

**KENTUCKY UTILITIES COMPANY**

**CASE NO. 2014-00371**

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

**Question No. 2-6**

**Responding Witness: Daniel K. Arbough**

Q.2-6. Refer to the Company's response to KIUC 1-20. The question was as follows:

*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.*

In its response, the Company provided a schedule that had only a single line for (gain)/loss amortizations and did not provide the information requested in KIUC 1-20. Please provide the information that was requested and in the format that was requested in sufficient detail to replicate the calculation of the amounts reflected in each year referenced in the question. In addition, please provide this information in electronic format.

A.2-6. Original Response filed February 20, 2015:

See Attachment 1 for 2008 - 2014. See Attachment 2 for 2014-2016, base year and test year.

Supplemental Response provided on March 04, 2015:

See Attachment #1 for 2008 - 2013. Certain non-responsive information pertaining to PPL and other non-utility operations is redacted consistent with previous productions of information. See Attachment #2 for 2014, base year and test year. A portion of Servco's pension cost is allocated to KU. Please see Attachment #3 for a summary of the Servco allocation percentages by year.

In Attachments #1 and #2 KU has provided the calculation of the net periodic benefit cost (NPBC) as prepared by its actuary. Please note that the only two components of the NPBC that could have prior/vintage years associated to them are unrecognized transition obligations and unrecognized prior service cost. For any year where either of those components are applicable, the vintage year layers of the calculation have been provided

in Attachments #1 and #2. Amortization of unrecognized gains/losses does not have prior/vintage years as a component of the calculation.

KU employed two different actuaries during the referenced time frame. Mercer was utilized by KU during 2008-2013 and their reports presented the calculations by company. Towers Watson became KU's actuary in 2014 and their report presented the calculations by benefit plan. In response to the KIUC's question, KU requested that Towers Watson prepare a file which presents the detail of the calculations by company. Since the layout of the data is different for the two actuaries, KU has selected a year of data for each actuary and referenced the detailed calculations to the summary of the pension expense that was recorded in the Company's financial statements and reported to KIUC in response to Question No. 1-20. Please see referenced calculations for 2013 for Mercer in Attachment #1 and 2014 for Towers Watson in Attachment #2. A brief written summary of the tie out for 2013's and 2014's net periodic benefit cost (NPBC) is included below.

In the Attachment to KIUC Question No 1-20, KU reported ASC 715 NPBC for 2013 of \$24,532,514. Please see the breakdown of how that cost ties to the actuary report from Mercer below. The formulas for determining the gain/loss amortization are shown on the Mercer reports. The calculations for 2008-2012 follow the same methodology.

	<b>A</b>		<b>B</b>	<b>=A+B</b>
<b>KU Pension Costs for 2013:</b>	<b>KU</b>	<b>Servco</b>	<b>Servco Allocation to KU (53.604%)</b>	<b>Total KU Costs</b>
Service cost (p. 2)	8,228,879	12,932,918	6,932,561	15,161,440
Interest cost (p. 2)	17,237,432	17,648,530	9,460,318	26,697,750
Expected return on assets (p. 2)	(24,643,746)	(21,911,895)	(11,745,652)	(36,389,398)
Amortizations:				-
Transition (p. 6-7)	-	-	-	-
Prior service cost (p. 6-7)	691,710	2,502,694	1,341,544	2,033,254
Gain/loss (p. 3)	12,731,350	8,018,278	4,298,118	17,029,468
	<b>14,245,625</b>	<b>19,190,525</b>	<b>10,286,889</b>	<b>24,532,514</b>
Notes:				
1. Page #'s are references to Attachment #1				
2. See Attachment #3 for Summary of Servco allocation %'s by year				
3. Total KU Costs column was included in the attachment to KIUC 1-20				

In the Attachment to KIUC Question No 1-20, KU reported ASC 715 NPBC for 2014 of \$10,686,970. Please see the breakdown of how that cost ties to the actuary report from Towers Watson below. The formulas for determining the gain/loss amortization are shown on the Towers reports. The calculations for 2015 and 2016 follow the same

methodology. The Base Year is calculated as 10/12ths of 2014 cost and 2/12ths of 2015 cost. The Test Year is 6/12ths of 2015 and 6/12ths of 2016.

	<b>A</b>		<b>B</b>	<b>=A+B</b>
<b>KU Pension Costs for 2014:</b>	<b>KU</b>	<b>Servco</b>	<b>Servco Allocation to KU (54.266%)</b>	<b>Total KU Costs</b>
Service cost (p. 2)	6,814,810	10,833,938	5,879,145	12,693,955
Interest cost (p. 2)	17,966,530	19,470,548	10,565,888	28,532,418
Expected return on assets (p. 2)	(24,425,285)	(24,055,778)	(13,054,108)	(37,479,393)
Amortizations:				-
Transition (p. 2)	-	-	-	-
Prior service cost (p. 2, 4)	691,710	2,502,695	1,358,112	2,049,822
Gain/loss (p. 2, 3)	4,033,380	1,578,867	856,788	4,890,168
	<b>5,081,145</b>	<b>10,330,270</b>	<b>5,605,824</b>	<b>10,686,969</b>
Notes:				
1. Page #'s are references to Attachment #2				
2. See Attachment #3 for Summary of Servco allocation %'s by year				
3. Total KU Costs column was included in the attachment to KIUC 1-20				



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**DETERMINATION OF THE NET PERIODIC  
PENSION COST FOR THE FISCAL YEAR  
BEGINNING JANUARY 1, 2013 AND ENDING  
DECEMBER 31, 2013**

LG&E AND KU ENERGY LLC  
RETIREMENT PLANS  
MARCH 2013

Actuarial Valuation Report

LG&amp;E and KU Energy LLC Retirement Plans

**Net Periodic Pension Cost**

## Service Cost, Interest Cost And Expected Return on Assets for Qualified Plans

	NonUnion Retirement Plan	
	ServCo	KU
<b>Service Cost</b>		
1. Service cost at beginning of year	\$ 12,404,487	\$ 7,892,652
2. Interest for year	528,431	336,227
3. Service cost at end of year p.4	\$ 12,932,918	\$ 8,228,879
<b>Interest Cost</b>		
1. Projected benefit obligation	\$ 417,323,115	\$ 414,139,917
2. a. Expected distributions	5,609,320	17,548,378
b. Weighted for timing	3,038,382	9,505,371
3. Average projected benefit obligation	414,284,733	404,634,546
4. Discount rate	4.26%	4.26%
5. Interest cost p.4	\$ 17,648,530	\$ 17,237,432
<b>Expected Return on Assets</b>		
1. Market-related value of assets	\$ 265,369,125	\$ 299,675,383
2. a. Expected distributions	5,609,320	17,548,378
b. Weighted for timing	3,038,382	9,505,371
3. a. Expected employer contributions	48,300,000	59,400,000
b. Weighted for timing	46,287,500	56,925,000
4. Average expected market-related value of assets	308,618,243	347,095,012
5. Assumed rate of return	7.10%	7.10%
6. Expected return on assets p.4	\$ 21,911,895	\$ 24,643,746

Actuarial Valuation Report

LG&E and KU Energy LLC Retirement Plans

**Net Periodic Pension Cost**

Gain/Loss Amortization Amount For Regulatory Accounting Purposes for Qualified Plans

	NonUnion Retirement Plan	
	ServCo	KU
a. Projected benefit obligation	\$ 417,323,115	\$ 414,139,917
b. Fair value of plan assets	277,180,145	311,536,110
c. Unrecognized transition (asset)/obligation	0	0
d. Unrecognized prior service cost	13,958,602	2,143,235
e. Cumulative ER contributions in excess of NPBC	(19,047,856)	31,828,783
f. Unrecognized (gain)/loss (a-b-c-d+e)	107,137,312	132,289,355
g. Market-related value of plan assets	265,369,125	299,675,383
h. Excess of fair value over market-related value (b-g)	11,811,020	11,860,727
i. Unrecognized (gain)/loss potentially subject to amortization (f+h)	118,948,332	144,150,082
j. 10% of the larger of a or g	41,732,312	41,413,992
k. 30% of the larger of a or g	125,196,935	124,241,975
l. Unrec. (gain)/loss subject to standard amortization	77,216,020	82,827,983
m. Unrec. (gain)/loss subject to accelerated amortization	0	19,908,107
n. Unrecognized (gain)/loss subject to amortization (Total)	77,216,020	102,736,090
o. Average years of future service	9.63	9.63
p. One-half average years of future service	4.82	4.82
q. Standard amortization amount (l / o)	8,018,278	8,601,037
r. Accelerated amortization amount (m / p)	0	4,130,313
s. Amortization amount (total) (q + r)	\$ 8,018,278	\$ 12,731,350

\* (i-m-j)  
 see below  
 (l+m)

Gain/Loss Amortization Amount For Financial Accounting Purposes for Qualified Plans

	NonUnion Retirement Plan	
	ServCo	KU
a. Projected benefit obligation	\$ 417,323,115	\$ 414,139,917
b. Fair value of plan assets	277,180,145	311,536,110
c. Unrecognized transition (asset)/obligation	0	0
d. Unrecognized prior service cost	0	0
e. Cumulative ER contributions in excess of NPBC	(112,633,948)	(73,683,942)
f. Unrecognized (gain)/loss (a-b-c-d+e)	27,509,022	28,919,865
g. Market-related value of plan assets	265,369,125	299,675,383
h. Excess of fair value over market-related value (b-g)	11,811,020	11,860,727
i. Unrecognized (gain)/loss potentially subject to amortization (f+h)	39,320,042	40,780,592
j. 10% of the larger of a or g	41,732,312	41,413,992
k. 30% of the larger of a or g	125,196,935	124,241,975
l. Unrec. (gain)/loss subject to standard amortization	0	0
m. Unrec. (gain)/loss subject to accelerated amortization	0	0
n. Unrecognized (gain)/loss subject to amortization (Total)	0	0
o. Average years of future service	9.63	9.63
p. One-half average years of future service	4.82	4.82
q. Standard amortization amount (l / o)	0	0
r. Accelerated amortization amount (m / p)	0	0
s. Amortization amount (total) (q + r)	\$ 0	\$ 0

Mercer

\* If  $i > k$  then  $i - k = m$

Actuarial Valuation Report

LG&E and KU Energy LLC Retirement Plans

## Net Periodic Pension Cost

### 2013 Net Periodic Pension Cost for Qualified Plans

#### Regulatory Accounting Purposes

	NonUnion Retirement Plan	
	<u>ServCo</u>	<u>KU</u>
1. Service cost p. 2	\$ 12,932,918	\$ 8,228,879
2. Interest cost p. 2	17,648,530	17,237,432
3. Expected return on assets p. 2	(21,911,895)	(24,643,746)
4. Amortizations:		
a. Transition p. 6-7	0	0
b. Prior service cost p. 6-7	2,502,694	691,710
c. Gain/loss p. 3	8,018,278	12,731,350
<b>5. Net periodic pension cost</b>	<b>\$ 19,190,525</b>	<b>\$ 14,245,625</b>

#### Financial Accounting Purposes

	NonUnion Retirement Plan	
	<u>ServCo</u>	<u>KU</u>
1. Service cost	\$ 12,932,918	\$ 8,228,879
2. Interest cost	17,648,530	17,237,432
3. Expected return on assets	(21,911,895)	(24,643,746)
4. Amortizations:		
a. Transition	0	0
b. Prior service cost	0	0
c. Gain/loss	0	0
<b>5. Net periodic pension cost</b>	<b>\$ 8,669,553</b>	<b>\$ 822,565</b>

## Net Periodic Pension Cost

### Benefit Obligations and Assets For Regulatory Accounting Purposes for Qualified Plans

	NonUnion Retirement Plan	
	ServCo	KU
1. Projected benefit obligation (PBO)	\$ (417,323,115)	\$ (414,139,917)
2. Fair value of plan assets	277,180,145	311,536,110
3. Funded status (1+2)	(140,142,970)	(102,603,807)
4. Unrecognized transition (asset)/obligation <i>p. 6-7</i>	0	0
5. Unrecognized prior service cost service cost <i>p. 6-7</i>	13,958,602	2,143,235
6. Unrecognized (gain)/loss <i>p. 3</i>	107,137,312	132,289,355
7. Cumulative ER contributions in excess of NPBC (3+4+5+6) <i>p. 3</i>	\$ (19,047,056)	\$ 31,828,783

### Benefit Obligations and Assets For Financial Accounting Purposes for Qualified Plans

	NonUnion Retirement Plan	
	ServCo	KU
1. Projected benefit obligation (PBO)	\$ (417,323,115)	\$ (414,139,917)
2. Fair value of plan assets	277,180,145	311,536,110
3. Funded status (1+2)	(140,142,970)	(102,603,807)
4. Unrecognized transition (asset)/obligation	0	0
5. Unrecognized prior service cost service cost	0	0
6. Unrecognized (gain)/loss	27,509,022	28,919,865
7. Cumulative ER contributions in excess of NPBC (3+4+5+6)	\$ (112,633,948)	\$ (73,683,942)



## Actuarial Valuation Report

LG&amp;E and KU Energy LLC Retirement Plans

**Net Periodic Pension Cost**

## Other Amortization Amounts - Non-Union Plan (ServCo Division)

## Regulatory Accounting Purposes

	Unrecognized Amount as of January 1, 2013	Years Remaining	Annual Amortization Amount
1. Transition	\$ 0	N/A	\$ 0
2. Prior Service			
January 1, 1999	9,359	2.00	4,679
January 1, 2000	322,102	3.00	107,366
January 1, 2001	43,725	4.00	10,930
January 1, 2002	388,081	4.00	97,022
January 1, 2003	336,823	5.00	67,365
January 1, 2004	1,380,851	5.00	276,170
January 1, 2005	786,581	5.00	157,316
January 1, 2006	1,347,012	6.00	224,502
January 1, 2007	9,344,068	6.00	1,557,344
Total Prior Service	\$ 13,958,602	p.3,5	\$ 2,502,694

## Financial Accounting Purposes

	Unrecognized Amount as of January 1, 2013	Years Remaining	Annual Amortization Amount
1. Transition	\$ 0	N/A	\$ 0
2. Prior Service	0	N/A	0
Total Prior Service	\$ 0		\$ 0

Actuarial Valuation Report

LG&E and KU Energy LLC Retirement Plans

## Net Periodic Pension Cost

### Other Amortization Amounts - Non-Union Plan (KU Division)

Regulatory Accounting Purposes				
	Unrecognized Amount as of January 1, 2013	Years Remaining	Annual Amortization Amount	
1. Transition	\$ 0	N/A	\$ 0	
2. Prior Service				
January 1, 2000	1,996,922	3.00	665,642	
January 1, 2002	9,266	4.00	2,316	
January 1, 2003	7,186	5.00	1,438	
January 1, 2004	13,048	5.00	2,610	
January 1, 2005	7,036	5.00	1,408	
January 1, 2006	25,923	6.00	4,320	
January 1, 2007	83,854	6.00	13,976	
Total Prior Service	\$ 2,143,235	p. 3,5	\$ 691,710	p. 4
Financial Accounting Purposes				
	Unrecognized Amount as of January 1, 2013	Years Remaining	Annual Amortization Amount	
1. Transition	\$ 0	p. 3,5 N/A	\$ 0	p. 4
2. Prior Service	0	N/A	0	
Total Prior Service	\$ 0		\$ 0	

Actuarial Valuation Report

LG&E and KU Energy LLC Retirement Plans

**Plan Assets**

**Market Value of Assets for Qualified Plans**

Plan	Market Value of Assets as of December 31, 2012
LG&E and KU Energy LLC Non-Union	780,201,874

The market value of assets for the divisions of the Non-Union Plan were provided by LG&E and KU Energy LLC and were adjusted below for transfers among the divisions.

	Non-Union Plan	
	ServCo	KU
1. Market value of assets on December 31, 2012 before adjustment for transfers	p.9 \$274,002,971	p.10 \$312,453,608
2. Adjustment for transfers	p.9 3,177,174	p.10 (917,498)
3. Market value of assets on December 31, 2012 after adjustment for transfers	\$277,180,145	\$311,536,110

## Actuarial Valuation Report

LG&amp;E and KU Energy LLC Retirement Plans

**Plan Assets****Market-Related Value of Assets – Non-Union Plan (ServCo Division)**

<b>1. Expected return</b>				
a. Fair value as of January 1, 2012			\$	228,380,881
b. Contributions weighted for timing				15,950,000
c. Benefit payments weighted for timing				1,281,061
d. Expenses weighted for timing				0
e. Time-weighted value of assets (a. + b. – c. – d.)				243,049,820
f. Expected rate of return				7.25%
g. Expected return (e. x f.)			\$	17,621,112
<b>2. Actual return</b>				
a. Fair value as of January 1, 2012			\$	228,380,881
b. Contributions				17,600,000
c. Benefit payments				2,562,122
d. Expenses				0
e. Fair value at December 31, 2012				274,002,971
f. Actual return (e. – a. – b. + c. + d.)			\$	30,584,212
<b>3. Asset method base</b>				
a. Expected return (1.g.)				17,621,112
b. Actual return (2.f.)				30,584,212
c. Gain (Loss) (b. – a.)			\$	12,963,100
<b>4. Actuarial adjustment</b>				
	<b>Valuation Date</b>	<b>Asset Method Base</b>	<b>Adjustment Factor</b>	<b>Adjustment</b>
	January 1, 2011	\$ 2,654,702	56.67%	\$ (1,504,331)
	January 1, 2012	(106,318)	60.00%	63,791
	January 1, 2013	12,963,100	80.00%	(10,370,480)
	<b>Total adjustment</b>			\$ (11,811,020)
<b>5. Fair value as of January 1, 2013 prior to adjustment for transfers</b>				
			\$	274,002,971 p.8
<b>6. Adjustment for transfers</b>				
				3,177,174 p.8
<b>7. Actuarial adjustment</b>				
				(11,811,020)
<b>8. Market-related value (5. + 6. +7.)</b>				
			\$	265,369,125

Actuarial Valuation Report

LG&amp;E and KU Energy LLC Retirement Plans

**Plan Assets****Market-Related Value of Assets – Non-Union Plan (KU Division)****1. Expected return**

a. Fair value as of January 1, 2012	\$	280,602,839
b. Contributions weighted for timing		14,183,333
c. Benefit payments weighted for timing		8,471,615
d. Expenses weighted for timing		0
e. Time-weighted value of assets (a. + b. – c. – d.)		286,314,557
f. Expected rate of return		7.25%
g. Expected return (e. x f.)	\$	20,757,805

**2. Actual return**

a. Fair value as of January 1, 2012	\$	280,602,839
b. Contributions		14,800,000
c. Benefit payments		16,943,229
d. Expenses		0
e. Fair value at December 31, 2012		312,453,608
f. Actual return (e. – a. – b. + c. + d.)	\$	33,993,998

**3. Asset method base**

a. Expected return (1.g.)		20,757,805
b. Actual return (2.f.)		33,993,998
c. Gain (Loss) (b. – a.)	\$	13,236,193

**4. Actuarial adjustment**

Valuation Date	Asset Method Base	Adjustment Factor	Adjustment
January 1, 2011	\$ 3,727,471	56.67%	\$ (2,112,234)
January 1, 2012	(1,400,768)	60.00%	840,461
January 1, 2013	13,236,193	80.00%	(10,588,954)
<b>Total adjustment</b>			<b>\$ (11,860,727)</b>

5. Fair value as of January 1, 2013 prior to adjustment for transfers	\$	312,453,608	p. 8
6. Adjustment for transfers		(917,498)	p. 8
7. Actuarial adjustment		(11,860,727)	
8. Market-related value (5. + 6. + 7.)	\$	299,675,383	



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**DETERMINATION OF THE NET PERIODIC  
PENSION COST FOR THE FISCAL YEAR  
BEGINNING JANUARY 1, 2012 AND ENDING  
DECEMBER 31, 2012**

LG&E AND KU ENERGY LLC  
RETIREMENT PLANS  
NOVEMBER 2012

Actuarial Valuation Report

LG&E and KU Energy LLC Retirement Plans

**Net Periodic Pension Cost**

Service Cost, Interest Cost And Expected Return on Assets for Qualified Plans

	NonUnion Retirement Plan	
	<u>ServCo</u>	<u>KU</u>
<b>Service Cost</b>		
1. Service cost at beginning of year	\$ 10,476,600	\$ 6,731,026
2. Interest for year	.536,402	344,629
3. Service cost at end of year	\$ 11,013,002	\$ 7,075,655
<b>Interest Cost</b>		
1. Projected benefit obligation	\$ 331,690,928	\$ 362,074,223
2. a. Expected distributions	4,367,525	17,484,929
b. Weighted for timing	2,365,743	9,471,003
3. Average projected benefit obligation	329,325,185	352,603,220
4. Discount rate	5.12%	5.12%
5. Interest cost	\$ 16,861,449	\$ 18,053,285
<b>Expected Return on Assets</b>		
1. Market-related value of assets	\$ 226,430,663	\$ 278,865,725
2. a. Expected distributions	4,367,525	17,484,929
b. Weighted for timing	2,365,743	9,471,003
3. a. Expected employer contributions	15,600,000	14,800,000
b. Weighted for timing	14,950,000	14,183,333
4. Average expected market-related value of assets	239,014,920	283,578,055
5. Assumed rate of return	7.25%	7.25%
6. Expected return on assets	\$ 17,328,582	\$ 20,559,409

Actuarial Valuation Report

LG&E and KU Energy LLC Retirement Plans

**Net Periodic Pension Cost**

Gain/Loss Amortization Amount For Regulatory Accounting Purposes for Qualified Plans

	NonUnion Retirement Plan	
	ServCo	KU
a. Projected benefit obligation	\$ 331,690,928	\$ 362,074,223
b. Fair value of plan assets	228,380,881	280,602,839
c. Unrecognized transition (asset)/obligation	0	0
d. Unrecognized prior service cost	16,464,530	2,834,945
e. Cumulative ER contributions in excess of NPBC	(20,048,040)	29,823,564
f. Unrecognized (gain)/loss (a-b-c-d+e)	66,797,477	108,480,003
g. Market-related value of plan assets	226,430,663	278,865,725
h. Excess of fair value over market-related value (b-g)	1,950,218	1,737,114
i. Unrecognized (gain)/loss potentially subject to amortization (f+h)	68,747,695	110,197,117
j. 10% of the larger of a or g	33,169,093	36,207,422
k. 30% of the larger of a or g	99,507,278	108,622,267
l. Unrec. (gain)/loss subject to standard amortization	35,578,602	72,414,845
m. Unrec. (gain)/loss subject to accelerated amortization	0	1,574,850
n. Unrecognized (gain)/loss subject to amortization (Total)	35,578,602	73,989,695
o. Average years of future service	10.03	10.03
p. One-half average years of future service	5.02	5.02
q. Standard amortization amount (l / o)	3,547,219	7,219,825
r. Accelerated amortization amount (m / p)	0	313,715
s. Amortization amount (total) (q + r)	\$ 3,547,219	\$ 7,533,540

Gain/Loss Amortization Amount For Financial Accounting Purposes for Qualified Plans

	NonUnion Retirement Plan	
	ServCo	KU
a. Projected benefit obligation	\$ 331,690,928	\$ 362,074,223
b. Fair value of plan assets	228,380,881	280,602,839
c. Unrecognized transition (asset)/obligation	0	0
d. Unrecognized prior service cost	0	0
e. Cumulative ER contributions in excess of NPBC	(119,688,079)	(83,914,411)
f. Unrecognized (gain)/loss (a-b-c-d+e)	(16,378,032)	(2,443,027)
g. Market-related value of plan assets	226,430,663	278,865,725
h. Excess of fair value over market-related value (b-g)	1,950,218	1,737,114
i. Unrecognized (gain)/loss potentially subject to amortization (f+h)	(14,427,814)	(705,913)
j. 10% of the larger of a or g	33,169,093	36,207,422
k. 30% of the larger of a or g	99,507,278	108,622,267
l. Unrec. (gain)/loss subject to standard amortization	0	0
m. Unrec. (gain)/loss subject to accelerated amortization	0	0
n. Unrecognized (gain)/loss subject to amortization (Total)	0	0
o. Average years of future service	10.03	10.03
p. One-half average years of future service	5.02	5.02
q. Standard amortization amount (l / o)	0	0
r. Accelerated amortization amount (m / p)	0	0
s. Amortization amount (total) (q + r)	\$ 0	\$ 0

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9



Actuarial Valuation Report

LG&E and KU Energy LLC Retirement Plans

## Net Periodic Pension Cost

### 2012 Net Periodic Pension Cost for Qualified Plans

#### Regulatory Accounting Purposes

	NonUnion Retirement Plan	
	<u>ServCo</u>	<u>KU</u>
1. Service cost	\$ 11,013,002	\$ 7,075,655
2. Interest cost	16,861,449	18,053,285
3. Expected return on assets	(17,328,582)	(20,559,409)
4. Amortizations:		
a. Transition	0	0
b. Prior service cost	2,505,928	691,710
c. Gain/loss	3,547,219	7,533,540
<b>5. Net periodic pension cost</b>	<b>\$ 16,599,016</b>	<b>\$ 12,794,781</b>

#### Financial Accounting Purposes

	NonUnion Retirement Plan	
	<u>ServCo</u>	<u>KU</u>
1. Service cost	\$ 11,013,002	\$ 7,075,655
2. Interest cost	16,861,449	18,053,285
3. Expected return on assets	(17,328,582)	(20,559,409)
4. Amortizations:		
a. Transition	0	0
b. Prior service cost	0	0
c. Gain/loss	0	0
<b>5. Net periodic pension cost</b>	<b>\$ 10,545,869</b>	<b>\$ 4,569,531</b>

## Net Periodic Pension Cost

### Benefit Obligations and Assets For Regulatory Accounting Purposes for Qualified Plans

	NonUnion Retirement Plan				
	ServCo	KU			
1. Projected benefit obligation (PBO)	\$ (331,690,928)	\$ (362,074,223)			
2. Fair value of plan assets	228,380,881	280,602,839			
3. Funded status (1+2)	(103,310,047)	(81,471,384)			
4. Unrecognized transition (asset)/obligation	0	0			
5. Unrecognized prior service cost service cost	16,464,530	2,834,945			
6. Unrecognized (gain)/loss	66,797,477	108,460,003			
7. Cumulative ER contributions in excess of NPBC (3+4+5+6)	\$ (20,048,040)	\$ 29,823,564			

### Benefit Obligations and Assets For Financial Accounting Purposes for Qualified Plans

	NonUnion Retirement Plan				
	ServCo	KU			
1. Projected benefit obligation (PBO)	\$ (331,690,928)	\$ (362,074,223)			
2. Fair value of plan assets	228,380,881	280,602,839			
3. Funded status (1+2)	(103,310,047)	(81,471,384)			
4. Unrecognized transition (asset)/obligation	0	0			
5. Unrecognized prior service cost service cost	0	0			
6. Unrecognized (gain)/loss	(16,378,032)	(2,443,027)			
7. Cumulative ER contributions in excess of NPBC (3+4+5+6)	\$ (119,688,079)	\$ (83,914,411)			

Actuarial Valuation Report

LG&E and KU Energy LLC Retirement Plans

## Net Periodic Pension Cost

### Other Amortization Amounts - Non-Union Plan (ServCo Division)

#### Regulatory Accounting Purposes

	Unrecognized Amount as of January 1, 2012	Years Remaining	Annual Amortization Amount
1. Transition	\$ 0	N/A	\$ 0
2. Prior Service			
January 1, 1998	3,234	1.00	3,234
January 1, 1999	14,038	3.00	4,679
January 1, 2000	429,468	4.00	107,366
January 1, 2001	54,655	5.00	10,930
January 1, 2002	485,103	5.00	97,022
January 1, 2003	404,188	6.00	67,365
January 1, 2004	1,657,021	6.00	276,170
January 1, 2005	943,897	6.00	157,316
January 1, 2006	1,571,514	7.00	224,502
January 1, 2007	10,901,412	7.00	1,557,344
Total Prior Service	\$ 16,464,530		\$ 2,505,928

#### Financial Accounting Purposes

	Unrecognized Amount as of January 1, 2012	Years Remaining	Annual Amortization Amount
1. Transition	\$ 0	N/A	\$ 0
2. Prior Service	0	N/A	0
Total Prior Service	\$ 0		\$ 0

## Actuarial Valuation Report

LG&amp;E and KU Energy LLC Retirement Plans

**Net Periodic Pension Cost****Other Amortization Amounts - Non-Union Plan (KU Division)**

## Regulatory Accounting Purposes

	Unrecognized Amount as of <u>January 1, 2012</u>	Years Remaining	Annual Amortization Amount
1. Transition	\$ 0	N/A	\$ 0
2. Prior Service			
January 1, 2000	2,662,564	4.00	665,642
January 1, 2002	11,582	5.00	2,316
January 1, 2003	8,624	6.00	1,438
January 1, 2004	15,658	6.00	2,610
January 1, 2005	8,444	6.00	1,408
January 1, 2006	30,243	7.00	4,320
January 1, 2007	97,830	7.00	13,976
Total Prior Service	\$ 2,834,945		\$ 691,710

## Financial Accounting Purposes

	Unrecognized Amount as of <u>January 1, 2012</u>	Years Remaining	Annual Amortization Amount
1. Transition	\$ 0	N/A	\$ 0
2. Prior Service	0	N/A	0
Total Prior Service	\$ 0		\$ 0

Actuarial Valuation Report

LG&E and KU Energy LLC Retirement Plans

**Plan Assets**

**Market Value of Assets for Qualified Plans**

Plan	Market Value of Assets as of December 31, 2011
LG&E and KU Energy LLC Non-Union	684,070,619

The market value of assets for the divisions of the Non-Union Plan were provided by LG&E and KU Energy LLC and were adjusted below for transfers among the divisions.

	Non-Union Plan	
	ServCo	KU
1. Market value of assets on December 31, 2011 before adjustment for transfers	\$217,442,856	\$285,107,981
2. Adjustment for transfers	10,938,025	(4,505,142)
3. Market value of assets on December 31, 2011 after adjustment for transfers	228,380,881	280,602,839

Actuarial Valuation Report

LG&E and KU Energy LLC Retirement Plans

## Plan Assets

### Market-Related Value of Assets – Non-Union Plan (ServCo Division)

#### 1. Expected return

a. Fair value as of January 1, 2011	\$	166,987,326
b. Contributions weighted for timing		36,416,667
c. Benefit payments weighted for timing		1,054,254
d. Expenses weighted for timing		0
e. Time-weighted value of assets (a. + b. - c. - d)		202,349,739
f. Expected rate of return		7.25%
g. Expected return (e. x f.)	\$	14,670,356

#### 2. Actual return

a. Fair value as of January 1, 2011	\$	166,987,326
b. Contributions		38,000,000
c. Benefit payments		2,108,508
d. Expenses		0
e. Fair value at December 31, 2011		217,442,856
f. Actual return (e. - a. - b. + c. + d.)	\$	14,564,038

#### 3. Asset method base

a. Expected return (1.g.)	14,670,356
b. Actual return (2.f.)	14,564,038
c. Gain (Loss) (b. - a.)	\$ (106,318)

#### 4. Actuarial adjustment

Valuation Date	Asset Method Base	Adjustment Factor	Adjustment
January 1, 2011	\$ 2,654,702	76.67%	\$ (2,035,272)
January 1, 2012	(106,318)	80.00%	85,054
<b>Total adjustment</b>			<b>\$ (1,950,218)</b>

5. Fair value as of January 1, 2012 prior to adjustment for transfers	\$	217,442,856
6. Adjustment for transfers		10,938,025
7. Actuarial adjustment		(1,950,218)
8. Market-related value (5. + 6. +7.)	\$	226,430,663

## Actuarial Valuation Report

LG&amp;E and KU Energy LLC Retirement Plans

**Plan Assets****Market-Related Value of Assets – Non-Union Plan (KU Division)**

<b>1. Expected return</b>			
a. Fair value as of January 1, 2011		\$	240,702,136
b. Contributions weighted for timing			41,208,333
c. Benefit payments weighted for timing			8,507,550
d. Expenses weighted for timing			0
e. Time-weighted value of assets (a. + b. – c. – d.)			273,402,919
f. Expected rate of return			7.25%
g. Expected return (e. x f.)		\$	19,821,712
<b>2. Actual return</b>			
a. Fair value as of January 1, 2011		\$	240,702,136
b. Contributions			43,000,000
c. Benefit payments			17,015,099
d. Expenses			0
e. Fair value at December 31, 2011			285,107,981
f. Actual return (e. – a. – b. + c. + d.)		\$	18,420,944
<b>3. Asset method base</b>			
a. Expected return (1.g.)			19,821,712
b. Actual return (2.f.)			18,420,944
c. Gain (Loss) (b. – a.)		\$	(1,400,768)
<b>4. Actuarial adjustment</b>			
	<b>Valuation Date</b>	<b>Asset Method Base</b>	<b>Adjustment Factor</b>
			<b>Adjustment</b>
	January 1, 2011	\$ 3,727,471	76.67%
	January 1, 2012	(1,400,768)	80.00%
	<b>Total adjustment</b>		\$ (1,737,114)
<b>5. Fair value as of January 1, 2012 prior to adjustment for transfers</b>			
		\$	285,107,981
<b>6. Adjustment for transfers</b>			
			(4,505,142)
<b>7. Actuarial adjustment</b>			
			(1,737,114)
<b>8. Market-related value (5. + 6. + 7.)</b>			
		\$	278,865,725



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November 2011

## **LG&E and KU Energy LLC Retirement Plans**

Determination of the Net Periodic Pension Cost  
for the Fiscal Year Beginning January 1, 2011 and Ending  
December 31, 2011



Actuarial Valuation Report

LG&E and KU Energy LLC Retirement Plans

## Net Periodic Pension Cost

### Service Cost, Interest Cost And Expected Return on Assets for Qualified Plans

	NonUnion Retirement Plan	
	ServCo	KU
<b>Service Cost</b>		
1. Service cost at beginning of year	10,993,068	\$ 7,051,117
2. Interest for year	606,817	389,222
3. Service cost at end of year	11,599,885	\$ 7,440,339
<b>Interest Cost</b>		
1. Projected benefit obligation	310,545,652	\$ 356,041,792
2. a. Expected distributions	3,349,735	17,814,520
b. Weighted for timing	1,814,440	9,649,532
3. Average projected benefit obligation	308,731,212	346,392,260
4. Discount rate	5.52%	5.52%
5. Interest cost	17,041,963	\$ 19,129,853
<b>Expected Return on Assets</b>		
1. Market-related value of assets	164,421,114	\$ 237,098,914
2. a. Expected distributions	3,349,735	17,814,520
b. Weighted for timing	1,814,440	9,649,532
3. a. Expected employer contributions	38,000,000	43,000,000
b. Weighted for timing	36,416,667	41,208,333
4. Average expected market-related value of assets	199,023,341	268,657,715
5. Assumed rate of return	7.25%	7.25%
6. Expected return on assets	14,429,192	\$ 19,477,684

Actuarial Valuation Report

LG&E and KU Energy LLC Retirement Plans

**Net Periodic Pension Cost**

Gain/Loss Amortization Amount For Regulatory Accounting Purposes for Qualified Plans

	NonUnion Retirement Plan	
	ServCo	KU
a. Projected benefit obligation	310,545,652	\$ 356,041,792
b. Fair value of plan assets	166,987,326	240,702,136
c. Unrecognized transition (asset)/obligation	0	0
d. Unrecognized prior service cost	18,976,480	3,526,655
e. (Accrued)/prepaid pension cost	(35,421,488)	3,972,368
f. Unrecognized (gain)/loss (a-b-c-d+e)	89,160,358	115,785,369
g. Market-related value of plan assets	164,421,114	237,098,914
h. Excess of fair value over market-related value (b-g)	2,566,212	3,603,222
i. Unrecognized (gain)/loss potentially subject to amortization (f+h)	91,726,570	119,388,591
j. 10% of the larger of a or g	31,054,565	35,604,179
k. 30% of the larger of a or g	93,163,696	106,812,538
l. Unrec. (gain)/loss subject to standard amortization	60,672,005	71,208,359
m. Unrec. (gain)/loss subject to accelerated amortization	0	12,576,053
n. Unrecognized (gain)/loss subject to amortization (Total)	60,672,005	83,784,412
o. Average years of future service	10.28	10.28
p. One-half average years of future service	5.14	5.14
q. Standard amortization amount (l / o)	5,901,946	6,926,883
r. Accelerated amortization amount (m / p)	0	2,446,703
s. Amortization amount (total) (q + r)	5,901,946	\$ 9,373,586

Gain/Loss Amortization Amount For Financial Accounting Purposes for Qualified Plans

	NonUnion Retirement Plan	
	ServCo	KU
a. Projected benefit obligation	310,545,652	\$ 356,041,792
b. Fair value of plan assets	166,987,326	240,702,136
c. Unrecognized transition (asset)/obligation	0	0
d. Unrecognized prior service cost	0	0
e. (Accrued)/prepaid pension cost	(143,475,423)	(119,830,903)
f. Unrecognized (gain)/loss (a-b-c-d+e)	82,903	(4,491,247)
g. Market-related value of plan assets	164,421,114	237,098,914
h. Excess of fair value over market-related value (b-g)	2,566,212	3,603,222
i. Unrecognized (gain)/loss potentially subject to amortization (f+h)	2,649,115	(888,025)
j. 10% of the larger of a or g	31,054,565	35,604,179
k. 30% of the larger of a or g	93,163,696	106,812,538
l. Unrec. (gain)/loss subject to standard amortization	0	0
m. Unrec. (gain)/loss subject to accelerated amortization	0	0
n. Unrecognized (gain)/loss subject to amortization (Total)	0	0
o. Average years of future service	10.28	10.28
p. One-half average years of future service	5.14	5.14
q. Standard amortization amount (l / o)	0	0
r. Accelerated amortization amount (m / p)	0	0
s. Amortization amount (total) (q + r)	0	\$ 0

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## Net Periodic Pension Cost

### 2011 Net Periodic Pension Cost for Qualified Plans

#### Regulatory Accounting Purposes

	NonUnion Retirement Plan			
	ServCo	KU		
1. Service cost	\$ 11,599,885	\$ 7,440,339		
2. Interest cost	17,041,963	19,120,853		
3. Expected return on assets	(14,429,192)	(19,477,684)		
4. Amortizations:				
a. Transition	0	0		
b. Prior service cost	2,511,950	691,710		
c. Gain/loss	5,901,946	9,373,586		
<b>5. Net periodic pension cost</b>	<b>\$ 22,626,552</b>	<b>\$ 17,148,804</b>		

#### Financial Accounting Purposes

	NonUnion Retirement Plan			
	ServCo	KU		
1. Service cost	\$ 11,599,885	\$ 7,440,339		
2. Interest cost	17,041,963	19,120,853		
3. Expected return on assets	(14,429,192)	(19,477,684)		
4. Amortizations:				
a. Transition	0	0		
b. Prior service cost	0	0		
c. Gain/loss	0	0		
<b>5. Net periodic pension cost</b>	<b>\$ 14,212,656</b>	<b>\$ 7,083,508</b>		

Actuarial Valuation Report

LG&E and KU Energy LLC Retirement Plans

## Net Periodic Pension Cost

### Benefit Obligations and Assets For Regulatory Accounting Purposes for Qualified Plans

	NonUnion Retirement Plan				
	ServCo	KU			
1. Projected benefit obligation (PBO)	\$ (310,545,652)	\$ (356,041,792)			
2. Fair value of plan assets	166,987,326	240,702,136			
3. Funded status (1+2)	(143,558,326)	(115,339,656)			
4. Unrecognized transition (asset)/obligation	0	0			
5. Unrecognized prior service service cost	18,976,480	3,526,655			
6. Unrecognized (gain)/loss	89,160,358	115,785,369			
7. Net amount recognized (3+4+5+6)	\$ (35,421,488)	\$ 3,972,368			

### Benefit Obligations and Assets For Financial Accounting Purposes for Qualified Plans

	NonUnion Retirement Plan				
	ServCo	KU			
1. Projected benefit obligation (PBO)	\$ (310,545,652)	\$ (356,041,792)			
2. Fair value of plan assets	166,987,326	240,702,136			
3. Funded status (1+2)	(143,558,326)	(115,339,656)			
4. Unrecognized transition (asset)/obligation	0	0			
5. Unrecognized prior service service cost	0	0			
6. Unrecognized (gain)/loss	82,903	(4,491,247)			
7. Net amount recognized (3+4+5+6)	\$ (143,475,423)	\$ (119,830,903)			

## Net Periodic Pension Cost

### Other Amortization Amounts - Non-Union Plan (ServCo Division)

#### Regulatory Accounting Purposes

	Unrecognized Amount as of <u>January 1, 2011</u>	Years Remaining	Annual Amortization Amount
1. Transition	\$ 0	N/A	\$ 0
2. Prior Service			
January 1, 1994	(7,318)	1.00	(7,318)
January 1, 1995	9,503	1.00	9,503
January 1, 1997	3,839	1.00	3,839
January 1, 1998	6,466	2.00	3,232
January 1, 1999	18,717	4.00	4,679
January 1, 2000	536,834	5.00	107,366
January 1, 2001	65,585	6.00	10,930
January 1, 2002	582,125	6.00	97,022
January 1, 2003	471,553	7.00	67,365
January 1, 2004	1,933,191	7.00	276,170
January 1, 2005	1,101,213	7.00	157,316
January 1, 2006	1,796,016	8.00	224,502
January 1, 2007	12,458,756	8.00	1,557,344
Total Prior Service	\$ 18,976,480		\$ 2,511,950

#### Financial Accounting Purposes

	Unrecognized Amount as of <u>January 1, 2011</u>	Years Remaining	Annual Amortization Amount
1. Transition	\$ 0	N/A	\$ 0
2. Prior Service	0	N/A	0
Total Prior Service	\$ 0		\$ 0

## Actuarial Valuation Report

LG&amp;E and KU Energy LLC Retirement Plans

**Net Periodic Pension Cost**

## Other Amortization Amounts - Non-Union Plan (KU Division)

## Regulatory Accounting Purposes

	Unrecognized Amount as of <u>January 1, 2011</u>	Years <u>Remaining</u>	Annual Amortization <u>Amount</u>
1. Transition	\$ 0	N/A	\$ 0
2. Prior Service			
January 1, 2000	3,328,206	5.00	665,642
January 1, 2002	13,898	6.00	2,316
January 1, 2003	10,062	7.00	1,438
January 1, 2004	18,268	7.00	2,610
January 1, 2005	9,852	7.00	1,408
January 1, 2006	34,563	8.00	4,320
January 1, 2007	111,806	8.00	13,976
Total Prior Service	\$ 3,526,655		\$ 691,710

## Financial Accounting Purposes

	Unrecognized Amount as of <u>January 1, 2011</u>	Years <u>Remaining</u>	Annual Amortization <u>Amount</u>
1. Transition	\$ 0	N/A	\$ 0
2. Prior Service	0	N/A	0
Total Prior Service	\$ 0		\$ 0

Actuarial Valuation Report

LG&E and KU Energy LLC Retirement Plans

**Plan Assets**

**Market Value of Assets for Qualified Plans**

Plan	Market Value of Assets as of December 31, 2010
LG&E and KU Energy LLC Non-Union	558,382,577

The market value of assets for the divisions of the Non-Union Plan were provided by LG&E and KU Energy LLC and were adjusted below for transfers among the divisions.

	Non-Union Plan		
	ServCo	KU	
1. Market value of assets on December 31, 2010 before adjustment for transfers	\$165,902,432	\$241,002,503	
2. Adjustment for transfers	1,084,894	(300,367)	
3. Market value of assets on December 31, 2010 after adjustment for transfers	166,987,326	240,702,136	

## Plan Assets

### Market-Related Value of Assets – Non-Union Plan (ServCo Division)

#### 1. Expected return

a. Fair value as of November 1, 2010	\$	161,588,332
b. Contributions weighted for timing		0
c. Benefit payments weighted for timing		145,684
d. Expenses weighted for timing		0
e. Time-weighted value of assets (a. + b. – c. – d)		161,442,649
f. Expected rate of return		7.25%
g. Expected return (e. x f. x 2/12)	\$	1,950,765

#### 2. Actual return

a. Fair value as of November 1, 2010	\$	161,588,332
b. Contributions		0
c. Benefit payments		291,367
d. Expenses		0
e. Fair value at December 31, 2010		165,902,432
f. Actual return (e. – a. – b. + c. + d.)	\$	4,605,467

#### 3. Asset method base

a. Expected return (1.g.)	1,950,765
b. Actual return (2.f.)	4,605,467
c. Gain (Loss) (b. – a.)	\$ 2,654,702

#### 4. Actuarial adjustment

Valuation Date	Asset Method Base	Adjustment Factor	Adjustment
January 1, 2011	\$ 2,654,702	96.67%	\$ (2,566,212)
Total adjustment			\$ (2,566,212)

5. Fair value as of January 1, 2011 prior to adjustment for transfers	\$	165,902,432
6. Adjustment for transfers		1,084,894
7. Actuarial adjustment		(2,566,212)
8. Market-related value (5. + 6. +7.)	\$	164,421,114



## Plan Assets

### Market-Related Value of Assets – Non-Union Plan (KU Division)

#### 1. Expected return

a. Fair value as of November 1, 2010	\$	237,296,259
b. Contributions weighted for timing		0
c. Benefit payments weighted for timing		1,435,605
d. Expenses weighted for timing		0
e. Time-weighted value of assets (a. + b. - c. - d.)		235,860,654
f. Expected rate of return		7.25%
g. Expected return (e. x f. x 2/12)	\$	2,849,983

#### 2. Actual return

a. Fair value as of November 1, 2010	\$	237,296,259
b. Contributions		0
c. Benefit payments		2,871,210
d. Expenses		0
e. Fair value at December 31, 2010		241,002,503
f. Actual return (e. - a. - b. + c. + d.)	\$	6,577,454

#### 3. Asset method base

a. Expected return (1.g.)	2,849,983
b. Actual return (2.f.)	6,577,454
c. Gain (Loss) (b. - a.)	\$ 3,727,471

#### 4. Actuarial adjustment

Valuation Date	Asset Method Base	Adjustment Factor	Adjustment
January 1, 2011	\$ 3,727,471	96.67%	\$ (3,603,222)
Total adjustment			\$ (3,603,222)

5. Fair value as of January 1, 2011 prior to adjustment for transfers	\$	241,002,503
6. Adjustment for transfers		(300,367)
7. Actuarial adjustment		(3,603,222)
8. Market-related value (5. + 6. +7.)	\$	237,098,914

February 2011

## **LG&E and KU Energy LLC**

### **Retirement Plans**

Determination of the Net Periodic Pension Cost  
for the Two Month Period Beginning November 1, 2010  
and Ending December 31, 2010

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Actuarial Valuation Report

LG&E and KU Energy LLC Retirement Plans

**Net Periodic Pension Cost**

Service Cost, Interest Cost And Expected Return on Assets for Qualified Plans

	NonUnion Retirement Plan	
	<u>ServCo</u>	<u>KU</u>
<b>Service Cost</b>		
1. Service cost at beginning of period	1,902,301 \$	1,220,832
2. Interest for period	17,279	11,089
3. Service cost at end of period	1,919,580 \$	1,231,921
<b>Interest Cost</b>		
1. Projected benefit obligation	302,349,654 \$	355,528,759
2. a. Expected distributions	469,360	2,950,537
b. Weighted for timing	234,680	1,475,268
3. Average projected benefit obligation	302,114,974	354,053,491
4. Discount rate	5.45%	5.45%
5. Interest cost (3. x 4. x 2/12)	2,744,211 \$	3,215,986
<b>Expected Return on Assets</b>		
1. Market-related value of assets	161,588,332 \$	237,296,259
2. a. Expected distributions	469,360	2,950,537
b. Weighted for timing	234,680	1,475,268
3. a. Expected employer contributions	0	0
b. Weighted for timing	0	0
4. Average expected market-related value of assets	161,353,652	235,820,991
5. Assumed rate of return	7.25%	7.25%
6. Expected return on assets (4. x 5. x 2/12)	1,949,690 \$	2,849,504

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Actuarial Valuation Report

LG&E and KU Energy LLC Retirement Plans

**Net Periodic Pension Cost**

Gain/Loss Amortization Amount For Regulatory Accounting Purposes for Qualified Plans

	NonUnion Retirement Plan	
	ServCo	KU
a. Projected benefit obligation	302,349,654	\$ 355,528,759
b. Fair value of plan assets	161,588,332	237,296,259
c. Unrecognized transition (asset)/obligation	0	0
d. Unrecognized prior service cost	19,398,168	3,662,789
e. (Accrued)/prepaid pension cost	(31,365,998)	7,267,935
f. Unrecognized (gain)/loss (a-b-c-d+e)	89,997,156	121,837,646
g. Market-related value of plan assets	161,588,332	237,296,259
h. Excess of fair value over market-related value (b-g)	0	0
i. Unrecognized (gain)/loss potentially subject to amortization (f+h)	89,997,156	121,837,646
j. 10% of the larger of a or g	30,234,965	35,552,876
k. 30% of the larger of a or g	90,704,896	106,658,628
l. Unrec. (gain)/loss subject to standard amortization	59,762,191	71,105,752
m. Unrec. (gain)/loss subject to accelerated amortization	0	15,179,018
n. Unrecognized (gain)/loss subject to amortization (Total)	59,762,191	86,284,770
o. Average years of future service	10.83	10.83
p. One-half average years of future service	5.42	5.42
q. Standard amortization amount (l / o x 2/12)	919,701	1,094,271
r. Accelerated amortization amount (m / p x 2/12)	0	466,759
s. Amortization amount (total) (q + r)	919,701	\$ 1,561,030

Gain/Loss Amortization Amount For Financial Accounting Purposes for Qualified Plans

	NonUnion Retirement Plan	
	ServCo	KU
a. Projected benefit obligation	\$ 302,349,654	\$ 355,528,759
b. Fair value of plan assets	161,588,332	237,296,259
c. Unrecognized transition (asset)/obligation	0	0
d. Unrecognized prior service cost	0	0
e. (Accrued)/prepaid pension cost *	(140,761,322)	(118,232,500)
f. Unrecognized (gain)/loss (a-b-c-d+e)	0	0

\* Purchase accounting amount

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## Net Periodic Pension Cost

2010 Net Periodic Pension Cost for Qualified Retirement Plans for Period from November 1, 2010 to December 31, 2010

### Regulatory Accounting Purposes

	NonUnion Retirement Plan	
	<u>ServCo</u>	<u>KU</u>
1. Service cost	\$ 1,919,580	\$ 1,231,921
2. Interest cost	2,744,211	3,215,986
3. Expected return on assets	(1,949,690)	(2,849,504)
4. Amortizations:		
a. Transition	0	0
b. Prior service cost	421,688	136,134
c. Gain/loss	919,701	1,561,030
<b>5. Net periodic pension cost</b>	<b>\$ 4,055,490</b>	<b>\$ 3,295,567</b>

### Financial Accounting Purposes

	NonUnion Retirement Plan	
	<u>ServCo</u>	<u>KU</u>
1. Service cost	\$ 1,919,580	\$ 1,231,921
2. Interest cost	2,744,211	3,215,986
3. Expected return on assets	(1,949,690)	(2,849,504)
4. Amortizations:		
a. Transition	0	0
b. Prior service cost	0	0
c. Gain/loss	0	0
<b>5. Net periodic pension cost</b>	<b>\$ 2,714,101</b>	<b>\$ 1,598,403</b>

**Net Periodic Pension Cost****Benefit Obligations and Assets For Regulatory Accounting Purposes for Qualified Plans as of November 1, 2010**

	Non Union Retirement Plan	
	ServCo	KU
1. Projected benefit obligation (PBO)	\$ (302,349,654)	\$ (355,528,759)
2. Fair value of plan assets	161,588,332	237,296,259
3. Funded status (1+2)	(140,761,322)	(118,232,500)
4. Unrecognized transition (asset)/obligation	0	0
5. Unrecognized prior service cost	-19,398,168	3,662,789
6. Unrecognized (gain)/loss	89,997,156	121,837,646
7. Net amount recognized (3+4+5+6)	\$ (31,365,998)	\$ 7,267,935

**Benefit Obligations and Assets For Financial Accounting Purposes for Qualified Plans as of November 1, 2010**

	Non Union Retirement Plan	
	ServCo	KU
1. Projected benefit obligation (PBO)	\$ (302,349,654)	\$ (355,528,759)
2. Fair value of plan assets	161,588,332	237,296,259
3. Funded status (1+2)	(140,761,322)	(118,232,500)
4. Unrecognized transition (asset)/obligation	0	0
5. Unrecognized prior service cost	0	0
6. Unrecognized (gain)/loss	0	0
7. Net amount recognized * (3+4+5+6)	\$ (140,761,322)	\$ (118,232,500)

\* Purchase accounting amounts

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## Net Periodic Pension Cost

### Other Amortization Amounts - Non-Union Plan (ServCo Division)

#### Regulatory Accounting Purposes

	Unrecognized Amount as of November 1, 2010	Years Remaining	Two Month Amortization Amount
1. Transition	\$ 0	N/A	\$ 0
2. Prior Service			
January 1, 1994	(8,537)	1.17	(1,219)
January 1, 1995	11,087	1.17	1,584
January 1, 1996	3,029	0.17	3,029
January 1, 1997	4,479	1.17	640
January 1, 1998	7,005	2.17	539
January 1, 1999	19,497	4.17	780
January 1, 2000	554,728	5.17	17,894
January 1, 2001	67,407	6.17	1,822
January 1, 2002	598,295	6.17	16,170
January 1, 2003	482,781	7.17	11,228
January 1, 2004	1,979,219	7.17	46,028
January 1, 2005	1,127,432	7.17	26,219
January 1, 2006	1,833,433	8.17	37,417
January 1, 2007	12,718,313	8.17	259,557
Total Prior Service	\$ 19,398,168		\$ 421,688

#### Financial Accounting Purposes

	Unrecognized Amount as of November 1, 2010	Years Remaining	Two Month Amortization Amount
1. Transition	\$ 0	N/A	\$ 0
2. Prior Service	0	N/A	0
Total Prior Service	\$ 0		\$ 0

## Net Periodic Pension Cost

### Other Amortization Amounts - Non-Union Plan (KU Division)

#### Regulatory Accounting Purposes

	Unrecognized Amount as of November 1, 2010	Years Remaining	Two Month Amortization Amount
1. Transition	\$ 0	N/A	\$ 0
2. Prior Service			
January 1, 1994	20,849	0.17	20,849
January 1, 2000	3,439,146	5.17	110,940
January 1, 2002	14,284	6.17	386
January 1, 2003	10,302	7.17	240
January 1, 2004	18,703	7.17	435
January 1, 2005	10,087	7.17	235
January 1, 2006	35,283	8.17	720
January 1, 2007	114,135	8.17	2,329
Total Prior Service	\$ 3,662,789		\$ 136,134

#### Financial Accounting Purposes

	Unrecognized Amount as of November 1, 2010	Years Remaining	Two Month Amortization Amount
1. Transition	\$ 0	N/A	\$ 0
2. Prior Service	0	N/A	0
Total Prior Service	\$ 0		\$ 0



Actuarial Valuation Report



LG&E and KU Energy LLC Retirement Plan



**Plan Assets**

**Market-Related Value of Assets for Qualified Plans**

The market-related value of assets used to compute the net periodic pension cost is equal to the actual market value of assets as shown below:

Plan	Market Value of Assets as of October 31, 2010
[REDACTED]	
LG&E and KU Energy LLC Non-Union	548,209,519
[REDACTED]	

The market value of assets for the divisions of the Non-Union Plan were provided by LG&E and KU Energy LLC.

	Non-Union Plan		
	ServCo	KU	
Market value of assets on October 31, 2010	\$161,588,332	\$237,296,259	[REDACTED]

February 2011

## **LG&E and KU Energy LLC**

### **Retirement Plans**

Determination of the Net Periodic Pension Cost  
for the Ten Month Period Beginning January 1, 2010 and  
Ending October 31, 2010

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Actuarial Valuation Report

LG&E and KU Energy LLC Retirement Plans

**Net Periodic Pension Cost**

Service Cost, Interest Cost And Expected Return on Assets for Qualified Plans

	NonUnion Retirement Plan	
	ServCo	KU
<b>Service Cost</b>		
1. Service cost at beginning of year	\$ 9,501,910	\$ 6,100,554
2. Interest for year	582,467	373,964
3. Service cost for year	\$ 10,084,377	\$ 6,474,518
4. Portion of year	x 10/12	x 10/12
5. Service cost for period	\$ 8,403,648	\$ 5,395,432
<b>Interest Cost</b>		
1. Projected benefit obligation	\$ 250,520,014	\$ 318,584,255
2. a. Expected distributions	2,816,161	17,703,221
b. Weighted for timing	1,525,421	9,589,245
3. Average projected benefit obligation	248,994,593	308,995,010
4. Discount rate	6.13%	6.13%
5. Interest cost for year	\$ 15,263,369	\$ 18,941,394
6. Portion of year	x 10/12	x 10/12
7. Interest cost for period	\$ 12,719,474	\$ 15,784,495
<b>Expected Return on Assets</b>		
1. Market-related value of assets	\$ 140,608,809	\$ 219,124,355
2. a. Expected distributions	2,816,161	17,703,221
b. Weighted for timing	1,525,421	9,589,245
3. a. Expected employer contributions	8,700,000	12,800,000
b. Weighted for timing	8,337,500	12,266,667
4. Average expected market-related value of assets	147,420,888	221,801,777
5. Assumed rate of return	7.75%	7.75%
6. Expected return on assets for year	\$ 11,425,119	\$ 17,189,638
7. Portion of year	x 10/12	x 10/12
8. Expected return on assets for period	\$ 9,520,933	\$ 14,324,698

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Actuarial Valuation Report

LG&E and KU Energy LLC Retirement Plans

**Net Periodic Pension Cost**

Gain/Loss Amortization Amount For Regulatory Accounting Purposes for Qualified Plans

	NonUnion Retirement Plan	
	ServCo	KU
a. Projected benefit obligation	\$ 250,520,014	\$ 318,584,255
b. Fair value of plan assets	140,608,809	219,124,355
c. Unrecognized transition (asset)/obligation	0	0
d. Unrecognized prior service cost	21,506,608	4,343,457
e. (Accrued)/prepaid pension cost	(23,271,239)	7,444,133
f. Unrecognized (gain)/loss (a-b-c-d+e)	65,133,358	102,560,576
g. Market-related value of plan assets	140,608,809	219,124,355
h. Excess of fair value over market-related value (b-g)	0	0
i. Unrecognized (gain)/loss potentially subject to amortization (f+h)	65,133,358	102,560,576
j. 10% of the larger of a or g	25,052,001	31,858,426
k. Unrecognized (gain)/loss subject to amortization	40,081,357	70,702,150
l. Average years of future service	10.83	10.83
m. Amortization amount for year	\$ 3,700,956	\$ 6,528,361
n. Portion of year	x 10/12	x 10/12
o. Amortization amount for period	\$ 3,084,130	\$ 5,440,301

Gain/Loss Amortization Amount For Financial Accounting Purposes for Qualified Plans

	NonUnion Retirement Plan	
	ServCo	KU
a. Projected benefit obligation	\$ 250,520,014	\$ 318,584,255
b. Fair value of plan assets	140,608,809	219,124,355
c. Unrecognized transition (asset)/obligation	0	0
d. Unrecognized prior service cost	20,043,426	208,303
e. (Accrued)/prepaid pension cost	(42,582,760)	(4,894,091)
f. Unrecognized (gain)/loss (a-b-c-d+e)	47,285,019	94,357,506
g. Market-related value of plan assets	140,608,809	219,124,355
h. Excess of fair value over market-related value (b-g)	0	0
i. Unrecognized (gain)/loss potentially subject to amortization (f+h)	47,285,019	94,357,506
j. 10% of the larger of a or g	25,052,001	31,858,426
k. Unrecognized (gain)/loss subject to amortization	22,233,018	62,499,080
l. Average years of future service	10.83	10.83
m. Amortization amount for year	\$ 2,052,910	\$ 5,770,922
n. Portion of year	x 10/12	x 10/12
o. Amortization amount for period	\$ 1,710,758	\$ 4,809,102

Actuarial Valuation Report

LG&amp;E and KU Energy LLC Retirement Plans

**Net Periodic Pension Cost****2010 Net Periodic Pension Cost for Qualified Plans****Regulatory Accounting Purposes**

	NonUnion Retirement Plan	
	<u>ServCo</u>	<u>KU</u>
1. Service cost	\$ 8,403,648	\$ 5,395,432
2. Interest cost	12,719,474	15,784,495
3. Expected return on assets	(9,520,933)	(14,324,698)
4. Amortizations:		
a. Transition	0	0
b. Prior service cost	2,108,440	680,668
c. Gain/loss	3,084,130	5,440,301
<b>5. Net periodic pension cost</b>	<b>\$ 16,794,759</b>	<b>\$ 12,976,198</b>
6. Settlement loss recognized	N/A	N/A
<b>7. Total benefit cost</b>	<b>\$ 16,794,759</b>	<b>\$ 12,976,198</b>

**Financial Accounting Purposes**

	NonUnion Retirement Plan	
	<u>ServCo</u>	<u>KU</u>
1. Service cost	\$ 8,403,648	\$ 5,395,432
2. Interest cost	12,719,474	15,784,495
3. Expected return on assets	(9,520,933)	(14,324,698)
4. Amortizations:		
a. Transition	0	0
b. Prior service cost	1,902,248	19,793
c. Gain/loss	1,710,758	4,809,102
<b>5. Net periodic pension cost</b>	<b>\$ 15,215,195</b>	<b>\$ 11,684,124</b>
6. Settlement loss recognized	N/A	N/A
<b>7. Total benefit cost</b>	<b>\$ 15,215,195</b>	<b>\$ 11,684,124</b>

Actuarial Valuation Report

LG&amp;E and KU Energy LLC Retirement Plans

**Net Periodic Pension Cost****Benefit Obligations and Assets For Regulatory Accounting Purposes for Qualified Plans as of January 1, 2010**

	NonUnion Retirement Plan	
	<u>ServCo</u>	<u>KU</u>
1. Projected benefit obligation (PBO)	\$ (250,520,014)	\$ (318,584,255)
2. Fair value of plan assets	140,608,809	219,124,355
3. Funded status (1+2)	(109,911,205)	(99,459,900)
4. Unrecognized transition (asset)/obligation	0	0
5. Unrecognized prior service service cost	21,506,608	4,343,457
6. Unrecognized (gain)/loss	65,133,358	102,560,576
7. Net amount recognized (3+4+5+6)	\$ (23,271,239)	\$ 7,444,133

**Benefit Obligations and Assets For Financial Accounting Purposes for Qualified Plans as of January 1, 2010**

	NonUnion Retirement Plan	
	<u>ServCo</u>	<u>KU</u>
1. Projected benefit obligation (PBO)	\$ (250,520,014)	\$ (318,584,255)
2. Fair value of plan assets	140,608,809	219,124,355
3. Funded status (1+2)	(109,911,205)	(99,459,900)
4. Unrecognized transition (asset)/obligation	0	0
5. Unrecognized prior service service cost	20,043,426	208,303
6. Unrecognized (gain)/loss	47,285,019	94,357,506
7. Net amount recognized (3+4+5+6)	\$ (42,582,760)	\$ (4,894,091)

**Net Periodic Pension Cost****Other Amortization Amounts - Non-Union Plan (ServCo Division)**

## Regulatory Accounting Purposes

	Unrecognized Amount as of January 1, 2010	Years Remaining	Ten Month Amortization Amount
1. Transition	\$ 0	N/A	\$ 0
2. Prior Service			
January 1, 1994	(14,634)	2.00	(6,097)
January 1, 1995	19,007	2.00	7,920
January 1, 1996	18,174	1.00	15,145
January 1, 1997	7,679	2.00	3,200
January 1, 1998	9,698	3.00	2,693
January 1, 1999	23,396	5.00	3,899
January 1, 2000	644,200	6.00	89,472
January 1, 2001	76,515	7.00	9,108
January 1, 2002	679,147	7.00	80,852
January 1, 2003	538,918	8.00	56,137
January 1, 2004	2,209,361	8.00	230,142
January 1, 2005	1,258,529	8.00	131,097
January 1, 2006	2,020,518	9.00	187,085
January 1, 2007	14,016,100	9.00	1,297,787
Total Prior Service	\$ 21,506,608		\$ 2,108,440

## Financial Accounting Purposes

	Unrecognized Amount as of January 1, 2010	Years Remaining	Ten Month Amortization Amount
1. Transition	\$ 0	N/A	\$ 0
2. Prior Service			
January 1, 2003	538,918	8.00	56,137
January 1, 2004	2,209,361	8.00	230,142
January 1, 2005	1,258,529	8.00	131,097
January 1, 2006	2,020,518	9.00	187,085
January 1, 2007	14,016,100	9.00	1,297,787
Total Prior Service	\$ 20,043,426		\$ 1,902,248

**Net Periodic Pension Cost****Other Amortization Amounts - Non-Union Plan (KU Division)**

## Regulatory Accounting Purposes

	Unrecognized Amount as of January 1, 2010	Years Remaining	Ten Month Amortization Amount
1. Transition	\$ 0	N/A	\$ 0
2. Prior Service			
January 1, 1994	125,092	1.00	104,243
January 1, 2000	3,993,848	6.00	554,702
January 1, 2002	16,214	7.00	1,930
January 1, 2003	11,500	8.00	1,198
January 1, 2004	20,878	8.00	2,175
January 1, 2005	11,260	8.00	1,173
January 1, 2006	38,883	9.00	3,600
January 1, 2007	125,782	9.00	11,647
Total Prior Service	\$ 4,343,457		\$ 680,668

## Financial Accounting Purposes

	Unrecognized Amount as of January 1, 2010	Years Remaining	Ten Month Amortization Amount
1. Transition	\$ 0	N/A	\$ 0
2. Prior Service			
January 1, 2003	11,500	8.00	1,198
January 1, 2004	20,878	8.00	2,175
January 1, 2005	11,260	8.00	1,173
January 1, 2006	38,883	9.00	3,600
January 1, 2007	125,782	9.00	11,647
Total Prior Service	\$ 208,303		\$ 19,793



Actuarial Valuation Report

LG&E and KU Energy LLC Retirement Plan

**Plan Assets**

**Market-Related Value of Assets for Qualified Plans**

The market-related value of assets used to compute the net periodic pension cost is equal to the actual market value of assets as shown below:

Plan	Market Value of Assets as of December 31, 2009
LG&E and KU Energy LLC Non-Union	499,042,268

The market value of assets for the divisions of the Non-Union Plan were provided by LG&E and KU Energy LLC and were adjusted below for transfers among the divisions for accounting purposes.

	Non-Union Plan	
	ServCo	KU
1. Market value of assets on December 31, 2009	\$139,785,644	\$219,282,611
2. Adjustment for transfers	823,165	(158,256)
3. Market value of assets on December 31, 2009 after adjustment for transfers	\$140,608,809	\$219,124,355

December 2009

## **E.ON U.S. LLC**

### **Retirement Plans**

Determination of the Net Periodic Pension Cost and  
IFRS Cost for the Fiscal Year Beginning January 1, 2009  
and Ending December 31, 2009

**MERCER**



MARSH MERCER KROLL  
GUY CARPENTER OLIVER WYMAN

Actuarial Valuation Report

E.ON U.S. LLC Retirement Plans

**Net Periodic Pension Cost for FAS 87 Accounting Purposes**

Service Cost, Interest Cost And Expected Return on Assets for Qualified Plans

	NonUnion Retirement Plan	
	ServCo	KU
<b>Service Cost</b>		
1. Service cost at beginning of year	\$ 9,054,747	\$ 5,779,663
2. Interest for year	565,922	361,229
3. Service cost at end of year	\$ 9,620,669	\$ 6,140,892
<b>Interest Cost</b>		
1. Projected benefit obligation	\$ 219,854,205	\$ 304,055,674
2. a. Expected distributions	2,063,690	18,055,439
b. Weighted for timing	1,117,832	9,780,029
3. Average projected benefit obligation	218,736,373	294,275,645
4. Discount rate	6.25%	6.25%
5. Interest cost	\$ 13,671,023	\$ 18,392,228
<b>Expected Return on Assets</b>		
1. Market-related value of assets	\$ 107,748,290	\$ 183,716,919
2. a. Expected distributions	2,063,690	18,055,439
b. Weighted for timing	1,117,832	9,780,029
3. a. Expected employer contributions	7,800,000	13,300,000
b. Weighted for timing	5,525,000	9,420,833
4. Average expected market-related value of assets	112,155,458	183,357,723
5. Assumed rate of return	8.25%	8.25%
6. Expected return on assets	\$ 9,252,825	\$ 15,127,012

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Actuarial Valuation Report

E.ON U.S. LLC Retirement Plans

**Net Periodic Pension Cost for FAS 87 Accounting Purposes**

## Gain/Loss Amortization Amount For Regulatory Accounting Purposes for Qualified Plans

	NonUnion Retirement Plan	
	ServCo	KU
a. Projected benefit obligation	\$219,854,205	\$304,055,674
b. Fair value of plan assets	107,748,290	183,716,919
c. Unrecognized transition (asset)/obligation	0	0
d. Unrecognized prior service cost	24,036,737	5,160,261
e. (Accrued)/prepaid pension cost	(9,484,586)	13,038,249
f. Unrecognized (gain)/loss (a-b-c-d+e)	78,584,592	128,216,743
g. Market-related value of plan assets	107,748,290	183,716,919
h. Excess of fair value over market-related value (b-g)	0	0
i. Unrecognized (gain)/loss potentially subject to amortization (f+h)	78,584,592	128,216,743
j. 10% of the larger of a or g	21,985,421	30,405,567
k. Unrecognized (gain)/loss subject to amortization	56,599,171	97,811,176
l. Average years of future service	11.28	11.28
m. Amortization amount	\$5,017,657	\$8,671,204

## Gain/Loss Amortization Amount For Financial Accounting Purposes for Qualified Plans

	NonUnion Retirement Plan	
	ServCo	KU
a. Projected benefit obligation	\$219,854,205	\$304,055,674
b. Fair value of plan assets	107,748,290	183,716,919
c. Unrecognized transition (asset)/obligation	0	0
d. Unrecognized prior service cost	22,326,123	232,055
e. (Accrued)/prepaid pension cost	(30,779,759)	(890,991)
f. Unrecognized (gain)/loss (a-b-c-d+e)	59,000,033	119,215,709
g. Market-related value of plan assets	107,748,290	183,716,919
h. Excess of fair value over market-related value (b-g)	0	0
i. Unrecognized (gain)/loss potentially subject to amortization (f+h)	59,000,033	119,215,709
j. 10% of the larger of a or g	21,985,421	30,405,567
k. Unrecognized (gain)/loss subject to amortization	37,014,612	88,810,142
l. Average years of future service	11.28	11.28
m. Amortization amount	\$3,281,437	\$7,873,240

Actuarial Valuation Report

E.ON U.S. LLC Retirement Plans

**Net Periodic Pension Cost for FAS 87 Accounting Purposes**

## 2009 Net Periodic Pension Cost for Qualified Plans

## Regulatory Accounting Purposes

	NonUnion Retirement Plan	
	ServCo	KU
1. Service cost	\$9,620,669	\$6,140,892
2. Interest cost	13,671,023	18,392,228
3. Expected return on assets	(9,252,825)	(15,127,012)
4. Amortizations:		
a. Transition	0	0
b. Prior service cost	2,530,129	816,804
c. Gain/loss	5,017,657	8,671,204
<b>5. Net periodic pension cost</b>	<b>\$21,586,653</b>	<b>\$18,894,116</b>
6. Curtailment (gain)/loss		
a. Curtailment (gain)/loss recognized	N/A	N/A
b. Prior service cost recognized	N/A	N/A
7. Special termination benefits	N/A	N/A
8. Settlement (gain)/loss recognized	N/A	N/A
<b>9. Total benefit cost</b>	<b>\$21,586,653</b>	<b>\$18,894,116</b>

## Financial Accounting Purposes

	NonUnion Retirement Plan	
	ServCo	KU
1. Service cost	\$9,620,669	\$6,140,892
2. Interest cost	13,671,023	18,392,228
3. Expected return on assets	(9,252,825)	(15,127,012)
4. Amortizations:		
a. Transition	0	0
b. Prior service cost	2,282,697	23,752
c. Gain/loss	3,281,437	7,873,240
<b>5. Net periodic pension cost</b>	<b>\$19,603,001</b>	<b>\$17,303,100</b>
6. Curtailment (gain)/loss		
a. Curtailment (gain)/loss recognized	N/A	N/A
b. Prior service cost recognized	N/A	N/A
7. Special termination benefits	N/A	N/A
8. Settlement (gain)/loss recognized	N/A	N/A
<b>9. Total benefit cost</b>	<b>\$19,603,001</b>	<b>\$17,303,100</b>

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10

### Net Periodic Pension Cost for FAS 87 Accounting Purposes

Benefit Obligations and Assets For Regulatory Accounting Purposes for Qualified Plans as of January 1, 2009

	Non Union Retirement Plan				
	<u>ServCo</u>	<u>KU</u>			
1. Projected benefit obligation (PBO)	\$ (219,854,205)	\$ (304,055,674)			
2. Fair value of plan assets	107,748,290	183,716,919			
3. Funded status (1+2)	(112,105,915)	(120,338,755)			
4. Unrecognized transition (asset)/obligation	0	0			
5. Unrecognized prior service service cost	24,036,737	5,160,261			
6. Unrecognized (gain)/loss	78,584,592	128,216,743			
7. Net amount recognized (3+4+5+6)	\$ (9,484,586)	\$ 13,038,249			

Benefit Obligations and Assets For Financial Accounting Purposes for Qualified Plans as of January 1, 2009

	Non Union Retirement Plan				
	<u>ServCo</u>	<u>KU</u>			
1. Projected benefit obligation (PBO)	\$ (219,854,205)	\$ (304,055,674)			
2. Fair value of plan assets	107,748,290	183,716,919			
3. Funded status (1+2)	(112,105,915)	(120,338,755)			
4. Unrecognized transition (asset)/obligation	0	0			
5. Unrecognized prior service service cost	22,326,123	232,055			
6. Unrecognized (gain)/loss	59,000,033	119,215,709			
7. Net amount recognized (3+4+5+6)	\$ (30,779,759)	\$ (890,991)			

## Net Periodic Pension Cost for FAS 87 Accounting Purposes

### Other Amortization Amounts - Non-Union Plan (ServCo Division)

#### Regulatory Accounting Purposes

	Unrecognized Amount as of January 1, 2009	Years Remaining	Annual Amortization Amount
1. Transition	\$ 0	N/A	\$ 0
2. Prior Service			
January 1, 1994	(21,950)	3.00	(7,316)
January 1, 1995	28,511	3.00	9,504
January 1, 1996	36,349	2.00	18,175
January 1, 1997	11,519	3.00	3,840
January 1, 1998	12,930	4.00	3,232
January 1, 1999	28,075	6.00	4,679
January 1, 2000	751,566	7.00	107,366
January 1, 2001	87,445	8.00	10,930
January 1, 2002	776,169	8.00	97,022
January 1, 2003	606,283	9.00	67,365
January 1, 2004	2,485,531	9.00	276,170
January 1, 2005	1,415,845	9.00	157,316
January 1, 2006	2,245,020	10.00	224,502
January 1, 2007	15,573,444	10.00	1,557,344
Total Prior Service	\$ 24,036,737		\$ 2,530,129

#### Financial Accounting Purposes

	Unrecognized Amount as of January 1, 2009	Years Remaining	Annual Amortization Amount
1. Transition	\$ 0	N/A	\$ 0
2. Prior Service			
January 1, 2003	606,283	9.00	67,365
January 1, 2004	2,485,531	9.00	276,170
January 1, 2005	1,415,845	9.00	157,316
January 1, 2006	2,245,020	10.00	224,502
January 1, 2007	15,573,444	10.00	1,557,344
Total Prior Service	\$ 22,326,123		\$ 2,282,697

Actuarial Valuation Report

E.ON U.S. LLC Retirement Plans

**Net Periodic Pension Cost for FAS 87 Accounting Purposes****Other Amortization Amounts - Non-Union Plan (KU Division)**

## Regulatory Accounting Purposes

	Unrecognized Amount as of January 1, 2009	Years Remaining	Annual Amortization Amount
1. Transition	\$ 0	N/A	\$ 0
2. Prior Service			
January 1, 1994	250,186	2.00	125,094
January 1, 2000	4,659,490	7.00	665,642
January 1, 2002	18,530	8.00	2,316
January 1, 2003	12,938	9.00	1,438
January 1, 2004	23,488	9.00	2,610
January 1, 2005	12,668	9.00	1,408
January 1, 2006	43,203	10.00	4,320
January 1, 2007	139,758	10.00	13,976
Total Prior Service	\$ 5,160,261		\$ 816,804

## Financial Accounting Purposes

	Unrecognized Amount as of January 1, 2009	Years Remaining	Annual Amortization Amount
1. Transition	\$ 0	N/A	\$ 0
2. Prior Service			
January 1, 2003	12,938	9.00	1,438
January 1, 2004	23,488	9.00	2,610
January 1, 2005	12,668	9.00	1,408
January 1, 2006	43,203	10.00	4,320
January 1, 2007	139,758	10.00	13,976
Total Prior Service	\$ 232,055		\$ 23,752



Actuarial Valuation Report

E.ON U.S. LLC Retirement Plans

**Plan Assets**

**Market-Related Value of Assets for Qualified Plans**

The market-related value of assets used to compute the net periodic pension cost and IFRS pension cost is equal to the actual market value of assets as shown below:

Plan	Market Value of Assets as of December 31, 2008
E.ON U.S. LLC Non-Union	409,566,830

The market value of assets for the divisions of the Non-Union Plan were provided by E.ON U.S. LLC and were adjusted below for transfers among the divisions for FAS 87 accounting purposes.

	Non-Union Plan		
	ServCo	KU	
1. Market value of assets on December 31, 2008	\$107,302,751	\$183,828,383	
2. Adjustment for transfers	445,539	(111,464)	
3. Market value of assets on December 31, 2008 after adjustment for transfers	\$107,748,290	\$183,716,919	

The market value of assets for the divisions of the Non-Union Plan were provided by E.ON U.S. LLC and were adjusted below for transfers among the divisions for IFRS accounting purposes.

	Non-Union Plan		
	ServCo	KU	
1. Market value of assets on December 31, 2008	\$107,328,648	\$183,885,855	
2. Adjustment for transfers	446,437	(113,936)	
3. Market value of assets on December 31, 2008 after adjustment for transfers	\$107,775,085	\$183,771,919	

November 2008

## **E.ON U.S. LLC**

### **Retirement Plans**

Determination of the Net Periodic Pension Cost and  
IFRS Cost for the Fiscal Year Beginning January 1, 2008  
and Ending December 31, 2008

## MERCER



MARSH MERCER KROLL  
GUY CARPENTER OLIVER WYMAN

Actuarial Valuation Report

E.ON U.S. LLC Retirement Plans

**Net Periodic Pension Cost for FAS 87 Accounting Purposes**

Service Cost, Interest Cost And Expected Return on Assets for Qualified Plans

	NonUnion Retirement Plan	
	ServCo	KU
<b>Service Cost</b>		
1. Service cost at beginning of year	\$ 8,355,237	\$ 5,124,628
2. Interest for year	556,459	341,300
3. Service cost at end of year	\$ 8,911,696	\$ 5,465,928
<b>Interest Cost</b>		
1. Projected benefit obligation	\$ 188,055,836	\$ 284,352,904
2. a. Expected distributions	1,410,650	18,367,264
b. Weighted for timing	764,102	9,948,935
3. Average projected benefit obligation	187,291,734	274,403,969
4. Discount rate	6.66%	6.66%
5. Interest cost	\$ 12,473,629	\$ 18,275,304
<b>Expected Return on Assets</b>		
1. Market-related value of assets	\$ 142,061,843	\$ 263,164,823
2. a. Expected distributions	1,410,650	18,367,264
b. Weighted for timing	764,102	9,948,935
3. a. Expected employer contributions	2,000,000	0
b. Weighted for timing	1,416,667	0
4. Average expected market-related value of assets	142,714,408	253,215,888
5. Assumed rate of return	8.25%	8.25%
6. Expected return on assets	\$ 11,773,939	\$ 20,890,311

Actuarial Valuation Report

E.ON U.S. LLC Retirement Plans

**Net Periodic Pension Cost for FAS 87 Accounting Purposes**

Gain/Loss Amortization Amount For Regulatory Accounting Purposes for Qualified Plans

	NonUnion Retirement Plan	
	ServCo	KU
a. Projected benefit obligation	\$ 188,055,836	\$ 284,352,904
b. Fair value of plan assets	142,061,843	263,164,823
c. Unrecognized transition (asset)/obligation	0	0
d. Unrecognized prior service cost	26,566,866	6,021,571
e. (Accrued)/prepaid pension cost	773,154	17,066,998
f. Unrecognized (gain)/loss (a-b-c-d+e)	20,200,281	32,233,508
g. Market-related value of plan assets	142,061,843	263,164,823
h. Excess of fair value over market-related value (b-g)	0	0
i. Unrecognized (gain)/loss potentially subject to amortization (f+h)	20,200,281	32,233,508
j. 10% of the larger of a or g	18,805,584	28,435,290
k. Unrecognized (gain)/loss subject to amortization	1,394,697	3,798,218
l. Average years of future service	12	12
m. Amortization amount	\$ 116,225	\$ 316,518

Gain/Loss Amortization Amount For Financial Accounting Purposes for Qualified Plans

	NonUnion Retirement Plan	
	ServCo	KU
a. Projected benefit obligation	\$ 188,055,836	\$ 284,352,904
b. Fair value of plan assets	\$ 142,061,843	\$ 263,164,823
c. Unrecognized transition (asset)/obligation	0	0
d. Unrecognized prior service cost	24,608,820	255,807
e. (Accrued)/prepaid pension cost	(20,885,676)	1,983,682
f. Unrecognized (gain)/loss (a-b-c-d+e)	499,497	22,915,956
g. Market-related value of plan assets	142,061,843	263,164,823
h. Excess of fair value over market-related value (b-g)	0	0
i. Unrecognized (gain)/loss potentially subject to amortization (f+h)	499,497	22,915,956
j. 10% of the larger of a or g	18,805,584	28,435,290
k. Unrecognized (gain)/loss subject to amortization	0	0
l. Average years of future service	12	12
m. Amortization amount	\$ 0	\$ 0

**Net Periodic Pension Cost for FAS 87 Accounting Purposes**

**2008 Net Periodic Pension Cost for Qualified Plans**

**Regulatory Accounting Purposes**

	NonUnion Retirement Plan	
	ServCo	KU
1. Service cost	\$ 8,911,696	\$ 5,465,928
2. Interest cost	12,473,629	18,275,304
3. Expected return on assets	(11,773,939)	(20,890,311)
4. Amortizations:		
a. Transition	0	0
b. Prior service cost	2,530,129	861,310
c. Gain/loss	116,225	316,518
<b>5. Net periodic pension cost</b>	<b>\$ 12,257,740</b>	<b>\$ 4,028,749</b>

**Financial Accounting Purposes**

	NonUnion Retirement Plan	
	ServCo	KU
1. Service cost	\$ 8,911,696	\$ 5,465,928
2. Interest cost	12,473,629	18,275,304
3. Expected return on assets	(11,773,939)	(20,890,311)
4. Amortizations:		
a. Transition	0	0
b. Prior service cost	2,282,697	23,752
c. Gain/loss	0	0
<b>5. Net periodic pension cost</b>	<b>\$ 11,894,083</b>	<b>\$ 2,874,673</b>

### Net Periodic Pension Cost for FAS 87 Accounting Purposes

#### Benefit Obligations and Assets For Regulatory Accounting Purposes for Qualified Plans

	NonUnion Retirement Plan				
	<u>ServCo</u>	<u>KU</u>			
1. Projected benefit obligation (PBO)	\$ (188,055,836)	\$ (284,352,904)			
2. Fair value of plan assets	142,061,843	263,164,823			
3. Funded status (1+2)	(45,993,993)	(21,188,081)			
4. Unrecognized transition (asset)/obligation	0	0			
5. Unrecognized prior service service cost	26,566,866	6,021,571			
6. Unrecognized (gain)/loss	20,200,281	32,233,508			
7. Net amount recognized (3+4+5+6)	\$ 773,154	\$ 17,066,998			

#### Benefit Obligations and Assets For Financial Accounting Purposes for Qualified Plans

	NonUnion Retirement Plan				
	<u>ServCo</u>	<u>KU</u>			
1. Projected benefit obligation (PBO)	\$ (188,055,836)	\$ (284,352,904)			
2. Fair value of plan assets	142,061,843	263,164,823			
3. Funded status (1+2)	(45,993,993)	(21,188,081)			
4. Unrecognized transition (asset)/obligation	0	0			
5. Unrecognized prior service service cost	24,608,820	255,807			
6. Unrecognized (gain)/loss	499,497	22,915,956			
7. Net amount recognized (3+4+5+6)	\$ (20,885,676)	\$ 1,983,682			

Actuarial Valuation Report

E.ON U.S. LLC Retirement Plans

**Net Periodic Pension Cost for FAS 87 Accounting Purposes****Other Amortization Amounts - Non-Union Plan (ServCo Division)**

## Regulatory Accounting Purposes

	Unrecognized Amount as of <u>January 1, 2008</u>	Years Remaining	Annual Amortization Amount
1. Transition	\$ 0	N/A	\$ 0
2. Prior Service			
January 1, 1994	(29,266)	4.00	(7,316)
January 1, 1995	38,015	4.00	9,504
January 1, 1996	54,524	3.00	18,175
January 1, 1997	15,359	4.00	3,840
January 1, 1998	16,162	5.00	3,232
January 1, 1999	32,754	7.00	4,679
January 1, 2000	858,932	8.00	107,366
January 1, 2001	98,375	9.00	10,930
January 1, 2002	873,191	9.00	97,022
January 1, 2003	673,648	10.00	67,365
January 1, 2004	2,761,701	10.00	276,170
January 1, 2005	1,573,161	10.00	157,316
January 1, 2006	2,469,522	11.00	224,502
January 1, 2007	17,130,788	11.00	1,557,344
Total Prior Service	\$ 26,566,866		\$ 2,530,129

## Financial Accounting Purposes

	Unrecognized Amount as of <u>January 1, 2008</u>	Years Remaining	Annual Amortization Amount
1. Transition	\$ 0	N/A	\$ 0
2. Prior Service			
January 1, 2003	673,648	10.00	67,365
January 1, 2004	2,761,701	10.00	276,170
January 1, 2005	1,573,161	10.00	157,316
January 1, 2006	2,469,522	11.00	224,502
January 1, 2007	17,130,788	11.00	1,557,344
Total Prior Service	\$ 24,608,820		\$ 2,282,697

**Net Periodic Pension Cost for FAS 87 Accounting Purposes****Other Amortization Amounts - Non-Union Plan (KU Division)**

## Regulatory Accounting Purposes

	Unrecognized Amount as of January 1, 2008	Years Remaining	Annual Amortization Amount
1. Transition	\$ 0	N/A	\$ 0
2. Prior Service			
January 1, 1990	44,506	1.00	44,506
January 1, 1994	375,280	3.00	125,094
January 1, 2000	5,325,132	8.00	665,642
January 1, 2002	20,846	9.00	2,316
January 1, 2003	14,376	10.00	1,438
January 1, 2004	26,098	10.00	2,610
January 1, 2005	14,076	10.00	1,408
January 1, 2006	47,523	11.00	4,320
January 1, 2007	153,734	11.00	13,976
Total Prior Service	\$ 6,021,571		\$ 861,310

## Financial Accounting Purposes

	Unrecognized Amount as of January 1, 2008	Years Remaining	Annual Amortization Amount
1. Transition	\$ 0	N/A	\$ 0
2. Prior Service			
January 1, 2003	14,376	10.00	1,438
January 1, 2004	26,098	10.00	2,610
January 1, 2005	14,076	10.00	1,408
January 1, 2006	47,523	11.00	4,320
January 1, 2007	153,734	11.00	13,976
Total Prior Service	\$ 255,807		\$ 23,752



Actuarial Valuation Report

E.ON U.S. LLC Retirement Plans

**Plan Assets**

**Market-Related Value of Assets for Qualified Plans**

The market-related value of assets used to compute the net periodic pension cost and IFRS pension cost is equal to the actual market value of assets as shown below:

Plan	Market Value of Assets as of December 31, 2007
E.ON U.S. LLC Non-Union	574,522,011

The market value of assets for the divisions of the Non-Union Plan were provided by E.ON U.S. LLC and were adjusted below for transfers among the divisions for FAS 87 accounting purposes:

	Non-Union Plan	
	ServCo	KU
1. Market value of assets on December 31, 2007	\$140,756,891	\$264,623,193
2. Adjustment for transfers	1,304,952	(1,458,370)
3. Market value of assets on December 31, 2007 after adjustment for transfers	\$142,061,843	\$263,164,823

The market value of assets for the divisions of the Non-Union Plan were provided by E.ON U.S. LLC and were adjusted below for transfers among the divisions for IFRS accounting purposes.

	Non-Union Plan	
	ServCo	KU
1. Market value of assets on December 31, 2007	\$140,791,836	\$264,700,055
2. Adjustment for transfers	1,304,426	(1,458,846)
3. Market value of assets on December 31, 2007 after adjustment for transfers	\$142,096,262	\$263,241,209

**DETERMINATION OF THE NET PERIODIC  
PENSION COST FOR THE FISCAL YEAR  
BEGINNING JANUARY 1, 2014 AND ENDING  
DECEMBER 31, 2014**

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
	ServCo		KU				ServCo	
<b>Funded Status</b>								
ABO		314,238,243		319,364,020				314,238,243
PBO		382,044,504		358,066,243				382,044,504
Fair value of assets		324,413,186		354,179,143				324,413,186
Funded status		(57,631,318)		(3,887,100)				(57,631,318)
<b>Amounts recognized in accumulated other comprehensive income consist of:</b>								
Net actuarial loss/(gain)		(15,372,183)		79,418,733				56,237,829
Prior service cost/(credit)		-		1,451,525				11,455,908
Transition obligation/(asset)		-		-				-
Total		(15,372,183)		80,870,258				67,693,737
Market related value of assets		327,456,800		359,368,151				327,456,800
<b>2014 Net Periodic Pension Cost</b>								
Service cost		10,833,938		6,814,810				10,833,938
Interest cost		19,470,548		17,966,530				19,470,548
Expected return on assets		(24,055,778)		(24,425,285)				(24,055,778)
Amortization of:								
Transition obligation (asset)		-		-				-
Prior service cost (credit)		-		691,710				2,502,695
Actuarial (gain) loss		-		4,033,380				1,578,867
Net periodic pension cost		6,248,708		5,081,145				10,330,270
<b>Key assumptions:</b>								
Discount rate		5.20%		5.20%				5.20%
Expected return on plan assets		7.00%		7.00%				7.00%
Rate of compensation increase		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.

PPL Corporation  
 LG&E and KU Energy LLC  
 Amortization of Net Actuarial (Gain)/Loss for 1/1/2014

	LG&E and KU Retirement Plan		Regulatory
	1/1/2014 ServCo	1/1/2014 KU	
a. Fair Value of Assets	324,413,186	354,179,143	
b. Market Related Value of Assets	327,456,800	358,368,151	
c. PBO/APBO	382,044,504	358,066,243	
Amortization of Net Actuarial (Gain)/Loss*			
d. Net Actuarial (Gain)/Loss	56,237,829	79,418,733	
e. Deferred Asset Gain/(Loss)	<u>(3,043,614)</u>	<u>(5,189,008)</u>	
f. Remaining Actuarial (Gain)/Loss (d+e)	53,194,215	74,229,725	
g. 10% corridor (c x 10%)	38,204,450	35,936,815	
h. 30% corridor (c x 30%)	114,613,351	107,810,445	
i. Excess 10% corridor (f-j-q)	14,989,765	38,282,910	
j. Excess 30% corridor (f-h) if f > h, 0	0	0	
k. Average Future Service	9,484	9,484	
l. Amortization $i/k + j/(k/2)$	1,578,887	4,033,380	

p.2

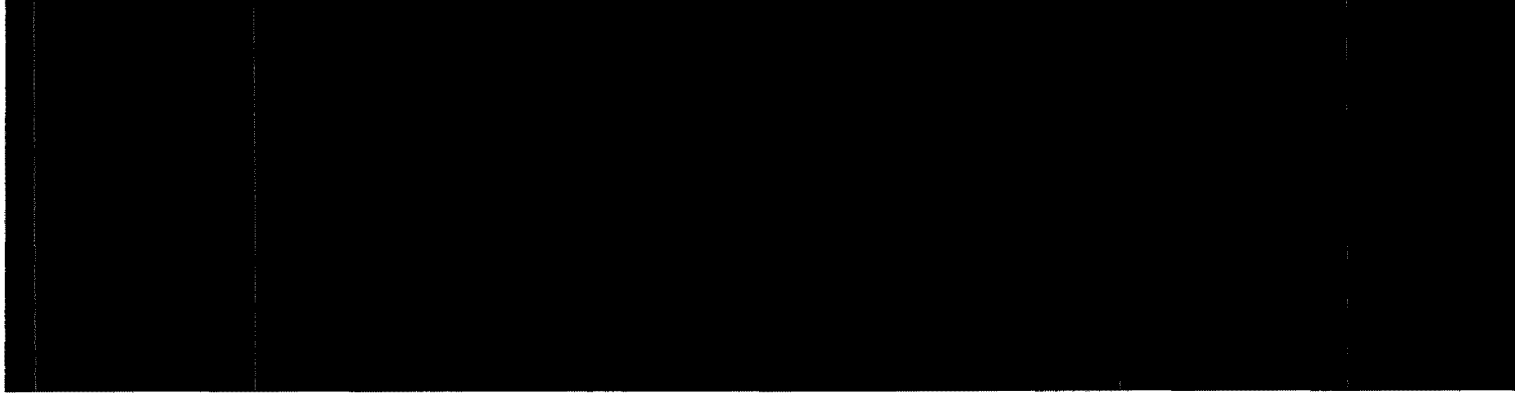


LG&E and KU Energy LLC  
 Prior Service Cost Bases and Amortizations

	2014 Amount Remaining on Initial Base	2014 Amortization	2014 Period Remaining	2015 Amount Remaining on Initial Base	2015 Amortization	2015 Period Remaining
KU (Regulatory) Base 1	1,331,280	665,642				2.00
KU (Regulatory) Base 2	6,950	- 2,316				3.00
KU (Regulatory) Base 3	5,748	1,438				4.00
KU (Regulatory) Base 4	10,438	2,610				4.00
KU (Regulatory) Base 5	5,628	1,408				4.00
KU (Regulatory) Base 6	21,603	4,320				5.00
KU (Regulatory) Base 7	69,878	13,976				5.00
KU (Regulatory) Base 8	N/A	N/A				N/A
Servco (Financial) Base 1	N/A	N/A				N/A

*p. 2*

*011,169 = 2*



LG&E and KU Energy LLC  
 Prior Service Cost Bases and Amortizations

	2014 Amount Remaining on Initial Base	2014 Amortization	2014 Period Remaining
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Servco (Regulatory) Base 1	4,680	4,680	1.00
Servco (Regulatory) Base 2	214,736	107,366	2.00
Servco (Regulatory) Base 3	32,795	10,930	3.00
Servco (Regulatory) Base 4	291,059	97,022	3.00
Servco (Regulatory) Base 5	269,458	67,365	4.00
Servco (Regulatory) Base 6	1,104,681	276,170	4.00
Servco (Regulatory) Base 7	629,265	157,316	4.00
Servco (Regulatory) Base 8	1,122,510	224,502	5.00
Servco (Regulatory) Base 9	7,786,724	1,557,344	5.00
Servco (Regulatory) Base 10	N/A	N/A	N/A

P. 2  
 569,100.16 = 3

**FORECAST OF THE NET PERIODIC  
PENSION COST  
FOR 2015, 2016, BASE YEAR and TEST YEAR**

LG&E and KU Energy LLC  
January 1, 2015 Budget Projections

	Regulatory		Financial	Regulatory
	Qualified Plans			
	NonUnion Retirement Plan		NonUnion Retirement Plan	
	ServCo	KU	ServCo	
Estimated 2015 Net Periodic Pension Cost				
Service cost	14,331,195	8,918,382	14,331,195	
Interest cost	21,299,706	18,458,574	21,299,706	
Expected return on assets	(26,473,014)	(25,849,265)	(26,473,014)	
Amortization of:				
Transition obligation (asset)	-	-	-	
Prior service cost (credit)	3,520,845	1,257,146	1,022,630	
Actuarial (gain) loss	10,170,952	12,461,523	2,328,718	
Net periodic benefit cost	\$ 22,849,484	\$ 15,246,360	12,509,235	
Additional charges:				
Special termination benefit charge	-	-	-	
Curtailement charge	-	-	-	
Settlement charge	-	-	-	
Estimated 2015 net periodic pension cost	\$ 22,849,484	\$ 15,246,360	12,509,235	
Key assumptions:				
Discount Rate	4.27%	4.27%	4.27%	
EROA on 401(k) assets	7.00%	7.00%	7.00%	
Salary Scale	3.50%	3.50%	3.50%	
Trend	N/A	N/A	7.2% in 2015 decreasing to ultimate trend of 5.0% in 2020	N/A
Mortality	Non-union: RP-2014 with white collar adjustment (removing MP-2014 improvements) increased by 2% and applying Scale BB 2-Dimensional mortality improvements from 2006 on a generational basis. Union: RP-2014 with blue collar adjustment (removing MP-2014 improvements) increased by 7% and applying Scale BB 2-Dimensional mortality improvements from 2006 on a generational basis.			

The results contained in this document are based on the same data, assumptions, methods and plan provisions that were used to develop the year-end 2014 financial disclosures delivered to LG&E and KU Energy LLC on January 20, 2015, except as noted in the attached letter. The descriptions of the data, assumptions, methods, plan provisions and limitations as set forth in the year-end 2014 financial disclosure letter should be considered part of these results.

Attachment #2 to Supplemental Response to KU KIUC-2 Question No. 6



LG&E and KU Energy LLC  
January 1, 2016 Budget Projections

	Regulatory				Financial	Regulatory
	Qualified Plans		[REDACTED]			
	NonUnion Retirement Plan		NonUnion		NonUnion Retirement Plan	[REDACTED]
	ServCo	KU	LG&E Union	LG&E Non-Union	ServCo	[REDACTED]
Estimated 2016 Net Periodic Pension Cost						
Service cost	14,581,991	9,074,454			14,581,991	
Interest cost	22,399,254	18,890,062			22,399,254	
Expected return on assets	(28,814,734)	(27,661,239)			(28,814,734)	
Amortization of:						
Transition obligation (asset)	-	-			-	
Prior service cost (credit)	3,413,276	591,509			1,022,630	
Actuarial (gain) loss	8,742,394	9,925,500			1,365,299	
Net periodic benefit cost	\$ 20,322,181	\$ 10,660,286			\$ 10,554,440	
Additional charges:						
Special termination benefit charge	-	-			-	
Curtailment charge	-	-			-	
Settlement charge	-	-			-	
Estimated 2016 net periodic pension cost	\$ 20,322,181	\$ 10,660,286			\$ 10,554,440	
Key assumptions:						
Discount Rate	4.27%	4.27%			4.27%	
EROA on 401(k) assets	7.00%	7.00%			7.00%	
Salary Scale	3.50%	3.50%			3.50%	

Trend: N/A, N/A, N/A, N/A, 7.2% in 2015 decreasing to ultimate trend of 5.0% in 2020, N/A  
Mortality: Non-union: RP-2014 with white collar adjustment (removing MP-2014 improvements) increased by 2% and applying Scale BB 2-Dimensional mortality improvements from 2006 on a generational basis.  
Union: RP-2014 with blue collar adjustment (removing MP-2014 improvements) increased by 7% and applying Scale BB 2-Dimensional mortality improvements from 2006 on a generational basis.

The results contained in this document are based on the same data, assumptions, methods and plan provisions that were used to develop the year-end 2014 financial disclosures delivered to LG&E and KU Energy LLC on January 20, 2015, except as noted in the attached letter. The descriptions of the data, assumptions, methods, plan provisions and limitations as set forth in the year-end 2013 financial disclosure letter should be considered part of these results.



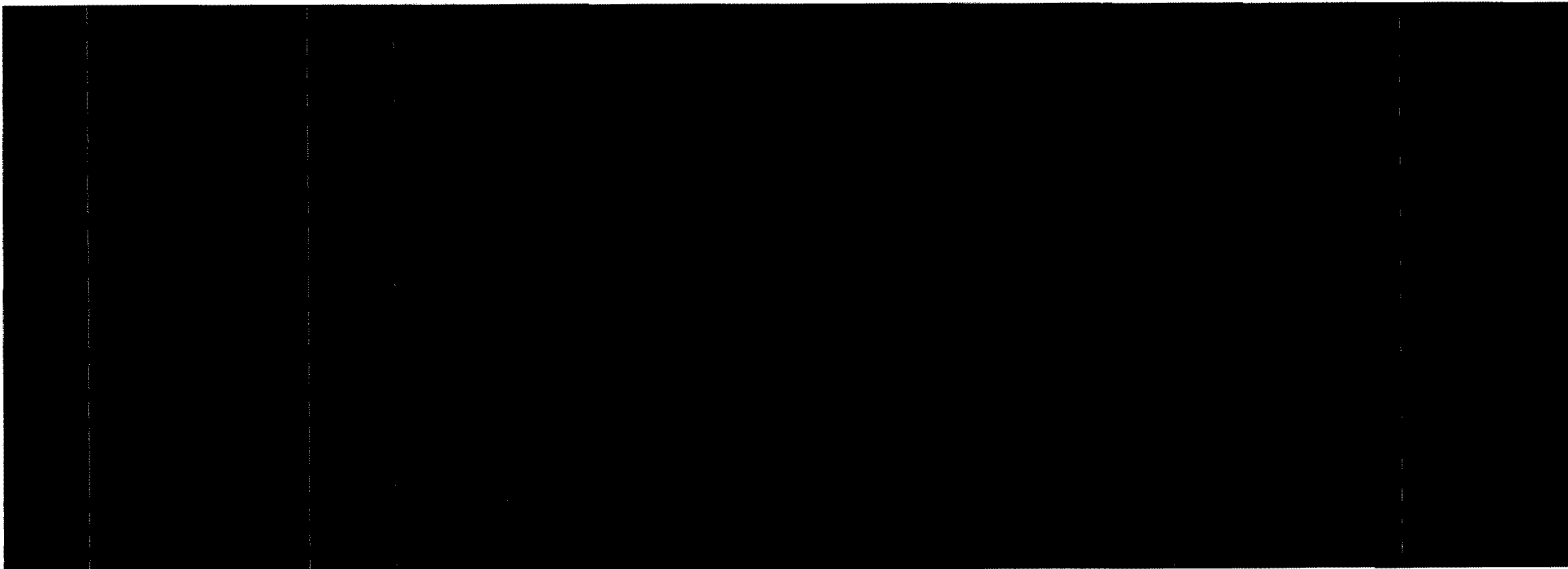


LG&E and KU Energy LLC  
 Prior Service Cost Bases and Amortizations

	2016 Amount Remaining on Initial Base	2016 Amortization	2016 Period Remaining	Base Year Amortization	Test Year Amortization
KU (Regulatory) Base 1	0	0	-	665,641	332,819
KU (Regulatory) Base 2	2,318	2,316	1.00	2,316	2,316
KU (Regulatory) Base 3	2,672	1,438	2.00	1,438	1,438
KU (Regulatory) Base 4	5,218	2,610	2.00	2,610	2,610
KU (Regulatory) Base 5	2,812	1,408	2.00	1,408	1,408
KU (Regulatory) Base 6	12,863	4,320	3.00	4,320	4,320
KU (Regulatory) Base 7	41,926	13,976	3.00	13,976	13,976
KU (Regulatory) Base 8	4,483,945	565,441	7.93	94,240	585,441
Servco (Financial) Base 1	8,109,457	1,022,630	7.53	170,438	1,022,630

LG&E and KU Energy LLC  
 Prior Service Cost Bases and Amortizations

	2016 Amount Remaining on Initial Base	2016 Amortization	2016 Period Remaining	Base Year Amortization	Test Year Amortization
Service (Regulatory) Base 1	0	0	-	3,900	0
Service (Regulatory) Base 2	4	4	-	107,366	53,585
Service (Regulatory) Base 3	10,935	10,930	1.00	10,930	10,930
Service (Regulatory) Base 4	97,015	97,015	1.00	97,022	97,019
Service (Regulatory) Base 5	134,728	67,365	2.00	67,365	67,365
Service (Regulatory) Base 6	552,341	276,170	2.00	276,170	276,170
Service (Regulatory) Base 7	314,633	157,316	2.00	157,316	157,316
Service (Regulatory) Base 8	673,506	224,502	3.00	224,502	224,502
Service (Regulatory) Base 9	4,672,036	1,557,344	3.00	1,557,344	1,557,344
Service (Regulatory) Base 10	<u>8,109,457</u>	<u>1,022,630</u>	7.93	<u>170,438</u>	<u>1,022,630</u>



PPL Corporation  
 LG&E and KU Energy LLC  
 Amortization of Net Actuarial (Gain)/Loss for 1/1/2015

	LG&E and KU Retirement Plan		Regulatory	
	1/1/2015 ServCo	1/1/2015 KU		
Fair Value of Assets	388,458,197	382,578,520		
Market Related Value of Assets	368,451,215	365,807,902		
PBO/APEO	503,256,628	441,444,736		
Amortization of Net Actuarial (Gain)/Loss***				
Net Actuarial (Gain)/Loss	121,147,281	127,159,028		
Deferred Asset Gain/(Loss)	20,004,882	- 16,770,818		
Remaining Actuarial (Gain)/Loss	141,152,262	143,828,646		
10% corridor	50,325,663	44,144,474		
30% corridor	150,976,988	132,433,421		
Excess 10% corridor	90,826,599	88,288,947		
Excess 30% corridor	0	11,496,225		
Average Future Service	8.530	8.530		
Amortization	10,170,952	12,461,523		

\*Amounts shown for the LG&E and KU Retirement Plan exclude W&E



PPL Corporation  
 LG&E and KU Energy LLC  
 Amortization of Net Actuarial (Gain)/Loss for 1/1/2016

	LG&E and KU Retirement Plan		Regulatory
	1/1/2016 ServCo	1/1/2016 KU	
Fair Value of Assets	422,160,615	404,362,463	
Market Related Value of Assets	405,036,351	390,026,814	
PBO/APBO	530,018,585	450,502,427	
Amortization of Net Actuarial (Gain)/Loss***			
Net Actuarial (Gain)/Loss	109,575,980	113,523,562	
Deferred Asset Gain/(Loss)	17,124,264	14,355,649	
Remaining Actuarial (Gain)/Loss	126,700,244	127,879,211	
10% corridor	- 53,001,858	45,050,243	
30% corridor	159,005,578	135,150,728	
Excess 10% corridor	73,698,365	82,828,968	
Excess 30% corridor	0	0	
Average Future Service	8,430	8,430	
Amortization	8,742,394	9,825,500	

\*Amounts shown for the LG&E and KU Retirement Plan exclude WKE

PPL Corporation  
 LG&E and KU Energy LLC  
 Amortization of Net Actuarial (Gain)/Loss for Base Year

	LG&E and KU Retirement Plan	
	ServCo	KU
Amortization	3,010,861	5,438,071

\*Amounts shown for the LG&E and KU Retirement Plan exclude WKE

PPL Corporation  
 LG&E and KU Energy LLC  
 Amortization of Net Actuarial (Gain)/Loss for Test Year

	LG&E and KU Retirement Plan	
	ServCo	KU
Amortization	9,456,673	11,143,512

\*Amounts shown for the LG&E and KU Retirement Plan exclude WKE

**Servco Allocations used for Pension & Postretirement Calculations**

	Servco Allocation %'s to KU								
	2008	2009	2010	2011	2012	2013	2014	Base Year	Test Year
Service cost	48.911%	48.911%	51.299%	52.555%	52.046%	53.604%	54.266%	54.266%	55.037%