. 16

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5/30/2014

LG&E & KU Energy LLC
Estimated ASC 715 Expense For Postretirement Benefit Plans
2017 Fiscal Year

| | Regulatory | Regulatory | Financial | Financial | Financial | | Regulatory | Financial | Consolidated | Regulatory |
|---------------------------|------------|-------------|-------------|-----------|---------------|-------|------------|-----------|--------------|-------------|
| | Non-Union | | | | | | | | | |
| | LG&E | KU | ServCo | WKE | International | Total | LG&E Union | WKE Union | US GAAP | ServCo |
| Service cost | 585,855 | 1,969,889 | 2,390,924 | | | | 571,981 | | | 2,390,924 |
| Interest cost | 1,425,610 | 3,550,969 | 2,135,829 | | | | 2,401,000 | | | 2,135,829 |
| Expected return on assets | (822,724) | (3,005,922) | (3,454,578) | | | | - | | | (3,454,578) |
| Amortizations: | | | | | | | | | | |
| Transition | - | - | - | | | | - | | | - |
| Prior service cost | - | - | 1 | | | | 375,701 | | | 1 |
| (Gain)/loss | - | - | - | | | | - | | | - |
| ASC 715 NPBC | 1,188,741 | 2,514,936 | 1,072,176 | | | | 3,348,682 | | | 1,072,176 |

LG&E & KU Energy LLC
Estimated ASC 715 Expense For Postretirement Benefit Plans
2018 Fiscal Year

| | Regulatory | Regulatory | Financial | Financial | Financial | | Regulatory | Financial | Consolidated | Regulatory |
|---------------------------|------------|-------------|-------------|-----------|---------------|-------|------------|-----------|--------------|-------------|
| | Non-Union | | | | | | | | | |
| | LG&E | KU | ServCo | WKE | International | Total | LG&E Union | WKE Union | US GAAP | ServCo |
| Service cost | 611,691 | 2,056,761 | 2,496,364 | | | | 597,205 | | | 2,496,364 |
| Interest cost | 1,401,936 | 3,551,831 | 2,226,928 | | | | 2,363,243 | | | 2,226,928 |
| Expected return on assets | (917,584) | (3,331,269) | (3,853,454) | | | | - | | | (3,853,454) |
| Amortizations: | | | | | | | | | | |
| Transition | - | - | - | | | | - | | | - |
| Prior service cost | - | - | - | | | | 375,701 | | | - |
| (Gain)/loss | - | - | - | | | | - | | | - |
| ASC 715 NPBC | 1,096,043 | 2,277,322 | 869,838 | | | | 3,336,149 | | | 869,838 |

Notes

1. These accounting projections are based on the January 1, 2014 valuation results provided on May 16, 2014. The description of the data, assumptions, methods, plan provisions, and limitations as set forth in the accounting valuation results cover letter should be considered part of these results. Please see the attached letter for a description of all other assumptions and methods used in this analysis, including a discount rate of 4.41%.
2. Non-union and Union VEBA amounts are assumed to remain level over the projection period (i.e., contributions equal disbursements and a 0.00% actual return on assets). 401(h) amounts are assumed to earn 7.00% each year, and contributions to the 401(h) account are assumed to be equal to the maximum deductible amount, starting in 2014 and are expected to be contributed at year-end. However, in 2014, the fair value of 401(h) assets is assumed to earn 5.23% (based on actual return from January 1, 2014 through March 31, 2014 and 0% return for the remainder of 2014).
3. We have assumed service cost growth equal to the discount rate (4.41% per year).
4. As instructed by LKE, historical allocation methodology has been followed (specifically, the calculation of the loss/(gain) amortization).
5. RP-2014 mortality with MP-2014 projection has been reflected in each projection year (white collar).

Attachment to Response to KU KIUC-1 Question No. 16

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Arbough

5/30/2014

**LG&E & KU Energy LLC
Estimated ASC 715 Expense For Postretirement Benefit Plans
2019 Fiscal Year**

| | Regulatory | Regulatory | Financial | Financial | Financial | | Regulatory | Financial | Consolidated | Regulatory |
|---------------------------|------------|-------------|-------------|-----------|---------------|-------|------------|-----------|--------------|-------------|
| | Non-Union | | | | | | | | | |
| | LG&E | KU | ServCo | WKE | International | Total | LG&E Union | WKE Union | US GAAP | ServCo |
| Service cost | 638,667 | 2,147,464 | 2,606,454 | | | | 623,542 | | | 2,606,454 |
| Interest cost | 1,379,251 | 3,552,117 | 2,313,805 | | | | 2,318,606 | | | 2,313,805 |
| Expected return on assets | (976,211) | (3,537,094) | (4,103,588) | | | | - | | | (4,103,588) |
| Amortizations: | | | | | | | | | | |
| Transition | - | - | - | | | | - | | | - |
| Prior service cost | - | - | - | | | | 375,701 | | | - |
| (Gain)/loss | - | - | - | | | | - | | | - |
| ASC 715 NPBC | 1,041,707 | 2,162,488 | 816,670 | | | | 3,317,849 | | | 816,670 |

Notes

1. These accounting projections are based on the January 1, 2014 valuation results provided on May 16, 2014. The description of the data, assumptions, methods, plan provisions, and limitations as set forth in the accounting valuation results cover letter should be considered part of these results. Please see the attached letter for a description of all other assumptions and methods used in this analysis, including a discount rate of 4.41%.
2. Non-union and Union VEBA amounts are assumed to remain level over the projection period (i.e., contributions equal disbursements and a 0.00% actual return on assets). 401(h) amounts are assumed to earn 7.00% each year, and contributions to the 401(h) account are assumed to be equal to the maximum deductible amount, starting in 2014 and are expected to be contributed at year-end. However, in 2014, the fair value of 401(h) assets is assumed to earn 5.23% (based on actual return from January 1, 2014 through March 31, 2014 and 0% return for the remainder of 2014).
3. We have assumed service cost growth equal to the discount rate (4.41% per year).
4. As instructed by LKE, historical allocation methodology has been followed (specifically, the calculation of the loss/(gain) amortization).
5. RP-2014 mortality with MP-2014 projection has been reflected in each projection year (white collar).

**PLAN PROVISION CHANGES FOR POSTRETIREMENT BENEFIT PLAN
USED IN 2015-2019 PROJECTIONS**

| Effective Date for Projection Purposes | Non-Union and LG&E Union Plans |
|--|--------------------------------|
| January 1, 2015 | no change |
| January 1, 2016 | no change |
| January 1, 2017 | no change |
| January 1, 2018 | no change |
| January 1, 2019 | no change |

**LG&E & KU Energy LLC
Estimated Benefit Payments For Postretirement Benefit Plans**

| Fiscal Year | Non-Union | | | | | | LG&E Union | WKE Union | Grand Total |
|-------------|-----------|-----------|-----------|-----|---------------|-------|------------|-----------|-------------|
| | LG&E | KU | ServCo | WKE | International | Total | | | |
| 2014 | 2,767,532 | 5,019,751 | 1,474,912 | █ | █ | █ | 3,670,387 | █ | █ |
| 2015 | 2,716,609 | 5,054,889 | 1,725,205 | █ | █ | █ | 3,649,465 | █ | █ |
| 2016 | 2,684,553 | 5,226,755 | 2,097,331 | █ | █ | █ | 3,719,108 | █ | █ |
| 2017 | 2,559,185 | 5,425,895 | 2,311,469 | █ | █ | █ | 3,771,568 | █ | █ |
| 2018 | 2,537,176 | 5,578,363 | 2,613,809 | █ | █ | █ | 3,887,965 | █ | █ |
| 2019 | 2,518,654 | 5,626,336 | 2,895,839 | █ | █ | █ | 4,059,141 | █ | █ |

Estimated Year End Contributions to 401(h) Account

| Fiscal Year | 401(h) Account |
|-------------|----------------|
| 2014 | 7,696,655 |
| 2015 | 8,594,692 |
| 2016 | 10,466,377 |
| 2017 | 5,183,709 |
| 2018 | - |
| 2019 | - |

Notes

1. These accounting projections are based on the January 1, 2014 valuation results provided on May 16, 2014. The description of the data, assumptions, methods, plan provisions, and limitations as set forth in the accounting valuation results cover letter should be considered part of these results. Please see the attached letter for a description of all other assumptions and methods used in this analysis, including a discount rate of 4.41%.
2. Non-union and Union VEBA amounts are assumed to remain level over the projection period (i.e., contributions equal disbursements and a 0.00% actual return on assets). 401(h) amounts are assumed to earn 7.00% each year, and contributions to the 401(h) account are assumed to be equal to the maximum deductible amount, starting in 2014 and are expected to be contributed at year-end. However, in 2014, the fair value of 401(h) assets is assumed to earn 5.23% (based on actual return from January 1, 2014 through March 31, 2014 and 0% return for the remainder of 2014).
3. We have assumed service cost growth equal to the discount rate (4.41% per year).
4. As instructed by LKE, historical allocation methodology has been followed (specifically, the calculation of the loss/(gain) amortization).
5. RP-2014 mortality with MP-2014 projection has been reflected in each projection year (white collar).
6. The 401(h) contribution is assumed to be made at the end of the calendar year. The expected 401(h) contribution amount for 2014 may change when the actual 2014 ERISA funding valuation for the LG&E and KU Retirement Plan is completed.

| 1. Qualified Pension Plans: Reconciliation of 2015 Budgets | Consolidated US GAAP Expense |
|---|------------------------------|
| 2015 Budget provided September 12, 2013 | 35.7 |
| Demographic gains: Reflection of updated data as of January 1, 2014 | (3.7) |
| Mortality: Incremental increase from RP-2000 / Scale BB to RP-2014 / MP-2014* | 13.9 |
| Discount Rates: Approximately 30-40 basis point decrease | 4.2 |
| Plan changes: Reflection of anticipated Dollar Per Month increase in LG&E Bargaining Plan | 1.7 |
| Contributions: Actual 2014 funding higher than expected | (2.0) |
| Asset returns: Assumed January 1, 2015 values higher than previous projections | (0.7) |
| Updated 2015 Budget provided May 30, 2014 | 49.1 |

*Note that the mortality assumption change is preliminary at this point, and will be reviewed with LKE and PPL in the coming months. Actual table and projection scale used at year-end 2014 may differ from the assumption used in these forecasts.

2. All Plans: Comparison of 2014 actual expense to updated 2015 budgets

-Qualified plans: consolidated expense projection for 2015 is \$31.2 million higher than 2014 expense primarily due to the change in the mortality assumption (LKE did not move to the scale BB projection at year-end 2013, so unlike impact above, impact from 2014 to 2015 is not incremental). The 50 basis point decrease in assumed discount rate, as well as the plan change, also increased the 2015 expense projection.

-Postretirement Benefit Plan: consolidated expense projection for 2015 is \$1.2 million higher than 2014 expense predominantly due to the change in the mortality assumption (where retiree medical losses are offset by life insurance gains) and the 50 basis point decrease in assumed discount rate.

3. Nonqualified Plan: Comparison of 2015 budgets

4. Postretirement Benefit Plan: Comparison of 2015 budgets

- The consolidated US GAAP expense for the Postretirement Benefit Plan 2015 budget increased from \$10.3 million in May 2013 to \$11.6 million primarily due to the reflection of updated per capita claim costs as of January 1, 2014 and the mortality change, offset by the 42 basis point increase in assumed discount rate.

5. Qualified Pension Plans: Comparison of 2016 budgets

-The 2016 budget increase for the qualified plans is \$6.8 million. The key drivers are consistent with the reconciliation above (i.e. mortality assumption change, discount rate decrease, and plan change).

EXHIBIT ____ (LK-22)

Kentucky Utilities Company
KIUC Adjustment to Reduce Pension Expense to Reflect Reduced Amortization of
Net Actuarial (Gain)/Loss for Test Year
For the Test Year Ended June 30, 2016
\$ Millions

Source: KIUC 2-6 (Supplemental)

| 2015 | As-Filed Amortization Gain/Loss Result | Average Years of Future Service | Loss to Amortize | Adjusted Years of Future Service | KIUC Adjusted Amortization Gain/Loss Result |
|-----------------------------|--|--|------------------------|---|---|
| KU | | | | | |
| Unrecognized Gain/Loss | | | | | |
| Amortization 10% | 9.887 | 8.930 | 88.289 | 30.000 | 2.943 |
| Amortization 30% | 2.575 | 4.465 | 11.496 | 30.000 | 0.383 |
| Total KU | <u>12.462</u> | | | | <u>3.326</u> |
| ServCo | | | | | |
| Unrecognized Gain/Loss | | | | | |
| Amortization 10% | 10.171 | 8.930 | 90.827 | 30.000 | 3.028 |
| KU % of ServCo | <u>55.037%</u> | | | | <u>55.037%</u> |
| KU Portion of ServCo | 5.598 | | | | 1.666 |
| Total KU | <u><u>18.059</u></u> | | | | <u><u>4.992</u></u> |
| | | | | | |
| 2016 | As-Filed Amortization Gain/Loss Result | Average Years of Future Service | Loss to Amortize | Average Years of Future Service | KIUC Adjusted Amortization Gain/Loss Result |
| KU | | | | | |
| Unrecognized Gain/Loss | | | | | |
| Amortization 10% | 9.826 | 8.430 | 82.829 | 30.000 | 2.761 |
| Amortization 30% | - | | - | 30.000 | - |
| Total KU | <u>9.826</u> | | | | <u>2.761</u> |
| ServCo | | | | | |
| Unrecognized Gain/Loss | | | | | |
| Amortization | 8.742 | 8.430 | 73.698 | 30.000 | 2.457 |
| KU % of ServCo | <u>55.037%</u> | | | | <u>55.037%</u> |
| KU Portion of ServCo | 4.812 | | | | 1.352 |
| Total KU | <u><u>14.637</u></u> | | | | <u><u>4.113</u></u> |

Kentucky Utilities Company
KIUC Adjustment to Reduce Pension Expense to Reflect Reduced Amortization of
Net Actuarial (Gain)/Loss for Test Year
For the Test Year Ended June 30, 2016
\$ Millions

Source: KIUC 2-6 (Supplemental)

| | <u>As-Filed Amortization Gain/Loss Result</u> | <u>KIUC Adjusted Amortization Gain/Loss Result</u> |
|---|---|--|
| Test Year Amortization | | |
| 50% of 2015 | 9.030 | 2.496 |
| 50% of 2016 | 7.319 | 2.057 |
| Test Year Amortization | <u>16.348</u> | <u>4.553</u> |
| KIUC Recommended Reduction in Pension Expense to Reflect Reduced Amortization of Net Actuarial (Gain)/Loss for Test Year - Total Co. | | (11.795) |
| KY Jurisdiction Allocation % - Forecast Test Year for Labor | | <u>90.097%</u> |
| KIUC Recommended Reduction in Pension Expense to Reflect Reduced Amortization of Net Actuarial (Gain)/Loss for Test Year - Total Co. | | <u>(10.627)</u> |

EXHIBIT ____ (LK-23)

Louisville Gas and Electric Company
KIUC Adjustment to Reduce Pension Expense to Reflect Reduced Amortization of
Net Actuarial (Gain)/Loss for Test Year
For the Test Year Ended June 30, 2016
\$ Millions

Source: KIUC 2-6 (Supplemental)

| 2015 | As-Filed Amortization Gain/Loss Result | Average Years of Future Service | Loss to Amortize | Adjusted Years of Future Service | KIUC Adjusted Amortization Gain/Loss Result |
|------------------------|--|--|------------------------|---|---|
| LG&E | | | | | |
| Unrecognized Gain/Loss | | | | | |
| Amortization 10% | 5.382 | 8.930 | 48.062 | 30.000 | 1.602 |
| Amortization 30% | 2.397 | 4.465 | 10.702 | 30.000 | 0.357 |
| Total KU | <u>7.779</u> | | | | <u>1.959</u> |
| LG&E Union | | | | | |
| Unrecognized Gain/Loss | | | | | |
| Amortization 10% | 7.784 | 8.482 | 66.020 | 30.000 | 2.201 |
| Amortization 30% | 3.270 | 4.241 | 13.867 | 30.000 | 0.462 |
| Total KU | <u>11.053</u> | | | | <u>2.663</u> |
| ServCo | | | | | |
| Unrecognized Gain/Loss | | | | | |
| Amortization 10% | 10.171 | 8.930 | 90.827 | 30.000 | 3.028 |
| LG&E % of ServCo | <u>44.148%</u> | | | | <u>44.148%</u> |
| LG&E Portion of ServCo | 4.490 | | | | 1.337 |
| Total LG&E | <u><u>23.323</u></u> | | | | <u><u>5.958</u></u> |

Louisville Gas and Electric Company
KIUC Adjustment to Reduce Pension Expense to Reflect Reduced Amortization of
Net Actuarial (Gain)/Loss for Test Year
For the Test Year Ended June 30, 2016
\$ Millions

Source: KIUC 2-6 (Supplemental)

| 2016 | As-Filed Amortization Gain/Loss Result | Average Years of Future Service | Loss to Amortize | Average Years of Future Service | KIUC Adjusted Amortization Gain/Loss Result |
|--|--|--|------------------------|--|---|
| LG&E | | | | | |
| Unrecognized Gain/Loss | | | | | |
| Amortization 10% | 5.726 | 8.430 | 48.274 | 30.000 | 1.609 |
| Amortization 30% | 0.152 | 4.215 | 0.639 | 30.000 | 0.021 |
| Total KU | <u>5.878</u> | | | | <u>1.630</u> |
| LG&E Union | | | | | |
| Unrecognized Gain/Loss | | | | | |
| Amortization 10% | 8.211 | 7.982 | 65.540 | 30.000 | 2.185 |
| Amortization 30% | - | 3.991 | - | 30.000 | - |
| Total KU | <u>8.211</u> | | | | <u>2.185</u> |
| ServCo | | | | | |
| Unrecognized Gain/Loss | | | | | |
| Amortization 10% | 8.742 | 8.430 | 73.698 | 30.000 | 2.457 |
| LG&E % of ServCo | <u>44.148%</u> | | | | <u>44.148%</u> |
| LG&E Portion of ServCo | 3.860 | | | | 1.085 |
| Total LG&E | <u><u>17.948</u></u> | | | | <u><u>4.900</u></u> |
| Test Year Amortization | | | | | |
| 50% of 2015 | 11.661 | | | | 2.979 |
| 50% of 2016 | 8.974 | | | | 2.450 |
| Test Year Amortization | <u><u>20.636</u></u> | | | | <u><u>5.429</u></u> |
| | | | | | |
| KIUC Recommended Reduction in Pension Expense to Reflect Reduced Amortization of Net Actuarial (Gain)/Loss for Test Year - Total Co. | | | | | (15.207) |
| Electric Only Allocation - Based on As-Filed Capitalization and Rate Base % | | | | | <u>82.61%</u> |
| KIUC Recommended Reduction in Pension Expense to Reflect Reduced Amortization of Net Actuarial (Gain)/Loss for Test Year - Total Co. | | | | | <u><u>(12.562)</u></u> |

EXHIBIT ____ (LK-24)

KENTUCKY UTILITIES COMPANY

CASE NO. 2014-00371

**Response to Attorney General's Initial Requests for Information
Dated January 8, 2015**

Question No. 3

Responding Witness: Christopher M. Garrett

Q-3. Please provide the following amounts by class or rate schedule as available, for the years 2010-2014, and projected figures for the fully forecasted test period:

- a. Late payment charges,
- b. Customer deposits,
- c. Customer advances, and,
- d. Uncollectibles expense.

A-3.

- a. See attached.
- b. See attached.
- c. See attached.
- d. See attached.

| Kentucky Utilities Company Case No. 2014-00371 Late Payment Charges by Revenue Class - Kentucky Only For the Calendar Years 2010 through 2014, plus Fully Forecasted Test Period | | | | | | |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|------------------------|
| Revenue Class | 2010 | 2011 | 2012 | 2013 | 2014 | Forecasted Test Period |
| Residential | \$ 7,483,736 | \$ 5,627,356 | \$ 5,264,201 | \$ 2,611,518 | \$ 2,969,039 | \$ 2,947,965 |
| Commercial | 2,040,872 | 1,482,281 | 1,268,337 | 642,356 | 615,199 | 669,283 |
| Industrial | 343,025 | 316,142 | 246,620 | 116,550 | 128,461 | 138,964 |
| Public Authority | 119,169 | 28,112 | 162,621 | 29,503 | 23,401 | 27,775 |
| Street Lights | 1,524 | 1,993 | 2,529 | 1,911 | 2,775 | 2,211 |
| Total Late Payment Charges | \$ 9,988,326 | \$ 7,455,884 | \$ 6,944,308 | \$ 3,401,838 | \$ 3,738,875 | \$ 3,786,198 |

| Kentucky Utilities Company | |
|---|------------------|
| Case No. 2014-00371 | |
| Customer Deposits - Kentucky Only | |
| For the Calendar Years 2010 through 2014, plus Fully Forecasted Test Period | |
| As of | Balance |
| December 31, 2010 | \$ 22,314,681.28 |
| December 31, 2011 | 22,288,183.17 |
| December 31, 2012 | 23,939,104.39 |
| December 31, 2013 | 24,741,289.73 |
| December 31, 2014 | 25,921,051.52 |
| Forecasted Test Period Ended June 30, 2016 | 25,392,252.01 |

KU does not maintain Customer Deposits by class or rate schedule.

| Kentucky Utilities Company | |
|---|-----------------|
| Case No. 2014-00371 | |
| Customer Advances - Kentucky Only | |
| For the Calendar Years 2010 through 2014, plus Fully Forecasted Test Period | |
| As of | Balance |
| December 31, 2010 | \$ 2,869,273.92 |
| December 31, 2011 | 3,155,939.30 |
| December 31, 2012 | 2,985,264.42 |
| December 31, 2013 | 2,882,357.12 |
| December 31, 2014 | 2,189,028.23 |
| Forecasted Test Period Ended June 30, 2016 | 2,442,711.15 |

KU does not maintain Customer Advances by class or rate schedule.

| Kentucky Utilities Company Case No. 2014-00371 Uncollectibles Expense by Revenue Class - Kentucky Only For the Calendar Years 2010 through 2014, plus Fully Forecasted Test Period | | | | | | |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|------------------------|
| Revenue Class | 2010 | 2011 | 2012 | 2013 | 2014 | Forecasted Test Period |
| Residential | \$ 5,831,197 | \$ 4,716,971 | \$ 2,687,526 | \$ 2,836,501 | \$ 6,513,911 | |
| Commercial | 558,043 | 502,576 | 377,435 | 260,746 | 593,662 | |
| Industrial | 92,630 | 464,211 | 634,195 | 89,135 | 201,816 | |
| Public Authority | 146 | 43 | 328 | 841 | 1,966 | |
| Street Lights | 1,290 | 1,620 | 268 | 543 | (798) | |
| Total Uncollectibles Expense | \$ 6,483,306 | \$ 5,685,421 | \$ 3,699,752 | \$ 3,187,766 | \$ 7,310,557 | \$ 6,441,434 |

For the actuals, the accrual for bad debt is not recorded by revenue class; therefore, for the purposes of this response, the accrual has been allocated to each revenue class based on the actual write-offs.

For the forecasted test period, uncollectibles expense is not forecasted by revenue class.

EXHIBIT ____ (LK-25)

KENTUCKY UTILITIES COMPANY

CASE NO. 2014-00371

**Response to Attorney General's Supplemental Requests for Information
Dated February 6, 2015**

Question No. 3

Responding Witness: Christopher M. Garrett

- Q-3. Reference the responses to AG 1-2 and AG 1-3(d). Confirm that while KU seeks \$6,441,434 in uncollectible expense in the forecasted test period, the uncollectible average from 2010-2014 is \$4,249,960 and from 2011-2014 is \$2,953,299.
- A-3. KU has included \$6,441,434 in uncollectible expense in the forecasted test period. The stated uncollectible average from 2010-2014 of \$4,249,960 and from 2011-2014 of \$2,953,299 is incorrect. The correct average from 2010-2014 is \$5,273,360 and from 2011-2014 is \$4,970,874 as provided in AG 1-3(d).

The \$6,441,434 Kentucky jurisdictional uncollectible expense in the forecasted test period represents .40% of total Kentucky jurisdictional revenues. This write-off percentage is lower than the actual percentage for the most recent calendar year and not unreasonable when compared to the five year average.

EXHIBIT ____ (LK-26)

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2014-00372

**Response to Attorney General's Initial Request for Information
Dated January 8, 2015**

Question No. 3

Responding Witness: Christopher M. Garrett

- Q-3. Please provide the following amounts by class or rate schedule as available, for the years 2010-2014, and projected figures for the fully forecasted test period:
- a. Late payment charges,
 - b. Customer deposits,
 - c. Customer advances, and,
 - d. Uncollectibles expense.
- A-3. a. See attached.
- b. See attached.
 - c. See attached.
 - d. See attached.

| Louisville Gas and Electric Company Case No. 2014-00372 Late Payment Charges by Revenue Class For the Calendar Years 2010 through 2014, plus Fully Forecasted Test Period | | | | | | |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|------------------------|
| Revenue Class | 2010 | 2011 | 2012 | 2013 | 2014 | Forecasted Test Period |
| Electric | | | | | | |
| Residential | \$ 4,917,351 | \$ 4,263,443 | \$ 4,075,622 | \$ 1,922,733 | \$ 2,021,155 | \$ 1,999,459 |
| Commercial | 1,342,637 | 1,182,647 | 1,126,090 | 429,615 | 391,788 | 428,320 |
| Industrial | 109,521 | 126,420 | 98,299 | 53,261 | 45,598 | 54,529 |
| Public Authority | 75,465 | 97,695 | 72,052 | 23,345 | (21,616) | (8,012) |
| Street Lights | 96 | 10 | 97 | 297 | 268 | 311 |
| Total Electric Late Payment Charges | \$ 6,445,070 | \$ 5,670,215 | \$ 5,372,160 | \$ 2,429,251 | \$ 2,437,193 | \$ 2,474,607 |
| Gas | | | | | | |
| Residential | \$ 2,407,039 | \$ 2,123,472 | \$ 1,636,055 | \$ 845,131 | \$ 995,381 | 1,032,341 |
| Commercial | 626,593 | 575,935 | 404,917 | 164,917 | 177,980 | 194,854 |
| Industrial | 39,984 | 52,754 | 45,128 | 14,389 | 15,576 | 17,204 |
| Public Authority | 34,896 | 62,229 | 41,658 | 5,344 | (20,879) | (11,510) |
| Transportation | 691 | 1,139 | 2,776 | 2,911 | 517 | 1,879 |
| Total Gas Late Payment Charges | \$ 3,109,203 | \$ 2,815,529 | \$ 2,130,534 | \$ 1,032,692 | \$ 1,168,575 | \$ 1,234,768 |

| Louisville Gas and Electric Company | |
|---|------------------|
| Case No. 2014-00372 | |
| Customer Deposits | |
| For the Calendar Years 2010 through 2014, plus Fully Forecasted Test Period | |
| As of | Balance |
| December 31, 2010 | \$ 23,187,608.55 |
| December 31, 2011 | 22,311,041.85 |
| December 31, 2012 | 23,464,189.08 |
| December 31, 2013 | 24,075,548.94 |
| December 31, 2014 | 24,498,183.30 |
| Forecasted Test Period Ended June 30, 2016 | 24,000,006.56 |

LG&E does not maintain Customer Deposits by class or rate schedule.

| Louisville Gas and Electric Company | |
|---|-----------------|
| Case No. 2014-00372 | |
| Customer Advances | |
| For the Calendar Years 2010 through 2014, plus Fully Forecasted Test Period | |
| As of | Balance |
| December 31, 2010 | \$ 8,580,930.08 |
| December 31, 2011 | 7,307,168.56 |
| December 31, 2012 | 6,709,975.18 |
| December 31, 2013 | 6,748,025.17 |
| December 31, 2014 | 8,234,051.24 |
| Forecasted Test Period Ended June 30, 2016 | 7,841,390.40 |

LG&E does not maintain Customer Advances by class or rate schedule.

| Louisville Gas and Electric Company Case No. 2014-00372 Uncollectibles Expense by Revenue Class For the Calendar Years 2010 through 2014, plus Fully Forecasted Test Period | | | | | | |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|------------------------|
| Revenue Class | 2010 | 2011 | 2012 | 2013 | 2014 | Forecasted Test Period |
| Residential | \$ 5,188,232 | \$ 3,628,632 | \$ 1,364,297 | \$ 1,565,965 | \$ 3,890,076 | |
| Commercial | 669,774 | 724,982 | 344,463 | 330,353 | 713,017 | |
| Industrial | 44,549 | 722 | 34,980 | (6,353) | 26,604 | |
| Public Authority | 1,704 | 803 | 5,393 | 31,205 | 90,575 | |
| Street Lights | 187 | - | 618 | 137 | 1 | |
| Transportation | - | - | 6 | - | - | |
| Total Uncollectibles Expense | \$ 5,904,446 | \$ 4,355,139 | \$ 1,749,757 | \$ 1,921,307 | \$ 4,720,273 | \$ 4,028,000 |

For the actuals, the accrual for bad debt is not recorded by revenue class; therefore, for the purposes of this response, the accrual has been allocated to each revenue class based on the actual write-offs.

For the forecasted test period, uncollectibles expense is not forecasted by revenue class.

EXHIBIT ____ (LK-27)

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2014-00372

**Response to Attorney General's Supplemental Requests for Information
Dated February 6, 2015**

Question No. 3

Responding Witness: Christopher M. Garrett

- Q-3. Reference AG 1-2 and AG1-3(d). Confirm that while LGE seeks \$4,028,000 in uncollectible expense in the forecasted test period, the uncollectible average from 2010-2014 is \$3,730,184 and from 2011-2014 is \$3,186,619.
- A-3. LG&E has included \$4,028,000 in uncollectible expense in the forecasted test period, and the uncollectible average from 2010-2014 is \$3,730,184 and from 2011-2014 is \$3,186,619.

The \$4,028,000 uncollectible expense in the forecasted test period represents .28% of total revenues. This write-off percentage is lower than the actual percentage for the most recent calendar year and not unreasonable when compared to the five year average.

EXHIBIT ____ (LK-28)

KENTUCKY UTILITIES COMPANY

CASE NO. 2014-00371

**Response to First Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated January 8, 2015**

Question No. 36

Responding Witness: Christopher M. Garrett

- Q.1-36. Please provide a schedule showing how property taxes were computed for the base year and include copies of all workpapers used to determine the amount in electronic format with all formulas intact
- A.1-36. See attachment being provided in Excel format

Kentucky Utilities Company
2015 BP
Property & Other Taxes
Income Statement impact:
(round to 1,000's)

| <u>Budgeted Property Taxes</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>Base Year</u> <u>Ending 02/28/15</u> | <u>Test Year</u> <u>Ending 06/30/16</u> |
|--|--------------------|--------------------|--------------------|--|--|
| <u>Property Taxes (P&L)</u> | | | | | |
| KU | 24,196 | 26,817 | 28,200 | 24,633 | 27,509 |
| KU Electric | 23,049 | 25,142 | 26,248 | 23,398 | 25,695 |
| KU ECR | 1,147 | 1,675 | 1,952 | 1,235 | 1,814 |
| KU Totals | 24,196 | 26,817 | 28,200 | 24,633 | 27,509 |

Assumptions in MTP years (2015 BP):

The 2015 business plan years were calculated based on UI Planner exports from the KY Plant Account, Balance Sheet, and CWIP-RWIP reports. An average rate was used to calculate the tax liability for each property tax classification. The average rate for local taxing authorities were increased 2% each year.

Kentucky Utilities Company
Property Tax Analysis
2015 BP

| | 1/1/2014 | 1/1/2015 | 1/1/2016 |
|---|-------------|-------------|-------------|
| Summary | | | |
| AG:[Ending Gross Plant Balance] | 6,970,964 | 7,798,487 | 8,968,009 |
| AR:[Ending Accum Depreciation] | (2,666,166) | (2,811,345) | (3,011,974) |
| Net Plant | 4,304,798 | 4,987,142 | 5,956,035 |
| CWIP and RWIP | 1,157,464 | 913,772 | 210,229 |
| Total Plant | 5,462,262 | 5,900,914 | 6,166,264 |
| Exclude: | | | |
| Virginia and Tennessee Property | (75,925) | (78,045) | (74,633) |
| Virginia and Tennessee CWIP | (4,234) | (4,234) | (4,234) |
| Intangibles (ARO's, Org, Franch & Cons) | (156,366) | (165,721) | (165,711) |
| Vehicles | (940) | (2,233) | (2,972) |
| Add: | | | |
| Assessed Franchise Value | 3,000 | 3,000 | 3,000 |
| AS:[Fuel Inventory-151.0] | 77,808 | 104,279 | 97,311 |
| AU:[M&S Inventory-154.0] | 36,405 | 35,193 | 34,989 |
| AX:[Stores Expense-163.0] | 10,214 | 10,521 | 10,521 |
| Net Book Reportable for KY Property Tax | 5,352,224 | 5,803,674 | 6,064,537 |
| KY Reportable Original Costs | | | |
| Real Estate Original Costs | 313,552 | 336,377 | 347,066 |
| Manufacturing Machinery Original Costs | 4,780,893 | 5,420,700 | 6,530,973 |
| Other Tangible Property Original Costs | 1,547,495 | 1,684,824 | 1,732,639 |
| | 6,641,939 | 7,441,901 | 8,610,678 |
| Plant account 311 Split | 326,215 | 329,263 | 331,929 |
| Real Estate 55% | 179,418 | 181,095 | 182,561 |
| Manufacturing Machinery 45% | 146,797 | 148,168 | 149,368 |
| Reserve Summary | | | |
| Total Reserve | 2,647,315 | 2,790,299 | 2,977,342 |
| Less Exempt Plant accounts | (26,647) | (39,950) | (39,967) |
| Less Non-KY Reserves | (69,147) | (70,637) | (74,049) |
| Reserve to allocate | 2,551,522 | 2,679,712 | 2,863,326 |
| Reserve Allocation | | | |
| Real Estate Reserve | 98,966 | 121,124 | 115,411 |
| Manufacturing Machinery Reserve | 1,805,306 | 1,951,909 | 2,171,757 |
| Other Tangible Property Reserve | 647,250 | 606,679 | 576,158 |
| | 2,551,522 | 2,679,712 | 2,863,326 |
| Reportable NBV | | | |
| Real Estate Original NBV | 214,586 | 215,253 | 231,655 |
| Manufacturing Machinery NBV | 2,975,587 | 3,468,791 | 4,359,216 |
| Other Tangible Property NBV | 900,245 | 1,078,145 | 1,156,481 |
| | 4,090,418 | 4,762,189 | 5,747,352 |
| Allocated CWIP and RWIP | | | |
| Real Estate Original Costs | 6,922 | 2,816 | 543 |
| Manufacturing Machinery Original Costs | 1,055,803 | 842,054 | 162,407 |
| Other Tangible Property Original Costs | 69,421 | 43,623 | 8,413 |
| | 1,132,146 | 888,492 | 171,363 |
| Net Book Value Reported on Schedule J | | | |
| Real Estate Original Costs | 221,508 | 218,068 | 232,198 |
| Manufacturing Machinery Original Costs | 4,031,390 | 4,310,845 | 4,521,623 |
| Other Tangible Property Original Costs | 1,019,285 | 1,170,482 | 1,213,405 |
| Inventory | 77,808 | 104,279 | 97,311 |
| | 5,349,991 | 5,803,674 | 6,064,537 |
| | (2,233.36) | - | - |
| Average Tax Rates per Category (per \$100) | | | |
| Real Estate Original Costs | 1.0659 | 1.0851 | 1.1044 |
| Manufacturing Machinery Original Costs | 0.1500 | 0.1500 | 0.1500 |
| Other Tangible Property Original Costs | 1.4405 | 1.4608 | 1.4810 |
| Inventory | 0.0500 | 0.0500 | 0.0500 |
| KY Property Tax Expense | | | |
| | Year 2014 | Year 2015 | Year 2016 |
| Real Estate Original Costs | 2,361 | 2,366 | 2,564 |
| Manufacturing Machinery Original Costs | 6,047 | 6,466 | 6,782 |
| Other Tangible Property Original Costs | 14,683 | 17,098 | 17,970 |
| Inventory | 39 | 52 | 49 |
| Kentucky Property Tax | 23,130 | 25,983 | 27,366 |
| Virginia Property Tax | 600 | 600 | 600 |
| Paid and Assessed Locally | 235 | 235 | 235 |
| Accrual adjustments | 232 | | |
| Total Property Tax Expense | 24,196 | 26,817 | 28,200 |

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2014-00372

**Response to First Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated January 8, 2015**

Question No. 36

Responding Witness: Christopher M. Garrett

- Q.1-36. Please provide a schedule showing how property taxes were computed for the base year and include copies of all workpapers used to determine the amount in electronic format with all formulas intact.
- A.1-36. See attachment being provided in Excel format.

**Louisville Gas and Electric
2015 BP
Property & Other Taxes
Income Statement impact:
(round to 1,000's)**

| <u>Budgeted Property Taxes</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>Base Year Ending 02/28/15</u> | <u>Test Year Ending 06/30/16</u> |
|--|-------------|-------------|-------------|--------------------------------------|--------------------------------------|
| <u>Property Taxes (P&L)</u> | | | | | |
| LG&E | 23,129 | 25,644 | 29,418 | 23,548 | 27,531 |
| LG&E Electric | 16,815 | 18,176 | 20,508 | 17,042 | 19,342 |
| LG&E Gas | 5,782 | 6,411 | 7,354 | 5,887 | 6,883 |
| LG&E ECR | 532 | 1,057 | 1,555 | 619 | 1,306 |
| LG&E Totals | 23,129 | 25,644 | 29,418 | 23,548 | 27,531 |

Assumptions in MTP years (2015 BP):

The 2015 business plan years were calculated based on UI Planner exports from the KY Plant Account, Balance Sheet, and CWIP-RWIP reports. An average rate was used to calculate the tax liability for each property tax classification. The average rate for local taxing authorities were increased 2% each year.

Louisville Gas and Electric Company
Property Tax Analysis
2015 BP

| | 1/1/2014 | 1/1/2015 | 1/1/2016 |
|---|-------------|-------------|-------------|
| Summary | | | |
| AG:[Ending Gross Plant Balance] | 5,070,606 | 5,657,192 | 6,123,072 |
| AR:[Ending Accum Depreciation] | (2,359,917) | (2,379,440) | (2,160,638) |
| Net Plant | 2,710,689 | 3,277,752 | 3,962,434 |
| CWIP and RWIP | 676,665 | 657,760 | 439,763 |
| Total Plant | 3,387,354 | 3,935,512 | 4,402,197 |
| Exclude: | | | |
| Indiana Property | (27,887) | (29,686) | (53,339) |
| Indiana CWIP | (7,203) | (26,653) | (1,734) |
| Fort Knox Estimate | (39,619) | (56,171) | (56,171) |
| Intangibles (ARO's, Org, Franch & Cons) | (61,322) | (59,060) | (59,060) |
| Nonrecoverable Natural Gas | (1,708) | (1,628) | (1,548) |
| Vehicles | (2,278) | (52,155) | (58,415) |
| Railcars estimate | (2,407) | (2,407) | (2,407) |
| Add: | | | |
| Assessed Franchise Value | 3,000 | 3,000 | 3,000 |
| Assessed Land Value | 3,779 | 3,779 | 3,779 |
| AW:[Gas Inventory-164.0] | 47,547 | 52,855 | 51,299 |
| AW:[Gas Inventory-164.0] Less Indiana | (5,603) | (5,603) | (5,603) |
| AS:[Fuel Inventory-151.0] | 64,192 | 56,491 | 47,571 |
| AU:[M&S Inventory-154.0] | 35,817 | 34,989 | 25,783 |
| AX:[Stores Expense-163.0] | 6,187 | 6,278 | 6,278 |
| Net Book Reportable for KY Property Tax | 3,399,850 | 3,859,542 | 4,301,631 |
| | 29,318 | | |
| KY Reportable Original Costs (less Fort Knox and railcars) | | | |
| Real Estate Original Costs | 1,027,011 | 1,013,319 | 1,063,634 |
| Manufacturing Machinery Original Costs | 2,715,793 | 3,087,660 | 3,428,390 |
| Other Tangible Property Original Costs | 1,156,021 | 1,283,977 | 1,327,668 |
| | 4,898,826 | 5,384,955 | 5,819,691 |
| Reserve Summary | | | |
| Total Reserve | 2,334,684 | 2,340,883 | 2,086,960 |
| Less Exempt Plant accounts | (24,687) | (28,069) | (28,242) |
| Less Non-KY Reserves | (18,595) | (18,675) | (19,813) |
| Less Rail Cars | (2,060) | (2,060) | (2,060) |
| Less Fort Knox | (21,349) | (34,064) | (34,064) |
| Reserve to allocate | 2,267,993 | 2,258,014 | 2,002,781 |
| Reserve Allocation | | | |
| Real Estate Reserve | 457,472 | 424,904 | 366,038 |
| Manufacturing Machinery Reserve | 1,275,321 | 1,294,714 | 1,179,842 |
| Other Tangible Property Reserve | 535,199 | 538,396 | 456,902 |
| | 2,267,993 | 2,258,014 | 2,002,781 |
| Reportable NBV | | | |
| Real Estate Original NBV | 569,539 | 588,415 | 697,596 |
| Manufacturing Machinery NBV | 1,440,471 | 1,792,945 | 2,248,548 |
| Other Tangible Property NBV | 620,822 | 745,581 | 870,766 |
| | 2,630,833 | 3,126,941 | 3,816,910 |
| Allocated CWIP and RWIP | | | |
| Real Estate Original Costs | 49,476 | 11,310 | 6,954 |
| Manufacturing Machinery Original Costs | 537,530 | 549,236 | 337,719 |
| Other Tangible Property Original Costs | 57,222 | 32,003 | 19,678 |
| | 644,229 | 592,550 | 364,351 |
| Net Book Value Reported on Schedule J | | | |
| Real Estate Original Costs | 622,795 | 603,504 | 708,330 |
| Manufacturing Machinery Original Costs | 1,978,001 | 2,342,182 | 2,586,267 |
| Other Tangible Property Original Costs | 723,048 | 821,851 | 925,506 |
| Inventory - Gas Stored Underground (exclude Fort Knox) | 30,205 | 35,513 | 33,957 |
| Inventory - Fuel | 64,192 | 56,491 | 47,571 |
| | 3,418,242 | 3,859,542 | 4,301,631 |
| | 18,392.53 | - | - |
| Average Tax Rates per Category (per \$100) | | | |
| Real Estate Original Costs | 1.1896 | 1.2114 | 1.2332 |
| Manufacturing Machinery Original Costs | 0.1500 | 0.1500 | 0.1500 |
| Other Tangible Property Original Costs | 1.6780 | 1.7031 | 1.7281 |
| Inventory - Gas Stored Underground (exclude Fort Knox) | 1.0364 | 1.0565 | 1.0766 |
| Inventory - Fuel | 0.0500 | 0.0500 | 0.0500 |
| KY Property Tax Expense | | | |
| | Year 2014 | Year 2015 | Year 2016 |
| Real Estate Original Costs | 7,409 | 7,311 | 8,735 |
| Manufacturing Machinery Original Costs | 2,967 | 3,513 | 3,879 |
| Other Tangible Property Original Costs | 12,133 | 13,997 | 15,994 |
| Inventory - Gas Stored Underground (exclude Fort Knox) | 313 | 375 | 366 |
| Inventory - Fuel | 32 | 28 | 24 |
| Kentucky Property Tax | 22,854 | 25,224 | 28,998 |
| Indiana Property Tax | 220 | 220 | 220 |
| Paid and Assessed Locally | 200 | 200 | 200 |
| Accrual adjustments | (144) | | |
| Total Property Tax Expense | 23,129 | 25,644 | 29,418 |

EXHIBIT ____ (LK-29)

KENTUCKY UTILITIES COMPANY

CASE NO. 2014-00371

**Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated February 6, 2015**

Question No. 2-10

Responding Witness: Christopher M. Garrett

- Q.2-10. Refer to the Company's response to KIUC 1-36 regarding property tax expense.
- a. Please indicate if the Company allocates the property taxes assessed between expense and capital for accounting purposes, i.e., capitalizes the property tax expense related to CWIP. If the Company does not do so, then please explain why it does not.
 - b. Please indicate if the accumulated depreciation amounts used in the Company's calculation of property tax expense include the net negative salvage reflected in depreciation expense. If not, then please explain why net negative salvage was excluded for that purpose.
- A.2-10. a. Per the Company's accounting policy, 656 - Capitalized Property Taxes, only property taxes on CWIP that relate to the original construction costs of coal-fired generating units are capitalized. All other property taxes on construction costs are expensed. There were no original construction costs of coal-fired generating units in the base year, therefore, no property taxes were capitalized.
- b. Yes, the accumulated depreciation amounts include the net negative salvage reflected in depreciation expense.

EXHIBIT ____ (LK-30)

Kentucky Utilities Company
KIUC Adjustment to Remove Property Taxes on CWIP
For the Test Year Ended June 30, 2016
\$ Millions

Source: Response to KIUC 1-36

| | | |
|--|------------------|-----------------------|
| CWIP Subject to Property Taxes Paid during 2015 | 892.726 | |
| Net Plant (including CWIP) Subject to Property Taxes Paid During 2015 | <u>5,803.674</u> | |
| CWIP as a Percentage of Reportable Net Book Value Subject to Property Taxes Paid During 2015 | 15.38% | |
| 2015 Property Tax Expense - Total Company Excluding ECR | <u>25.142</u> | |
| 2015 Property Tax Expense Based on CWIP | 3.867 | |
| Remove 2015 Property Tax Expense Based on CWIP in Test Year (6 Months) | | (1.934) |
| CWIP Subject to Property Taxes Paid during 2016 | 175.597 | |
| Net Plant (including CWIP) Subject to Property Taxes Paid During 2016 | <u>6,064.537</u> | |
| CWIP as a Percentage of Reportable Net Book Value Subject to Property Taxes Paid During 2016 | 2.90% | |
| 2016 Property Tax Expense - Total Company Excluding ECR | <u>26.248</u> | |
| 2016 Property Tax Expense Based on CWIP | 0.760 | |
| Remove 2016 Property Tax Expense Based on CWIP in Test Year (6 Months) | | <u>(0.380)</u> |
| Remove Test Year Property Tax Expense Based on CWIP-Total Co. | | (2.314) |
| KY Jurisdiction Allocation % - Forecast Test Year Net Plant | | <u>88.870%</u> |
| Remove Test Year Property Tax Expense Based on CWIP-KY Jur | | <u><u>(2.056)</u></u> |

EXHIBIT ____ (LK-31)

Louisville Gas and Electric Company
KIUC Adjustment to Remove Property Taxes on CWIP
For the Test Year Ended June 30, 2016
\$ Millions

Source: Response to KIUC 1-36

| | | |
|--|------------------|-----------------------|
| CWIP Subject to Property Taxes Paid during 2015 | 619.203 | |
| Net Plant (including CWIP) Subject to Property Taxes Paid During 2015 | <u>3,859.542</u> | |
| CWIP as a Percentage of Reportable Net Book Value Subject to Property Taxes Paid During 2015 | 16.04% | |
| 2015 Property Tax Expense - Electric and Excluding ECR | <u>18.176</u> | |
| 2015 Property Tax Expense Based on CWIP | 2.916 | |
| Remove 2015 Property Tax Expense Based on CWIP in Test Year (6 Months) | | (1.458) |
| CWIP Subject to Property Taxes Paid during 2016 | 366.085 | |
| Net Plant (including CWIP) Subject to Property Taxes Paid During 2016 | <u>4,301.631</u> | |
| CWIP as a Percentage of Reportable Net Book Value Subject to Property Taxes Paid During 2016 | 8.51% | |
| 2016 Property Tax Expense - Electric and Excluding ECR | <u>20.508</u> | |
| 2016 Property Tax Expense Based on CWIP | 1.745 | |
| Remove 2016 Property Tax Expense Based on CWIP in Test Year (6 Months) | | <u>(0.873)</u> |
| Remove Test Year Property Tax Expense Based on CWIP | | <u><u>(2.331)</u></u> |

EXHIBIT ____ (LK-32)

KENTUCKY UTILITIES COMPANY

CASE NO. 2014-00371

**Response to First Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated January 8, 2015**

Question No. 29

Responding Witness: Christopher M. Garrett

Q.1-29. Please provide a schedule of the amortization expense associated with each regulatory asset for each year 2010 through 2014, the base year, and the test year. Provide the balance of each regulatory asset at the beginning and end of each of those years as well as the amortization period that was used in each of those years. In addition, please source the amortization period to the Case No. in which the Commission approved the recovery and the amortization period, if any.

A.1-29. See attached.

Kentucky Utilities Company - 2010

Regulatory Assets with specific amortization periods

| Account | Description | Amortization Period | Order No. / Docket No. | Beginning Balance | Annual Activity | Amortization | Ending Balance |
|---|---|---------------------|--|-------------------|--------------------|--------------------|-------------------|
| 182320/182345 | WINTER STORM 2009 - ELECTRIC | Aug-10 to Jul-20 | 2009-00548 2009-00174 2008-00251 PUE 2009-00029 EC06-4 | 57,236,758 | (476,973) | (1,907,892) | 54,851,894 |
| 182321/182341 | MISO EXIT FEE | Mar-09 to Dec-14 | ER06-20 | 8,758,240 | (2,492,896) | (1,144,488) | 5,120,856 |
| 182322/182335 | RATE CASE EXPENSES - ELECTRIC | Jan-13 to Dec-15 | 2012-00221 | 997,877 | 1,734,767 | (460,559) | 2,272,086 |
| 182324/182337 | EKPC FERC TRANSMISSION COST - K Y PORTION | Mar-09 to Feb-14 | ER06-1458 | 1,394,571 | - | (334,697) | 1,059,874 |
| 182332/182348 | CMRG FUNDING [CARBON MGT RESEARCH GROUP] | Aug-10 to Jul-20 | 2009-00548 | 216,500 | (11,620) | (42,683) | 162,197 |
| 182333/182349 | KCCS FUNDING [KY CONSORTIUM FOR CARBON STORAGE] | Aug-10 to Jul-14 | 2009-00548 2009-00548 | 921,961 | - | (96,038) | 825,923 |
| 182334/182347 | WIND STORM 2008 | Aug-10 to Jul-20 | 2008-00457 | 2,195,516 | (18,296) | (73,184) | 2,104,037 |
| 182339 | MOUNTAIN STORM - ELECTRIC | Nov-11 to Oct-16 | PUE 2010-00141 | - | - | - | - |
| 182359 | GENERAL MANAGEMENT AUDIT - ELECTRIC | Jan-13 to Dec-15 | 2012-00222 | - | - | - | - |
| Regulatory Assets with specific amortization periods Total | | | | 71,721,423 | (1,265,017) | (4,059,540) | 66,396,866 |

Other Regulatory Assets

| Account | Description | Amortization Period | Order No. / Docket No. | Beginning Balance | Annual Activity | Amortization | Ending Balance |
|--------------------------------------|---------------------------------------|---------------------|------------------------|--------------------|---------------------|--------------------|--------------------|
| 182305/182315 | SFAS 158 - PENSION AND POSTRETIREMENT | | | 104,664,344 | 12,610,024 | | 117,274,368 |
| 182328-182331 | SFAS 109 - INCOME TAXES | | | 12,478,514 | 1,116,822 | | 13,595,336 |
| 182309/182368 | VA FUEL COMPONENT | | | - | 4,795,000 | | 4,795,000 |
| 182311 | FERC JURISDICTIONAL PENSION EXPENSES | | | 3,823,143 | 967,794 | | 4,790,937 |
| 182317-18/182325 | ASSET RETIREMENT OBLIGATION | | | 29,970,260 | (28,419,411) | | 1,550,849 |
| 182307 | ENVIRONMENTAL COST RECOVERY | | | 28,377,088 | (28,377,088) | | - |
| 182306 | KY FUEL ADJUSTMENT CLAUSE | | | 675,000 | (675,000) | | - |
| Other Regulatory Assets Total | | | | 179,988,349 | (37,981,859) | - | 142,006,490 |
| KU Regulatory Assets Total | | | | 251,709,772 | (39,246,876) | (4,059,540) | 208,403,356 |

Kentucky Utilities Company - 2011

Regulatory Assets with specific amortization periods

| Account | Description | Amortization Period | Order No. / Docket No. | Beginning Balance | Annual Activity | Amortization | Ending Balance |
|---|---|---------------------|--|-------------------|------------------|--------------------|-------------------|
| 182320/182345 | WINTER STORM 2009 - ELECTRIC | Aug-10 to Jul-20 | 2009-00548 2009-00174 2008-00251 PUE 2009-00029 EC06-4 | 54,851,894 | - | (5,723,676) | 49,128,218 |
| 182321/182341 | MISO EXIT FEE | Mar-09 to Dec-14 | ER06-20 | 5,120,856 | (63,426) | (1,413,481) | 3,643,950 |
| 182322/182335 | RATE CASE EXPENSES - ELECTRIC | Jan-13 to Dec-15 | 2012-00221 | 2,272,086 | - | (1,132,082) | 1,140,004 |
| 182324/182337 | EKPC FERC TRANSMISSION COST - KY PORTION | Mar-09 to Feb-14 | ER06-1458 | 1,059,874 | - | (334,697) | 725,177 |
| 182332/182348 | CMRG FUNDING [CARBON MGT RESEARCH GROUP] | Aug-10 to Jul-20 | 2009-00548 | 162,197 | 102,440 | (102,440) | 162,197 |
| 182333/182349 | KCCS FUNDING [KY CONSORTIUM FOR CARBON STORAGE] | Aug-10 to Jul-14 | 2009-00548 2009-00548 | 825,923 | - | (230,490) | 595,433 |
| 182334/182347 | WIND STORM 2008 | Aug-10 to Jul-20 | 2008-00457 | 2,104,037 | - | (219,552) | 1,884,485 |
| 182339 | MOUNTAIN STORM - ELECTRIC | Nov-11 to Oct-16 | PUE 2010-00141 | - | 6,041,670 | (201,389) | 5,840,281 |
| 182359 | GENERAL MANAGEMENT AUDIT - ELECTRIC | Jan-13 to Dec-15 | 2012-00222 | - | 140,906 | - | 140,906 |
| Regulatory Assets with specific amortization periods Total | | | | 66,396,866 | 6,221,590 | (9,357,806) | 63,260,650 |

Other Regulatory Assets

| Account | Description | Amortization Period | Order No. / Docket No. | Beginning Balance | Annual Activity | Amortization | Ending Balance |
|--------------------------------------|--------------------------------------|---------------------|------------------------|--------------------|-------------------|--------------------|--------------------|
| 182305/182315 | ASC 715 - PENSION AND POSTRETIREMENT | | | 117,274,368 | (4,010,222) | | 113,264,146 |
| 182328-182331 | ASC 740 - INCOME TAXES | | | 13,595,336 | 61,617,019 | | 75,212,355 |
| 182317-18/182325 | ASSET RETIREMENT OBLIGATION | | | 1,550,849 | 5,870,443 | | 7,421,292 |
| 182311 | FERC JURISDICTIONAL PENSION EXPENSES | | | 4,790,937 | 1,084,916 | | 5,875,853 |
| 182309/182368 | VA FUEL COMPONENT | | | 4,795,000 | (1,001,000) | | 3,794,000 |
| Other Regulatory Assets Total | | | | 142,006,490 | 63,561,156 | - | 205,567,646 |
| KU Regulatory Assets Total | | | | 208,403,356 | 69,782,746 | (9,357,806) | 268,828,296 |

Kentucky Utilities Company - 2012

Regulatory Assets with specific amortization periods

| Account | Description | Amortization Period | Order No. / Docket No. | Beginning Balance | Annual Activity | Amortization | Ending Balance |
|---|---|---------------------|--|-------------------|------------------|--------------------|-------------------|
| 182320/182345 | WINTER STORM 2009 - ELECTRIC | Aug-10 to Jul-20 | 2009-00548 2009-00174 2008-00251 PUE 2009-00029 EC06-4 | 49,128,218 | - | (5,723,676) | 43,404,542 |
| 182321/182341 | MISO EXIT FEE | Mar-09 to Dec-14 | ER06-20 | 3,643,950 | - | (1,345,267) | 2,298,683 |
| 182322/182335 | RATE CASE EXPENSES - ELECTRIC | Jan-13 to Dec-15 | 2012-00221 | 1,140,004 | 1,654,125 | (748,283) | 2,045,847 |
| 182324/182337 | EKPC FERC TRANSMISSION COST - KY PORTION | Mar-09 to Feb-14 | ER06-1458 | 725,177 | - | (334,697) | 390,480 |
| 182332/182348 | CMRG FUNDING [CARBON MGT RESEARCH GROUP] | Aug-10 to Jul-20 | 2009-00548 | 162,197 | 102,440 | (102,440) | 162,197 |
| 182333/182349 | KCCS FUNDING [KY CONSORTIUM FOR CARBON STORAGE] | Aug-10 to Jul-14 | 2009-00548 2009-00548 | 595,433 | - | (230,490) | 364,943 |
| 182334/182347 | WIND STORM 2008 | Aug-10 to Jul-20 | 2008-00457 | 1,884,485 | - | (219,552) | 1,664,933 |
| 182339 | MOUNTAIN STORM - ELECTRIC | Nov-11 to Oct-16 | PUE 2010-00141 | 5,840,281 | - | (1,208,334) | 4,631,947 |
| 182359 | GENERAL MANAGEMENT AUDIT - ELECTRIC | Jan-13 to Dec-15 | 2012-00222 | 140,906 | 1,615 | - | 142,521 |
| Regulatory Assets with specific amortization periods Total | | | | 63,260,650 | 1,758,179 | (9,912,738) | 55,106,092 |

Other Regulatory Assets

| Account | Description | Amortization Period | Order No. / Docket No. | Beginning Balance | Annual Activity | Amortization | Ending Balance |
|--------------------------------------|--------------------------------------|---------------------|------------------------|--------------------|-------------------|--------------------|--------------------|
| 182305/182315 | ASC 715 - PENSION AND POSTRETIREMENT | | | 113,264,146 | 22,778,591 | | 136,042,737 |
| 182328-182331 | ASC 740 - INCOME TAXES | | | 75,212,355 | (2,381,974) | | 72,830,381 |
| 182317-18/182325 | ASSET RETIREMENT OBLIGATION | | | 7,421,292 | 3,808,109 | | 11,229,401 |
| 182311 | FERC JURISDICTIONAL PENSION EXPENSES | | | 5,875,853 | 790,908 | | 6,666,761 |
| 182309/182368 | VA FUEL COMPONENT | | | 3,794,000 | (151,000) | | 3,643,000 |
| 182363 | DSM COST RECOVERY | | | - | 401,912 | | 401,912 |
| Other Regulatory Assets Total | | | | 205,567,646 | 25,246,546 | - | 230,814,192 |
| KU Regulatory Assets Total | | | | 268,828,296 | 27,004,725 | (9,912,738) | 285,920,284 |

Kentucky Utilities Company - 2013

Regulatory Assets with specific amortization periods

| Account | Description | Amortization Period | Order No. / Docket No. | Beginning Balance | Annual Activity | Amortization | Ending Balance |
|---|---|---------------------|--|-------------------|------------------|--------------------|-------------------|
| 182320/182345 | WINTER STORM 2009 - ELECTRIC | Aug-10 to Jul-20 | 2009-00548 2009-00174 2008-00251 PUE 2009-00029 EC06-4 | 43,404,542 | - | (5,723,676) | 37,680,866 |
| 182321/182341 | MISO EXIT FEE | Mar-09 to Dec-14 | ER06-20 | 2,298,683 | (382,728) | (127,069) | 1,788,886 |
| 182322/182335 | RATE CASE EXPENSES - ELECTRIC | Jan-13 to Dec-15 | 2012-00221 | 2,045,847 | 116 | (943,097) | 1,102,866 |
| 182324/182337 | EKPC FERC TRANSMISSION COST - KY PORTION | Mar-09 to Feb-14 | ER06-1458 | 390,480 | - | (334,697) | 55,783 |
| 182332/182348 | CMRG FUNDING [CARBON MGT RESEARCH GROUP] | Aug-10 to Jul-20 | 2009-00548 | 162,197 | 122,000 | (102,440) | 181,757 |
| 182333/182349 | KCCS FUNDING [KY CONSORTIUM FOR CARBON STORAGE] | Aug-10 to Jul-14 | 2009-00548 2009-00548 | 364,943 | - | (230,490) | 134,453 |
| 182334/182347 | WIND STORM 2008 | Aug-10 to Jul-20 | 2008-00457 | 1,664,933 | - | (219,552) | 1,445,382 |
| 182339 | MOUNTAIN STORM - ELECTRIC | Nov-11 to Oct-16 | PUE 2010-00141 | 4,631,947 | - | (1,208,334) | 3,423,613 |
| 182359 | GENERAL MANAGEMENT AUDIT - ELECTRIC | Jan-13 to Dec-15 | 2012-00222 | 142,521 | - | (47,507) | 95,014 |
| Regulatory Assets with specific amortization periods Total | | | | 55,106,092 | (260,612) | (8,936,861) | 45,908,619 |

Other Regulatory Assets

| Account | Description | Amortization Period | Order No. / Docket No. | Beginning Balance | Annual Activity | Amortization | Ending Balance |
|--------------------------------------|--------------------------------------|---------------------|------------------------|--------------------|---------------------|--------------------|--------------------|
| 182305/182315 | ASC 715 - PENSION AND POSTRETIREMENT | | | 136,042,737 | (48,189,079) | | 87,853,658 |
| 182328-182331 | ASC 740 - INCOME TAXES | | | 72,830,381 | (1,554,062) | | 71,276,319 |
| 182317-18/182325 | ASSET RETIREMENT OBLIGATION | | | 11,229,401 | 11,328,676 | | 22,558,077 |
| 182311 | FERC JURISDICTIONAL PENSION EXPENSES | | | 6,666,760 | (6,666,760) | | - |
| 182309/182368 | VA FUEL COMPONENT | | | 3,643,000 | (3,643,000) | | - |
| 182363 | DSM COST RECOVERY - UNDER-RECOVERY | | | 401,912 | 4,944,597 | | 5,346,509 |
| 182307 | ENVIRONMENTAL COST RECOVERY | | | - | 4,635,326 | | 4,635,326 |
| Other Regulatory Assets Total | | | | 230,814,191 | (39,144,302) | - | 191,669,889 |
| KU Regulatory Assets Total | | | | 285,920,283 | (39,404,914) | (8,936,861) | 237,578,508 |

Kentucky Utilities Company - 2014

Regulatory Assets with specific amortization periods

| Account | Description | Amortization Period | Order No. / Docket No. | Beginning Balance | Annual Activity | Amortization | Ending Balance |
|---|---|---------------------|--|-------------------|------------------|--------------------|-------------------|
| 182320/182345 | WINTER STORM 2009 - ELECTRIC | Aug-10 to Jul-20 | 2009-00548 2009-00174 2008-00251 PUE 2009-00029 EC06-4 | 37,680,866 | - | (5,723,676) | 31,957,190 |
| 182321/182341 | MISO EXIT FEE | Mar-09 to Dec-14 | ER06-20 | 1,788,886 | (1,679,029) | (109,857) | 0 |
| 182322/182335 | RATE CASE EXPENSES - ELECTRIC | Jan-13 to Dec-15 | 2012-00221 | 1,102,866 | 1,357,905 | (551,375) | 1,909,396 |
| 182324/182337 | EKPC FERC TRANSMISSION COST - KY PORTION | Mar-09 to Feb-14 | ER06-1458 | 55,783 | - | (55,783) | - |
| 182332/182348 | CMRG FUNDING [CARBON MGT RESEARCH GROUP] | Aug-10 to Jul-20 | 2009-00548 | 181,757 | 122,000 | (141,560) | 162,197 |
| 182333/182349 | KCCS FUNDING [KY CONSORTIUM FOR CARBON STORAGE] | Aug-10 to Jul-14 | 2009-00548 2009-00548 | 134,453 | - | (134,453) | - |
| 182334/182347 | WIND STORM 2008 | Aug-10 to Jul-20 | 2008-00457 | 1,445,382 | - | (219,552) | 1,225,830 |
| 182339 | MOUNTAIN STORM - ELECTRIC | Nov-11 to Oct-16 | PUE 2010-00141 | 3,423,613 | - | (1,208,334) | 2,215,279 |
| 182359 | GENERAL MANAGEMENT AUDIT - ELECTRIC | Jan-13 to Dec-15 | 2012-00222 | 95,014 | - | (47,507) | 47,507 |
| 182367 | REG ASSET - MUNI MISO EXIT FEE | | | - | 1,208,048 | - | 1,208,048 |
| Regulatory Assets with specific amortization periods Total | | | | 45,908,619 | 1,008,924 | (8,192,096) | 38,725,447 |

Other Regulatory Assets

| Account | Description | Amortization Period | Order No. / Docket No. | Beginning Balance | Annual Activity | Amortization | Ending Balance |
|--------------------------------------|---|---------------------|------------------------|--------------------|-------------------|--------------------|--------------------|
| 182305/182315 | ASC 715 - PENSION AND POSTRETIREMENT | | | 87,853,658 | (6,983,399) | | 80,870,259 |
| 182328-182331 | ASC 740 - INCOME TAXES | | | 71,276,319 | (811,290) | | 70,465,029 |
| 182317-18/182325 | ASSET RETIREMENT OBLIGATION | | | 22,558,077 | 28,197,621 | | 50,755,698 |
| 182363 | DSM COST RECOVERY - UNDER-RECOVERY | | | 5,346,509 | (5,346,509) | | - |
| 182307 | ENVIRONMENTAL COST RECOVERY | | | 4,635,326 | (3,832,326) | | 803,000 |
| 182306 | FUEL ADJUSTMENT CLAUSE | | | - | 2,464,000 | | 2,464,000 |
| 182364 | LONG TERM INTEREST RATE SWAP FORWARD STARTING | | | - | 33,287,299 | | 33,287,299 |
| Other Regulatory Assets Total | | | | 191,669,889 | 46,975,396 | - | 238,645,285 |
| KU Regulatory Assets Total | | | | 237,578,508 | 47,984,319 | (8,192,096) | 277,370,732 |

Kentucky Utilities Company (Base Period Actual/Forecast 3/14 - 2/15)

Regulatory Assets with specific amortization periods

| Account | Description | Amortization Period | Order No. / Docket No. | Beginning Balance | Annual Activity | Amortization | Ending Balance |
|---|---|---------------------|--|--------------------|-------------------|--------------------|--------------------|
| 182320/182345 | WINTER STORM 2009 - ELECTRIC | Aug-10 to Jul-20 | 2009-00548 2009-00174 2008-00251 PUE 2009-00029 EC06-4 | 36,727,000 | - | (5,723,000) | 31,004,000 |
| 182321/182341 | MISO EXIT FEE | Mar-09 to Dec-14 | ER06-20 | 1,732,000 | (1,641,000) | (91,000) | - |
| 182322/182335 | RATE CASE EXPENSES - ELECTRIC | Jan-13 to Dec-15 | 2012-00221 | 1,017,000 | 1,313,000 | (551,000) | 1,779,000 |
| 182332/182348 | CMRG FUNDING [CARBON MGT RESEARCH GROUP] | Aug-10 to Jul-20 | 2009-00548 | 165,000 | 185,000 | (102,000) | 248,000 |
| 182333/182349 | KCCS FUNDING [KY CONSORTIUM FOR CARBON STORAGE] | Aug-10 to Jul-14 | 2009-00548 2009-00548 | 96,000 | - | (96,000) | - |
| 182334/182347 | WIND STORM 2008 | Aug-10 to Jul-20 | 2008-00457 | 1,409,000 | - | (220,000) | 1,189,000 |
| 182339 | MOUNTAIN STORM - ELECTRIC | Nov-11 to Oct-16 | PUE 2010-00141 | 3,222,000 | - | (1,208,000) | 2,014,000 |
| 182359 | GENERAL MANAGEMENT AUDIT - ELECTRIC | Jan-13 to Dec-15 | 2012-00222 | 87,000 | - | (48,000) | 39,000 |
| 182367 | REG ASSET - MUNI MISO EXIT FEE | | | - | 1,361,000 | (234,000) | 1,127,000 |
| Regulatory Assets with specific amortization periods Total | | | | 44,455,000 | 1,218,000 | (8,273,000) | 37,400,000 |
| Other Regulatory Assets | | | | 100,415,772 | 19,652,228 | - | 120,068,000 |
| KU Regulatory Assets Total | | | | 144,870,772 | 20,870,228 | (8,273,000) | 157,468,000 |

Kentucky Utilities Company (Test Period Forecast 7/15 - 6/16)

Regulatory Assets with specific amortization periods

| Account | Description | Amortization Period | Order No. / Docket No. | Beginning Balance | Annual Activity | Amortization | Ending Balance |
|---|---|---------------------|------------------------|--------------------|-------------------|--------------------|--------------------|
| | | | 2009-00548 | | | | |
| 182320/182345 | WINTER STORM 2009 - ELECTRIC | Aug-10 to Jul-20 | 2009-00174 | 29,095,000 | - | (5,723,000) | 23,372,000 |
| 182322/182335 | RATE CASE EXPENSES - ELECTRIC | Jan-13 to Dec-15 | 2012-00221 | 2,433,000 | 1,179,000 | (960,000) | 2,652,000 |
| 182332/182348 | CMRG FUNDING [CARBON MGT RESEARCH GROUP] | Aug-10 to Jul-20 | 2009-00548 | 213,000 | 102,000 | (102,000) | 213,000 |
| 182333/182349 | KCCS FUNDING [KY CONSORTIUM FOR CARBON STORAGE] | Aug-10 to Jul-14 | 2009-00548 | - | - | - | - |
| | | | 2009-00548 | | | | |
| 182334/182347 | WIND STORM 2008 | Aug-10 to Jul-20 | 2008-00457 | 1,116,000 | - | (220,000) | 896,000 |
| 182339 | MOUNTAIN STORM - ELECTRIC | Nov-11 to Oct-16 | PUE 2010-00141 | 1,611,000 | - | (1,208,000) | 403,000 |
| 182359 | GENERAL MANAGEMENT AUDIT - ELECTRIC | Jan-13 to Dec-15 | 2012-00222 | 208,000 | - | (83,000) | 125,000 |
| 182367 | REG ASSET - MUNI MISO EXIT FEE | | | 966,000 | - | (484,000) | 482,000 |
| Regulatory Assets with specific amortization periods Total | | | | 35,642,000 | 1,281,000 | (8,780,000) | 28,143,000 |
| Other Regulatory Assets | | | | 119,066,000 | 22,058,000 | - | 141,124,000 |
| KU Regulatory Assets Total | | | | 154,708,000 | 23,339,000 | (8,780,000) | 169,267,000 |

EXHIBIT ____ (LK-33)

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2014-00372

**Response to First Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated January 8, 2015**

Question No. 29

Responding Witness: Christopher M. Garrett

Q.1-29. Please provide a schedule of the amortization expense associated with each regulatory asset for each year 2010 through 2014, the base year, and the test year. Provide the balance of each regulatory asset at the beginning and end of each of those years as well as the amortization period that was used in each of those years. In addition, please source the amortization period to the Case No. in which the Commission approved the recovery and the amortization period, if any.

A.1-29. See attached.

Louisville Gas and Electric Company - 2010

Regulatory Assets with specific amortization periods

| Account | Description | Amortization Period | Order No. / Docket No. | Beginning Balance | Annual Activity | Amortization | Ending Balance |
|---|---|---------------------|--|-------------------|------------------|--------------------|-------------------|
| 182320/182345 | WINTER STORM 2009 - ELECTRIC | Aug-10 to Jul-20 | 2009-00549 2009-00175 | 43,670,702 | - | (1,819,613) | 41,851,089 |
| 182342/182346 | WINTER STORM 2009 - GAS | Aug-10 to Jul-20 | 2009-00549 2009-00175 2008-00251 EC06-4 | 167,689 | 16,769 | (23,756) | 160,702 |
| 182321/182341 | MISO EXIT FEE | Mar-09 to Dec-13 | ER06-20 | 4,308,025 | (1,692,544) | (1,106,015) | 1,509,467 |
| 182322/182335 | RATE CASE EXPENSES - ELECTRIC | Jan-13 to Dec-15 | 2012-00222 | 536,806 | 722,898 | (247,757) | 1,011,948 |
| 182323/182336 | RATE CASE EXPENSES - GAS | Jan-13 to Dec-15 | 2012-00222 | 179,818 | 413,700 | (82,993) | 510,525 |
| 182324/182337 | EKPC FERC TRANSMISSION COST - KY PORTION | Mar-09 to Feb-14 | ER06-1458 | 706,552 | - | (169,572) | 536,979 |
| 182332/182348 | CMRG FUNDING [CARBON MGT RESEARCH GROUP] | Aug-10 to Jul-20 | 2009-00549 | 183,500 | 11,620 | (40,650) | 154,470 |
| 182333/182349 | KCCS FUNDING [KY CONSORTIUM FOR CARBON STORAGE] | Aug-10 to Jul-14 | 2009-00549 2009-00549 | 878,041 | - | (91,463) | 786,578 |
| 182334/182347 | WIND STORM REGULATORY ASSET | Aug-10 to Jul-20 | 2008-00456 | 23,540,333 | - | (980,847) | 22,559,486 |
| 182343/182344 | SWAP TERMINATION | Aug-10 to Apr-35 | 2009-00549 | - | 9,303,396 | (107,698) | 9,195,698 |
| Regulatory Assets with specific amortization periods Total | | | | 74,171,466 | 8,775,839 | (4,670,363) | 78,276,942 |

Other Regulatory Assets

| Account | Description | Amortization Period | Order No. / Docket No. | Beginning Balance | Annual Activity | Amortization | Ending Balance |
|--------------------------------------|---|---------------------|------------------------|--------------------|-------------------|--------------|--------------------|
| 182305/182315 | ASC 715 - PENSION AND POSTRETIREMENT | | | 204,123,304 | 9,057,366 | - | 213,180,670 |
| 182352 | LONG TERM INTEREST RATE SWAP | | | - | 34,281,361 | - | 34,281,361 |
| 182317-18/182325 | ASSET RETIREMENT OBLIGATION - ELECTRIC | | | 21,443,936 | (14,856,145) | - | 6,587,791 |
| 182326 | ASSET RETIREMENT OBLIGATION - GAS | | | 8,129,187 | (7,879,141) | - | 250,046 |
| 182327 | ASSET RETIREMENT OBLIGATION - COMMON | | | 26,290 | (25,015) | - | 1,275 |
| 182307 | ENVIRONMENTAL COST RECOVERY | | | 7,213,893 | (2,493,584) | - | 4,720,309 |
| 182306 | FUEL ADJUSTMENT CLAUSE | | | 66,000 | 3,125,000 | - | 3,191,000 |
| 182340 | PERFORMANCE-BASED RATES | | | 2,714,433 | (279,480) | - | 2,434,953 |
| 182308 | GAS SUPPLY CLAUSE | | | 55,271 | 1,056,746 | - | 1,112,017 |
| 182319 | MILL CREEK ASH POND RECOVERED THROUGH ECR | May-06 to Apr-10 | | 685,885 | (685,885) | - | - |
| Other Regulatory Assets Total | | | | 244,458,199 | 21,301,223 | - | 265,759,422 |

LG&E Regulatory Assets Total

| | | | |
|--------------------|-------------------|--------------------|--------------------|
| 318,629,665 | 30,077,062 | (4,670,363) | 344,036,364 |
|--------------------|-------------------|--------------------|--------------------|

Louisville Gas and Electric Company - 2011

Regulatory Assets with specific amortization periods

| Account | Description | Amortization Period | Order No. / Docket No. | Beginning Balance | Annual Activity | Amortization | Ending Balance |
|---|---|---------------------|------------------------|-------------------|------------------|--------------------|-------------------|
| | | | 2009-00549 | | | | |
| 182320/182345 | WINTER STORM 2009 - ELECTRIC | Aug-10 to Jul-20 | 2009-00175 | 41,851,089 | - | (4,367,070) | 37,484,019 |
| | | | 2009-00549 | | | | |
| 182342/182346 | WINTER STORM 2009 - GAS | Aug-10 to Jul-20 | 2009-00175 | 160,702 | - | (16,769) | 143,933 |
| | | | 2008-00251 | | | | |
| | | | EC06-4 | | | | |
| 182321/182341 | MISO EXIT FEE | Mar-09 to Dec-13 | ER06-20 | 1,509,467 | - | (749,834) | 759,633 |
| 182322/182335 | RATE CASE EXPENSES - ELECTRIC | Jan-13 to Dec-15 | 2012-00222 | 1,011,948 | - | (527,588) | 484,359 |
| 182323/182336 | RATE CASE EXPENSES - GAS | Jan-13 to Dec-15 | 2012-00222 | 510,525 | - | (243,135) | 267,390 |
| 182324/182337 | EKPC FERC TRANSMISSION COST - KY PORTION | Mar-09 to Feb-14 | ER06-1458 | 536,979 | - | (169,572) | 367,407 |
| 182332/182348 | CMRG FUNDING [CARBON MGT RESEARCH GROUP] | Aug-10 to Jul-20 | 2009-00549 | 154,470 | 97,560 | (97,560) | 154,470 |
| 182333/182349 | KCCS FUNDING [KY CONSORTIUM FOR CARBON STORAGE] | Aug-10 to Jul-14 | 2009-00549 | 786,578 | - | (219,510) | 567,068 |
| | | | 2009-00549 | | | | |
| 182334/182347 | WIND STORM REGULATORY ASSET | Aug-10 to Jul-20 | 2008-00456 | 22,559,486 | - | (2,354,033) | 20,205,452 |
| 182359 | GENERAL MANAGEMENT AUDIT - ELECTRIC | Jan-13 to Dec-15 | 2012-00222 | - | 90,545 | - | 90,545 |
| 182360 | GENERAL MANAGEMENT AUDIT - GAS | Jan-13 to Dec-15 | 2012-00222 | - | 29,486 | - | 29,486 |
| 182361 | 2011 SUMMER STORM - ELECTRIC | Jan-13 to Dec-17 | 2012-00222 | - | 8,052,125 | - | 8,052,125 |
| 182343/182344 | SWAP TERMINATION | Aug-10 to Apr-35 | 2009-00549 | 9,195,698 | - | (258,476) | 8,937,222 |
| Regulatory Assets with specific amortization periods Total | | | | 78,276,942 | 8,269,716 | (9,003,548) | 77,543,109 |

Other Regulatory Assets

| Account | Description | Amortization Period | Order No. / Docket No. | Beginning Balance | Annual Activity | Amortization | Ending Balance |
|--------------------------------------|--|---------------------|------------------------|--------------------|-------------------|--------------|--------------------|
| 182305/182315 | ASC 715 - PENSION AND POSTRETIREMENT | | | 213,180,670 | 12,124,492 | - | 225,305,162 |
| 182352 | LONG TERM INTEREST RATE SWAP | | | 34,281,361 | 25,285,103 | - | 59,566,464 |
| 182328-182331 | ASC 740 - INCOME TAXES | | | - | 14,730,134 | - | 14,730,134 |
| 182317-18/182325 | ASSET RETIREMENT OBLIGATION - ELECTRIC | | | 6,587,791 | 2,835,742 | - | 9,423,533 |
| 182326 | ASSET RETIREMENT OBLIGATION - GAS | | | 250,046 | 983,874 | - | 1,233,920 |
| 182327 | ASSET RETIREMENT OBLIGATION - COMMON | | | 1,275 | 7,832 | - | 9,107 |
| 182307 | ENVIRONMENTAL COST RECOVERY | | | 4,720,309 | (4,720,309) | - | - |
| 182306 | FUEL ADJUSTMENT CLAUSE | | | 3,191,000 | 407,000 | - | 3,598,000 |
| 182340 | PERFORMANCE-BASED RATES | | | 2,434,953 | 1,583,139 | - | 4,018,092 |
| 182308 | GAS SUPPLY CLAUSE | | | 1,112,017 | 571,363 | - | 1,683,380 |
| Other Regulatory Assets Total | | | | 265,759,422 | 53,808,370 | - | 319,567,792 |

| | | | | | | | |
|---|--|--|--|--------------------|-------------------|--------------------|--------------------|
| LG&E Regulatory Assets Total | | | | 344,036,364 | 62,078,086 | (9,003,548) | 397,110,901 |
|---|--|--|--|--------------------|-------------------|--------------------|--------------------|

Louisville Gas and Electric Company - 2012

Regulatory Assets with specific amortization periods

| Account | Description | Amortization Period | Order No. / Docket No. | Beginning Balance | Annual Activity | Amortization | Ending Balance |
|---|---|---------------------|------------------------|-------------------|------------------|--------------------|-------------------|
| | | | 2009-00549 | | | | |
| 182320/182345 | WINTER STORM 2009 - ELECTRIC | Aug-10 to Jul-20 | 2009-00175 | 37,484,019 | - | (4,367,070) | 33,116,949 |
| | | | 2009-00549 | | | | |
| 182342/182346 | WINTER STORM 2009 - GAS | Aug-10 to Jul-20 | 2009-00175 | 143,933 | - | (16,769) | 127,165 |
| | | | 2008-00251 | | | | |
| | | | EC06-4 | | | | |
| 182321/182341 | MISO EXIT FEE | Mar-09 to Dec-13 | ER06-20 | 759,633 | - | (749,834) | 9,798 |
| 182322/182335 | RATE CASE EXPENSES - ELECTRIC | Jan-13 to Dec-15 | 2012-00222 | 484,359 | 894,414 | (321,124) | 1,057,649 |
| 182323/182336 | RATE CASE EXPENSES - GAS | Jan-13 to Dec-15 | 2012-00222 | 267,390 | 284,806 | (173,974) | 378,222 |
| 182324/182337 | EKPC FERC TRANSMISSION COST - KY PORTION | Mar-09 to Feb-14 | ER06-1458 | 367,407 | - | (169,572) | 197,834 |
| 182332/182348 | CMRG FUNDING [CARBON MGT RESEARCH GROUP] | Aug-10 to Jul-20 | 2009-00549 | 154,470 | 97,560 | (97,560) | 154,470 |
| 182333/182349 | KCCS FUNDING [KY CONSORTIUM FOR CARBON STORAGE] | Aug-10 to Jul-14 | 2009-00549 | 567,068 | - | (219,510) | 347,558 |
| | | | 2009-00549 | | | | |
| 182334/182347 | WIND STORM REGULATORY ASSET | Aug-10 to Jul-20 | 2008-00456 | 20,205,452 | - | (2,354,033) | 17,851,419 |
| 182359 | GENERAL MANAGEMENT AUDIT - ELECTRIC | Jan-13 to Dec-15 | 2012-00222 | 90,545 | 1,038 | - | 91,583 |
| 182360 | GENERAL MANAGEMENT AUDIT - GAS | Jan-13 to Dec-15 | 2012-00222 | 29,486 | 338 | - | 29,824 |
| 182361 | 2011 SUMMER STORM - ELECTRIC | Jan-13 to Dec-17 | 2012-00222 | 8,052,125 | - | - | 8,052,125 |
| 182343/182344 | SWAP TERMINATION | Aug-10 to Apr-35 | 2009-00549 | 8,937,222 | - | (258,476) | 8,678,746 |
| Regulatory Assets with specific amortization periods Total | | | | 77,543,109 | 1,278,155 | (8,727,924) | 70,093,341 |

Other Regulatory Assets

| Account | Description | Amortization Period | Order No. / Docket No. | Beginning Balance | Annual Activity | Amortization | Ending Balance |
|---|--|---------------------|------------------------|--------------------|-------------------|--------------------|--------------------|
| 182305/182315 | ASC 715 - PENSION AND POSTRETIREMENT | | | 225,305,162 | 6,400,487 | - | 231,705,649 |
| 182352 | LONG TERM INTEREST RATE SWAP | | | 59,566,464 | (960,980) | - | 58,605,484 |
| 182328-182331 | ASC 740 - INCOME TAXES | | | 14,730,134 | (407,551) | - | 14,322,583 |
| 182317-18/182325 | ASSET RETIREMENT OBLIGATION - ELECTRIC | | | 9,423,533 | 3,586,834 | - | 13,010,367 |
| 182326 | ASSET RETIREMENT OBLIGATION - GAS | | | 1,233,920 | 764,111 | - | 1,998,031 |
| 182327 | ASSET RETIREMENT OBLIGATION - COMMON | | | 9,107 | 8,120 | - | 17,227 |
| 182307 | ENVIRONMENTAL COST RECOVERY | | | - | 631,535 | - | 631,535 |
| 182306 | FUEL ADJUSTMENT CLAUSE | | | 3,598,000 | 2,470,000 | - | 6,068,000 |
| 182340 | PERFORMANCE-BASED RATES | | | 4,018,092 | 1,621,793 | - | 5,639,885 |
| 182308 | GAS SUPPLY CLAUSE | | | 1,683,380 | 3,755,859 | - | 5,439,239 |
| 182363 | DSM COST RECOVERY - UNDER-RECOVERY | | | - | 930,885 | - | 930,885 |
| Other Regulatory Assets Total | | | | 319,567,792 | 18,801,093 | - | 338,368,885 |
| LG&E Regulatory Assets Total | | | | 397,110,901 | 20,079,248 | (8,727,924) | 408,462,226 |

Louisville Gas and Electric Company - 2013

Regulatory Assets with specific amortization periods

| Account | Description | Amortization Period | Order No. / Docket No. | Beginning Balance | Annual Activity | Amortization | Ending Balance |
|---|---|---------------------|------------------------------------|-------------------|-----------------|--------------------|-------------------|
| 182320/182345 | WINTER STORM 2009 - ELECTRIC | Aug-10 to Jul-20 | 2009-00549 2009-00175 | 33,116,949 | - | (4,367,070) | 28,749,879 |
| 182342/182346 | WINTER STORM 2009 - GAS | Aug-10 to Jul-20 | 2009-00549 2008-00251 EC06-4 | 127,165 | - | (16,769) | 110,396 |
| 182321/182341 | MISO EXIT FEE | Mar-09 to Dec-13 | ER06-20 | 9,798 | (9,798) | - | - |
| 182322/182335 | RATE CASE EXPENSES - ELECTRIC | Jan-13 to Dec-15 | 2012-00222 | 1,057,649 | 74 | (461,373) | 596,350 |
| 182323/182336 | RATE CASE EXPENSES - GAS | Jan-13 to Dec-15 | 2012-00222 | 378,222 | 24 | (188,351) | 189,895 |
| 182324/182337 | EKPC FERC TRANSMISSION COST - KY PORTION | Mar-09 to Feb-14 | ER06-1458 | 197,834 | 0 | (169,572) | 28,262 |
| 182332/182348 | CMRG FUNDING [CARBON MGT RESEARCH GROUP] | Aug-10 to Jul-20 | 2009-00549 | 154,470 | 78,000 | (97,560) | 134,910 |
| 182333/182349 | KCCS FUNDING [KY CONSORTIUM FOR CARBON STORAGE] | Aug-10 to Jul-14 | 2009-00549 2009-00549 | 347,558 | - | (219,510) | 128,048 |
| 182334/182347 | WIND STORM REGULATORY ASSET | Aug-10 to Jul-20 | 2008-00456 | 17,851,419 | - | (2,354,033) | 15,497,386 |
| 182359 | GENERAL MANAGEMENT AUDIT - ELECTRIC | Jan-13 to Dec-15 | 2012-00222 | 91,583 | - | (30,528) | 61,055 |
| 182360 | GENERAL MANAGEMENT AUDIT - GAS | Jan-13 to Dec-15 | 2012-00222 | 29,824 | - | (9,941) | 19,883 |
| 182361 | 2011 SUMMER STORM - ELECTRIC | Jan-13 to Dec-17 | 2012-00222 | 8,052,125 | - | (1,610,425) | 6,441,700 |
| 182343/182344 | SWAP TERMINATION | Aug-10 to Apr-35 | 2009-00549 | 8,678,746 | - | (388,659) | 8,290,087 |
| Regulatory Assets with specific amortization periods Total | | | | 70,093,341 | 68,301 | (9,913,792) | 60,247,849 |

Other Regulatory Assets

| Account | Description | Amortization Period | Order No. / Docket No. | Beginning Balance | Annual Activity | Amortization | Ending Balance |
|---|--|---------------------|------------------------|--------------------|---------------------|--------------------|--------------------|
| 182305/182315 | ASC 715 - PENSION AND POSTRETIREMENT | | | 231,705,649 | (67,617,768) | - | 164,087,881 |
| 182352 | LONG TERM INTEREST RATE SWAP | | | 58,605,484 | (22,692,563) | - | 35,912,921 |
| 182328-182331 | ASC 740 - INCOME TAXES | | | 14,322,583 | (265,233) | - | 14,057,350 |
| 182317-18/182325 | ASSET RETIREMENT OBLIGATION - ELECTRIC | | | 13,010,367 | 5,019,980 | - | 18,030,347 |
| 182326 | ASSET RETIREMENT OBLIGATION - GAS | | | 1,998,031 | 906,896 | - | 2,904,927 |
| 182327 | ASSET RETIREMENT OBLIGATION - COMMON | | | 17,227 | 7,771 | - | 24,998 |
| 182307 | ENVIRONMENTAL COST RECOVERY | | | 631,535 | 1,529,176 | - | 2,160,711 |
| 182306 | FUEL ADJUSTMENT CLAUSE | | | 6,068,000 | (4,376,000) | - | 1,692,000 |
| 182340 | PERFORMANCE-BASED RATES | | | 5,639,885 | (3,065,854) | - | 2,574,031 |
| 182308 | GAS SUPPLY CLAUSE | | | 5,439,239 | 1,920,406 | - | 7,359,645 |
| 182363 | DSM COST RECOVERY - UNDER-RECOVERY | | | 930,885 | 2,673,248 | - | 3,604,133 |
| Other Regulatory Assets Total | | | | 338,368,885 | (85,959,941) | - | 252,408,944 |
| LG&E Regulatory Assets Total | | | | 408,462,226 | (85,891,640) | (9,913,792) | 312,656,793 |

Louisville Gas and Electric Company - 2014

Regulatory Assets with specific amortization periods

| Account | Description | Amortization Period | Order No. / Docket No. | Beginning Balance | Annual Activity | Amortization | Ending Balance |
|---|---|---------------------|------------------------|-------------------|------------------|--------------------|-------------------|
| | | | 2009-00549 | | | | |
| 182320/182345 | WINTER STORM 2009 - ELECTRIC | Aug-10 to Jul-20 | 2009-00175 | 28,749,879 | - | (4,367,070) | 24,382,809 |
| | | | 2009-00549 | | | | |
| 182342/182346 | WINTER STORM 2009 - GAS | Aug-10 to Jul-20 | 2009-00175 | 110,396 | - | (16,769) | 93,627 |
| 182322/182335 | RATE CASE EXPENSES - ELECTRIC | Jan-13 to Dec-15 | 2012-00222 | 596,350 | 753,344 | (298,138) | 1,051,556 |
| 182323/182336 | RATE CASE EXPENSES - GAS | Jan-13 to Dec-15 | 2012-00222 | 189,895 | 188,336 | (94,935) | 283,295 |
| 182324/182337 | EKPC FERC TRANSMISSION COST - KY PORTION | Mar-09 to Feb-14 | ER06-1458 | 28,262 | - | (28,262) | - |
| 182332/182348 | CMRG FUNDING [CARBON MGT RESEARCH GROUP] | Aug-10 to Jul-20 | 2009-00549 | 134,910 | 78,000 | (58,440) | 154,470 |
| 182333/182349 | KCCS FUNDING [KY CONSORTIUM FOR CARBON STORAGE] | Aug-10 to Jul-14 | 2009-00549 | 128,048 | - | (128,048) | - |
| | | | 2009-00549 | | | | |
| 182334/182347 | WIND STORM REGULATORY ASSET | Aug-10 to Jul-20 | 2008-00456 | 15,497,386 | - | (2,354,033) | 13,143,352 |
| 182359 | GENERAL MANAGEMENT AUDIT - ELECTRIC | Jan-13 to Dec-15 | 2012-00222 | 61,055 | - | (30,528) | 30,527 |
| 182360 | GENERAL MANAGEMENT AUDIT - GAS | Jan-13 to Dec-15 | 2012-00222 | 19,883 | - | (9,941) | 9,941 |
| 182361 | 2011 SUMMER STORM - ELECTRIC | Jan-13 to Dec-17 | 2012-00222 | 6,441,700 | - | (1,610,425) | 4,831,275 |
| 182343/182344 | SWAP TERMINATION | Aug-10 to Apr-35 | 2009-00549 | 8,290,087 | - | (388,659) | 7,901,428 |
| Regulatory Assets with specific amortization periods Total | | | | 60,247,849 | 1,019,680 | (9,385,248) | 51,882,281 |

Other Regulatory Assets

| Account | Description | Amortization Period | Order No. / Docket No. | Beginning Balance | Annual Activity | Amortization | Ending Balance |
|---|---|---------------------|------------------------|--------------------|-------------------|--------------------|--------------------|
| 182305/182315 | ASC 715 - PENSION AND POSTRETIREMENT | | | 164,087,881 | 4,990,002 | - | 169,077,883 |
| 182352 | LONG TERM INTEREST RATE SWAP | | | 35,912,921 | 12,075,907 | - | 47,988,828 |
| 182328-182331 | ASC 740 - INCOME TAXES | | | 14,057,350 | (265,233) | - | 13,792,117 |
| 182317-18/182325 | ASSET RETIREMENT OBLIGATION - ELECTRIC | | | 18,030,347 | 6,827,514 | - | 24,857,861 |
| 182326 | ASSET RETIREMENT OBLIGATION - GAS | | | 2,904,927 | 483,947 | - | 3,388,874 |
| 182327 | ASSET RETIREMENT OBLIGATION - COMMON | | | 24,998 | (24,998) | - | - |
| 182307 | ENVIRONMENTAL COST RECOVERY | | | 2,160,711 | 1,679,289 | - | 3,840,000 |
| 182306 | FUEL ADJUSTMENT CLAUSE | | | 1,692,000 | (130,000) | - | 1,562,000 |
| 182340 | PERFORMANCE-BASED RATES | | | 2,574,031 | (862,813) | - | 1,711,218 |
| 182308 | GAS SUPPLY CLAUSE | | | 7,359,645 | 6,435,332 | - | 13,794,977 |
| 182363 | DSM COST RECOVERY - UNDER-RECOVERY | | | 3,604,133 | (3,604,133) | - | - |
| 182364 | LONG TERM INTEREST RATE SWAP FORWARD STARTING | | | - | 33,263,681 | - | 33,263,681 |
| Other Regulatory Assets Total | | | | 252,408,944 | 60,868,495 | - | 313,277,439 |
| LG&E Regulatory Assets Total | | | | 312,656,793 | 61,888,175 | (9,385,248) | 365,159,719 |

Louisville Gas and Electric Company (Base Period Actual/Forecast 3/14 - 2/15)

Regulatory Assets with specific amortization periods

| Account | Description | Amortization Period | Order No. / Docket No. | Beginning Balance | Annual Activity | Amortization | Ending Balance |
|---|---|---------------------|--------------------------|--------------------|--------------------|--------------------|--------------------|
| 182320/182345 | WINTER STORM 2009 - ELECTRIC | Aug-10 to Jul-20 | 2009-00549 2009-00175 | 28,022,000 | - | (4,366,000) | 23,656,000 |
| 182342/182346 | WINTER STORM 2009 - GAS | Aug-10 to Jul-20 | 2009-00175 | 108,000 | - | (17,000) | 91,000 |
| 182322/182335 | RATE CASE EXPENSES - ELECTRIC | Jan-13 to Dec-15 | 2012-00222 | 551,000 | 669,000 | (298,000) | 922,000 |
| 182323/182336 | RATE CASE EXPENSES - GAS | Jan-13 to Dec-15 | 2012-00222 | 175,000 | 212,000 | (95,000) | 292,000 |
| 182332/182348 | CMRG FUNDING [CARBON MGT RESEARCH GROUP] | Aug-10 to Jul-20 | 2009-00549 | 119,000 | 215,000 | (98,000) | 236,000 |
| 182333/182349 | KCCS FUNDING [KY CONSORTIUM FOR CARBON STORAGE] | Aug-10 to Jul-14 | 2009-00549 2009-00549 | 91,000 | - | (91,000) | - |
| 182334/182347 | WIND STORM REGULATORY ASSET | Aug-10 to Jul-20 | 2008-00456 | 15,105,000 | - | (2,354,000) | 12,751,000 |
| 182359 | GENERAL MANAGEMENT AUDIT - ELECTRIC | Jan-13 to Dec-15 | 2012-00222 | 56,000 | - | (31,000) | 25,000 |
| 182360 | GENERAL MANAGEMENT AUDIT - GAS | Jan-13 to Dec-15 | 2012-00222 | 18,000 | - | (10,000) | 8,000 |
| 182361 | 2011 SUMMER STORM - ELECTRIC | Jan-13 to Dec-17 | 2012-00222 | 6,173,000 | - | (1,610,000) | 4,563,000 |
| 182343/182344 | SWAP TERMINATION | Aug-10 to Apr-35 | 2009-00549 | 8,225,000 | - | (389,000) | 7,836,000 |
| Regulatory Assets with specific amortization periods Total | | | | 58,643,000 | 1,096,000 | (9,359,000) | 50,380,000 |
| Other Regulatory Assets | | | | 260,610,000 | (4,368,000) | - | 256,242,000 |
| LG&E Regulatory Assets Total | | | | 319,253,000 | (3,272,000) | (9,359,000) | 306,622,000 |

Louisville Gas and Electric Company (Test Period Forecast 7/15 - 6/16)

Regulatory Assets with specific amortization periods

| Account | Description | Amortization Period | Order No. / Docket No. | Beginning Balance | Annual Activity | Amortization | Ending Balance |
|---|---|---------------------|------------------------|--------------------|---------------------|--------------------|--------------------|
| | | | 2009-00549 | | | | |
| 182320/182345 | WINTER STORM 2009 - ELECTRIC | Aug-10 to Jul-20 | 2009-00175 | 22,200,000 | - | (4,366,000) | 17,834,000 |
| | | | 2009-00549 | | | | |
| 182342/182346 | WINTER STORM 2009 - GAS | Aug-10 to Jul-20 | 2009-00175 | 85,000 | - | (17,000) | 68,000 |
| 182322/182335 | RATE CASE EXPENSES - ELECTRIC | Jan-13 to Dec-15 | 2012-00222 | 1,287,000 | 701,000 | (485,000) | 1,503,000 |
| 182323/182336 | RATE CASE EXPENSES - GAS | Jan-13 to Dec-15 | 2012-00222 | 409,000 | 223,000 | (154,000) | 478,000 |
| 182332/182348 | CMRG FUNDING [CARBON MGT RESEARCH GROUP] | Aug-10 to Jul-20 | 2009-00549 | 203,000 | 98,000 | (98,000) | 203,000 |
| 182333/182349 | KCCS FUNDING [KY CONSORTIUM FOR CARBON STORAGE] | Aug-10 to Jul-14 | 2009-00549 | - | - | - | - |
| | | | 2009-00549 | | | | |
| 182334/182347 | WIND STORM REGULATORY ASSET | Aug-10 to Jul-20 | 2008-00456 | 11,966,000 | - | (2,354,000) | 9,612,000 |
| 182359 | GENERAL MANAGEMENT AUDIT - ELECTRIC | Jan-13 to Dec-15 | 2012-00222 | 131,000 | - | (50,000) | 81,000 |
| 182360 | GENERAL MANAGEMENT AUDIT - GAS | Jan-13 to Dec-15 | 2012-00222 | 43,000 | - | (16,000) | 27,000 |
| 182361 | 2011 SUMMER STORM - ELECTRIC | Jan-13 to Dec-17 | 2012-00222 | 4,026,000 | - | (1,610,000) | 2,416,000 |
| 182343/182344 | SWAP TERMINATION | Aug-10 to Apr-35 | 2009-00549 | 7,707,000 | - | (389,000) | 7,318,000 |
| Regulatory Assets with specific amortization periods Total | | | | 48,057,000 | 1,022,000 | (9,539,000) | 39,540,000 |
| Other Regulatory Assets | | | | 250,103,000 | (16,230,000) | - | 233,873,000 |
| LG&E Regulatory Assets Total | | | | 298,160,000 | (15,208,000) | (9,539,000) | 273,413,000 |

EXHIBIT ____ (LK-34)

Kentucky Utilities Company
KIUC Adjustment to Extend Amortization Expense on Deferred Costs
For the Test Year Ended June 30, 2016
\$ Millions

Source: Response to KIUC 1-29

| | | |
|---|--------------|-----------------------|
| Mountain Storm Regulatory Asset Balance at 7/1/2015 | 1.611 | |
| Amortization over 5 Years | <u>5</u> | |
| Annual Amortization of Mountain Storm Regulatory Asset | 0.322 | |
| As Filed Annual Amortization of Mountain Storm Regulatory Asset | <u>1.208</u> | |
| KIUC Reduction to Reflect 5-Year Amortization of Mountain Storm Reg Asset | | (0.886) |
| | | |
| Muni MISO Exit Fee Regulatory Asset Balance at 7/1/2015 | 0.966 | |
| Amortization over 5 Years | <u>5</u> | |
| Annual Amortization of Muni MISO Exit Fee Regulatory Asset | 0.193 | |
| As Filed Annual Amortization of Muni MISO Exit Fee Regulatory Asset | <u>0.484</u> | |
| KIUC Reduction to Reflect 5-Year Amortization of Muni MISO Exit Fee Reg Asset | | <u>(0.291)</u> |
| | | |
| KIUC Adjustment to Extend Amortization Expense on Deferred Costs | | <u><u>(1.177)</u></u> |

EXHIBIT ____ (LK-35)

Louisville Gas and Electric Company
KIUC Adjustment to Extend Amortization Expense on Deferred Costs
For the Test Year Ended June 30, 2016
\$ Millions

Source: Response to KIUC 1-29

| | |
|--|-----------------------|
| 2011 Summer Storm Regulatory Asset Balance at 7/1/2015 | 4.026 |
| Amortization over 5 Years | <u>5</u> |
| Annual Amortization of 2011 Summer Storm Regulatory Asset | 0.805 |
| As Filed Annual Amortization of 2011 Summer Storm Regulatory Asset | <u>1.610</u> |
| KIUC Adjustment to Extend Amortization Expense on Deferred Costs | <u><u>(0.805)</u></u> |

EXHIBIT ____ (LK-36)

EXHIBIT JJS-1

CALCULATED ANNUAL DEPRECIATION ACCRUALS
RELATED TO ELECTRIC PLANT AS OF APRIL 30, 2015

KENTUCKY UTILITIES COMPANY
CANE RUN 7

TABLE 1. SUMMARY OF ESTIMATED SURVIVOR CURVES, NET SALVAGE PERCENT, ORIGINAL COST, BOOK DEPRECIATION RESERVE AND CALCULATED ANNUAL DEPRECIATION RATES AS OF APRIL 30, 2015

| ACCOUNT (1) | SURVIVOR CURVE (2) | NET SALVAGE PERCENT (3) | ORIGINAL COST (4) | BOOK DEPRECIATION RESERVE (5) | FUTURE ACCRUALS (6) | CALCULATED ANNUAL | | COMPOSITE REMAINING LIFE (9)=(6)/(7) | | |
|--------------------------------------|---|----------------------------------|-------------------------|--|---------------------------|--------------------------|--------------------------------|---|-------------|------|
| | | | | | | ACCRUAL AMOUNT (7) | ACCRUAL RATE (8)=(7)/(4) | | | |
| ELECTRIC PLANT | | | | | | | | | | |
| OTHER PRODUCTION | | | | | | | | | | |
| 341 | STRUCTURES AND IMPROVEMENTS | 60-S1.5 | * | 0 | 66,577,870.00 | 0 | 66,577,870 | 1,742,876 | 2.62 | 38.2 |
| 342 | FUEL HOLDERS, PRODUCERS AND ACCESSORIES | 55-R3 | * | (5) | 31,069,673.00 | 0 | 32,623,157 | 849,119 | 2.73 | 38.4 |
| 343 | PRIME MOVERS | 55-R2.5 | * | (5) | 102,086,067.00 | 0 | 107,190,370 | 2,844,755 | 2.79 | 37.7 |
| 344 | GENERATORS | 50-R1.5 | * | (10) | 199,733,610.00 | 0 | 219,706,871 | 6,215,190 | 3.11 | 35.4 |
| 345 | ACCESSORY ELECTRIC EQUIPMENT | 50-S0.5 | * | (5) | 35,508,197.00 | 0 | 37,283,607 | 1,055,296 | 2.87 | 35.3 |
| 346 | MISCELLANEOUS POWER PLANT EQUIPMENT | 45-R2 | * | 0 | 8,877,049.00 | 0 | 8,877,049 | 250,693 | 2.82 | 35.4 |
| TOTAL, OTHER PRODUCTION PLANT | | | | | 443,852,466.00 | 0 | 472,259,024 | 12,957,929 | 2.92 | |

* Life Span Procedure was used. Curve Shown is Interim Survivor Curve.

KENTUCKY UTILITIES COMPANY
CANE RUN 7

ACCOUNT 341 STRUCTURES AND IMPROVEMENTS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF APRIL 30, 2015

| YEAR (1) | ORIGINAL COST (2) | CALCULATED ACCRUED (3) | ALLOC. BOOK RESERVE (4) | FUTURE BOOK ACCRUALS (5) | REM. LIFE (6) | ANNUAL ACCRUAL (7) |
|--|-------------------------|------------------------------|-------------------------------|--------------------------------|---------------------|--------------------------|
| INTERIM SURVIVOR CURVE.. IOWA 60-S1.5 | | | | | | |
| PROBABLE RETIREMENT YEAR.. 6-2055 | | | | | | |
| NET SALVAGE PERCENT.. 0 | | | | | | |
| 2015 | 66,577,870.00 | | | 66,577,870 | 38.20 | 1,742,876 |
| | 66,577,870.00 | | | 66,577,870 | | 1,742,876 |
| COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. | | | | | | 38.2 2.62 |

KENTUCKY UTILITIES COMPANY
CANE RUN 7

ACCOUNT 342 FUEL HOLDERS, PRODUCERS AND ACCESSORIES

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF APRIL 30, 2015

| YEAR (1) | ORIGINAL COST (2) | CALCULATED ACCRUED (3) | ALLOC. BOOK RESERVE (4) | FUTURE BOOK ACCRUALS (5) | REM. LIFE (6) | ANNUAL ACCRUAL (7) |
|--|-------------------------|------------------------------|-------------------------------|--------------------------------|---------------------|--------------------------|
| INTERIM SURVIVOR CURVE.. IOWA 55-R3 | | | | | | |
| PROBABLE RETIREMENT YEAR.. 6-2055 | | | | | | |
| NET SALVAGE PERCENT.. -5 | | | | | | |
| 2015 | 31,069,673.00 | | | 32,623,157 | 38.42 | 849,119 |
| | 31,069,673.00 | | | 32,623,157 | | 849,119 |
| COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. | | | | | | 38.4 2.73 |

KENTUCKY UTILITIES COMPANY
CANE RUN 7

ACCOUNT 343 PRIME MOVERS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF APRIL 30, 2015

| YEAR (1) | ORIGINAL COST (2) | CALCULATED ACCRUED (3) | ALLOC. BOOK RESERVE (4) | FUTURE BOOK ACCRUALS (5) | REM. LIFE (6) | ANNUAL ACCRUAL (7) |
|--|-------------------------|------------------------------|-------------------------------|--------------------------------|---------------------|--------------------------|
| INTERIM SURVIVOR CURVE.. IOWA 55-R2.5 | | | | | | |
| PROBABLE RETIREMENT YEAR.. 6-2055 | | | | | | |
| NET SALVAGE PERCENT.. -5 | | | | | | |
| 2015 | 102,086,067.00 | | | 107,190,370 | 37.68 | 2,844,755 |
| | 102,086,067.00 | | | 107,190,370 | | 2,844,755 |
| COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. | | | | | | 37.7 2.79 |

KENTUCKY UTILITIES COMPANY
CANE RUN 7

ACCOUNT 344 GENERATORS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF APRIL 30, 2015

| YEAR (1) | ORIGINAL COST (2) | CALCULATED ACCRUED (3) | ALLOC. BOOK RESERVE (4) | FUTURE BOOK ACCRUALS (5) | REM. LIFE (6) | ANNUAL ACCRUAL (7) |
|--|-------------------------|------------------------------|-------------------------------|--------------------------------|---------------------|--------------------------|
| INTERIM SURVIVOR CURVE.. IOWA 50-R1.5 | | | | | | |
| PROBABLE RETIREMENT YEAR.. 6-2055 | | | | | | |
| NET SALVAGE PERCENT.. -10 | | | | | | |
| 2015 | 199,733,610.00 | | | 219,706,971 | 35.35 | 6,215,190 |
| | 199,733,610.00 | | | 219,706,971 | | 6,215,190 |
| COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. | | | | | 35.4 | 3.11 |

KENTUCKY UTILITIES COMPANY
CANE RUN 7

ACCOUNT 345 ACCESSORY ELECTRIC EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF APRIL 30, 2015

| YEAR (1) | ORIGINAL COST (2) | CALCULATED ACCRUED (3) | ALLOC. BOOK RESERVE (4) | FUTURE BOOK ACCRUALS (5) | REM. LIFE (6) | ANNUAL ACCRUAL (7) |
|--|-------------------------|------------------------------|-------------------------------|--------------------------------|---------------------|--------------------------|
| INTERIM SURVIVOR CURVE.. IOWA 50-S0.5 | | | | | | |
| PROBABLE RETIREMENT YEAR.. 6-2055 | | | | | | |
| NET SALVAGE PERCENT.. -5 | | | | | | |
| 2015 | 35,508,197.00 | | | 37,283,607 | 35.33 | 1,055,296 |
| | 35,508,197.00 | | | 37,283,607 | | 1,055,296 |
| COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. | | | | | 35.3 | 2.97 |

KENTUCKY UTILITIES COMPANY
CANE RUN 7

ACCOUNT 346 MISCELLANEOUS POWER PLANT EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF APRIL 30, 2015

| YEAR (1) | ORIGINAL COST (2) | CALCULATED ACCRUED (3) | ALLOC. BOOK RESERVE (4) | FUTURE BOOK ACCRUALS (5) | REM. LIFE (6) | ANNUAL ACCRUAL (7) |
|--|-------------------------|------------------------------|-------------------------------|--------------------------------|---------------------|--------------------------|
| INTERIM SURVIVOR CURVE.. IOWA 45-R2 | | | | | | |
| PROBABLE RETIREMENT YEAR.. 6-2055 | | | | | | |
| NET SALVAGE PERCENT.. 0 | | | | | | |
| 2015 | 8,877,049.00 | | | 8,877,049 | 35.41 | 250,693 |
| | 8,877,049.00 | | | 8,877,049 | | 250,693 |
| COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. | | | | | 35.4 | 2.82 |

EXHIBIT ____ (LK-37)

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EXHIBIT JJS-1

CALCULATED ANNUAL DEPRECIATION ACCRUALS
RELATED TO ELECTRIC PLANT AS OF APRIL 30, 2015

LOUISVILLE GAS AND ELECTRIC COMPANY
CANE RUN 7

TABLE 1. SUMMARY OF ESTIMATED SURVIVOR CURVES, NET SALVAGE PERCENT, ORIGINAL COST, BOOK DEPRECIATION RESERVE AND CALCULATED ANNUAL DEPRECIATION RATES AS OF APRIL 30, 2015

| ACCOUNT (1) | SURVIVOR CURVE (2) | NET SALVAGE PERCENT (3) | ORIGINAL COST (4) | BOOK DEPRECIATION RESERVE (5) | FUTURE ACCRUALS (6) | CALCULATED ANNUAL | | COMPOSITE REMAINING LIFE (9)=(6)/(7) | | |
|------------------------------|---|----------------------------------|-------------------------|--|---------------------------|--------------------------|--------------------------------|---|-------------|------|
| | | | | | | ACCRUAL AMOUNT (7) | ACCRUAL RATE (8)=(7)/(4) | | | |
| ELECTRIC PLANT | | | | | | | | | | |
| OTHER PRODUCTION | | | | | | | | | | |
| 341 | STRUCTURES AND IMPROVEMENTS | 60-S1.5 | * | 0 | 18,912,029.00 | 0 | 16,912,029 | 495,079 | 2.62 | 38.2 |
| 342 | FUEL HOLDERS, PRODUCERS AND ACCESSORIES | 55-R3 | * | (5) | 8,825,614.00 | 0 | 9,266,895 | 241,200 | 2.73 | 38.4 |
| 343 | PRIME MOVERS | 55-R2.5 | * | (5) | 28,998,445.00 | 0 | 30,448,367 | 808,078 | 2.79 | 37.7 |
| 344 | GENERATORS | 50-R1.5 | * | (10) | 56,736,088.00 | 0 | 62,409,697 | 1,765,479 | 3.11 | 35.4 |
| 345 | ACCESSORY ELECTRIC EQUIPMENT | 50-S0.5 | * | (5) | 10,086,416.00 | 0 | 10,590,737 | 299,766 | 2.97 | 35.3 |
| 346 | MISCELLANEOUS POWER PLANT EQUIPMENT | 45-R2 | * | 0 | 2,521,604.00 | 0 | 2,521,604 | 71,212 | 2.82 | 35.4 |
| TOTAL OTHER PRODUCTION PLANT | | | | | <u>126,080,196.00</u> | <u>0</u> | <u>134,149,329</u> | <u>3,680,814</u> | <u>2.92</u> | |

* Life Span Procedure was used. Curve Shown is Interim Survivor Curve.

LOUISVILLE GAS AND ELECTRIC COMPANY
CANE RUN 7

ACCOUNT 341 STRUCTURES AND IMPROVEMENTS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF APRIL 30, 2015

| YEAR (1) | ORIGINAL COST (2) | CALCULATED ACCRUED (3) | ALLOC. BOOK RESERVE (4) | FUTURE BOOK ACCRUALS (5) | REM. LIFE (6) | ANNUAL ACCRUAL (7) |
|--|-------------------------|------------------------------|-------------------------------|--------------------------------|---------------------|--------------------------|
| INTERIM SURVIVOR CURVE.. IOWA 60-S1.5 | | | | | | |
| PROBABLE RETIREMENT YEAR.. 6-2055 | | | | | | |
| NET SALVAGE PERCENT.. 0 | | | | | | |
| 2015 | 18,912,029.00 | | | 18,912,029 | 38.20 | 495,079 |
| | 18,912,029.00 | | | 18,912,029 | | 495,079 |
| COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. | | | | | 38.2 | 2.62 |

LOUISVILLE GAS AND ELECTRIC COMPANY
CANE RUN 7

ACCOUNT 342 FUEL HOLDERS, PRODUCERS AND ACCESSORIES

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF APRIL 30, 2015

| YEAR (1) | ORIGINAL COST (2) | CALCULATED ACCRUED (3) | ALLOC. BOOK RESERVE (4) | FUTURE BOOK ACCRUALS (5) | REM. LIFE (6) | ANNUAL ACCRUAL (7) |
|--|-------------------------|------------------------------|-------------------------------|--------------------------------|---------------------|--------------------------|
| INTERIM SURVIVOR CURVE.. IOWA 55-R3 | | | | | | |
| PROBABLE RETIREMENT YEAR.. 6-2055 | | | | | | |
| NET SALVAGE PERCENT.. -5 | | | | | | |
| 2015 | 8,825,614.00 | | | 9,266,895 | 38.42 | 241,200 |
| | 8,825,614.00 | | | 9,266,895 | | 241,200 |
| COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. | | | | | | 38.4 2.73 |

LOUISVILLE GAS AND ELECTRIC COMPANY
CANE RUN 7

ACCOUNT 343 PRIME MOVERS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF APRIL 30, 2015

| YEAR (1) | ORIGINAL COST (2) | CALCULATED ACCRUED (3) | ALLOC. BOOK RESERVE (4) | FUTURE BOOK ACCRUALS (5) | REM. LIFE (6) | ANNUAL ACCRUAL (7) |
|--|-------------------------|------------------------------|-------------------------------|--------------------------------|---------------------|--------------------------|
| INTERIM SURVIVOR CURVE.. IOWA 55-R2.5 | | | | | | |
| PROBABLE RETIREMENT YEAR.. 6-2055 | | | | | | |
| NET SALVAGE PERCENT.. -5 | | | | | | |
| 2015 | 28,998,445.00 | | | 30,448,367 | 37.68 | 808,078 |
| | 28,998,445.00 | | | 30,448,367 | | 808,078 |
| COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. | | | | | | 37.7 2.79 |

LOUISVILLE GAS AND ELECTRIC COMPANY
CANE RUN 7

ACCOUNT 344 GENERATORS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF APRIL 30, 2015

| YEAR (1) | ORIGINAL COST (2) | CALCULATED ACCRUED (3) | ALLOC. BOOK RESERVE (4) | FUTURE BOOK ACCRUALS (5) | REM. LIFE (6) | ANNUAL ACCRUAL (7) |
|--|-------------------------|------------------------------|-------------------------------|--------------------------------|---------------------|--------------------------|
| INTERIM SURVIVOR CURVE.. IOWA 50-R1.5 | | | | | | |
| PROBABLE RETIREMENT YEAR.. 6-2055 | | | | | | |
| NET SALVAGE PERCENT.. -10 | | | | | | |
| 2015 | 56,736,088.00 | | | 62,409,697 | 35.35 | 1,765,479 |
| | 56,736,088.00 | | | 62,409,697 | | 1,765,479 |
| COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. | | | | | | 35.4 3.11 |

LOUISVILLE GAS AND ELECTRIC COMPANY
CANE RUN 7

ACCOUNT 345 ACCESSORY ELECTRIC EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF APRIL 30, 2015

| YEAR (1) | ORIGINAL COST (2) | CALCULATED ACCRUED (3) | ALLOC. BOOK RESERVE (4) | FUTURE BOOK ACCRUALS (5) | REM. LIFE (6) | ANNUAL ACCRUAL (7) |
|--|-------------------------|------------------------------|-------------------------------|--------------------------------|---------------------|--------------------------|
| INTERIM SURVIVOR CURVE.. IOWA 50-S0.5 | | | | | | |
| PROBABLE RETIREMENT YEAR.. 6-2055 | | | | | | |
| NET SALVAGE PERCENT.. -5 | | | | | | |
| 2015 | 10,086,416.00 | | | 10,590,737 | 35.33 | 299,766 |
| | 10,086,416.00 | | | 10,590,737 | | 299,766 |
| COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. | | | | | 35.3 | 2.97 |

LOUISVILLE GAS AND ELECTRIC COMPANY
CANE RUN 7

ACCOUNT 346 MISCELLANEOUS POWER PLANT EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF APRIL 30, 2015

| YEAR (1) | ORIGINAL COST (2) | CALCULATED ACCRUED (3) | ALLOC. BOOK RESERVE (4) | FUTURE BOOK ACCRUALS (5) | REM. LIFE (6) | ANNUAL ACCRUAL (7) |
|--|-------------------------|------------------------------|-------------------------------|--------------------------------|---------------------|--------------------------|
| INTERIM SURVIVOR CURVE.. IOWA 45-R2 | | | | | | |
| PROBABLE RETIREMENT YEAR.. 6-2055 | | | | | | |
| NET SALVAGE PERCENT.. 0 | | | | | | |
| 2015 | 2,521,604.00 | | | 2,521,604 | 35.41 | 71,212 |
| | 2,521,604.00 | | | 2,521,604 | | 71,212 |
| COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. | | | | | | 35.4 2.82 |

EXHIBIT ____ (LK-38)

KENTUCKY UTILITIES COMPANY

CASE NO. 2014-00371

**Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated February 6, 2015**

Question No. 2-12

Responding Witness: John J. Spanos

- Q.2-12. Refer to the Company's response to PSC 2-40, which shows the net negative salvage rate applicable to the entirety of the depreciable plant balance.
- a. Please confirm that the entirety of the depreciable plant balance consists of both interim retirements and terminal retirements.
 - b. Please provide the calculations of the net negative salvage rate separated into net negative interim salvage and net negative terminal salvage and the weighting that was used to develop a single net negative salvage rate.
 - c. Provide this same information for all Cane Run 7 plant accounts.
- A.2-12.
- a. The attachment to PSC 2-40 represents the weighted net salvage percentage, which includes a component of interim and terminal net salvage associated with the projected assets to be retired based on interim and terminal retirements.
 - b. The attached document sets forth the calculations of the net negative net salvage percentages for both interim and terminal net salvage with the developed weighting.
 - c. The calculations for Cane Run Unit 7 were not conducted in the exact same fashion because it was determined not to include a terminal net salvage component in the proposed rates since no plans have been established for how the facility would be dismantled.

KENTUCKY UTILITIES COMPANY

CALCULATION OF WEIGHTED NET SALVAGE PERCENT FOR GENERATION PLANT AS OF DECEMBER 31, 2011

| Account (1) | Terminal Retirements | | | Interim Retirements | | | Total Net Salvage (8)=(4)+(7) | Total Retirements (9)=(2)+(5) | Estimated Net Salvage (10)=(8)/(9) |
|---|----------------------|--------------------|----------------------------|---------------------|--------------------|----------------------------|-------------------------------------|-------------------------------------|--|
| | Retirements (2) | Net Salvage (3) | Net Salvage (4)=(2)x(3) | Retirements (5) | Net Salvage (6) | Net Salvage (7)=(5)x(6) | | | |
| HYDRAULIC PRODUCTION PLANT | | | | | | | | | |
| <i>DX DAM</i> | | | | | | | | | |
| 331 STRUCTURES AND IMPROVEMENTS | 460,238 | (2) | (8,514) | 156,289 | (5) | 7,814 | 16,329 | 616,527 | (3) |
| 332 RESERVOIRS, DAMS AND WATERWAYS | 19,039,829 | (2) | (352,237) | 2,564,141 | (10) | 256,414 | 506,651 | 21,603,970 | (3) |
| 333 WATER WHEELS, TURBINES AND GENERATORS | 4,076,011 | (2) | (75,406) | 354,613 | (20) | 70,923 | 146,329 | 4,430,624 | (3) |
| 334 ACCESSORY ELECTRIC EQUIPMENT | 355,642 | (2) | (6,579) | 222,632 | 0 | - | 6,579 | 578,333 | (3) |
| 335 MISCELLANEOUS POWER PLANT EQUIPMENT | 77,245 | (2) | (1,429) | 219,775 | (5) | 10,989 | 12,418 | 297,024 | (3) |
| 336 ROADS, RAILROADS AND BRIDGES | 124,770 | (2) | (2,309) | 51,588 | 0 | - | 2,308 | 176,360 | (3) |
| TOTAL DX DAM | 24,132,734 | | (446,474) | 3,569,103 | | 346,140 | 792,614 | 27,702,637 | (3) |
| TOTAL HYDRAULIC PRODUCTION PLANT | 24,133,734 | | (446,474) | 3,569,103 | | 346,140 | 792,614 | 27,702,637 | |
| OTHER PRODUCTION PLANT | | | | | | | | | |
| <i>BROWN CTS</i> | | | | | | | | | |
| 341 STRUCTURES AND IMPROVEMENTS | 9,195,757 | (2) | (170,122) | 2,731,546 | 0 | - | 170,122 | 11,927,303 | (2) |
| 342 FUEL HOLDERS, PRODUCERS AND ACCESSORIES | 10,211,547 | (2) | (188,914) | 2,322,415 | (5) | 116,121 | 305,034 | 12,533,962 | (2) |
| 343 PRIME MOVERS | 156,839,922 | (2) | (2,831,638) | 49,000,992 | (5) | 2,450,050 | 4,981,588 | 185,640,855 | (2) |
| 344 GENERATORS | 29,442,383 | (2) | (544,695) | 1,388,038 | (5) | 69,402 | 514,087 | 30,831,020 | (2) |
| 345 ACCESSORY ELECTRIC EQUIPMENT | 15,263,350 | (2) | (282,372) | 2,458,791 | (5) | 122,940 | 406,312 | 17,722,142 | (2) |
| 346 MISCELLANEOUS POWER PLANT EQUIPMENT | 2,938,221 | (2) | (54,357) | 1,201,668 | 0 | - | 54,357 | 4,139,850 | (2) |
| TOTAL BROWN CTS | 203,891,761 | | (3,771,998) | 59,103,452 | | 2,758,512 | 6,530,509 | 262,995,213 | (2) |
| <i>HAEFLING CTS</i> | | | | | | | | | |
| 341 STRUCTURES AND IMPROVEMENTS | 412,940 | (2) | (7,639) | 21,913 | 0 | - | 7,639 | 434,853 | (2) |
| 342 FUEL HOLDERS, PRODUCERS AND ACCESSORIES | 479,905 | (2) | (8,878) | 36,800 | (5) | 1,940 | 10,818 | 518,705 | (2) |
| 344 GENERATORS | 3,223,465 | (2) | (59,634) | 739,537 | (5) | 39,577 | 39,611 | 4,023,002 | (2) |
| 345 ACCESSORY ELECTRIC EQUIPMENT | 1,211,240 | (2) | (22,408) | 240,717 | (5) | 12,036 | 34,444 | 1,451,357 | (2) |
| 346 MISCELLANEOUS POWER PLANT EQUIPMENT | 19,500 | (2) | (350) | 22,305 | 0 | - | 250 | 35,805 | (2) |
| TOTAL HAEFLING CTS | 5,347,050 | | (98,809) | 1,123,272 | | 53,953 | 162,762 | 6,464,323 | (2) |
| <i>PADDY'S RUN CTS</i> | | | | | | | | | |
| 341 STRUCTURES AND IMPROVEMENTS | 1,563,219 | (2) | (28,920) | 347,109 | 0 | - | 28,920 | 1,910,328 | (2) |
| 342 FUEL HOLDERS, PRODUCERS AND ACCESSORIES | 1,730,245 | (2) | (32,010) | 264,656 | (5) | 13,243 | 45,252 | 1,995,101 | (2) |
| 343 PRIME MOVERS | 12,869,763 | (2) | (238,091) | 4,933,601 | (5) | 246,680 | 484,771 | 17,603,364 | (2) |
| 344 GENERATORS | 5,045,282 | (2) | (93,338) | 140,354 | (5) | 7,018 | 100,355 | 5,185,636 | (2) |
| 345 ACCESSORY ELECTRIC EQUIPMENT | 2,184,168 | (2) | (40,407) | 272,152 | (5) | 13,608 | 54,015 | 2,456,320 | (2) |
| 346 MISCELLANEOUS POWER PLANT EQUIPMENT | 784,628 | (2) | (14,516) | 304,822 | 0 | - | 14,516 | 1,089,550 | (2) |
| TOTAL PADDY'S RUN CTS | 24,177,306 | | (447,280) | 6,262,993 | | 280,548 | 727,628 | 30,440,299 | (2) |
| <i>TRIMBLE COUNTY CTS</i> | | | | | | | | | |
| 341 STRUCTURES AND IMPROVEMENTS | 17,661,338 | (2) | (326,735) | 4,084,591 | 0 | - | 326,735 | 21,745,929 | (3) |
| 342 FUEL HOLDERS, PRODUCERS AND ACCESSORIES | 6,528,160 | (2) | (120,771) | 1,171,888 | (5) | 58,594 | 178,365 | 7,700,048 | (3) |
| 343 PRIME MOVERS | 109,263,693 | (2) | (2,021,378) | 45,915,081 | (5) | 2,285,754 | 4,317,132 | 155,178,774 | (3) |
| 344 GENERATORS | 18,798,072 | (2) | (347,764) | 523,030 | (5) | 26,152 | 373,616 | 19,321,102 | (3) |
| 345 ACCESSORY ELECTRIC EQUIPMENT | 20,149,294 | (2) | (372,762) | 2,587,693 | (5) | 129,385 | 502,147 | 22,736,987 | (3) |
| 346 MISCELLANEOUS POWER PLANT EQUIPMENT | 75,076 | (2) | (1,389) | 22,620 | 0 | - | 1,388 | 97,696 | (3) |
| TOTAL TRIMBLE COUNTY CTS | 172,475,634 | | (3,190,799) | 54,304,902 | | 2,509,885 | 5,700,684 | 226,789,536 | (3) |
| TOTAL OTHER PRODUCTION PLANT | 405,885,751 | | (7,588,886) | 120,794,620 | | 5,602,897 | 13,111,784 | 526,680,370 | |
| GRAND TOTAL | 3,348,777,525 | | (61,894,309) | 765,311,759 | | 172,987,604 | 234,891,913 | 4,114,089,284 | |

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2014-00372

**Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated February 6, 2015**

Question No. 2-12

Responding Witness: John J. Spanos

- Q.2-12. Refer to the Company's response to PSC 2-40, which shows the net negative salvage rate applicable to the entirety of the depreciable plant balance.
- a. Please confirm that the entirety of the depreciable plant balance consists of both interim retirements and terminal retirements.
 - b. Please provide the calculations of the net negative salvage rate separated into net negative interim salvage and net negative terminal salvage and the weighting that was used to develop a single net negative salvage rate.
 - c. Provide this same information for all Cane Run 7 plant accounts.
- A.2-12. It is assumed that reference to Company's response to PSC 2-51 for LG&E was intended.
- a. The attachment to PSC 2-51 represents the weighted net salvage percentage, which includes a component of interim and terminal net salvage associated with the projected assets to be retired based on interim and terminal retirements.
 - b. The attached document sets forth the calculations of the net negative net salvage percentages for both interim and terminal net salvage with the developed weighting.
 - c. The calculations for Cane Run Unit 7 were not conducted in the exact same fashion because it was determined not to include a terminal net salvage component in the proposed rates since no plans have been established for how the facility would be dismantled.

LOUISVILLE GAS AND ELECTRIC COMPANY

CALCULATION OF WEIGHTED NET SALVAGE PERCENT FOR GENERATION PLANT AS OF DECEMBER 31, 2011

| Account (1) | Terminal Retirements | | | Interim Retirements | | | Total Net Salvage (8)=(4)+(7) | Total Retirements (9)=(2)+(5) | Estimated Net Salvage (%) (10)=(8)/(9) |
|--|----------------------------|---------------------------|------------------------------------|----------------------------|---------------------------|------------------------------------|-------------------------------------|-------------------------------------|---|
| | Retirements (\$) (2) | Net Salvage (%) (3) | Net Salvage (\$) (4)=(2)x(3) | Retirements (\$) (5) | Net Salvage (%) (6) | Net Salvage (\$) (7)=(5)x(6) | | | |
| STEAM PRODUCTION PLANT | | | | | | | | | |
| CANE RUN GENERATING STATION | | | | | | | | | |
| 311 STRUCTURES AND IMPROVEMENTS | 51,602,871 | (2) | (954,655) | 558,060 | (20) | 111,616 | 1,066,271 | 52,181,051 | (2) |
| 312 BOILER PLANT EQUIPMENT | 199,372,062 | (2) | (3,888,384) | 5,402,182 | (28) | 1,600,541 | 5,288,524 | 205,774,244 | (2) |
| 314 TURBOGENERATOR UNITS | 33,056,350 | (2) | (611,542) | 1,629,396 | (15) | 244,409 | 855,952 | 34,885,748 | (2) |
| 315 ACCESSORY ELECTRIC EQUIPMENT | 35,972,609 | (2) | (685,493) | 1,278,211 | (10) | 127,821 | 793,314 | 37,250,819 | (2) |
| 316 MISCELLANEOUS POWER PLANT EQUIPMENT | 3,187,494 | (2) | (58,989) | 63,334 | 0 | - | 58,989 | 3,250,828 | (2) |
| TOTAL CANE RUN GENERATING STATION | 323,197,505 | | (5,979,042) | 9,931,183 | | 2,064,387 | 8,003,430 | 333,122,688 | (2) |
| MILL CREEK GENERATING STATION | | | | | | | | | |
| 311 STRUCTURES AND IMPROVEMENTS | 113,850,940 | (2) | (2,106,427) | 15,122,758 | (20) | 3,024,558 | 5,130,985 | 128,963,727 | (8) |
| 312 BOILER PLANT EQUIPMENT | 510,025,681 | (2) | (9,435,475) | 249,227,761 | (25) | 62,306,940 | 71,742,415 | 759,253,422 | (8) |
| 314 TURBOGENERATOR UNITS | 60,055,758 | (2) | (1,111,032) | 45,970,972 | (18) | 8,895,511 | 5,006,542 | 106,026,620 | (8) |
| 315 ACCESSORY ELECTRIC EQUIPMENT | 44,720,898 | (2) | (827,337) | 35,906,938 | (10) | 3,590,884 | 4,418,230.41 | 80,629,896 | (8) |
| 316 MISCELLANEOUS POWER PLANT EQUIPMENT | 5,104,648 | (2) | (94,436) | 3,531,925 | 0 | - | 94,436 | 8,630,573 | (8) |
| TOTAL MILL CREEK GENERATING STATION | 733,767,866 | | (13,574,706) | 349,761,483 | | 75,817,902 | 69,392,609 | 1,069,529,388 | (8) |
| TRIMBLE COUNTY GENERATING STATION | | | | | | | | | |
| 311 STRUCTURES AND IMPROVEMENTS | 120,950,708 | (2) | (2,237,589) | 20,641,275 | (20) | 4,128,255 | 6,385,844 | 141,592,011 | (11) |
| 312 BOILER PLANT EQUIPMENT | 195,964,406 | (2) | (3,625,342) | 220,682,967 | (25) | 55,220,747 | 58,846,088 | 416,847,384 | (11) |
| 314 TURBOGENERATOR UNITS | 38,481,719 | (2) | (711,642) | 38,766,646 | (18) | 5,947,997 | 6,559,639 | 77,448,365 | (11) |
| 315 ACCESSORY ELECTRIC EQUIPMENT | 26,385,902 | (2) | (488,139) | 33,812,288 | (10) | 3,381,229 | 3,889,368 | 60,198,191 | (11) |
| 316 MISCELLANEOUS POWER PLANT EQUIPMENT | 1,302,739 | (2) | (24,101) | 3,155,044 | 0 | - | 24,101 | 4,457,783 | (11) |
| TOTAL TRIMBLE COUNTY GENERATING STATION | 383,065,504 | | (7,086,712) | 377,478,240 | | 68,578,228 | 75,664,939 | 700,543,744 | (11) |
| TOTAL STEAM PRODUCTION PLANT | 2,440,024,914 | | (26,640,481) | 677,170,906 | | 146,480,517 | 173,120,978 | 2,117,195,820 | (8) |
| HYDRAULIC PRODUCTION PLANT | | | | | | | | | |
| OHIO FALLS | | | | | | | | | |
| 331 STRUCTURES AND IMPROVEMENTS | 3,328,502 | (2) | (61,577) | 1,634,873 | (20) | 326,075 | 388,552 | 4,993,376 | (3) |
| 332 RESERVOIRS, DAMS AND WATERWAYS | 11,521,557 | (2) | (213,149) | 158,694 | (10) | 16,869 | 220,018 | 11,890,252 | (3) |
| 333 WATER WHEELS, TURBINES AND GENERATORS | 19,222,953 | (2) | (355,825) | 722,261 | (20) | 144,452 | 500,077 | 19,945,214 | (3) |
| 334 ACCESSORY ELECTRIC EQUIPMENT | 5,118,196 | (2) | (94,887) | 591,640 | (20) | 78,328 | 173,015 | 5,509,836 | (3) |
| 335 MISCELLANEOUS POWER PLANT EQUIPMENT | 283,259 | (2) | (5,240) | 26,989 | (15) | 4,048 | 9,289 | 310,247 | (3) |
| 336 ROADS, RAILROADS AND BRIDGES | 10,714 | (2) | (188) | 19,216 | (5) | 861 | 1,159 | 29,931 | (3) |
| TOTAL OHIO FALLS | 39,485,181 | | (730,476) | 2,963,674 | | 571,633 | 1,302,109 | 42,448,855 | (3) |
| TOTAL HYDRAULIC PRODUCTION PLANT | 39,485,181 | | (730,476) | 2,963,674 | | 571,633 | 1,302,109 | 42,448,855 | |
| OTHER PRODUCTION PLANT | | | | | | | | | |
| BROWN CTS | | | | | | | | | |
| 341 STRUCTURES AND IMPROVEMENTS | 1,044,742 | (2) | (19,285) | 64,101 | (10) | 6,413 | 25,741 | 1,108,873 | (3) |
| 342 FUEL HOLDERS, PRODUCERS AND ACCESSORIES | 1,236,676 | (2) | (22,878) | 154,654 | (10) | 15,465 | 38,344 | 1,301,330 | (3) |
| 343 PRIME MOVERS | 35,802,233 | (2) | (662,341) | 18,287,027 | (5) | 813,351 | 1,575,663 | 54,069,260 | (3) |
| 344 GENERATORS | 7,973,866 | (2) | (147,513) | 114,767 | (10) | 11,477 | 158,990 | 8,088,434 | (3) |
| 345 ACCESSORY ELECTRIC EQUIPMENT | 4,040,820 | (2) | (74,755) | 470,993 | 0 | - | 74,755 | 4,811,812 | (3) |
| 346 MISCELLANEOUS POWER PLANT EQUIPMENT | 2,328,802 | (2) | (43,064) | 111,667 | 0 | - | 43,064 | 2,440,729 | (3) |
| TOTAL BROWN CTS | 32,426,989 | | (963,899) | 19,183,439 | | 846,707 | 1,976,605 | 77,870,437 | (3) |
| CANE RUN CT | | | | | | | | | |
| 341 STRUCTURES AND IMPROVEMENTS | 206,899 | (2) | (3,828) | 4,519 | (10) | 452 | 4,281 | 211,518 | (2) |
| 342 FUEL HOLDERS, PRODUCERS AND ACCESSORIES | 308,146 | (2) | (5,719) | 9,896 | (10) | 990 | 6,709 | 318,042 | (2) |
| 344 GENERATORS | 2,779,505 | (2) | (51,421) | 100,616 | (10) | 13,062 | 64,483 | 2,910,124 | (2) |
| 345 ACCESSORY ELECTRIC EQUIPMENT | 86,422 | (2) | (1,698) | 30,208 | 0 | - | 1,599 | 116,627 | (2) |
| 346 MISCELLANEOUS POWER PLANT EQUIPMENT | - | (2) | 0 | - | 0 | - | - | - | (2) |
| TOTAL CANE RUN CT | 3,392,072 | | (62,566) | 175,239 | | 14,503 | 77,072 | 3,537,371 | (2) |

LOUISVILLE GAS AND ELECTRIC COMPANY

CALCULATION OF WEIGHTED NET SALVAGE PERCENT FOR GENERATION PLANT AS OF DECEMBER 31, 2011

| Account (1) | Terminal Retirements | | | Interim Retirements | | | Total Net Salvage (\$) (8)=(4)+(7) | Total Retirements (9)=(2)+(5) | Estimated Net Salvage (%) (10)=(8)/(9) |
|---|----------------------------|---------------------------|------------------------------------|----------------------------|---------------------------|------------------------------------|---|-------------------------------------|---|
| | Retirements (\$) (2) | Net Salvage (%) (3) | Net Salvage (\$) (4)=(2)*(3) | Retirements (\$) (5) | Net Salvage (%) (6) | Net Salvage (\$) (7)=(5)*(6) | | | |
| PADDY'S RUN GENERATORS | | | | | | | | | |
| 341 STRUCTURES AND IMPROVEMENTS | 2,085,881 | (2) | (88,589) | 136,901 | (10) | 13,803 | 52,282 | 2,222,811 | (3) |
| 342 FUEL HOLDERS, PRODUCERS AND ACCESSORIES | 1,981,670 | (2) | (86,881) | 304,573 | (10) | 30,457 | 87,118 | 2,268,243 | (3) |
| 343 PRIME MOVERS | 12,324,033 | (2) | (227,395) | 7,822,158 | (5) | 391,108 | 519,103 | 20,146,191 | (3) |
| 344 GENERATORS | 9,871,969 | (2) | (182,631) | 502,594 | (10) | 50,259 | 232,891 | 10,374,863 | (3) |
| 345 ACCESSORY ELECTRIC EQUIPMENT | 3,410,654 | (2) | (83,086) | 349,090 | 0 | - | 63,086 | 3,759,743 | (3) |
| 346 MISCELLANEOUS POWER PLANT EQUIPMENT | 1,231,728 | (2) | (22,787) | 58,801 | 0 | - | 22,787 | 1,290,529 | (3) |
| TOTAL PADDY'S RUN GENERATORS | 30,903,334 | | (571,749) | 9,174,746 | | 485,518 | 1,057,266 | 40,080,080 | (3) |
| TRIMBLE COUNTY CTS | | | | | | | | | |
| 341 STRUCTURES AND IMPROVEMENTS | 8,733,433 | (2) | (181,569) | 2,719,583 | (10) | 271,956 | 433,325 | 11,452,996 | (3) |
| 342 FUEL HOLDERS, PRODUCERS AND ACCESSORIES | 2,727,814 | (2) | (50,485) | 850,961 | (10) | 85,096 | 135,561 | 3,578,775 | (3) |
| 343 PRIME MOVERS | 42,005,110 | (2) | (777,959) | 41,251,779 | (5) | 2,062,589 | 2,859,893 | 63,259,869 | (3) |
| 344 GENERATORS | 8,115,286 | (2) | (156,125) | 1,855,800 | (10) | 185,595 | 355,729 | 9,871,246 | (3) |
| 345 ACCESSORY ELECTRIC EQUIPMENT | 6,977,260 | (2) | (129,078) | 5,282,778 | 0 | - | 129,079 | 12,260,038 | (3) |
| 346 MISCELLANEOUS POWER PLANT EQUIPMENT | 28,199 | (2) | (540) | 28,379 | 0 | - | 540 | 56,577 | (3) |
| TOTAL TRIMBLE COUNTY CTS | 68,538,102 | | (1,266,880) | 51,987,419 | | 2,665,237 | 3,874,117 | 120,575,521 | (3) |
| ZORN AND RIVER ROAD CTS | | | | | | | | | |
| 341 STRUCTURES AND IMPROVEMENTS | 7,050 | (2) | (130) | 1,191 | (10) | 119 | 250 | 8,241 | (3) |
| 342 FUEL HOLDERS, PRODUCERS AND ACCESSORIES | 20,251 | (2) | (375) | 3,183 | (10) | 318 | 693 | 23,434 | (3) |
| 343 PRIME MOVERS | - | (2) | 0 | - | (5) | - | - | - | (3) |
| 344 GENERATORS | 1,639,904 | (2) | (30,339) | 187,677 | (10) | 18,768 | 49,106 | 1,827,581 | (3) |
| 345 ACCESSORY ELECTRIC EQUIPMENT | 30,581 | (2) | (565) | 13,722 | 0 | - | 565 | 44,253 | (3) |
| 346 MISCELLANEOUS POWER PLANT EQUIPMENT | 9,487 | (2) | (176) | 1 | 0 | - | 176 | 9,488 | (3) |
| TOTAL ZORN AND RIVER ROAD CTS | 1,707,254 | | (31,584) | 205,773 | | 19,205 | 50,789 | 1,813,027 | (3) |
| TOTAL OTHER PRODUCTION PLANT | 157,009,760 | | (2,304,681) | 80,728,817 | | 4,071,170 | 6,675,891 | 237,735,377 | |
| GRAND TOTAL | 1,438,619,856 | | (30,275,817) | 760,861,197 | | 151,123,320 | 181,398,938 | 2,397,381,062 | |

EXHIBIT ____ (LK-39)

KENTUCKY UTILITIES COMPANY

CASE NO. 2014-00371

**Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated February 6, 2015**

Question No. 2-13

Responding Witness: John J. Spanos

- Q.2-13. Refer to the Company's response to PSC 2-41, which states that there is no terminal salvage included in the Cane Run 7 depreciation rates.
- a. Please separate the Cane Run 7 depreciable plant balance into interim retirements and terminal retirements.
 - b. Please confirm that the proposed Cane Run 7 net negative salvage rate was applied to the entirety of the depreciable plant balance, including the portion expected to survive to terminal retirement.
- A.2-13.
- a. The attached document sets forth the projected assets as of April 30, 2015 which will be retired on an interim and terminal basis.
 - b. For purposes of establishing the projected depreciation rates in this case, the net salvage percentages were applied to the entire depreciable plant balance as of April 30, 2015.

KENTUCKY UTILITIES COMPANY
CANE RUN 7

PROJECTED INTERIM AND TERMINAL RETIREMENTS BASED ON
APRIL 30, 2015

| ACCOUNT (1) | SURVIVOR CURVE (2) | RETIREMENT DATE (3) | ORIGINAL COST (4) | INTERIM RETIREMENTS (5) | TERMINAL RETIREMENTS (6) | |
|----------------|---|---------------------------|-------------------------|-------------------------------|--------------------------------|-------------------------|
| 341 | STRUCTURES AND IMPROVEMENTS | 60-S1.5 | 6-2055 | 67,731,300.00 | (12,108,915.70) | (55,622,384.30) |
| 342 | FUEL HOLDERS, PRODUCERS AND ACCESSORIES | 55-R3 | 6-2055 | 31,607,940.00 | (4,955,060.20) | (26,652,879.80) |
| 343 | PRIME MOVERS | 55-R2.5 | 6-2055 | 103,854,660.00 | (19,607,326.16) | (84,247,333.84) |
| 344 | GENERATORS | 50-R1.5 | 6-2055 | 203,193,900.00 | (60,611,508.93) | (142,582,391.07) |
| 345 | ACCESSORY ELECTRIC EQUIPMENT | 50-S0.5 | 6-2055 | 36,123,360.00 | (12,098,829.55) | (24,024,530.45) |
| 346 | MISCELLANEOUS POWER PLANT EQUIPMENT | 45-R2 | 6-2055 | 9,030,840.00 | (3,093,422.56) | (5,937,417.44) |
| | TOTAL OTHER PRODUCTION PLANT | | | 451,542,000.00 | (112,475,063.10) | (339,066,936.90) |

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2014-00372

**Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated February 6, 2015**

Question No. 2-13

Responding Witness: John J. Spanos

- Q.2-13. Refer to the Company's response to PSC 2-41, which states that there is no terminal salvage included in the Cane Run 7 depreciation rates.
- a. Please separate the Cane Run 7 depreciable plant balance into interim retirements and terminal retirements.
 - b. Please confirm that the proposed Cane Run 7 net negative salvage rate was applied to the entirety of the depreciable plant balance, including the portion expected to survive to terminal retirement.
- A.2-13. It is assumed that reference to Company response to PSC-2-52 for LG&E was intended.
- a. The attached document sets forth the projected assets as of April 30, 2015 which will be retired on an interim and terminal basis.
 - b. For purposes of establishing the projected depreciation rates in this case, the net salvage percentages were applied to the entire depreciable plant balance as of April 30, 2015.

LOUISVILLE GAS AND ELECTRIC COMPANY
CANE RUN 7

PROJECTED INTERIM AND TERMINAL RETIREMENTS BASED ON
APRIL 30, 2015

| | ACCOUNT (1) | SURVIVOR CURVE (2) | RETIREMENT DATE (3) | ORIGINAL COST (4) | INTERIM RETIREMENTS (5) | TERMINAL RETIREMENTS (6) |
|-----|---|--------------------------|---------------------------|-------------------------|-------------------------------|--------------------------------|
| 341 | STRUCTURES AND IMPROVEMENTS | 60-S1.5 | 6-2055 | 19,103,700.00 | (3,415,335.19) | (15,688,364.81) |
| 342 | FUEL HOLDERS, PRODUCERS AND ACCESSORIES | 55-R3 | 6-2055 | 8,915,060.00 | (1,397,581.11) | (7,517,478.89) |
| 343 | PRIME MOVERS | 55-R2.5 | 6-2055 | 29,292,340.00 | (5,530,271.48) | (23,762,068.52) |
| 344 | GENERATORS | 50-R1.5 | 6-2055 | 57,311,100.00 | (17,095,553.84) | (40,215,546.16) |
| 345 | ACCESSORY ELECTRIC EQUIPMENT | 50-S0.5 | 6-2055 | 10,188,640.00 | (3,412,490.40) | (6,776,149.60) |
| 346 | MISCELLANEOUS POWER PLANT EQUIPMENT | 45-R2 | 6-2055 | 2,547,160.00 | (672,503.82) | (1,674,656.18) |
| | TOTAL OTHER PRODUCTION PLANT | | | 127,358,000.00 | (31,723,735.84) | (95,634,264.16) |

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2014-00372

**Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated February 6, 2015**

Question No. 2-13

Responding Witness: John J. Spanos

- Q.2-13. Refer to the Company's response to PSC 2-41, which states that there is no terminal salvage included in the Cane Run 7 depreciation rates.
- a. Please separate the Cane Run 7 depreciable plant balance into interim retirements and terminal retirements.
 - b. Please confirm that the proposed Cane Run 7 net negative salvage rate was applied to the entirety of the depreciable plant balance, including the portion expected to survive to terminal retirement.
- A.2-13. It is assumed that reference to Company response to PSC-2-52 for LG&E was intended.
- a. The attached document sets forth the projected assets as of April 30, 2015 which will be retired on an interim and terminal basis.
 - b. For purposes of establishing the projected depreciation rates in this case, the net salvage percentages were applied to the entire depreciable plant balance as of April 30, 2015.

LOUISVILLE GAS AND ELECTRIC COMPANY
CANE RUN 7

PROJECTED INTERIM AND TERMINAL RETIREMENTS BASED ON
APRIL 30, 2015

| | ACCOUNT (1) | SURVIVOR CURVE (2) | RETIREMENT DATE (3) | ORIGINAL COST (4) | INTERIM RETIREMENTS (5) | TERMINAL RETIREMENTS (6) |
|-----|---|--------------------------|---------------------------|-------------------------|-------------------------------|--------------------------------|
| 341 | STRUCTURES AND IMPROVEMENTS | 60-S1.5 | 6-2055 | 19,103,700.00 | (3,415,335.19) | (15,688,364.81) |
| 342 | FUEL HOLDERS, PRODUCERS AND ACCESSORIES | 55-R3 | 6-2055 | 8,915,060.00 | (1,397,581.11) | (7,517,478.89) |
| 343 | PRIME MOVERS | 55-R2.5 | 6-2055 | 29,292,340.00 | (5,530,271.48) | (23,762,068.52) |
| 344 | GENERATORS | 50-R1.5 | 6-2055 | 57,311,100.00 | (17,095,553.84) | (40,215,546.16) |
| 345 | ACCESSORY ELECTRIC EQUIPMENT | 50-S0.5 | 6-2055 | 10,188,640.00 | (3,412,490.40) | (6,776,149.60) |
| 346 | MISCELLANEOUS POWER PLANT EQUIPMENT | 45-R2 | 6-2055 | 2,547,160.00 | (872,503.82) | (1,674,656.18) |
| | TOTAL OTHER PRODUCTION PLANT | | | 127,358,000.00 | (31,723,735.84) | (95,634,264.16) |

EXHIBIT ____ (LK-40)

Kentucky Utilities Company
KIUC Adjustment to Reduce Depreciation Expense for Cane Run 7
To Remove Net terminal Salvage Embedded into Net Salvage Rates
For the Test Year Ended June 30, 2016
\$ Millions

| | |
|--|-----------------------|
| Depreciaton Expense Total Company - As Filed | 12.939 |
| Depreciaton Expense Total Company - KIUC Recommended | <u>12.363</u> |
| Reduction in Total Company Depreciation Expense | (0.576) |
| | |
| KY Jurisdiction Allocation % - Forecast Test Year for Depreciation | <u>88.761%</u> |
| KIUC Recommended Reduction in Cane Run 7 Depreciation Expense | <u><u>(0.511)</u></u> |

Kentucky Utilities Company
KIUC Adjustment to Reduce Depreciation Expense for Cane Run 7
To Remove Net Terminal Salvage Embedded into Net Salvage Rates
For the Test Year Ended June 30, 2016
\$ Millions

AS ADJUSTED BY KIUC

| ACCT. (I) | TITLE (II) | NET SALVAGE PERCENT | ORIGINAL COST (III) | BOOK RESERVE | FUTURE ACCRUALS | ANNUAL ACCRUAL | | COMPOSITE REMAIN LIFE (IX) |
|--------------------------------------|--------------------------------|---------------------------|---------------------------|-----------------|--------------------|-------------------|-----------------|-------------------------------------|
| | | | | | | AMOUNT (X) | PERCENT (XI) | |
| <u>Other Production Plant</u> | | | | | | | | |
| Cane Run 7 | | | | | | | | |
| 341 | Structures & Improvements | - | 66,577,870 | - | 66,577,870 | 1,742,876 | 2.62% | 38.2 |
| 342 | Fuel Holders and Accessories | (1) | 31,069,673 | - | 31,313,207 | 815,024 | 2.62% | 38.4 |
| 343 | Prime Movers | (1) | 102,086,067 | - | 103,049,738 | 2,734,866 | 2.68% | 37.7 |
| 344 | Generators | (3) | 199,733,610 | - | 205,691,543 | 5,818,714 | 2.91% | 35.4 |
| 345 | Accessory Electrical Equipment | (2) | 35,508,197 | - | 36,102,837 | 1,021,875 | 2.88% | 35.3 |
| 346 | Misc. Power Plant Equip. | - | 8,877,049 | - | 8,877,049 | 250,693 | 2.82% | 35.4 |
| Total | | | 443,852,466 | - | 451,612,243 | 12,384,048 | 2.79% | 36.5 |

Source: DEPRC_EXP_WKPR (AG 1-59)

As Filed Plant Balances By Month during Test Year

KIUC Recommended Depreciation Expense during Test Year

| | | |
|--------|-------------|-------------------|
| Jul-15 | 440,312,137 | 1,023,726 |
| Aug-15 | 441,347,394 | 1,026,133 |
| Sep-15 | 442,382,650 | 1,028,540 |
| Oct-15 | 443,059,106 | 1,030,112 |
| Nov-15 | 443,376,762 | 1,030,851 |
| Dec-15 | 443,694,029 | 1,031,589 |
| Jan-16 | 443,852,467 | 1,031,957 |
| Feb-16 | 443,852,467 | 1,031,957 |
| Mar-16 | 443,852,467 | 1,031,957 |
| Apr-16 | 443,852,467 | 1,031,957 |
| May-16 | 443,852,467 | 1,031,957 |
| Jun-16 | 443,852,467 | 1,031,957 |
| | | <u>12,362,692</u> |

Response to KIUC 2-13

| | Interim Retirements | Terminal Retirements | Total Retirements |
|------------------------------------|---------------------|----------------------|-------------------|
| 341 Structures & Improvements | -18% | -82% | -100% |
| 342 Fuel Holders and Accessories | -16% | -84% | -100% |
| 343 Prime Movers | -19% | -81% | -100% |
| 344 Generators | -30% | -70% | -100% |
| 345 Accessory Electrical Equipment | -33% | -67% | -100% |
| 346 Misc. Power Plant Equip. | -34% | -66% | -100% |

Kentucky Utilities Company
KIUC Adjustment to Reduce Depreciation Expense for Cane Run 7
To Remove Net Terminal Salvage Embedded into Net Salvage Rates
For the Test Year Ended June 30, 2016
\$ Millions

AS FILED

| ACCT. (I) | TITLE (II) | NET SALVAGE PERCENT | ORIGINAL COST (III) | BOOK RESERVE | FUTURE ACCRUALS | ANNUAL ACCRUAL | | COMPOSITE REMAIN LIFE (IX) |
|--------------------------------------|--------------------------------|---------------------------|---------------------------|-----------------|--------------------|-------------------|-----------------|-------------------------------------|
| | | | | | | AMOUNT (X) | PERCENT (XI) | |
| <u>Other Production Plant</u> | | | | | | | | |
| Cane Run 7 | | | | | | | | |
| 341 | Structures & Improvements | - | 66,577,870 | - | 66,577,870 | 1,742,876 | 2.62% | 38.2 |
| 342 | Fuel Holders and Accessories | (5) | 31,069,673 | - | 32,623,157 | 849,119 | 2.73% | 38.4 |
| 343 | Prime Movers | (5) | 102,086,067 | - | 107,190,370 | 2,844,755 | 2.79% | 37.7 |
| 344 | Generators | (10) | 199,733,610 | - | 219,706,971 | 6,215,190 | 3.11% | 35.4 |
| 345 | Accessory Electrical Equipment | (5) | 35,508,197 | - | 37,283,607 | 1,055,296 | 2.97% | 35.3 |
| 346 | Misc. Power Plant Equip. | - | 8,877,049 | - | 8,877,049 | 250,693 | 2.82% | 35.4 |
| Total | | | 443,852,466 | - | 472,259,024 | 12,957,929 | 2.92% | 36.4 |

Source: DEPRC_EXP_WKPR (AG 1-59)

As Filed Plant Balances By Month during Test Year

As Filed Depreciation Expense during Test Year

| | | |
|--------|-------------|-----------|
| Jul-15 | 440,312,137 | 1,071,426 |
| Aug-15 | 441,347,394 | 1,073,945 |
| Sep-15 | 442,382,650 | 1,076,464 |
| Oct-15 | 443,059,106 | 1,078,110 |
| Nov-15 | 443,376,762 | 1,078,883 |
| Dec-15 | 443,694,029 | 1,079,655 |
| Jan-16 | 443,852,467 | 1,080,041 |
| Feb-16 | 443,852,467 | 1,080,041 |
| Mar-16 | 443,852,467 | 1,080,041 |
| Apr-16 | 443,852,467 | 1,080,041 |
| May-16 | 443,852,467 | 1,080,041 |
| Jun-16 | 443,852,467 | 1,080,041 |

12,938,731 Matches WP D-2.1a

Response to KIUC 2-13

| | Interim Retirements | Terminal Retirements | Total Retirements |
|------------------------------------|---------------------|----------------------|-------------------|
| 341 Structures & improvements | -18% | -82% | -100% |
| 342 Fuel Holders and Accessories | -16% | -84% | -100% |
| 343 Prime Movers | -19% | -81% | -100% |
| 344 Generators | -30% | -70% | -100% |
| 345 Accessory Electrical Equipment | -33% | -67% | -100% |
| 346 Misc. Power Plant Equip. | -34% | -66% | -100% |

EXHIBIT ____ (LK-41)

Louisville Gas and Electric Company
KIUC Adjustment to Reduce Depreciation Expense for Cane Run 7
To Remove Net Terminal Salvage Embedded into Net Salvage Rates
For the Test Year Ended June 30, 2016
\$ Millions

| | |
|--|-----------------------|
| Depreciaton Expense Total Company - As Filed | 3.675 |
| Depreciaton Expense Total Company - KIUC Recommended | <u>3.512</u> |
| Reduction in Total Company Depreciation Expense | (0.164) |
| | |
| KY Jurisdiction Allocation % - Forecast Test Year for Depreciation | <u>100.000%</u> |
| KIUC Recommended Reduction in Cane Run 7 Depreciation Expense | <u><u>(0.164)</u></u> |

Louisville Gas and Electric Company
KIUC Adjustment to Reduce Depreciation Expense for Cane Run 7
To Remove Net Terminal Salvage Embedded into Net Salvage Rates
For the Test Year Ended June 30, 2016
\$ Millions

AS ADJUSTED BY KIUC

| ACCT. (I) | TITLE (II) | NET SALVAGE PERCENT (III) | ORIGINAL COST (III) | BOOK RESERVE | FUTURE ACCRUALS | ANNUAL ACCRUAL | | COMPOSITE REMAIN LIFE (IX) |
|--------------------------------------|--------------------------------|------------------------------------|---------------------------|-----------------|--------------------|----------------|-----------------|-------------------------------------|
| | | | | | | AMOUNT (X) | PERCENT (XI) | |
| <u>Other Production Plant</u> | | | | | | | | |
| Cane Run 7 | | | | | | | | |
| 341 | Structures & Improvements | - | 18,912,029 | - | 18,912,029 | 495,079 | 2.62% | 38.2 |
| 342 | Fuel Holders and Accessories | (1) | 8,825,614 | - | 8,894,792 | 231,515 | 2.62% | 38.4 |
| 343 | Prime Movers | (1) | 28,998,445 | - | 29,272,184 | 776,863 | 2.68% | 37.7 |
| 344 | Generators | (3) | 56,736,088 | - | 58,428,491 | 1,652,857 | 2.91% | 35.4 |
| 345 | Accessory Electrical Equipment | (2) | 10,086,416 | - | 10,255,329 | 290,273 | 2.88% | 35.3 |
| 346 | Misc. Power Plant Equip. | - | 2,521,604 | - | 2,521,604 | 71,212 | 2.82% | 35.4 |
| Total | | | 126,080,196 | - | 128,284,429 | 3,517,799 | 2.79% | 36.5 |

Source: DEPRC_EXP_WKPR (AG 1-59)

As Filed Plant Balances By Month during Test Year

KIUC Recommended Depreciation Expense during Test Year

| | | |
|--------|-------------|-----------|
| Jul-15 | 125,081,647 | 290,815 |
| Aug-15 | 125,373,642 | 291,494 |
| Sep-15 | 125,665,638 | 292,173 |
| Oct-15 | 125,856,433 | 292,616 |
| Nov-15 | 125,946,029 | 292,825 |
| Dec-15 | 126,035,511 | 293,033 |
| Jan-16 | 126,080,195 | 293,136 |
| Feb-16 | 126,080,195 | 293,136 |
| Mar-16 | 126,080,195 | 293,136 |
| Apr-16 | 126,080,195 | 293,136 |
| May-16 | 126,080,195 | 293,136 |
| Jun-16 | 126,080,195 | 293,136 |
| | | 3,511,773 |

Response to KIUC 2-13

| | Interim Retirements | Terminal Retirements | Total Retirements |
|------------------------------------|---------------------|----------------------|-------------------|
| 341 Structures & Improvements | -18% | -82% | -100% |
| 342 Fuel Holders and Accessories | -16% | -84% | -100% |
| 343 Prime Movers | -19% | -81% | -100% |
| 344 Generators | -30% | -70% | -100% |
| 345 Accessory Electrical Equipment | -33% | -67% | -100% |
| 346 Misc. Power Plant Equip. | -34% | -66% | -100% |

Louisville Gas and Electric Company
KIUC Adjustment to Reduce Depreciation Expense for Cane Run 7
To Remove Net Terminal Salvage Embedded into Net Salvage Rates
For the Test Year Ended June 30, 2016
\$ Millions

AS FILED

| ACCT. (I) | TITLE (II) | NET SALVAGE PERCENT | ORIGINAL COST (III) | BOOK RESERVE | FUTURE ACCRUALS | ANNUAL ACCRUAL | | COMPOSITE REMAIN LIFE (IX) |
|--------------------------------------|--------------------------------|---------------------------|---------------------------|-----------------|--------------------|----------------|-----------------|-------------------------------------|
| | | | | | | AMOUNT (X) | PERCENT (XI) | |
| <u>Other Production Plant</u> | | | | | | | | |
| Cane Run 7 | | | | | | | | |
| 341 | Structures & Improvements | - | 18,912,029 | - | 18,912,029 | 495,079 | 2.62% | 38.2 |
| 342 | Fuel Holders and Accessories | (5) | 8,825,614 | - | 9,266,895 | 241,200 | 2.73% | 38.4 |
| 343 | Prime Movers | (5) | 28,998,445 | - | 30,448,367 | 808,078 | 2.79% | 37.7 |
| 344 | Generators | (10) | 56,736,088 | - | 62,409,697 | 1,765,479 | 3.11% | 35.4 |
| 345 | Accessory Electrical Equipment | (5) | 10,086,416 | - | 10,590,737 | 299,766 | 2.97% | 35.3 |
| 346 | Misc. Power Plant Equip. | - | 2,521,604 | - | 2,521,604 | 71,212 | 2.82% | 35.4 |
| Total | | | 126,080,196 | - | 134,149,329 | 3,680,814 | 2.92% | 36.4 |

Source: DEPRC_EXP_WKPR (AG 1-59)

As Filed Plant Balances By Month during Test Year

| | |
|--------|-------------|
| Jul-15 | 125,081,647 |
| Aug-15 | 125,373,642 |
| Sep-15 | 125,665,638 |
| Oct-15 | 125,856,433 |
| Nov-15 | 125,946,029 |
| Dec-15 | 126,035,511 |
| Jan-16 | 126,080,195 |
| Feb-16 | 126,080,195 |
| Mar-16 | 126,080,195 |
| Apr-16 | 126,080,195 |
| May-16 | 126,080,195 |
| Jun-16 | 126,080,195 |

As Filed Depreciation Expense during Test Year

| |
|---------|
| 304,365 |
| 305,076 |
| 305,786 |
| 306,251 |
| 306,469 |
| 306,686 |
| 306,795 |
| 306,795 |
| 306,795 |
| 306,795 |
| 306,795 |
| 306,795 |
| 306,795 |

3,675,404 Matches WP D-2.1a

Response to KIUC 2-13

| | Interim Retirements | Terminal Retirements | Total Retirements |
|------------------------------------|---------------------|----------------------|-------------------|
| 341 Structures & Improvements | -18% | -82% | -100% |
| 342 Fuel Holders and Accessories | -16% | -84% | -100% |
| 343 Prime Movers | -19% | -81% | -100% |
| 344 Generators | -30% | -70% | -100% |
| 345 Accessory Electrical Equipment | -33% | -67% | -100% |
| 346 Misc. Power Plant Equip. | -34% | -66% | -100% |

EXHIBIT ____ (LK-42)

KENTUCKY UTILITIES COMPANY

CASE NO. 2014-00371

Response to Commission Staff's Second Request for Information

Dated January 8, 2015

Question No. 75

Responding Witness: Kent W. Blake

- Q-75. Refer to the response to Item 13 of Staff's First Request and page 1 of the attachment to part b. of the response.
- a. Part c. of the response indicates, with the result for capital projects that are recovered in base rates being a slippage factor of 97.803 percent, that KU believes there is no need to apply a slippage factor. Provide the percentage at which KU believes there would be a need to apply a slippage factor.
 - b. Using the slippage factor of 97.803 percent shown on page 1 of the attachment to part b. of the response, provide the resulting net investment rate base, capitalization, COSS, and revised revenue requirement for KU for the base period and forecasted period. Include all work papers, spreadsheets, etc. which show the derivation of each item for each period in Excel spreadsheet format with the formulas intact and unprotected and with all columns and rows accessible.
- A-75. a. As stated in response to Commission Staff's First Request for Information Item No. 13(c), given the demonstrated reasonable accuracy of the Company's predicting the cost of its utility plant additions and when new plant will be placed in service, KU does not believe there is a need to apply a Slippage Factor. Without waiver of its position, the Slippage Factor of 97.803 percent is the least unreasonable Slippage Factor when compared with the other Slippage Factor calculations shown in the response to Staff First Request for Information Item No. 13.
- b. See the attachments being provided in Excel format. The impact on the KU revenue requirement for the forecasted test year is a reduction of \$899,576.

KENTUCKY UTILITIES COMPANY
CASE NO. 2014-00371 - RESPONSE TO PSC 2-75 (SLIPPAGE FACTOR 97.803%)
OVERALL FINANCIAL SUMMARY
BASE YEAR FOR THE 12 MONTHS ENDED FEBRUARY 28, 2015
FORECAST PERIOD FOR THE 12 MONTHS ENDED JUNE 30, 2016

DATA: BASE PERIOD FORECASTED PERIOD
TYPE OF FILING: ORIGINAL UPDATED REVISED
WORKPAPER REFERENCE NO(S):

SCHEDULE A
PAGE 1 OF 1
WITNESS: K. W. BLAKE

| LINE NO. | DESCRIPTION | SUPPORTING SCHEDULE REFERENCE | BASE PERIOD JURISDICTIONAL REVENUE REQUIREMENT \$ | FORECASTED PERIOD JURISDICTIONAL REVENUE REQUIREMENT \$ |
|----------|---|-------------------------------|--|--|
| 1 | CAPITALIZATION ALLOCATED TO KENTUCKY JURISDICTION | J | 3,485,732,288 | 3,562,036,768 |
| 2 | ADJUSTED OPERATING INCOME | C-1 | 199,088,737 | 167,173,560 |
| 3 | EARNED RATE OF RETURN (2 / 1) | | 5.71% | 4.69% |
| 4 | REQUIRED RATE OF RETURN | J | 7.23% | 7.38% |
| 5 | REQUIRED OPERATING INCOME (1 x 4) | C-1 | 251,937,561 | 263,003,244 |
| 6 | OPERATING INCOME DEFICIENCY (5 - 2) | C-1 | 52,848,824 | 95,829,683 |
| 7 | GROSS REVENUE CONVERSION FACTOR | H | 1.591828 | 1.591828 |
| 8 | REVENUE DEFICIENCY (6 x 7) | | 84,126,238 | 152,544,374 |
| 9 | REVENUE INCREASE REQUESTED | C-1 | | 152,544,374 |
| 10 | ADJUSTED OPERATING REVENUES | C-1 | | 1,413,402,191 |
| 11 | REVENUE REQUIREMENTS (9 + 10) | | | <u>1,565,946,565</u> |

KENTUCKY UTILITIES COMPANY
CASE NO. 2014-00371 - RESPONSE TO PSC 2-75 (SLIPPAGE FACTOR 97.803%)
COST OF CAPITAL SUMMARY
THIRTEEN MONTH AVERAGE
FROM JULY 1, 2015 TO JUNE 30, 2016

DATA: BASE PERIOD FORECASTED PERIOD
DATE OF CAPITAL STRUCTURE: 13 MO AVG FOR FORECASTED PERIOD
TYPE OF FILING: ORIGINAL UPDATED REVISED
WORKPAPER REFERENCE NO(S):

SCHEDULE J-1.1/J-1.2
PAGE 1 OF 3
WITNESS: K. W. BLAKE

| LINE NO. | CLASS OF CAPITAL | WORKPAPER REFERENCE | 13 MONTH AVERAGE AMOUNT | ADJUSTMENT AMOUNT | ADJUSTED CAPITAL | JURISDICTIONAL RATE BASE PERCENTAGE | JURISDICTIONAL CAPITAL | JURISDICTIONAL ADJUSTMENTS | JURISDICTIONAL ADJUSTED CAPITAL | PERCENT OF TOTAL | COST RATE | 13 MONTH AVERAGE WEIGHTED COST |
|----------|------------------|---------------------|-------------------------|-------------------|----------------------|-------------------------------------|------------------------|----------------------------|---------------------------------|------------------|---------------|--------------------------------|
| | (A) | (B) | (C) | (D) | (E=C+D) | (F) | (G=ExF) | (H) | (I=G+H) | (J) | (K) | (L=JxK) |
| | | | \$ | \$ | \$ | | \$ | \$ | \$ | | % | % |
| 1 | SHORT-TERM DEBT | J-2 | 153,968,041 | (36,379) | 153,931,662 | 88.88% | 136,814,461 | (30,762,647) | 106,051,814 | 2.98% | 0.90% | 0.03% |
| 2 | LONG-TERM DEBT | J-3 | 2,275,223,678 | (537,579) | 2,274,686,099 | 88.88% | 2,021,741,005 | (454,587,217) | 1,567,153,788 | 44.00% | 4.07% | 1.79% |
| 3 | COMMON EQUITY | | <u>2,741,554,426</u> | <u>38,665</u> | <u>2,741,593,091</u> | 88.88% | <u>2,436,727,940</u> | <u>(547,896,773)</u> | <u>1,888,831,166</u> | <u>53.03%</u> | <u>10.50%</u> | <u>5.57%</u> |
| 4 | TOTAL CAPITAL | | <u>5,170,746,145</u> | <u>(535,293)</u> | <u>5,170,210,852</u> | | <u>4,595,283,405</u> | <u>(1,033,246,637)</u> | <u>3,562,036,768</u> | <u>100.00%</u> | | <u>7.38%</u> |

KENTUCKY UTILITIES COMPANY
CASE NO. 2014-00371 - RESPONSE TO PSC 2-75 (SLIPPAGE FACTOR 97.803%)
COST OF CAPITAL SUMMARY - ADJUSTMENT AMOUNT
THIRTEEN MONTH AVERAGE
FROM JULY 1, 2015 TO JUNE 30, 2016

DATA: BASE PERIOD FORECASTED PERIOD

DATE OF CAPITAL STRUCTURE: 13 MO AVG FOR FORECASTED PERIOD

SCHEDULE J-1.1/J-1.2

TYPE OF FILING: ORIGINAL UPDATED REVISED

PAGE 2 OF 3

WORKPAPER REFERENCE NO(S):

WITNESS: K. W. BLAKE

| LINE NO. | CLASS OF CAPITAL | WORKPAPER REFERENCE | 13 MONTH AVERAGE AMOUNT | PERCENT OF TOTAL | OTHER | | INVESTMENT IN OVEC | NET NONUTILITY PROPERTY | ADJUSTMENT AMOUNT |
|----------|------------------|---------------------|-------------------------|------------------|----------------------------|--------------------|--------------------|-------------------------|-------------------|
| | | | | | COMPREHENSIVE INCOME - EEI | EEI DEFERRED TAXES | | | |
| | (A) | (B) | (C) | (D) | (E) | (F) | (G) | (H) | (I=E+F+G+H) |
| | | | \$ | | \$ | \$ | \$ | \$ | \$ |
| 1 | SHORT-TERM DEBT | J-2 | 153,968,041 | 2.98% | - | - | (7,444) | (28,935) | (36,379) |
| 2 | LONG-TERM DEBT | J-3 | 2,275,223,678 | 44.00% | - | - | (110,005) | (427,575) | (537,579) |
| 3 | COMMON EQUITY | | 2,741,554,426 | 53.02% | 1,190,493 | (504,066) | (132,551) | (515,211) | 38,665 |
| 4 | TOTAL CAPITAL | | 5,170,746,145 | 100.00% | 1,190,493 | (504,066) | (250,000) | (971,720) | (535,293) |

KENTUCKY UTILITIES COMPANY
CASE NO. 2014-00371 - RESPONSE TO PSC 2-75 (SLIPPAGE FACTOR 97.803%)
COST OF CAPITAL SUMMARY - JURISDICTIONAL ADJUSTMENTS
THIRTEEN MONTH AVERAGE
FROM JULY 1, 2015 TO JUNE 30, 2016

DATA: ___BASE PERIOD__X__FORECASTED PERIOD

DATE OF CAPITAL STRUCTURE: 13 MO AVG FOR FORECASTED PERIOD

TYPE OF FILING: __X__ ORIGINAL ___ UPDATED ___ REVISED

WORKPAPER REFERENCE NO(S):

SCHEDULE J-1.1/J-1.2

PAGE 3 OF 3

WITNESS: K. W. BLAKE

| LINE NO. | CLASS OF CAPITAL | WORKPAPER REFERENCE | JURISDICTIONAL CAPITAL | PERCENT OF TOTAL | ECR RATE BASE | DSM RATE BASE | PROFORMA ADJUSTMENT RATE BASE | JURISDICTIONAL ADJUSTMENTS |
|----------|------------------|---------------------|------------------------|------------------|-----------------|---------------|-------------------------------|----------------------------|
| | (A) | (B) | (C=PAGE 1 COL G) | (D) | (E) | (F) | (G) | (H=E+F+G) |
| | | | \$ | | \$ | \$ | \$ | \$ |
| 1 | SHORT-TERM DEBT | | 136,814,461 | 2.98% | (30,647,421) | (114,232) | (995) | (30,762,647) |
| 2 | LONG-TERM DEBT | | 2,021,741,005 | 44.00% | (452,884,489) | (1,688,031) | (14,697) | (454,587,217) |
| 3 | COMMON EQUITY | | 2,436,727,940 | 53.03% | (545,844,540) | (2,034,519) | (17,714) | (547,896,773) |
| 4 | TOTAL CAPITAL | | 4,595,283,405 | 100.00% | (1,029,376,450) | (3,836,782) | (33,405) | (1,033,246,637) |

EXHIBIT ____ (LK-43)

KIUC Adjustments to KU Capitalization and Cost of Capital
Case No. 2014-00371
Test Year Ending June 30, 2016

I. KU Capitalization, Cost of Capital, and Gross Revenue Conversion Factor Per Filing

| | 13 Month Average Balance | KU Proforma Adjustments | KU Adjusted Total Co. Capitalization | KU Kentucky Jurisdictional Factor | KU Jurisdictional Capitalization | Capital Ratio | Jurisdictional Adjustments | Adjusted KU Jurisdictional Capitalization | Adjusted Capital Ratio | Component Costs | Weighted Avg Cost | Grossed Up Cost | Revenue Requirement |
|----------------------|--------------------------------|-------------------------------|---|--|--|------------------|-------------------------------|--|------------------------------|--------------------|----------------------|--------------------|------------------------|
| Short Term Debt | 157,804,449 | (37,228) | 157,767,221 | 88.88% | 140,223,506 | 3.05% | (31,484,483) | 108,739,023 | 3.05% | 0.91% | 0.03% | 0.03% | 994,650 |
| Long Term Debt | 2,275,223,678 | (536,756) | 2,274,686,922 | 88.88% | 2,021,741,736 | 43.93% | (453,943,096) | 1,567,798,640 | 43.93% | 4.07% | 1.79% | 1.80% | 64,139,853 |
| Common Equity | 2,745,650,329 | 38,691 | 2,745,689,020 | 88.88% | 2,440,368,401 | 53.02% | (547,937,636) | 1,892,430,765 | 53.02% | 10.50% | 5.57% | 8.86% | 316,304,579 |
| Total Capital | 5,178,678,456 | (535,293) | 5,178,143,163 | | 4,602,333,643 | 100.00% | (1,033,365,215) | 3,568,968,428 | 100.00% | | 7.38% | 10.69% | 381,439,082 |

II. KU Capitalization, Cost of Capital, and Gross Revenue Conversion Factor Reducing Capitalization for CWIP Slippage - See Company's Quantification of Adjusted Capitalization in Staff 2-75

| | Adjusted KU Jurisdictional Capitalization | KIUC Proforma Adjustment 1 | KU Kentucky Jurisdictional Factor | KIUC Jurisdictional Proforma Adjustment 1 | KIUC Kentucky Adjusted Capitalization | KIUC Adjusted Capital Ratio | KIUC Adjusted Capital Ratio | Component Costs | Weighted Avg Cost | Grossed Up Cost | Revenue Requirement | Incremental Revenue Requirement |
|----------------------|--|----------------------------------|--|--|--|--------------------------------------|--------------------------------------|--------------------|----------------------|--------------------|------------------------|---------------------------------------|
| Short Term Debt | 108,739,023 | | | (2,687,209) | 106,051,814 | 2.98% | 2.98% | 0.91% | 0.03% | 0.03% | 970,069 | (24,580) |
| Long Term Debt | 1,567,798,640 | | | (644,852) | 1,567,153,788 | 44.00% | 44.00% | 4.07% | 1.79% | 1.80% | 64,113,472 | (26,381) |
| Common Equity | 1,892,430,765 | | | (3,599,599) | 1,888,831,166 | 53.03% | 53.03% | 10.50% | 5.57% | 8.86% | 315,702,935 | (601,644) |
| Total Capital | 3,568,968,428 | | | (6,931,660) | 3,562,036,768 | 100.00% | 100.00% | | 7.39% | 10.69% | 380,786,476 | (652,606) |

III. KU Capitalization, Cost of Capital, and Gross Revenue Conversion Factor Reducing Capitalization to Reflect 50% Bonus Depreciation - See Company's Quantification in AG 1-27

| | Adjusted KU Jurisdictional Capitalization | KIUC Proforma Adjustment 1 | KU Kentucky Jurisdictional Factor | KIUC Jurisdictional Proforma Adjustment 1 | KIUC Kentucky Adjusted Capitalization | KIUC Adjusted Capital Ratio | KIUC Adjusted Capital Ratio | Component Costs | Weighted Avg Cost | Grossed Up Cost | Revenue Requirement | Incremental Revenue Requirement |
|----------------------|--|----------------------------------|--|--|--|--------------------------------------|--------------------------------------|--------------------|----------------------|--------------------|------------------------|---------------------------------------|
| Short Term Debt | 106,051,814 | | | (842,082) | 105,209,732 | 2.98% | 2.98% | 0.91% | 0.03% | 0.03% | 962,367 | (7,703) |
| Long Term Debt | 1,567,153,788 | | | (12,443,646) | 1,554,710,142 | 44.00% | 44.00% | 4.07% | 1.79% | 1.80% | 63,604,393 | (509,079) |
| Common Equity | 1,888,831,166 | | | (14,997,856) | 1,873,833,310 | 53.03% | 53.03% | 10.50% | 5.57% | 8.86% | 313,196,164 | (2,506,771) |
| Total Capital | 3,562,036,768 | | | (28,283,584) | 3,533,753,184 | 100.00% | 100.00% | | 7.39% | 10.69% | 377,762,923 | (3,023,553) |

KIUC Adjustments to KU Capitalization and Cost of Capital
Case No. 2014-00371
Test Year Ending June 30, 2016

IV. KU Capitalization, Cost of Capital, and Gross Revenue Conversion Factor Adjusting Cost of Short Term Debt

| | KIUC Kentucky Adjusted Capitalization | KIUC Adjusted Capital Ratio | Component Costs | Weighted Avg Cost | Grossed Up Cost | Revenue Requirement | Incremental Revenue Requirement |
|----------------------|--|--------------------------------------|--------------------|----------------------|--------------------|------------------------|---------------------------------------|
| Short Term Debt | 105,209,732 | 2.98% | 0.30% | 0.01% | 0.01% | 317,264 | (645,103) |
| Long Term Debt | 1,554,710,142 | 44.00% | 4.07% | 1.79% | 1.80% | 63,604,393 | - |
| Common Equity | 1,873,833,310 | 53.03% | 10.50% | 5.57% | 8.86% | 313,196,164 | - |
| Total Capital | 3,533,753,184 | 100.00% | | 7.37% | 10.67% | 377,117,821 | (645,103) |

V. KU Capitalization, Cost of Capital, and Gross Revenue Conversion Factor Adjusting Cost of Long Term Debt

| | KIUC Kentucky Adjusted Capitalization | KIUC Adjusted Capital Ratio | Component Costs | Weighted Avg Cost | Grossed Up Cost | Revenue Requirement | Incremental Revenue Requirement |
|----------------------|--|--------------------------------------|--------------------|----------------------|--------------------|------------------------|---------------------------------------|
| Short Term Debt | 105,209,732 | 2.98% | 0.30% | 0.01% | 0.01% | 317,264 | - |
| Long Term Debt | 1,554,710,142 | 44.00% | 3.99% | 1.76% | 1.76% | 62,354,183 | (1,250,209) |
| Common Equity | 1,873,833,310 | 53.03% | 10.50% | 5.57% | 8.86% | 313,196,164 | - |
| Total Capital | 3,533,753,184 | 100.00% | | 7.33% | 10.64% | 375,867,611 | (1,250,209) |

VI. KU Capitalization, Cost of Capital, and Gross Revenue Conversion Factor Adjusting Return on Common Equity to 8.6%.

| | KIUC Kentucky Adjusted Capitalization | KIUC Adjusted Capital Ratio | Component Costs | Weighted Avg Cost | Grossed Up Cost | Revenue Requirement | Incremental Revenue Requirement |
|----------------------|--|--------------------------------------|--------------------|----------------------|--------------------|------------------------|---------------------------------------|
| Short Term Debt | 105,209,732 | 2.98% | 0.30% | 0.01% | 0.01% | 317,264 | - |
| Long Term Debt | 1,554,710,142 | 44.00% | 3.99% | 1.76% | 1.76% | 62,354,183 | - |
| Common Equity | 1,873,833,310 | 53.03% | 8.60% | 4.56% | 7.26% | 256,522,573 | (56,673,592) |
| Total Capital | 3,533,753,184 | 100.00% | | 6.32% | 9.03% | 319,194,020 | (56,673,592) |

Each 1% ROE (29,828,206)

EXHIBIT ____ (LK-44)

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2014-00372

**Response to Commission Staff's Second Request for Information
Dated January 8, 2015**

Question No. 89

Responding Witness: Kent W. Blake

- Q-89. Refer to the response to Item 13 of Staff's First Request and page 1 of the attachment to part b. of the response.
- a. Part c. of the response indicates, with the result for capital projects that are recovered in base rates being a slippage factor of 97.728 percent, that LG&E believes there is no need to apply a slippage factor. Provide the percentage at which LG&E believes there would be a need to apply a slippage factor.
 - b. Using the slippage factor of 97.728 percent shown on page 1 of the attachment to part b. of the response, provide the resulting net investment rate base, capitalization, COSS, and revised revenue requirement for both LG&E's electric and gas operations for the base period and forecasted period. Include all work papers, spreadsheets, etc., which show the derivation of each item for each period in Excel spreadsheet format with the formulas intact and unprotected and with all columns and rows accessible.
- A-89. a. As stated in response to Commission Staff's First Request for Information Item No. 13(c), given the demonstrated reasonable accuracy of the Company's predicting the cost of its utility plant additions and when new plant will be placed in service, LG&E does not believe there is a need to apply a Slippage Factor. Without waiver of its position, the Slippage Factor of 97.728 percent is the least unreasonable Slippage Factor when compared with the other Slippage Factor calculations shown in the response to Staff First Request for Information Item No. 13.
- b. See the attachments being provided in Excel format. The impact on the LG&E Electric revenue requirement for the forecasted test year is a reduction of \$738,268. The impact on the LG&E Gas revenue requirement for the forecasted test year is a reduction of \$ \$152,310.

LOUISVILLE GAS AND ELECTRIC COMPANY
CASE NO. 2014-00372 - ELECTRIC OPERATIONS - RESPONSE TO PSC 2-89 (SLIPPAGE FACTOR 97.728%)
OVERALL FINANCIAL SUMMARY
BASE YEAR FOR THE 12 MONTHS ENDED FEBRUARY 28, 2015
FORECAST PERIOD FOR THE 12 MONTHS ENDED JUNE 30, 2016

DATA: BASE PERIOD FORECASTED PERIOD
TYPE OF FILING: ORIGINAL UPDATED REVISED
WORKPAPER REFERENCE NO(S):

SCHEDULE A
PAGE 1 OF 1
WITNESS: K. W. BLAKE

| LINE NO. | DESCRIPTION | SUPPORTING SCHEDULE REFERENCE | BASE PERIOD JURISDICTIONAL REVENUE REQUIREMENT \$ | FORECASTED PERIOD JURISDICTIONAL REVENUE REQUIREMENT \$ |
|----------|---|-------------------------------|--|--|
| 1 | CAPITALIZATION ALLOCATED TO ELECTRIC OPERATIONS | J | 2,037,688,629 | 2,140,161,141 |
| 2 | ADJUSTED OPERATING INCOME | C-1 | 134,371,933 | 139,147,308 |
| 3 | EARNED RATE OF RETURN (2 / 1) | | 6.59% | 6.50% |
| 4 | REQUIRED RATE OF RETURN | J | 7.31% | 7.36% |
| 5 | REQUIRED OPERATING INCOME (1 x 4) | C-1 | 149,047,468 | 157,516,167 |
| 6 | OPERATING INCOME DEFICIENCY (5 - 2) | C-1 | 14,675,535 | 18,368,859 |
| 7 | GROSS REVENUE CONVERSION FACTOR | H | 1.608581 | 1.608581 |
| 8 | REVENUE DEFICIENCY (6 x 7) | | 23,606,782 | 29,547,790 |
| 9 | REVENUE INCREASE REQUESTED | C-1 | | 29,547,790 |
| 10 | ADJUSTED OPERATING REVENUES | C-1 | | 1,044,651,189 |
| 11 | REVENUE REQUIREMENTS (9 + 10) | | | <u>1,074,198,979</u> |

LOUISVILLE GAS AND ELECTRIC COMPANY
CASE NO. 2014-00372 - RESPONSE TO PSC 2-89 (SLIPPAGE FACTOR 97.7268%)
COST OF CAPITAL SUMMARY
THIRTEEN MONTH AVERAGE
FROM JULY 1, 2015 TO JUNE 30, 2016

DATA: ___BASE PERIOD__X__FORECASTED PERIOD

DATE OF CAPITAL STRUCTURE: 13 MO AVG FOR FORECASTED PERIOD

TYPE OF FILING: __X__ ORIGINAL ___ UPDATED ___ REVISED

WORKPAPER REFERENCE NO(S):

SCHEDULE J-1.1/J-1.2

PAGE 1 OF 4

WITNESS: K. W. BLAKE

| LINE NO. | CLASS OF CAPITAL | WORKPAPER REFERENCE | 13 MONTH AVERAGE AMOUNT | JURISDICTIONAL RATE BASE PERCENTAGE | JURISDICTIONAL CAPITAL | ADJUSTMENT AMOUNT | JURISDICTIONAL ADJUSTED CAPITAL | PERCENT OF TOTAL | COST RATE | 13 MONTH AVERAGE WEIGHTED COST |
|-----------|------------------|---------------------|-----------------------------|-------------------------------------|-----------------------------|-----------------------------|---------------------------------|-----------------------|---------------|--------------------------------|
| | (A) | (B) | (C) | (D) | (E=CxD) | (F) | (G=E+F) | (H) | (I) | (J=HxI) |
| | | | \$ | % | \$ | \$ | \$ | | % | % |
| ELECTRIC: | | | | | | | | | | |
| 1 | SHORT-TERM DEBT | J-2 | 165,087,328 | 82.61% | 136,378,642 | (40,922,032) | 95,456,610 | 4.46% | 0.89% | 0.04% |
| 2 | LONG-TERM DEBT | J-3 | 1,583,768,878 | 82.61% | 1,308,351,470 | (392,586,406) | 915,765,064 | 42.79% | 4.16% | 1.78% |
| 3 | COMMON EQUITY | | <u>1,952,443,115</u> | 82.61% | <u>1,612,913,257</u> | <u>(483,973,790)</u> | <u>1,128,939,467</u> | <u>52.75%</u> | <u>10.50%</u> | <u>5.54%</u> |
| 4 | TOTAL CAPITAL | | <u><u>3,701,299,321</u></u> | | <u><u>3,057,643,369</u></u> | <u><u>(917,482,229)</u></u> | <u><u>2,140,161,141</u></u> | <u><u>100.00%</u></u> | | <u><u>7.36%</u></u> |

LOUISVILLE GAS AND ELECTRIC COMPANY
CASE NO. 2014-00372 - RESPONSE TO PSC 2-89 (SLIPPAGE FACTOR 97.7268%)
COST OF CAPITAL SUMMARY
THIRTEEN MONTH AVERAGE
FROM JULY 1, 2015 TO JUNE 30, 2016

DATA: BASE PERIOD X FORECASTED PERIOD
DATE OF CAPITAL STRUCTURE: 13 MO AVG FOR FORECASTED PERIOD
TYPE OF FILING: X ORIGINAL UPDATED REVISED
WORKPAPER REFERENCE NO(S):

SCHEDULE J-1.1/J-1.2
PAGE 2 OF 4
WITNESS: K. W. BLAKE

| LINE NO. | CLASS OF CAPITAL | WORKPAPER REFERENCE | 13 MONTH AVERAGE AMOUNT | JURISDICTIONAL RATE BASE PERCENTAGE | JURISDICTIONAL CAPITAL | ADJUSTMENT AMOUNT | JURISDICTIONAL ADJUSTED CAPITAL | PERCENT OF TOTAL | COST RATE | 13 MONTH AVERAGE WEIGHTED COST |
|----------|------------------|---------------------|-----------------------------|-------------------------------------|---------------------------|-----------------------------|---------------------------------|------------------|-----------|--------------------------------|
| | (A) | (B) | (C) | (D) | (E=CxD) | (F) | (G=E+F) | (H) | (I) | (J=HxI) |
| | | | \$ | % | \$ | \$ | \$ | | % | % |
| GAS: | | | | | | | | | | |
| 1 | SHORT-TERM DEBT | J-2 | 165,087,328 | 17.39% | 28,708,686 | (5,394,881) | 23,313,806 | 4.46% | 0.89% | 0.04% |
| 2 | LONG-TERM DEBT | J-3 | 1,583,768,878 | 17.39% | 275,417,408 | (51,755,906) | 223,661,502 | 42.79% | 4.16% | 1.78% |
| 3 | COMMON EQUITY | | <u>1,952,443,115</u> | 17.39% | <u>339,529,858</u> | <u>(63,803,793)</u> | <u>275,726,065</u> | 52.75% | 10.50% | <u>5.54%</u> |
| 4 | TOTAL CAPITAL | | <u><u>3,701,299,321</u></u> | | <u><u>643,655,952</u></u> | <u><u>(120,954,579)</u></u> | <u><u>522,701,373</u></u> | 100.00% | | <u><u>7.36%</u></u> |

KIUC Adjustments to LG&E (Electric) Capitalization and Cost of Capital
Case No. 2014-00372
Test Year Ending June 30, 2016

I. LG&E (Electric) Capitalization, Cost of Capital, and Gross Revenue Conversion Factor Per Filing

| | 13 Month Average Balance | Capital Ratio | LG&E Kentucky Electric Factor | LG&E Electric Capitalization | LG&E Adjustments to Capitalization | Adjusted LG&E Electric Capitalization | Adjusted Capital Ratio | Component Costs | Weighted Avg Cost | Grossed Up Cost | Revenue Requirement |
|----------------------|--------------------------------|------------------|--|------------------------------------|---|--|------------------------------|--------------------|----------------------|--------------------|------------------------|
| Short Term Debt | 168,476,606 | 4.54% | 82.61% | 139,178,524 | (41,678,967) | 97,499,557 | 4.54% | 0.90% | 0.04% | 0.04% | 882,040 |
| Long Term Debt | 1,583,768,878 | 42.71% | 82.61% | 1,308,351,470 | (391,804,249) | 916,547,221 | 42.71% | 4.16% | 1.78% | 1.79% | 38,325,819 |
| Common Equity | 1,956,064,974 | 52.75% | 82.61% | 1,615,905,275 | (483,905,561) | 1,131,999,714 | 52.75% | 10.50% | 5.54% | 8.91% | 191,195,844 |
| Total Capital | 3,708,310,458 | 100.00% | | 3,063,435,269 | (917,388,777) | 2,146,046,492 | 100.00% | | 7.36% | 10.74% | 230,403,703 |

II. LG&E (Electric) Capitalization, Cost of Capital, and Gross Revenue Conversion Factor Reducing Capitalization for CWIP Slippage - See Company's Quantification of Adjusted Capitalization in Staff 2-89

| | Adjusted LG&E Electric Capitalization | KIUC Proforma Adjustment | LG&E Kentucky Electric Factor | KIUC Electric Proforma Adjustment 1 | KIUC Kentucky Adjusted Capitalization | KIUC Adjusted Capital Ratio | Component Costs | Weighted Avg Cost | Grossed Up Cost | Revenue Requirement | Incremental Revenue Requirement |
|----------------------|--|--------------------------------|--|--|--|--------------------------------------|--------------------|----------------------|--------------------|------------------------|---------------------------------------|
| Short Term Debt | 97,499,557 | | | (2,042,947) | 95,456,610 | 4.46% | 0.90% | 0.04% | 0.04% | 863,559 | (18,482) |
| Long Term Debt | 916,547,221 | | | (782,157) | 915,765,064 | 42.79% | 4.16% | 1.78% | 1.79% | 38,293,113 | (32,706) |
| Common Equity | 1,131,999,714 | | | (3,060,247) | 1,128,939,467 | 52.75% | 10.50% | 5.54% | 8.91% | 190,678,965 | (516,879) |
| Total Capital | 2,146,046,492 | | | (5,885,351) | 2,140,161,141 | 100.00% | | 7.36% | 10.74% | 229,835,636 | (568,067) |

III. LG&E (Electric) Capitalization, Cost of Capital, and Gross Revenue Conversion Factor Reducing Capitalization to Reflect 50% Bonus Depreciation for 2014

| | Adjusted LG&E Electric Capitalization | KIUC Proforma Adjustment | LG&E Kentucky Electric Factor | KIUC Electric Proforma Adjustment 1 | KIUC Kentucky Adjusted Capitalization | KIUC Adjusted Capital Ratio | Component Costs | Weighted Avg Cost | Grossed Up Cost | Revenue Requirement | Incremental Revenue Requirement |
|----------------------|--|--------------------------------|--|--|--|--------------------------------------|--------------------|----------------------|--------------------|------------------------|---------------------------------------|
| Short Term Debt | 95,456,610 | | | (1,998,465) | 93,458,145 | 4.46% | 0.90% | 0.04% | 0.04% | 845,479 | (18,079) |
| Long Term Debt | 915,765,064 | | | (19,172,318) | 896,592,746 | 42.79% | 4.16% | 1.78% | 1.79% | 37,491,414 | (801,699) |
| Common Equity | 1,128,939,467 | | | (23,635,304) | 1,105,304,163 | 52.75% | 10.50% | 5.54% | 8.91% | 186,686,939 | (3,992,026) |
| Total Capital | 2,140,161,141 | | | (44,806,087) | 2,095,355,054 | 100.00% | | 7.36% | 10.74% | 225,023,833 | (4,811,804) |

KIUC Adjustments to LG&E (Electric) Capitalization and Cost of Capital
Case No. 2014-00372
Test Year Ending June 30, 2016

IV. LG&E (Electric) Capitalization, Cost of Capital, and Gross Revenue Conversion Factor Reducing Capitalization to Remove Costs for Paddy's Run Demolition

| | Adjusted LG&E Electric Capitalization | KIUC Proforma Adjustment | LG&E Kentucky Electric Factor | KIUC Electric Proforma Adjustment 1 | KIUC Kentucky Adjusted Capitalization | KIUC Adjusted Capital Ratio | Component Costs | Weighted Avg Cost | Grossed Up Cost | Revenue Requirement | Incremental Revenue Requirement |
|----------------------|--|--------------------------------|--|--|--|--------------------------------------|--------------------|----------------------|--------------------|------------------------|---------------------------------------|
| Short Term Debt | 93,458,145 | (512,929) | 100.00% | (512,929) | 92,945,216 | 4.46% | 0.90% | 0.04% | 0.04% | 840,839 | (4,640) |
| Long Term Debt | 896,592,746 | (4,920,797) | 100.00% | (4,920,797) | 891,671,950 | 42.79% | 4.16% | 1.78% | 1.79% | 37,285,649 | (205,765) |
| Common Equity | 1,105,304,163 | (6,066,274) | 100.00% | (6,066,274) | 1,099,237,889 | 52.75% | 10.50% | 5.54% | 8.91% | 185,662,340 | (1,024,600) |
| Total Capital | 2,095,355,054 | (11,500,000) | | (11,500,000) | 2,083,855,054 | 100.00% | | 7.36% | 10.74% | 223,788,828 | (1,235,005) |

V. LG&E (Electric) Capitalization, Cost of Capital, and Gross Revenue Conversion Factor Reducing Cost of Short Term Debt

| | Adjusted LG&E Electric Capitalization | KIUC Proforma Adjustment | LG&E Kentucky Electric Factor | KIUC Electric Proforma Adjustment 1 | KIUC Kentucky Adjusted Capitalization | KIUC Adjusted Capital Ratio | Component Costs | Weighted Avg Cost | Grossed Up Cost | Revenue Requirement | Incremental Revenue Requirement |
|----------------------|--|--------------------------------|--|--|--|--------------------------------------|--------------------|----------------------|--------------------|------------------------|---------------------------------------|
| Short Term Debt | 92,945,216 | | | | 92,945,216 | 4.46% | 0.30% | 0.01% | 0.01% | 280,280 | (560,559) |
| Long Term Debt | 891,671,950 | | | | 891,671,950 | 42.79% | 4.16% | 1.78% | 1.79% | 37,285,649 | - |
| Common Equity | 1,099,237,889 | | | | 1,099,237,889 | 52.75% | 10.50% | 5.54% | 8.91% | 185,662,340 | - |
| Total Capital | 2,083,855,054 | | | | 2,083,855,054 | 100.00% | | 7.33% | 10.71% | 223,228,268 | (560,559) |

VI. LG&E (Electric) Capitalization, Cost of Capital, and Gross Revenue Conversion Factor Reducing Cost of Long Term Debt

| | Adjusted LG&E Electric Capitalization | KIUC Proforma Adjustment | LG&E Kentucky Electric Factor | KIUC Electric Proforma Adjustment 1 | KIUC Kentucky Adjusted Capitalization | KIUC Adjusted Capital Ratio | Component Costs | Weighted Avg Cost | Grossed Up Cost | Revenue Requirement | Incremental Revenue Requirement |
|----------------------|--|--------------------------------|--|--|--|--------------------------------------|--------------------|----------------------|--------------------|------------------------|---------------------------------------|
| Short Term Debt | 92,945,216 | | | | 92,945,216 | 4.46% | 0.30% | 0.01% | 0.01% | 280,280 | - |
| Long Term Debt | 891,671,950 | | | | 891,671,950 | 42.79% | 4.04% | 1.73% | 1.74% | 36,210,101 | (1,075,548) |
| Common Equity | 1,099,237,889 | | | | 1,099,237,889 | 52.75% | 10.50% | 5.54% | 8.91% | 185,662,340 | - |
| Total Capital | 2,083,855,054 | | | | 2,083,855,054 | 100.00% | | 7.28% | 10.66% | 222,152,721 | (1,075,548) |

KIUC Adjustments to LG&E (Electric) Capitalization and Cost of Capital
Case No. 2014-00372
Test Year Ending June 30, 2016

VII. LG&E (Electric) Capitalization, Cost of Capital, and Gross Revenue Conversion Factor Adjusting Return on Common Equity to 8.6%.

| | KIUC Kentucky Adjusted Capitalization | KIUC Adjusted Capital Ratio | Component Costs | Weighted Avg Cost | Grossed Up Cost | Revenue Requirement | Incremental Revenue Requirement |
|-----------------|--|--------------------------------------|--------------------|----------------------|--------------------|------------------------|---------------------------------------|
| Short Term Debt | 92,945,216 | 4.46% | 0.30% | 0.01% | 0.01% | 280,280 | - |
| Long Term Debt | 891,671,950 | 42.79% | 4.04% | 1.73% | 1.74% | 36,210,101 | - |
| Common Equity | <u>1,099,237,889</u> | <u>52.75%</u> | 8.60% | <u>4.54%</u> | <u>7.30%</u> | <u>152,066,297</u> | <u>(33,596,042)</u> |
| Total Capital | <u>2,083,855,054</u> | <u>100.00%</u> | | <u>6.28%</u> | <u>9.05%</u> | <u>188,556,678</u> | <u>(33,596,042)</u> |
| | | | | | Each 1% ROE | | <u>(17,682,128)</u> |

EXHIBIT ____ (LK-46)

KENTUCKY UTILITIES COMPANY

CASE NO. 2014-00371

**Response to Attorney General's Initial Requests for Information
Dated January 8, 2015**

Question No. 27

Responding Witness: Kent W. Blake / Christopher M. Garrett

Q-27. At the end of 2014, the United States Congress passed a "tax extender" bill. Public Law No. 113-295 extended certain expiring tax provisions through the end of 2014, retroactively beginning January 1, 2014.

- a. Please explain the impact of Public Law No. 113-295 on KUs revenue, depreciation schedules, and other phases of the KU application.
- b. Will this law allow the company to decrease depreciation expense?

A-27.

- a. See attachment being provided in Excel Format for the detailed analysis of the estimated impacts of the Tax Increase Prevention Act of 2014. An Appendix has been included in the attachment to provide an overview of the various tabs in the workbook.

The Tax Increase Prevention Act of 2014 provided for the extension of 50% bonus tax depreciation in 2014 for qualified property while also providing for 50% bonus tax depreciation in 2015 for long-production-period property. As KU's rate case had been prepared and filed prior to the passing of this law, the effects of this extension were not considered in the filing.

The Company has calculated the revenue requirement impact of this extension assuming KU were to take bonus depreciation in 2014 and 2015. This calculation is included in the attached file as "TAB 2 –Elect Bonus".

This calculation shows that the revenue requirement would actually increase were KU to take the bonus tax depreciation deduction in both years. This result is driven by the negative impact of losing the ability to take the Internal Revenue Code §199 manufacturing deduction, which more than offsets the positive impact of the lower rate base and capitalization resulting from the increase in the accumulated deferred income tax liability.

KU would be unable to take the Internal Revenue Code §199 tax deduction given its taxable loss in both 2014 and 2015. The loss of the §199

manufacturing deduction results in an increase in KU's tax provision thereby increasing its Net Operating Income Deficiency and Gross-Revenue Conversion Factor. While KU would be able to utilize the majority of the 2014 tax loss as a result of its ability to carryback the loss to 2013, the additional loss in 2015 would have to be carried forward (See Tab: "Taxable Income"). As a result, KU would need to record a deferred tax asset for the 2015 NOL carryforward resulting in an offsetting increase in rate base and capitalization.

The Company then ran a separate calculation assuming that KU elected bonus depreciation in 2014 but declined to do so in 2015 (opt-out). This calculation is shown in "TAB3 – Opt out in 2015". This scenario proves beneficial to customers by lowering the revenue requirement for the following reasons:

- The benefits from the lower rate base and capitalization resulting from the 2014 bonus tax depreciation continue to be realized
- The benefit of the §199 manufacturing deduction in 2015 is preserved, and
- The need to record a deferred tax asset for the 2015 Net Operating Loss is eliminated.

The two calculations above were prepared for the forecast test period without considering incremental revenue awarded in this rate case. In order to determine whether incremental revenue would impact this decision to take bonus depreciation in 2014 but opt out in 2015, the Company re-ran the two calculations assuming the revenue increase requested in the Company's filing is granted as filed. These calculations are included in the attached file as "TAB4 – Elect Bonus with Rev" and "TAB5 – Opt Out 2015 with Rev". These additional scenarios demonstrate that even with the projected rate increases, KU would still incur a taxable loss in 2014 and 2015 when taking the bonus tax depreciation deduction. As such, the analysis continues to support the prior conclusion that the lowest revenue requirement for customers would be achieved if KU elected to take the bonus depreciation deduction in 2014 but elected to opt out in 2015. Also, "TAB1- Summary" shows that customers receive a \$3 million detriment of increased revenue requirement if KU elects to take the bonus depreciation deduction in both 2014 and 2015 as compared to a \$4 million benefit of reduced revenue requirement if KU elects to take the bonus depreciation deduction in 2014 but elects to opt out in 2015.

- b. The law will not allow the Company to decrease its book depreciation expense which is the means by which the Company recovers its capital investments. The law applies to bonus tax depreciation which is a timing difference between book income and taxable income. It allows for an

increase to the amount of tax depreciation deductible on the income tax return with no effect on book depreciation. The impact on the Company's revenue requirement is that its deferred tax liability is increased which lowers rate base and capitalization in the near term and thus lowers the current revenue requirement in this proceeding. See the response above for a discussion of the overall impact on the revenue requirement.

Kentucky Utilities Company
 Bonus Depreciation Analysis
 Summary
 \$ millions
[Return to Appendix](#)

Forecasted Test Period - Base Rates

| | Excluding Rate Case Revenues | | With Rate Case Revenues | |
|---|------------------------------|-------------------|-------------------------|-------------------|
| | <u>TAB 2</u> | <u>TAB 3</u> | <u>TAB 4</u> | <u>TAB 5</u> |
| | With Bonus | Opt out of Bonus* | With Bonus | Opt out of Bonus* |
| <u>Variations by Component</u> | | | | |
| Lower Capitalization | (4) | (3) | (6) | (3) |
| Loss of Sec. 199 deduction - Adjusted NOI | 2 | (1) | 5 | (1) |
| Impact of Loss of Sec. 199 on Gross-Up Factor | 5 | 0 | 5 | 0 |
| Increase/(Decrease) to Filed Revenue Requirement | 3 | (4) | 4 | (4) |

LINKS

Forecasted Test Period - ECR

| | Excluding Rate Case Revenues | | With Rate Case Revenues | |
|---|------------------------------|-------------------|-------------------------|-------------------|
| | <u>TAB 2</u> | <u>TAB 3</u> | <u>TAB 4</u> | <u>TAB 5</u> |
| | With Bonus | Opt out of Bonus* | With Bonus | Opt out of Bonus* |
| <u>Variations by Component</u> | | | | |
| Lower Capitalization | (6) | (2) | (6) | (2) |
| Loss of Sec. 199 deduction - Adjusted NOI | 0 | 0 | 0 | 0 |
| Impact of Loss of Sec. 199 on Gross-Up Factor | 5 | 0 | 5 | 0 |
| Increase/(Decrease) to Filed Revenue Requirement | (1) | (2) | (1) | (2) |

Forecasted Test Period - Total

| | Excluding Rate Case Revenues | | With Rate Case Revenues | |
|---|------------------------------|-------------------|-------------------------|-------------------|
| | <u>TAB 2</u> | <u>TAB 3</u> | <u>TAB 4</u> | <u>TAB 5</u> |
| | With Bonus | Opt out of Bonus* | With Bonus | Opt out of Bonus* |
| <u>Variations by Component</u> | | | | |
| Lower Capitalization | (10) | (5) | (12) | (5) |
| Loss of Sec. 199 deduction - Adjusted NOI | 2 | (1) | 5 | (1) |
| Impact of Loss of Sec. 199 on Gross-Up Factor | 10 | 0 | 10 | 0 |
| Increase/(Decrease) to Filed Revenue Requirement | 2 | (6) | 3 | (6) |

* Opt out of Bonus for 2015 Tax Year.

EXHIBIT ____ (LK-47)

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2014-00372

**Response to Attorney General's Initial Request for Information
Dated January 8, 2015**

Question No. 26

Responding Witness: Kent W. Blake / Christopher M. Garrett

Q-26. At the end of 2014, the United States Congress passed a "tax extender" bill. Public Law No. 113-295 extended certain expiring tax provisions through the end of 2014, retroactively beginning January 1, 2014.

- a. Please explain the impact of Public Law No. 113-295 on LG&Es revenue, depreciation schedules, and other phases of the LG&E application.
- b. Will this law allow the company to decrease depreciation expense?

A-26.

- a. See attachment being provided in Excel format for the detailed analysis of the impacts of the Tax Increase Prevention Act of 2014. An Appendix has been included in the attachment to provide an overview of the various tabs in the workbook.

The Tax Increase Prevention Act of 2014 provided for the extension of 50% bonus tax depreciation in 2014 for qualified property while also providing 50% bonus tax depreciation in 2015 for long-production-period property. As LG&E's rate case had been prepared and filed prior to the passing of the law, the effects of this extension were not considered in the filing.

The Company has calculated the revenue requirement impact of this extension assuming LG&E were to take bonus depreciation in 2014 and 2015. This calculation is included in the attached file as "TAB 2 _ Elect Bonus".

This calculation shows that customers would benefit from LG&E electing to take the bonus tax depreciation deduction in 2014 and 2015.

LG&E would be able to fully utilize its projected 2014 and 2015 tax losses as a result of its ability to carryback the losses to 2013. The ability to utilize its tax losses would provide LG&E customers the full benefit of the lower rate base and capitalization associated with the recording of the deferred income tax liability for the bonus tax depreciation deduction. The level of benefits to customers is mitigated somewhat by LG&E incurring a tax loss in 2014 and

2015 thereby losing its ability to take an Internal Revenue Code §199 manufacturing deduction. The loss of the §199 deduction results in an increase in LG&E's tax provision thereby increasing its Net Operating Income Deficiency and Gross-Revenue Conversion Factor.

The Company then ran a separate calculation assuming that LG&E elected bonus depreciation in 2014 but declined to do so in 2015 (opt-out). This calculation is shown in "TAB3- Opt out in 2015". This scenario also proves beneficial to customers, but to a slightly lesser extent than the first, as the benefits from the ability to take the §199 deduction in 2015 is overtaken by the benefits of the lower rate base and capitalization resulting from the 2015 bonus tax depreciation.

The two calculations above were prepared for the forecasted test period without considering incremental revenue awarded in this rate case. In order to determine whether incremental revenue would impact this decision to take bonus depreciation in 2014 but opt out in 2015, the Company re-ran the two calculations assuming the revenue increase requested in the Company's filing is granted as filed. These calculations are included in the attachment file as "TAB4 – Elect Bonus with Rev" and "TAB5- Opt Out 2015 with Rev". These additional scenarios demonstrate that even with the projected rate increases, LG&E will still incur a taxable loss in 2014 and 2015 when taking the bonus tax depreciation deduction such that the benefit of the deduction will be offset by an incremental impact of the loss of the §199 manufacturing deduction. Also, "TAB1- Summary" shows that customers receive a \$6 million (\$4 million electric and \$2 million gas) benefit of reduced revenue requirement if LG&E elects to take the bonus depreciation deduction in both 2014 and 2015 as compared to a \$5 million (\$3 million electric and \$2 million gas) benefit of reduced revenue requirement if LG&E elects to take the bonus depreciation deduction in 2014 but elects to opt out in 2015. It should also be noted that there is an incremental benefit to customers of \$1 million through the ECR rate mechanism in the forecasted rate period as a result of the bonus depreciation deduction in both years, but a \$2 million dollar benefit if bonus depreciation is not elected in 2015.

- b. The law will not allow the Company to decrease its book depreciation expense which is the means by which the Company recovers its capital investments. The law applies to bonus tax depreciation which is a timing difference between book income and taxable income. It allows for an increase to the amount of tax depreciation deductible on the income tax return. There is no effect on book depreciation. The impact on the Company's revenue requirement is that its deferred tax liability is increased which lowers rate base and capitalization in the near term and thus lowers the current revenue requirement in this proceeding. See the response above for a discussion of the overall impact on the revenue requirement.

Louisville Gas and Electric Company
 Bonus Depreciation Analysis
 Summary
 \$ millions
[Return to Appendix](#)

| | Forecasted Test Period - Electric Base Rates | | | | Forecasted Test Period - Gas Base Rates | | | |
|---|--|----------------------------|------------------------------|----------------------------|---|----------------------------|------------------------------|----------------------------|
| | Excluding Rate Case Revenues | | Including Rate Case Revenues | | Excluding Rate Case Revenues | | Including Rate Case Revenues | |
| | TAB 2 With Bonus | TAB 3 Opt out of Bonus* | TAB 4 With Bonus | TAB 5 Opt out of Bonus* | TAB 2 With Bonus | TAB 3 Opt out of Bonus* | TAB 4 With Bonus | TAB 5 Opt out of Bonus* |
| LINKS | | | | | | | | |
| <u>Variations by Component</u> | | | | | | | | |
| Lower Capitalization | (7) | (3) | (7) | (3) | (2) | (2) | (2) | (2) |
| Loss of Sec. 199 deduction - Adjusted NOI | 2 | 0 | 2 | 0 | 0 | 0 | 0 | 0 |
| Impact of Loss of Sec. 199 on Gross-Up Factor | 1 | 0 | 1 | 0 | 0 | 0 | 0 | 0 |
| Increase/(Decrease) to Filed Revenue Requirement | (4) | (3) | (4) | (3) | (2) | (2) | (2) | (2) |

| | Forecasted Test Period - ECR | | | |
|---|------------------------------|----------------------------|------------------------------|----------------------------|
| | Excluding Rate Case Revenues | | Including Rate Case Revenues | |
| | TAB 2 With Bonus | TAB 3 Opt out of Bonus* | TAB 4 With Bonus | TAB 5 Opt out of Bonus* |
| <u>Variations by Component</u> | | | | |
| Lower Capitalization | (6) | (2) | (6) | (2) |
| Loss of Sec. 199 deduction - Adjusted NOI | 0 | 0 | 0 | 0 |
| Impact of Loss of Sec. 199 on Gross-Up Factor | 5 | 0 | 5 | 0 |
| Increase/(Decrease) to Filed Revenue Requirement | (1) | (2) | (1) | (2) |

| | Forecasted Test Period - Electric Total | | | |
|---|---|----------------------------|------------------------------|----------------------------|
| | Excluding Rate Case Revenues | | Including Rate Case Revenues | |
| | TAB 2 With Bonus | TAB 3 Opt out of Bonus* | TAB 4 With Bonus | TAB 5 Opt out of Bonus* |
| LINKS | | | | |
| <u>Variations by Component</u> | | | | |
| Lower Capitalization | (13) | (5) | (13) | (5) |
| Loss of Sec. 199 deduction - Adjusted NOI | 2 | 0 | 2 | 0 |
| Impact of Loss of Sec. 199 on Gross-Up Factor | 6 | 0 | 6 | 0 |
| Increase/(Decrease) to Filed Revenue Requirement | (5) | (5) | (5) | (5) |

* Opt out of Bonus for 2015 Tax Year.

EXHIBIT ____ (LK-48)

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2014-00372

Response to First Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated January 8, 2015

Question No. 6

Responding Witness: Christopher M. Garrett / Russel A. Hudson

- Q.1-6. Refer to pages 27-28 of Mr. Thompson's Direct Testimony wherein he describes the "capital investments" both Companies are expected to incur over the next several years, including the demolition of the retired units at Paddy's Creek and the costs to retire the coal units at Cane Run.
- a. Please provide the projected amounts for each of these projects by unit, by month, and in total through June 30, 2016. Also, please indicate which line item includes these amounts on the table on page 28 of Mr. Thompson's Direct Testimony.
 - b. Please describe the Company's accounting for the costs that will be incurred to retire the coal units, e.g. will they be expensed?
 - c. Please describe the costs included by the Company in the revenue requirement to retire the coal units, to recover the remaining net book value at the date of retirement, if any, and to demolish the units.
 - d. Please provide a copy of all studies performed by or on behalf of the Company that address: i) the legal requirements to demolish the units; ii) any alternatives to demolition that were considered; and iii) why the Company chose to demolish the units rather than retire them in place for an extended period.
 - e. Please provide a copy of demolition/dismantling studies and/or cost estimates. If no such studies exist, then please state.
- A.1-6. a. See attached. The costs will all be incurred by LG&E. In reference to the table on page 28 of the Mr. Thompson direct testimony, these costs are in the "Other Generation Projects" line for Paddy's Run Coal and the "Investment in Existing Generation" line for Cane Run Coal.

- b. The Company's accounting for the costs that will be incurred to retire the coal units will be in accordance with the guidelines prescribed in the Code of Federal Regulations 18 CFR, Chapter 1, Subchapter C, Part 101, Electric Plant Instruction 10, Additions and Retirements of Electric Plant. The Company will charge the accumulated provision for depreciation reserve for the majority of the costs to physically retire the units, e.g. cost of removal and salvage. A smaller portion of the costs may be expensed.
- c. See the response to part b) above regarding the costs to physically retire and demolish the coal units. The costs charged to the accumulated reserve for depreciation are reflected in the Company's capitalization. To the extent the retired unit has a remaining net book value, LG&E plans to recover the value through future depreciation expense in accordance with the next depreciation study as normal retirement treatment is appropriate.
- d. There have been no such studies prepared.
 - i) There is no legal requirement to demolish the units.
 - ii) For Paddy's Run Coal, the only alternative is to leave the station in its current state, which continues to deteriorate over time.
 - iii) The Paddy's Run Coal Station has already been retired for an extended period of time. Once Cane Run Coal is retired, it will be retired in place, with the only retirement expenditures in the 2015 Business Plan to preserve it in a "dry" state that will not rapidly deteriorate. There is no retirement capital for demolition in the 2015 Business Plan specific to the Cane Run Coal facility. A decision for dismantlement of the Cane Run Coal units has not been determined at this time.
- e. See attached. The cost estimate for the complete demolition of Paddy's Run Coal is \$17.4 million, consistent with the 2015 Business Plan. There has not been an estimate done to date on the Cane Run Coal facility.

Capital Expenditures for Paddy's Run Coal Retirement and Cane Run Coal Retirement

2012 (actuals)

| Project | January | February | March | April | May | June | July | August | September | October | November | December | Total |
|--------------------|---------|----------|---------|---------|---------|---------|---------|----------|-----------|-----------|-----------|-----------|--------------------|
| 132874 Paddy's Run | \$0 | \$0 | \$1,650 | \$7,924 | \$5,119 | \$6,620 | \$8,106 | \$13,471 | \$211,811 | \$255,060 | \$379,224 | \$207,168 | <u>\$1,096,153</u> |

2013 (actuals)

| Project | January | February | March | April | May | June | July | August | September | October | November | December | Total |
|--------------------|-----------|----------|----------|-----------|----------|-----------|-----------|--------|-----------|---------|----------|----------|------------------|
| 132874 Paddy's Run | \$196,191 | \$20,078 | \$60,080 | (\$7,223) | \$15,370 | (\$7,084) | (\$2,131) | \$0 | \$0 | (\$129) | \$0 | \$0 | <u>\$275,153</u> |

2014 (actuals through August, forecast September through December)

| Project | January | February | March | April | May | June | July | August | September | October | November | December | Total |
|--------------------|---------|----------|---------|---------|---------|----------|----------|----------|-----------|----------|----------|----------|------------------|
| 132874 Paddy's Run | \$1,685 | \$3,074 | \$7,822 | \$4,245 | \$3,514 | \$18,054 | \$56,329 | \$53,876 | \$29,457 | \$34,004 | \$25,612 | \$12,328 | <u>\$250,000</u> |

2015 (forecast)

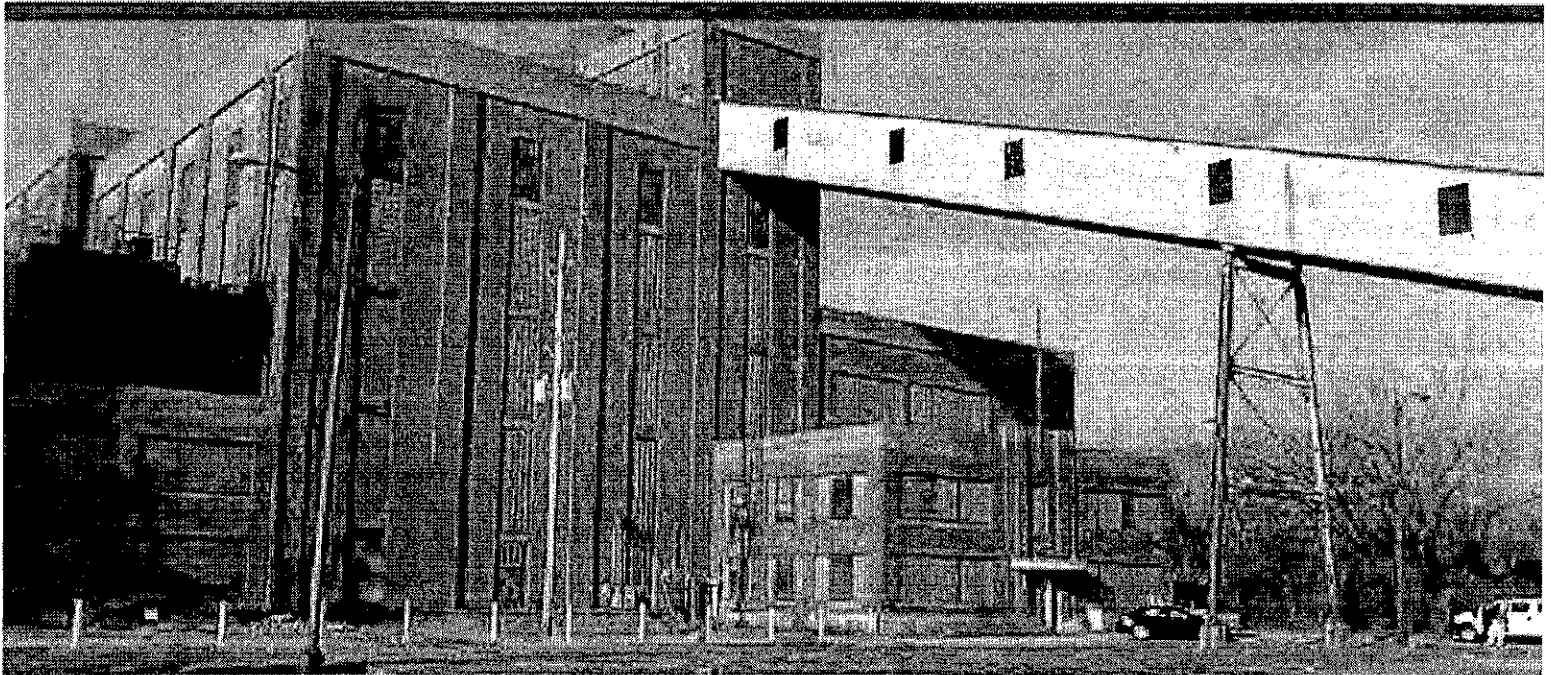
| Project | January | February | March | April | May | June | July | August | September | October | November | December | Total |
|--------------------|---------|----------|-------|-----------|-----------|-----------|-------------|-------------|-------------|-----------|-------------|----------|--------------------|
| 132874 Paddy's Run | \$0 | \$0 | \$0 | \$500,000 | \$750,000 | \$750,000 | \$1,500,000 | \$1,500,000 | \$1,500,000 | \$0 | \$0 | \$0 | <u>\$6,500,000</u> |
| 137600 Cane Run | | | | | | \$0 | \$0 | \$0 | \$250,000 | \$750,000 | \$3,800,000 | \$0 | <u>\$4,800,000</u> |

2016 (forecast)

| Project | January | February | March | April | May | June | July | August | September | October | November | December | Total |
|--------------------|-----------|-----------|-----------|-----------|-------------|-------------|------|--------|-----------|---------|----------|----------|--------------------|
| 132874 Paddy's Run | \$750,000 | \$750,000 | \$750,000 | \$750,000 | \$1,000,000 | \$1,000,000 | | | | | | | <u>\$5,000,000</u> |



Paddy's Run Station Conceptual Phase Study Demolition with Clean Fill Option



Prepared by:
AMEC Environment & Infrastructure, Inc.
11003 Bluegrass Parkway, Suite 690
Louisville, Kentucky 40299

amec.com

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APPENDICES

APPENDIX 1 - PRELIMINARY CONCEPTS REPORT

APPENDIX 2 - FIGURES

- Figure 1 Site Location Map
- Figure 2 Site Layout Maps and Plot Plans
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APPENDIX 3 - PHOTO LOG

APPENDIX 4 - OPTION 3 ORDER-OF-MAGNITUDE COST ESTIMATE DETAILS

- Demolition cost estimate
- Hazardous building material abatement cost estimate
- Implementation phase planning

APPENDIX 5 - OPTION 3 STAKEHOLDERS AND PERMITS

EXHIBIT ____ (LK-49)

Borrowing Benchmarks

February 26, 2015

Money Rates

Key annual interest rates paid to borrow or lend money in U.S. and international markets. Rates below are a guide to general levels but don't always represent actual transactions.

Inflation

| | Jan. Index level | CHG FROM (%) | |
|----------------------------------|------------------|--------------|----------|
| | | Dec. '14 | Jan. '14 |
| U.S. consumer price index | | | |
| All items | 233.707 | -0.47 | -0.1 |
| Core | 239.248 | 0.20 | 1.6 |

International rates

| | Latest | Week ago | -52-WEEK- | |
|--------------------|--------|----------|-----------|-------|
| | | | High | Low |
| Prime rates | | | | |
| U.S. | 3.25 | 3.25 | 3.25 | 3.25 |
| Canada | 2.85 | 2.85 | 3.00 | 2.85 |
| Euro zone | 0.05 | 0.05 | 0.25 | 0.05 |
| Japan | 1.475 | 1.475 | 1.475 | 1.475 |
| Switzerland | 0.50 | 0.50 | 0.51 | 0.50 |
| Britain | 0.50 | 0.50 | 0.50 | 0.50 |
| Australia | 2.25 | 2.25 | 2.50 | 2.25 |

Overnight repurchase

| | Latest | Week ago | -52-WEEK- | |
|------|--------|----------|-----------|------|
| | | | High | Low |
| U.S. | 0.12 | 0.13 | 0.29 | 0.00 |

U.S. government rates

| | Latest | Week ago | -52-WEEK- | |
|-----------------|--------|----------|-----------|------|
| | | | High | Low |
| Discount | | | | |
| | 0.75 | 0.75 | 0.75 | 0.75 |

Federal funds

| | Effective rate | High | Low | Bid | Offer |
|-------|----------------|--------|--------|--------|-------|
| | 0.1400 | 0.1400 | 0.1800 | 0.0800 | |
| High | 0.3125 | 0.3125 | 0.5160 | 0.2500 | |
| Low | 0.0700 | 0.0400 | 0.0800 | 0.0100 | |
| Bid | 0.0600 | 0.0600 | 0.1200 | 0.0000 | |
| Offer | 0.0900 | 0.0800 | 0.2800 | 0.0400 | |

Treasury bill auction

| | 4 weeks | 13 weeks | 26 weeks |
|--|---------|----------|----------|
| | 0.015 | 0.015 | 0.060 |
| | 0.020 | 0.015 | 0.095 |
| | 0.065 | 0.065 | 0.155 |

Secondary market

Freddie Mac

| | 30 days | 60 days |
|-------------------------|---------|---------|
| 30-year mortgage yields | n.a. | n.a. |
| | n.a. | n.a. |

Fannie Mae

| | 30 days | 60 days |
|-------------------------|---------|---------|
| 30-year mortgage yields | 3.326 | 3.357 |
| | 3.386 | 3.415 |
| | 4.069 | 4.135 |
| | 3.024 | 3.080 |

Bankers acceptance

| | 30 days | 60 days | 90 days | 120 days | 150 days | 180 days |
|--|---------|---------|---------|----------|----------|----------|
| | 0.15 | 0.19 | 0.23 | 0.25 | 0.28 | 0.38 |
| | 0.15 | 0.19 | 0.23 | 0.25 | 0.28 | 0.38 |
| | 0.15 | 0.19 | 0.23 | 0.25 | 0.28 | 0.38 |
| | 0.15 | 0.19 | 0.23 | 0.25 | 0.28 | 0.38 |
| | 0.15 | 0.19 | 0.23 | 0.25 | 0.28 | 0.38 |

Other short-term rates

| | Latest | Week ago | -52-WEEK- | |
|-------------------|--------|----------|-----------|------|
| | | | High | Low |
| Call money | 2.00 | 2.00 | 2.00 | 2.00 |

Commercial paper

| | 30 to 239 days | 240 to 255 days |
|--|----------------|-----------------|
| | n.q. | 0.33 |
| | ... | ... |

Notes on data:

U.S. prime rate is effective December 16, 2008.

Discount rate is effective February 19, 2010.

U.S. prime rate is the base rate on corporate loans posted by at least 70% of the 10 largest U.S. banks; **Other prime rates** aren't directly comparable; lending practices vary widely by location;

Discount rate is the charge on loans to depository institutions by the New York Federal Reserve Banks; **Federal funds rate** is on reserves traded among commercial banks for overnight use in amounts of \$1 million or more;

Call money rate is the charge on loans to brokers on stock-exchange collateral;

Commercial Paper (AA financial) is from the Federal Reserve and is presented with a one-day lag.

Libor is the Intercontinental Exchange Benchmark Administration Ltd average of interbank offered rates for dollar deposits in the London market;

DTCC GCF Repo Index is Depository Trust & Clearing Corp.'s weighted average for overnight trades in applicable CUSIPs. Value traded is in billions of U.S. dollars.

Futures on the DTCC GCF Repo Index are traded on NYSE Liffe US.

Sources: Federal Reserve; Bureau of Labor Statistics; DTCC; SIX Financial Information; General Electric Capital Corp.; Tullett Prebon Information, Ltd.

| | Latest | Week ago | -52-WEEK- | |
|-----------------|--------|----------|-----------|-----|
| | | | High | Low |
| 256 to 256 days | n.q. | ... | ... | ... |
| 257 to 264 days | 0.33 | ... | ... | ... |
| 265 to 270 days | 0.36 | ... | ... | ... |

Commercial paper (AA financial)

| | 90 days | 180 days | 270 days | 360 days |
|--|---------|----------|----------|----------|
| | 0.15 | 0.14 | 0.19 | 0.09 |

Euro commercial paper

| | 30 day | Three month | Six month | One year |
|--|--------|-------------|-----------|----------|
| | n.q. | n.q. | 0.20 | 0.20 |
| | n.q. | n.q. | 0.22 | 0.03 |
| | 0.01 | n.q. | 0.24 | 0.01 |
| | 0.02 | n.q. | 0.28 | 0.02 |
| | 0.03 | n.q. | 0.30 | 0.03 |
| | 0.04 | n.q. | 0.33 | 0.04 |

London interbank offered rate, or Libor

| | One month | Three month | Six month | One year |
|--|-----------|-------------|-----------|----------|
| | 0.17190 | 0.17350 | 0.17350 | 0.14775 |
| | 0.26160 | 0.26060 | 0.26260 | 0.22285 |
| | 0.37835 | 0.38530 | 0.38570 | 0.31940 |
| | 0.66935 | 0.68410 | 0.68410 | 0.53350 |

Euro Libor

| | One month | Three month | Six month | One year |
|--|-----------|-------------|-----------|----------|
| | -0.006 | -0.006 | 0.249 | -0.021 |
| | 0.021 | 0.026 | 0.321 | 0.021 |
| | 0.085 | 0.091 | 0.417 | 0.085 |
| | 0.209 | 0.223 | 0.579 | 0.209 |

Euro interbank offered rate (Euribor)

| | One month | Three month | Six month | One year |
|--|-----------|-------------|-----------|----------|
| | -0.004 | 0.001 | 0.269 | -0.005 |
| | 0.040 | 0.048 | 0.347 | 0.040 |
| | 0.114 | 0.125 | 0.444 | 0.114 |
| | 0.238 | 0.252 | 0.621 | 0.238 |

Hibor

| | One month | Three month | Six month | One year |
|--|-----------|-------------|-----------|----------|
| | 0.237 | 0.238 | 0.253 | 0.204 |
| | 0.385 | 0.388 | 0.393 | 0.360 |
| | 0.539 | 0.539 | 0.551 | 0.534 |
| | 0.839 | 0.840 | 0.871 | 0.837 |

| | Latest | Value Traded | -52-WEEK- | |
|--|--------|--------------|-----------|-----|
| | | | High | Low |

DTCC GCF Repo Index

| | Treasury | MBS |
|--|----------|--------|
| | 0.101 | 0.105 |
| | 105.394 | 73.450 |
| | 0.249 | 0.429 |
| | 0.018 | 0.058 |

| | Settle | Change | Open Interest | Implied Rate |
|--|--------|--------|---------------|--------------|
|--|--------|--------|---------------|--------------|

DTCC GCF Repo Index Futures

| | Treasury Feb | Treasury Mar | Treasury Apr |
|--|--------------|--------------|--------------|
| | 99.865 | 99.850 | 99.845 |
| | -0.005 | -0.005 | -0.005 |
| | 6161 | 6001 | 2019 |
| | 0.135 | 0.150 | 0.155 |

| | LATEST Offer | Week Bid | 52-WEEK High | 52-WEEK Low |
|--|--------------|----------|--------------|-------------|
|--|--------------|----------|--------------|-------------|

Eurodollars (mid rates)

| | One month | Two month | Three month | Four month | Five month | Six month |
|--|-----------|-----------|-------------|------------|------------|-----------|
| | 0.10 | 0.12 | 0.15 | 0.20 | 0.20 | 0.25 |
| | 0.20 | 0.25 | 0.30 | 0.30 | 0.35 | 0.50 |
| | 0.15 | 0.19 | 0.23 | 0.25 | 0.28 | 0.38 |
| | 0.15 | 0.19 | 0.23 | 0.25 | 0.28 | 0.38 |
| | 0.15 | 0.19 | 0.23 | 0.25 | 0.28 | 0.38 |

Weekly survey

| | Latest | Week ago | Year ago |
|--------------------|--------|----------|----------|
| Freddie Mac | | | |
| 30-year fixed | 3.80 | 3.76 | 4.37 |
| 15-year fixed | 3.07 | 3.05 | 3.39 |
| Five-year ARM | 2.99 | 2.97 | 3.05 |
| One-year ARM | 2.44 | 2.45 | 2.52 |