

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2014-00372

**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 LG&E. Please see Attachment #3 for a summary of the Servco allocation percentages by year.

In Attachments #1 and #2 LG&E 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

Supplemental Response to Question No. 2-6

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.

LG&E employed two different actuaries during the referenced time frame. Mercer was utilized by LG&E during 2008-2013 and their reports presented the calculations by company. Towers Watson became LG&E's actuary in 2014 and their report presented the calculations by benefit plan. In response to the KIUC's question, LG&E 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, LG&E 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, LG&E reported ASC 715 NPBC for 2013 of \$27,343,668. 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.

	A	B		C	=A+B+C
LG&E Pension Costs for 2013:	LG&E Union	LG&E Non-Union	Servco	Servco Allocation to LG&E (45.021%)	Total LG&E Costs
Service cost (p. 2)	2,009,930	2,135,701	12,932,918	5,822,529	9,968,160
Interest cost (p. 2)	13,564,734	9,688,835	17,648,530	7,945,545	31,199,114
Expected return on assets (p. 2)	(19,750,316)	(13,542,925)	(21,911,895)	(9,864,954)	(43,158,195)
Amortizations:					
Transition (p. 6-8)	-	-	-	-	-
Prior service cost (p. 6-8)	2,118,027	1,915,245	2,502,694	1,126,738	5,160,010
Gain/loss (p. 3)	13,633,023	6,931,648	8,018,278	3,609,909	24,174,580
	11,575,398	7,128,504	19,190,525	8,639,766	27,343,669
Notes:					
1. Page #'s are references to Attachment #1					
2. See Attachment #3 for Summary of Servco allocation %'s by year					
3. Total LG&E Costs column was included in the attachment to KIUC 1-20					

In the Attachment to KIUC Question No 1-20, LG&E reported ASC 715 NPBC for 2014 of \$12,256,765. 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

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

	A	B		C	=A+B+C
LG&E Pension Costs for 2014:	LG&E Union	LG&E Non-Union	Servco	Servco Allocation to LG&E (44.758%)	Total LG&E Costs
Service cost (p. 2)	1,326,414	1,679,175	10,833,938	4,849,054	7,854,643
Interest cost (p. 2)	14,383,940	10,170,845	19,470,548	8,714,628	33,269,413
Expected return on assets (p. 2)	(19,094,174)	(13,714,725)	(24,055,778)	(10,766,885)	(43,575,784)
Amortizations:					
Transition (p. 2)	-	-	-	-	-
Prior service cost (p. 2, 4)	2,118,027	1,915,249	2,502,695	1,120,156	5,153,432
Gain/loss (p. 2, 3)	6,041,249	2,807,143	1,578,867	706,669	9,555,061
	4,775,456	2,857,687	10,330,270	4,623,622	12,256,765
Notes:					
1. Page #'s are references to Attachment #2					
2. See Attachment #3 for Summary of Servco allocation %'s by year					
3. Total LG&E Costs column was included in the attachment to KIUC 1-20					



TALENT • HEALTH • RETIREMENT • INVESTMENTS

**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&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		
	LG&E Union	LG&E	ServCo
Service Cost			
1. Service cost at beginning of year	\$ 1,928,916	\$ 2,048,438	\$ 12,404,487
2. Interest for year	81,014	87,263	528,431
3. Service cost at end of year p. 4	\$ 2,009,930	\$ 2,135,701	\$ 12,932,918
Interest Cost			
1. Projected benefit obligation	\$ 330,905,939	\$ 233,463,794	\$ 417,323,115
2. a. Expected distributions	14,651,220	11,125,585	5,609,320
b. Weighted for timing	7,936,078	6,026,359	3,038,382
3. Average projected benefit obligation	322,969,861	227,437,435	414,284,733
4. Discount rate	4.20%	4.26%	4.26%
5. Interest cost p. 4	\$ 13,564,734	\$ 9,688,835	\$ 17,648,530
Expected Return on Assets			
1. Market-related value of assets	\$ 275,951,212	\$ 167,159,282	\$ 265,369,125
2. a. Expected distributions	14,651,220	11,125,585	5,609,320
b. Weighted for timing	7,936,078	6,026,359	3,038,382
3. a. Expected employer contributions	10,600,000	30,900,000	48,300,000
b. Weighted for timing	10,158,333	29,612,500	46,287,500
4. Average expected market-related value of assets	278,173,467	190,745,423	308,618,243
5. Assumed rate of return	7.10%	7.10%	7.10%
6. Expected return on assets p. 4	\$ 19,750,316	\$ 13,542,925	\$ 21,911,895



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		
	LG&E Union	LG&E	ServCo
a. Projected benefit obligation	\$ 330,905,939	\$ 233,463,794	\$ 417,323,115
b. Fair value of plan assets	287,460,869	173,690,880	277,180,145
c. Unrecognized transition (asset)/obligation	0	0	0
d. Unrecognized prior service cost	17,504,043	9,012,455	13,958,602
e. Cumulative ER contributions in excess of NPBC	96,077,639	22,787,002	(19,047,056)
f. Unrecognized (gain)/loss (a-b-c-d+e)	122,018,666	73,547,461	107,137,312
g. Market-related value of plan assets	275,951,212	167,159,282	265,369,125
h. Excess of fair value over market-related value (b-g)	11,509,657	6,531,598	11,811,020
i. Unrecognized (gain)/loss potentially subject to amortization (f+h)	133,528,323	80,079,059	118,948,332
j. 10% of the larger of a or g	33,090,594	23,346,379	41,732,312
k. 30% of the larger of a or g	99,271,782	70,039,138	125,196,935
l. Unrec. (gain)/loss subject to standard amortization	66,181,188	46,692,759	77,216,020
m. Unrec. (gain)/loss subject to accelerated amortization	34,256,541	10,039,921	0
n. Unrecognized (gain)/loss subject to amortization (Total)	100,437,729	56,732,680	77,216,020
o. Average years of future service	9.88	9.63	9.63
p. One-half average years of future service	4.94	4.82	4.82
q. Standard amortization amount (l / o)	6,698,501	4,848,677	8,018,278
r. Accelerated amortization amount (m / p)	6,934,522	2,082,971	0
s. Amortization amount (total) (q + r)	\$ 13,633,023	\$ 6,931,648	\$ 8,018,278

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

p.4

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

	NonUnion Retirement Plan		
	LG&E Union	LG&E	ServCo
a. Projected benefit obligation	\$ 330,905,939	\$ 233,463,794	\$ 417,323,115
b. Fair value of plan assets	287,460,869	173,690,880	277,180,145
c. Unrecognized transition (asset)/obligation	0	0	0
d. Unrecognized prior service cost	7,449,115	0	0
e. Cumulative ER contributions in excess of NPBC	(9,550,714)	(40,725,429)	(112,633,948)
f. Unrecognized (gain)/loss (a-b-c-d+e)	26,445,241	19,047,485	27,509,022
g. Market-related value of plan assets	275,951,212	167,159,282	265,369,125
h. Excess of fair value over market-related value (b-g)	11,509,657	6,531,598	11,811,020
i. Unrecognized (gain)/loss potentially subject to amortization (f+h)	37,954,898	25,579,083	39,320,042
j. 10% of the larger of a or g	33,090,594	23,346,379	41,732,312
k. 30% of the larger of a or g	99,271,782	70,039,138	125,196,935
l. Unrec. (gain)/loss subject to standard amortization	4,864,304	2,232,704	0
m. Unrec. (gain)/loss subject to accelerated amortization	0	0	0
n. Unrecognized (gain)/loss subject to amortization (Total)	4,864,304	2,232,704	0
o. Average years of future service	9.88	9.63	9.63
p. One-half average years of future service	4.94	4.82	4.82
q. Standard amortization amount (l / o)	492,338	231,849	0
r. Accelerated amortization amount (m / p)	0	0	0
s. Amortization amount (total) (q + r)	\$ 492,338	\$ 231,849	\$ 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>LG&E Union</u>	<u>LG&E</u>	<u>ServCo</u>		
1. Service cost p. 2	\$ 2,009,930	\$ 2,135,701	\$ 12,932,918		
2. Interest cost p. 2	13,564,734	9,688,835	17,648,530		
3. Expected return on assets p. 2	(19,750,316)	(13,542,925)	(21,911,895)		
4. Amortizations:					
a. Transition p. 6-B	0	0	0		
b. Prior service cost p. 6-B	2,118,027	1,915,245	2,502,694		
c. Gain/loss p. 3	13,633,023	6,931,648	8,018,278		
5. Net periodic pension cost	\$ 11,575,398	\$ 7,128,504	\$ 19,190,525		

Financial Accounting Purposes

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

Net Periodic Pension Cost

Benefit Obligations and Assets For Regulatory Accounting Purposes for Qualified Plans

	<u>LG&E Union</u>	<u>NonUnion Retirement Plan</u>	
		<u>LG&E</u>	<u>ServCo</u>
1. Projected benefit obligation (PBO)	\$ (330,905,939)	\$ (233,463,794)	\$ (417,323,115)
2. Fair value of plan assets	287,460,869	173,690,880	277,180,145
3. Funded status (1+2)	(43,445,070)	(59,772,914)	(140,142,970)
4. Unrecognized transition (asset)/obligation <i>p. 6-3</i>	0	0	0
5. Unrecognized prior service cost service cost <i>p. 6-3</i>	17,504,043	9,012,455	13,958,602
6. Unrecognized (gain)/loss <i>p. 3</i>	122,018,666	73,547,461	107,137,312
7. Cumulative ER contributions in excess of NPBC (3+4+5+6) <i>p. 3</i>	\$ 96,077,639	\$ 22,787,002	\$ (19,047,056)

Benefit Obligations and Assets For Financial Accounting Purposes for Qualified Plans

	<u>LG&E Union</u>	<u>NonUnion Retirement Plan</u>	
		<u>LG&E</u>	<u>ServCo</u>
1. Projected benefit obligation (PBO)	\$ (330,905,939)	\$ (233,463,794)	\$ (417,323,115)
2. Fair value of plan assets	287,460,869	173,690,880	277,180,145
3. Funded status (1+2)	(43,445,070)	(59,772,914)	(140,142,970)
4. Unrecognized transition (asset)/obligation	0	0	0
5. Unrecognized prior service cost service cost	7,449,115	0	0
6. Unrecognized (gain)/loss	26,445,241	19,047,485	27,509,022
7. Cumulative ER contributions in excess of NPBC (3+4+5+6)	\$ (9,550,714)	\$ (40,725,429)	\$ (112,633,948)

Actuarial Valuation Report

LG&E and KU Energy LLC Retirement Plans

Net Periodic Pension Cost

Other Amortization Amounts - LG&E Union

Regulatory Accounting Purposes

	Unrecognized Amount as of <u>January 1, 2013</u>	Years Remaining	Annual Amortization Amount
1. Transition	\$ 0	N/A	\$ 0
2. Prior Service			
January 1, 2004	981,977	6.00	163,663
January 1, 2005	1,258,998	7.00	179,857
January 1, 2006	1,085,264	7.00	155,038
January 1, 2007	1,242,982	8.00	155,373
January 1, 2008	5,485,707	8.00	685,714
January 1, 2012	7,449,115	9.57	778,382
Total Prior Service	\$ 17,504,043	p. 3,5	\$ 2,118,027

Financial Accounting Purposes

	Unrecognized Amount as of <u>January 1, 2013</u>	Years Remaining	Annual Amortization Amount
1. Transition	\$ 0	N/A	\$ 0
2. Prior Service			
January 1, 2012	7,449,115	9.57	778,382
Total Prior Service	\$ 7,449,115		\$ 778,382

Actuarial Valuation Report

LG&E and KU Energy LLC Retirement Plans

Net Periodic Pension Cost**Other Amortization Amounts - Non-Union Plan (LG&E 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	199,580	2.00	99,788
January 1, 2000	1,583,497	3.00	527,832
January 1, 2001	370,551	4.00	92,637
January 1, 2002	161,778	4.00	40,444
January 1, 2003	171,057	5.00	34,210
January 1, 2004	576,030	5.00	115,207
January 1, 2005	404,014	5.00	80,803
January 1, 2006	747,719	6.00	124,619
January 1, 2007	4,798,229	6.00	799,705
Total Prior Service	\$ 9,012,455	p. 3, 5	\$ 1,915,245

Financial Accounting Purposes

	Unrecognized Amount as of January 1, 2013	Years Remaining	Annual Amortization Amount
1. Transition	\$ 0	p. 3, 5 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 (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	p. 3,5 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, 2012
LG&E Union	\$ 287,460,869 p.10
LG&E and KU Energy LLC Non-Union	780,201,674

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	
	LG&E	ServCo
1. Market value of assets on December 31, 2012 before adjustment for transfers	p.11 \$175,950,556	p.12 \$274,002,971
2. Adjustment for transfers	p.11 (2,259,676)	p.12 3,177,174
3. Market value of assets on December 31, 2012 after adjustment for transfers	\$173,690,880	\$277,180,145

Actuarial Valuation Report

LG&E and KU Energy LLC Retirement Plans

Plan Assets**Market-Related Value of Assets – LG&E Union**

1. Expected return				
a. Fair value as of January 1, 2012		\$	256,426,066	
b. Contributions weighted for timing			12,075,000	
c. Benefit payments weighted for timing			7,056,046	
d. Expenses weighted for timing			0	
e. Time-weighted value of assets (a. + b. – c. – d.)			261,445,020	
f. Expected rate of return			7.25%	
g. Expected return (e. x f.)		\$	18,954,764	
2. Actual return				
a. Fair value as of January 1, 2012		\$	256,426,066	
b. Contributions			12,600,000	
c. Benefit payments			14,112,092	
d. Expenses			0	
e. Fair value at December 31, 2012			287,460,869	
f. Actual return (e. – a. – b. + c. + d.)		\$	32,546,895	
3. Asset method base				
a. Expected return (1.g.)			18,954,764	
b. Actual return (2.f.)			32,546,895	
c. Gain (Loss) (b. – a.)		\$	13,592,131	
4. Actuarial adjustment				
	Valuation Date	Asset Method Base	Adjustment Factor	Adjustment
	January 1, 2011	\$ 3,155,862	56.67%	\$ (1,788,322)
	January 1, 2012	(1,920,617)	60.00%	1,152,370
	January 1, 2013	13,592,131	80.00%	(10,873,705)
	Total adjustment			\$ (11,509,657)
5. Fair value as of January 1, 2013 prior to adjustment for transfers				\$ 287,460,869 p.9
6. Adjustment for transfers				0
7. Actuarial adjustment				(11,509,657)
8. Market-related value (5. + 6. + 7.)				\$ 275,951,212 p.3

Actuarial Valuation Report

LG&E and KU Energy LLC Retirement Plans

Plan Assets**Market-Related Value of Assets – Non-Union Plan (LG&E Division)**

1. Expected return				
a. Fair value as of January 1, 2012		\$	159,216,226	
b. Contributions weighted for timing			8,337,500	
c. Benefit payments weighted for timing			5,507,893	
d. Expenses weighted for timing			0	
e. Time-weighted value of assets (a. + b. – c. – d.)			162,045,833	
f. Expected rate of return			7.25%	
g. Expected return (e. x f.)		\$	11,748,323	
2. Actual return				
a. Fair value as of January 1, 2012		\$	159,216,226	
b. Contributions			8,700,000	
c. Benefit payments			11,015,786	
d. Expenses			0	
e. Fair value at December 31, 2012			175,950,556	
f. Actual return (e. – a. – b. + c. + d.)		\$	19,050,116	
3. Asset method base				
a. Expected return (1.g.)			11,748,323	
b. Actual return (2.f.)			19,050,116	
c. Gain (Loss) (b. – a.)		\$	7,301,793	
4. Actuarial adjustment				
	Valuation Date	Asset Method Base	Adjustment Factor	Adjustment
	January 1, 2011	\$ 2,167,390	56.67%	\$ (1,228,188)
	January 1, 2012	(896,706)	60.00%	538,024
	January 1, 2013	7,301,793	80.00%	(5,841,434)
	Total adjustment			\$ (6,531,598)
5. Fair value as of January 1, 2013 prior to adjustment for transfers				\$ 175,950,556 p. 9
6. Adjustment for transfers				(2,259,676) p. 9
7. Actuarial adjustment				(6,531,598)
8. Market-related value (5. + 6. + 7.)				\$ 167,159,282 p. 3

Plan Assets

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

1. Expected return

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

2. Actual return

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

3. Asset method base

a. Expected return (1.g.)	17,621,112
b. Actual return (2.f.)	30,584,212
c. Gain (Loss) (b. – a.)	\$ 12,963,100

4. Actuarial adjustment

Valuation Date	Asset Method Base	Adjustment Factor	Adjustment
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)
Total adjustment			\$ (11,811,020)

5. Fair value as of January 1, 2013 prior to adjustment for transfers	\$ 274,002,971	p. 9
6. Adjustment for transfers	3,177,174	p. 9
7. Actuarial adjustment	(11,811,020)	
8. Market-related value (5. + 6. +7.)	\$ 265,369,125	p. 3



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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>LG&E Union</u>	<u>LG&E</u>	<u>ServCo</u>
Service Cost			
1. Service cost at beginning of year	\$ 1,756,164	\$ 1,802,781	\$ 10,476,600
2. Interest for year	87,808	92,302	536,402
3. Service cost at end of year	\$ 1,843,972	\$ 1,895,083	\$ 11,013,002
Interest Cost			
1. Projected benefit obligation	\$ 297,288,779	\$ 207,888,565	\$ 331,690,928
2. a. Expected distributions	14,892,069	10,967,767	4,367,525
b. Weighted for timing	8,066,537	5,940,874	2,365,743
3. Average projected benefit obligation	289,222,242	201,947,691	329,325,185
4. Discount rate	5.00%	5.12%	5.12%
5. Interest cost	\$ 14,461,112	\$ 10,339,722	\$ 16,861,449
Expected Return on Assets			
1. Market-related value of assets	\$ 255,555,758	\$ 158,271,925	\$ 226,430,663
2. a. Expected distributions	14,892,069	10,967,767	4,367,525
b. Weighted for timing	8,066,537	5,940,874	2,365,743
3. a. Expected employer contributions	12,600,000	8,700,000	15,600,000
b. Weighted for timing	12,075,000	8,337,500	14,950,000
4. Average expected market-related value of assets	259,564,221	160,668,551	239,014,920
5. Assumed rate of return	7.25%	7.25%	7.25%
6. Expected return on assets	\$ 18,818,406	\$ 11,648,470	\$ 17,328,582

Actuarial Valuation Report

L&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		
	LG&E Union	LG&E	ServCo
a. Projected benefit obligation	\$ 297,288,779	\$ 207,888,565	\$ 331,690,928
b. Fair value of plan assets	256,438,758	159,216,226	228,380,881
c. Unrecognized transition (asset)/obligation	0	0	0
d. Unrecognized prior service cost	19,989,243	11,024,169	16,464,530
e. Cumulative ER contributions in excess of NPBC	94,117,037	20,504,394	(20,048,040)
f. Unrecognized (gain)/loss (a-b-c-d+e)	114,977,815	58,152,564	66,797,477
g. Market-related value of plan assets	255,555,758	158,271,925	228,430,663
h. Excess of fair value over market-related value (b-g)	883,000	944,301	1,950,218
i. Unrecognized (gain)/loss potentially subject to amortization (f+h)	115,860,815	59,096,865	68,747,695
j. 10% of the larger of a or g	29,728,878	20,788,857	33,169,093
k. 30% of the larger of a or g	89,186,634	62,366,570	99,507,278
l. Unrec. (gain)/loss subject to standard amortization	59,457,756	38,308,008	35,578,502
m. Unrec. (gain)/loss subject to accelerated amortization	26,674,181	0	0
n. Unrecognized (gain)/loss subject to amortization (Total)	86,131,937	38,308,008	35,578,502
o. Average years of future service	10.57	10.03	10.03
p. One-half average years of future service	5.29	5.02	5.02
q. Standard amortization amount (l / o)	5,625,142	3,819,343	3,547,219
r. Accelerated amortization amount (m / p)	5,042,378	0	0
s. Amortization amount (total) (q + r)	\$ 10,667,520	\$ 3,819,343	\$ 3,547,219

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

	NonUnion Retirement Plan		
	LG&E Union	LG&E	ServCo
a. Projected benefit obligation	\$ 297,288,779	\$ 207,888,565	\$ 331,690,928
b. Fair value of plan assets	256,438,758	159,216,226	228,380,881
c. Unrecognized transition (asset)/obligation	0	0	0
d. Unrecognized prior service cost	8,227,497	0	0
e. Cumulative ER contributions in excess of NPBC	(23,885,654)	(48,839,094)	(119,688,079)
f. Unrecognized (gain)/loss (a-b-c-d+e)	8,736,870	(166,755)	(16,378,032)
g. Market-related value of plan assets	255,555,758	158,271,925	228,430,663
h. Excess of fair value over market-related value (b-g)	883,000	944,301	1,950,218
i. Unrecognized (gain)/loss potentially subject to amortization (f+h)	9,619,870	777,546	(14,427,814)
j. 10% of the larger of a or g	29,728,878	20,788,857	33,169,093
k. 30% of the larger of a or g	89,186,634	62,366,570	99,507,278
l. Unrec. (gain)/loss subject to standard amortization	0	0	0
m. Unrec. (gain)/loss subject to accelerated amortization	0	0	0
n. Unrecognized (gain)/loss subject to amortization (Total)	0	0	0
o. Average years of future service	10.57	10.03	10.03
p. One-half average years of future service	5.29	5.02	5.02
q. Standard amortization amount (l / o)	0	0	0
r. Accelerated amortization amount (m / p)	0	0	0
s. Amortization amount (total) (q + r)	\$ 0	\$ 0	\$ 0

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>LG&E Union</u>	<u>LG&E</u>	<u>ServCo</u>
1. Service cost	\$ 1,843,972	\$ 1,895,083	\$ 11,013,002
2. Interest cost	14,461,112	10,339,722	16,861,449
3. Expected return on assets	(18,818,406)	(11,648,470)	(17,328,582)
4. Amortizations:			
a. Transition	0	0	0
b. Prior service cost	2,485,200	2,011,714	2,505,928
c. Gain/loss	10,667,520	3,819,343	3,547,219
5. Net periodic pension cost	\$ 10,639,398	\$ 6,417,392	\$ 16,599,016

Financial Accounting Purposes

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

Net Periodic Pension Cost

Benefit Obligations and Assets For Regulatory Accounting Purposes for Qualified Plans

	NonUnion Retirement Plan					
	<u>LG&E Union</u>	<u>LG&E</u>	<u>ServCo</u>			
1. Projected benefit obligation (PBO)	\$ (297,288,779)	\$ (207,888,565)	\$ (331,690,928)			
2. Fair value of plan assets	256,438,758	159,216,226	228,380,881			
3. Funded status (1+2)	(40,850,021)	(48,672,339)	(103,310,047)			
4. Unrecognized transition (asset)/obligation	0	0	0			
5. Unrecognized prior service cost service cost	19,989,243	11,024,169	16,464,530			
6. Unrecognized (gain)/loss	114,977,815	58,152,564	66,797,477			
7. Cumulative ER contributions in excess of NPBC (3+4+5+6)	\$ 94,117,037	\$ 20,504,394	\$ (20,048,040)			

Benefit Obligations and Assets For Financial Accounting Purposes for Qualified Plans

	NonUnion Retirement Plan					
	<u>LG&E Union</u>	<u>LG&E</u>	<u>ServCo</u>			
1. Projected benefit obligation (PBO)	\$ (297,288,779)	\$ (207,888,565)	\$ (331,690,928)			
2. Fair value of plan assets	256,438,758	159,216,226	228,380,881			
3. Funded status (1+2)	(40,850,021)	(48,672,339)	(103,310,047)			
4. Unrecognized transition (asset)/obligation	0	0	0			
5. Unrecognized prior service cost service cost	8,227,497	0	0			
6. Unrecognized (gain)/loss	8,736,870	(166,755)	(16,378,032)			
7. Cumulative ER contributions in excess of NPBC (3+4+5+6)	\$ (23,885,654)	\$ (48,839,094)	\$ (119,688,079)			

Actuarial Valuation Report

LG&E and KU Energy LLC Retirement Plans

Net Periodic Pension Cost

Other Amortization Amounts - LG&E Union

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	367,173	1.00	367,173
January 1, 2004	1,145,640	7.00	163,663
January 1, 2005	1,438,855	8.00	179,857
January 1, 2006	1,240,302	8.00	155,038
January 1, 2007	1,398,355	9.00	155,373
January 1, 2008	6,171,421	9.00	685,714
January 1, 2012	8,227,497	10.57	778,382
Total Prior Service	\$ 19,989,243		\$ 2,485,200

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			
January 1, 2012	8,227,497	10.57	778,382
Total Prior Service	\$ 8,227,497		\$ 778,382

Actuarial Valuation Report

LG&E and KU Energy LLC Retirement Plans

Net Periodic Pension Cost

Other Amortization Amounts - Non-Union Plan (LG&E 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	96,469	1.00	96,469
January 1, 1999	299,368	3.00	99,788
January 1, 2000	2,111,329	4.00	527,832
January 1, 2001	463,188	5.00	92,637
January 1, 2002	202,222	5.00	40,444
January 1, 2003	205,267	6.00	34,210
January 1, 2004	691,237	6.00	115,207
January 1, 2005	484,817	6.00	80,803
January 1, 2006	872,338	7.00	124,619
January 1, 2007	5,597,934	7.00	799,705
Total Prior Service	\$ 11,024,169		\$ 2,011,714

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&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&E and KU Energy LLC Retirement Plans

Plan Assets

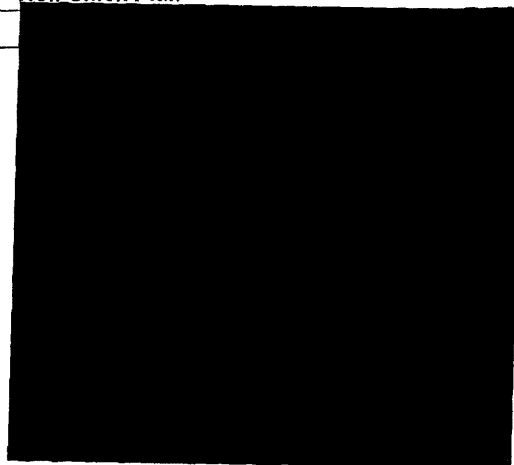
Market Value of Assets for Qualified Plans

Plan	Market Value of Assets as of December 31, 2011
LG&E Union	\$ 256,438,758
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	
	LG&E	ServCo
1. Market value of assets on December 31, 2011 before adjustment for transfers	\$165,649,109	\$217,442,856
2. Adjustment for transfers	(6,432,883)	10,938,025
3. Market value of assets on December 31, 2011 after adjustment for transfers	159,216,226	228,380,881



Actuarial Valuation Report

LG&E and KU Energy LLC Retirement Plans

Plan Assets

Market-Related Value of Assets – LG&E Union

1. Expected return			
a. Fair value as of January 1, 2011		\$	217,049,556
b. Contributions weighted for timing			36,416,667
c. Benefit payments weighted for timing			7,269,714
d. Expenses weighted for timing			0
e. Time-weighted value of assets (a. + b. – c. – d)			246,196,509
f. Expected rate of return			7.25%
g. Expected return (e. x f.)		\$	17,849,247
2. Actual return			
a. Fair value as of January 1, 2011		\$	217,049,556
b. Contributions			38,000,000
c. Benefit payments			14,539,428
d. Expenses			0
e. Fair value at December 31, 2011			256,438,758
f. Actual return (e. – a. – b. + c. + d.)		\$	15,928,630
3. Asset method base			
a. Expected return (1.g.)			17,849,247
b. Actual return (2.f.)			15,928,630
c. Gain (Loss) (b. – a.)		\$	(1,920,617)
4. Actuarial adjustment			
	Valuation Date	Asset Method Base	Adjustment Factor
	January 1, 2011	\$ 3,155,862	76.67%
	January 1, 2012	(1,920,617)	80.00%
	Total adjustment		\$ (883,000)
5. Fair value as of January 1, 2012 prior to adjustment for transfers		\$	256,438,758
6. Adjustment for transfers			0
7. Actuarial adjustment			(883,000)
8. Market-related value (5. + 6. + 7.)		\$	255,555,758

Actuarial Valuation Report

LG&E and KU Energy LLC Retirement Plans

Plan Assets

Market-Related Value of Assets – Non-Union Plan (LG&E Division)

1. Expected return				
a. Fair value as of January 1, 2011		\$	139,865,958	
b. Contributions weighted for timing			24,916,667	
c. Benefit payments weighted for timing			5,436,373	
d. Expenses weighted for timing			0	
e. Time-weighted value of assets (a. + b. - c. - d.)			159,346,252	
f. Expected rate of return			7.25%	
g. Expected return (e. x f.)		\$	11,552,603	
2. Actual return				
a. Fair value as of January 1, 2011		\$	139,865,958	
b. Contributions			26,000,000	
c. Benefit payments			10,872,746	
d. Expenses			0	
e. Fair value at December 31, 2011			165,649,109	
f. Actual return (e. - a. - b. + c. + d.)		\$	10,655,897	
3. Asset method base				
a. Expected return (1.g.)			11,552,603	
b. Actual return (2.f.)			10,655,897	
c. Gain (Loss) (b. - a.)		\$	(896,706)	
4. Actuarial adjustment				
	Valuation Date	Asset Method Base	Adjustment Factor	Adjustment
	January 1, 2011	\$ 2,167,390	76.67%	\$ (1,661,666)
	January 1, 2012	(896,706)	80.00%	717,365
	Total adjustment			\$ (944,301)
5. Fair value as of January 1, 2012 prior to adjustment for transfers		\$	165,649,109	
6. Adjustment for transfers			(6,432,883)	
7. Actuarial adjustment			(944,301)	
8. Market-related value (5. + 6. + 7.)		\$	158,271,925	

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
	January 1, 2011	\$ 2,654,702	76.67%
	January 1, 2012	(106,318)	80.00%
	Total adjustment		\$ (1,950,218)
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



CONSULTING. OUTSOURCING. INVESTMENTS.

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		
	<u>LG&E Union</u>	<u>LG&E</u>	<u>ServCo</u>
Service Cost			
1. Service cost at beginning of year	\$ 1,634,219	\$ 2,269,101	\$ 10,993,068
2. Interest for year	88,084	125,254	606,817
3. Service cost at end of year	\$ 1,722,303	\$ 2,394,355	\$ 11,599,885
Interest Cost			
1. Projected benefit obligation	\$ 275,717,657	\$ 214,266,644	\$ 310,545,652
2. a. Expected distributions	15,137,790	10,904,621	3,349,735
b. Weighted for timing	8,199,636	5,906,670	1,814,440
3. Average projected benefit obligation	267,518,021	208,359,974	308,731,212
4. Discount rate	5.39%	5.52%	5.52%
5. Interest cost	\$ 14,419,221	\$ 11,501,471	\$ 17,041,963
Expected Return on Assets			
1. Market-related value of assets	\$ 213,998,889	\$ 137,770,814	\$ 164,421,114
2. a. Expected distributions	15,137,790	10,904,621	3,349,735
b. Weighted for timing	8,199,636	5,906,670	1,814,440
3. a. Expected employer contributions	38,000,000	26,000,000	38,000,000
b. Weighted for timing	36,416,667	24,916,667	36,416,667
4. Average expected market-related value of assets	242,215,920	156,780,811	199,023,341
5. Assumed rate of return	7.25%	7.25%	7.25%
6. Expected return on assets	\$ 17,560,654	\$ 11,366,609	\$ 14,429,192

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		
	LG&E Union	LG&E	ServCo
a. Projected benefit obligation	\$ 275,717,657	\$ 214,266,644	\$ 310,545,652
b. Fair value of plan assets	217,049,556	139,865,958	166,987,326
c. Unrecognized transition (asset)/obligation	0	0	0
d. Unrecognized prior service cost	13,550,099	13,407,723	18,976,480
e. (Accrued)/prepaid pension cost	67,469,950	4,184,011	(35,421,488)
f. Unrecognized (gain)/loss (a-b-c-d+e)	112,587,952	65,156,974	89,160,358
g. Market-related value of plan assets	213,998,889	137,770,814	164,421,114
h. Excess of fair value over market-related value (b-g)	3,050,667	2,095,144	2,566,212
i. Unrecognized (gain)/loss potentially subject to amortization (f+h)	115,638,619	67,252,118	91,726,570
j. 10% of the larger of a or g	27,571,766	21,426,664	31,054,565
k. 30% of the larger of a or g	82,715,297	64,279,993	93,163,696
l. Unrec. (gain)/loss subject to standard amortization	55,143,531	42,853,329	60,672,005
m. Unrec. (gain)/loss subject to accelerated amortization	32,923,322	2,972,125	0
n. Unrecognized (gain)/loss subject to amortization (Total)	88,066,853	45,825,454	60,672,005
o. Average years of future service	11.01	10.28	10.28
p. One-half average years of future service	5.51	5.14	5.14
q. Standard amortization amount (l / o)	5,008,496	4,168,612	5,901,946
r. Accelerated amortization amount (m / p)	5,975,195	578,234	0
s. Amortization amount (total) (q + r)	\$ 10,983,690	\$ 4,746,846	\$ 5,901,946

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

	NonUnion Retirement Plan		
	LG&E Union	LG&E	ServCo
a. Projected benefit obligation	\$ 275,717,657	\$ 214,266,644	\$ 310,545,652
b. Fair value of plan assets	217,049,556	139,865,958	166,987,326
c. Unrecognized transition (asset)/obligation	0	0	0
d. Unrecognized prior service cost	0	0	0
e. (Accrued)/prepaid pension cost	(63,304,784)	(72,309,877)	(143,475,423)
f. Unrecognized (gain)/loss (a-b-c-d+e)	(4,636,683)	2,090,809	82,903
g. Market-related value of plan assets	213,998,889	137,770,814	164,421,114
h. Excess of fair value over market-related value (b-g)	3,050,667	2,095,144	2,566,212
i. Unrecognized (gain)/loss potentially subject to amortization (f+h)	(1,586,016)	4,185,953	2,649,115
j. 10% of the larger of a or g	27,571,766	21,426,664	31,054,565
k. 30% of the larger of a or g	82,715,297	64,279,993	93,163,696
l. Unrec. (gain)/loss subject to standard amortization	0	0	0
m. Unrec. (gain)/loss subject to accelerated amortization	0	0	0
n. Unrecognized (gain)/loss subject to amortization (Total)	0	0	0
o. Average years of future service	11.01	10.28	10.28
p. One-half average years of future service	5.51	5.14	5.14
q. Standard amortization amount (l / o)	0	0	0
r. Accelerated amortization amount (m / p)	0	0	0
s. Amortization amount (total) (q + r)	\$ 0	\$ 0	\$ 0

Actuarial Valuation Report

LG&E and KU Energy LLC Retirement Plans

Net Periodic Pension Cost

2011 Net Periodic Pension Cost for Qualified Plans

Regulatory Accounting Purposes

	NonUnion Retirement Plan			
	<u>LG&E Union</u>	<u>LG&E</u>	<u>ServCo</u>	
1. Service cost	\$ 1,722,303	\$ 2,394,355	\$ 11,599,885	
2. Interest cost	14,419,221	11,501,471	17,041,963	
3. Expected return on assets	(17,560,654)	(11,366,609)	(14,429,192)	
4. Amortizations:				
a. Transition	0	0	0	
b. Prior service cost	1,788,353	2,383,554	2,511,950	
c. Gain/loss	10,983,690	4,746,846	5,901,946	
5. Net periodic pension cost	\$ 11,352,913	\$ 9,659,617	\$ 22,626,552	

Financial Accounting Purposes

	NonUnion Retirement Plan			
	<u>LG&E Union</u>	<u>LG&E</u>	<u>ServCo</u>	
1. Service cost	\$ 1,722,303	\$ 2,394,355	\$ 11,599,885	
2. Interest cost	14,419,221	11,501,471	17,041,963	
3. Expected return on assets	(17,560,654)	(11,366,609)	(14,429,192)	
4. Amortizations:				
a. Transition	0	0	0	
b. Prior service cost	0	0	0	
c. Gain/loss	0	0	0	
5. Net periodic pension cost	\$ (1,419,130)	\$ 2,529,217	\$ 14,212,656	

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**

	LG&E Union	NonUnion Retirement Plan	
		LG&E	ServCo
1. Projected benefit obligation (PBO)	\$ (275,717,657)	\$ (214,266,644)	\$ (310,545,652)
2. Fair value of plan assets	217,049,556	139,865,958	166,987,326
3. Funded status (1+2)	(58,668,101)	(74,400,686)	(143,558,326)
4. Unrecognized transition (asset)/obligation	0	0	0
5. Unrecognized prior service service cost	13,550,099	13,407,723	18,976,480
6. Unrecognized (gain)/loss	112,587,952	65,156,974	89,160,358
7. Net amount recognized (3+4+5+6)	\$ 67,469,950	\$ 4,164,011	\$ (35,421,488)

Benefit Obligations and Assets For Financial Accounting Purposes for Qualified Plans

	LG&E Union	NonUnion Retirement Plan	
		LG&E	ServCo
1. Projected benefit obligation (PBO)	\$ (275,717,657)	\$ (214,266,644)	\$ (310,545,652)
2. Fair value of plan assets	217,049,556	139,865,958	166,987,326
3. Funded status (1+2)	(58,668,101)	(74,400,686)	(143,558,326)
4. Unrecognized transition (asset)/obligation	0	0	0
5. Unrecognized prior service service cost	0	0	0
6. Unrecognized (gain)/loss	(4,636,683)	2,090,809	82,903
7. Net amount recognized (3+4+5+6)	\$ (63,304,784)	\$ (72,309,877)	\$ (143,475,423)

Actuarial Valuation Report

LG&E and KU Energy LLC Retirement Plans

Net Periodic Pension Cost

Other Amortization Amounts - LG&E Union

Regulatory Accounting Purposes

	Unrecognized Amount as of January 1, 2011	Years Remaining	Annual Amortization Amount
1. Transition	\$ 0	N/A	\$ 0
2. Prior Service			
January 1, 1998	81,537	1.00	81,537
January 1, 2000	734,344	2.00	367,171
January 1, 2004	1,309,303	8.00	163,663
January 1, 2005	1,618,712	9.00	179,857
January 1, 2006	1,395,340	9.00	155,038
January 1, 2007	1,553,728	10.00	155,373
January 1, 2008	6,857,135	10.00	686,714
Total Prior Service	\$ 13,550,099		\$ 1,788,353

Financial Accounting Purposes

	Unrecognized Amount as of January 1, 2011	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 (LG&E Division)

Regulatory Accounting Purposes

	Unrecognized Amount as of January 1, 2011	Years Remaining	Annual Amortization Amount
1. Transition	\$ 0	N/A	\$ 0
2. Prior Service			
January 1, 1994	(15,035)	1.00	(15,035)
January 1, 1995	304,353	1.00	304,353
January 1, 1997	82,517	1.00	82,517
January 1, 1998	192,943	2.00	96,474
January 1, 1999	399,156	4.00	99,788
January 1, 2000	2,639,161	5.00	527,832
January 1, 2001	555,825	6.00	92,637
January 1, 2002	242,666	6.00	40,444
January 1, 2003	239,477	7.00	34,210
January 1, 2004	806,444	7.00	115,207
January 1, 2005	565,620	7.00	80,803
January 1, 2006	996,957	8.00	124,619
January 1, 2007	6,397,639	8.00	799,705
Total Prior Service	\$ 13,407,723		\$ 2,383,554

Financial Accounting Purposes

	Unrecognized Amount as of January 1, 2011	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 (ServCo Division)

Regulatory Accounting Purposes

	Unrecognized Amount as of January 1, 2011	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 January 1, 2011	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, 2010
LG&E Union	\$ 217,049,556
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	
	LG&E	ServCo
1. Market value of assets on December 31, 2010 before adjustment for transfers	\$140,650,485	\$165,902,432
2. Adjustment for transfers	(784,527)	1,084,894
3. Market value of assets on December 31, 2010 after adjustment for transfers	139,865,958	166,987,326

Actuarial Valuation Report

LG&E and KU Energy LLC Retirement Plans

Plan Assets

Market-Related Value of Assets – LG&E Union

1. Expected return			
a. Fair value as of November 1, 2010		\$	213,826,126
b. Contributions weighted for timing			0
c. Benefit payments weighted for timing			1,250,527
d. Expenses weighted for timing			0
e. Time-weighted value of assets (a. + b. – c. – d.)			212,575,599
f. Expected rate of return			7.25%
g. Expected return (e. x f. x 2/12)		\$	2,568,622
2. Actual return			
a. Fair value as of November 1, 2010		\$	213,826,126
b. Contributions			0
c. Benefit payments			2,501,054
d. Expenses			0
e. Fair value at December 31, 2010			217,049,556
f. Actual return (e. – a. – b. + c. + d.)		\$	5,724,484
3. Asset method base			
a. Expected return (1.g.)			2,568,622
b. Actual return (2.f.)			5,724,484
c. Gain (Loss) (b. – a.)		\$	3,155,862
4. Actuarial adjustment			
	Valuation Date	Asset Method Base	Adjustment Factor
	January 1, 2011	\$ 3,155,862	96.67%
	Total adjustment		\$ (3,050,667)
5. Fair value as of January 1, 2011 prior to adjustment for transfers		\$	217,049,556
6. Adjustment for transfers			0
7. Actuarial adjustment			(3,050,667)
8. Market-related value (5. + 6. + 7.)		\$	213,998,889

Actuarial Valuation Report

LG&E and KU Energy LLC Retirement Plans

Plan Assets

Market-Related Value of Assets – Non-Union Plan (LG&E Division)

1. Expected return	
a. Fair value as of November 1, 2010	\$ 138,646,047
b. Contributions weighted for timing	0
c. Benefit payments weighted for timing	913,610
d. Expenses weighted for timing	0
e. Time-weighted value of assets (a. + b. - c. - d)	137,732,438
f. Expected rate of return	7.25%
g. Expected return (e. x f. x 2/12)	\$ 1,664,267
2. Actual return	
a. Fair value as of November 1, 2010	\$ 138,646,047
b. Contributions	0
c. Benefit payments	1,827,219
d. Expenses	0
e. Fair value at December 31, 2010	140,650,485
f. Actual return (e. - a. - b. + c. + d.)	\$ 3,831,657
3. Asset method base	
d. Expected return (1.g.)	1,664,267
e. Actual return (2.f.)	3,831,657
f. Gain (Loss) (b. - a.)	\$ 2,167,390

4. Actuarial adjustment

Valuation Date	Asset Method Base	Adjustment Factor	Adjustment
January 1, 2011	\$ 2,167,390	96.67%	\$ (2,095,144)
Total adjustment			\$ (2,095,144)

5. Fair value as of January 1, 2011 prior to adjustment for transfers	\$ 140,650,485
6. Adjustment for transfers	(784,527)
7. Actuarial adjustment	(2,095,144)
8. Market-related value (5. + 6. + 7.)	\$ 137,770,814

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 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

Report

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

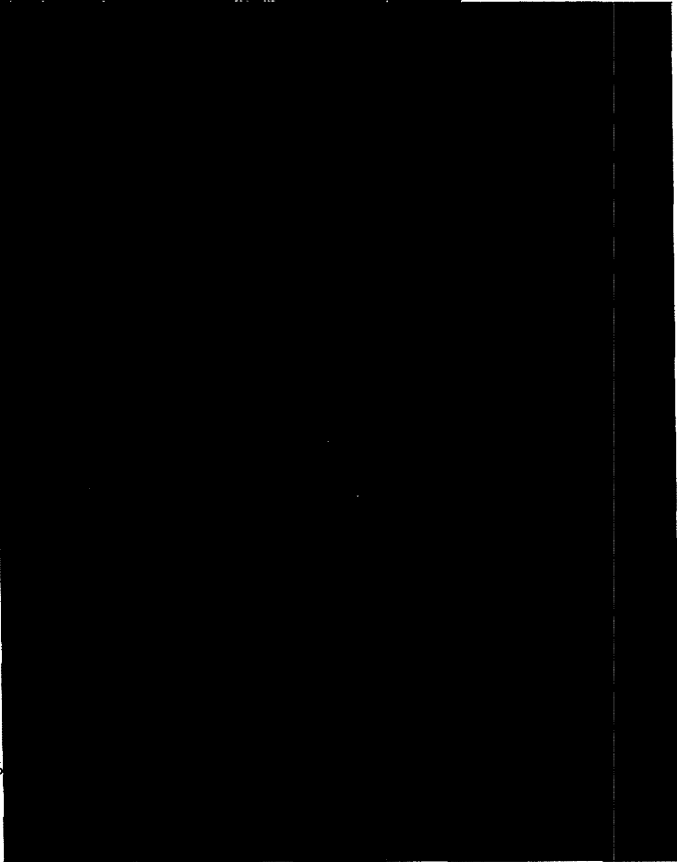
LG&E and KU Energy LLC Retirement Plans

Net Periodic Pension Cost

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

NonUnion Retirement Plan

	<u>LG&E Union</u>	<u>LG&E</u>	<u>ServCo</u>
Service Cost			
1. Service cost at beginning of period	\$ 317,607	\$ 410,510	\$ 1,902,301
2. Interest for period	2,795	3,729	17,279
3. Service cost at end of period	\$ 320,402	\$ 414,239	\$ 1,919,580
Interest Cost			
1. Projected benefit obligation	\$ 276,952,858	\$ 210,303,969	\$ 302,349,654
2. a. Expected distributions	2,556,510	1,841,161	469,360
b. Weighted for timing	1,278,255	920,581	234,680
3. Average projected benefit obligation	275,674,603	209,383,388	302,114,974
4. Discount rate	5.28%	5.45%	5.45%
5. Interest cost (3. x 4. x 2/12)	\$ 2,425,937	\$ 1,901,899	\$ 2,744,211
Expected Return on Assets			
1. Market-related value of assets	\$ 213,826,126	\$ 138,646,047	\$ 161,588,332
2. a. Expected distributions	2,556,510	1,841,161	469,360
b. Weighted for timing	1,278,255	920,581	234,680
3. a. Expected employer contributions	0	0	0
b. Weighted for timing	0	0	0
4. Average expected market-related value of assets	212,547,871	137,725,466	161,353,652
5. Assumed rate of return	7.25%	7.25%	7.25%
6. Expected return on assets (4. x 5. x 2/12)	\$ 2,568,287	\$ 1,664,183	\$ 1,949,690



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		
	<u>LG&E Union</u>	<u>LG&E</u>	<u>ServCo</u>
a. Projected benefit obligation	\$ 276,952,858	\$ 210,303,969	\$ 302,349,654
b. Fair value of plan assets	213,826,126	138,646,047	161,588,332
c. Unrecognized transition (asset)/obligation	0	0	0
d. Unrecognized prior service cost	13,934,534	13,881,428	19,398,168
e. (Accrued)/prepaid pension cost	69,859,310	5,956,701	(31,365,998)
f. Unrecognized (gain)/loss (a-b-c-d+e)	119,051,508	63,733,195	89,997,156
g. Market-related value of plan assets	213,826,126	138,646,047	161,588,332
h. Excess of fair value over market-related value (b-g)	0	0	0
i. Unrecognized (gain)/loss potentially subject to amortization (f+h)	119,051,508	63,733,195	89,997,156
j. 10% of the larger of a or g	27,695,286	21,030,397	30,234,965
k. 30% of the larger of a or g	83,085,857	63,091,191	90,704,896
l. Unrec. (gain)/loss subject to standard amortization	55,390,571	42,060,794	59,762,191
m. Unrec. (gain)/loss subject to accelerated amortization	35,965,651	642,004	0
n. Unrecognized (gain)/loss subject to amortization (Total)	91,356,222	42,702,798	59,762,191
o. Average years of future service	11.61	10.83	10.83
p. One-half average years of future service	5.81	5.42	5.42
q. Standard amortization amount (l / o x 2/12)	795,156	647,288	919,701
r. Accelerated amortization amount (m / p x 2/12)	1,031,717	19,742	0
s. Amortization amount (total) (q + r)	\$ 1,826,873	\$ 667,030	\$ 919,701

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

	NonUnion Retirement Plan		
	<u>LG&E Union</u>	<u>LG&E</u>	<u>ServCo</u>
a. Projected benefit obligation	\$ 276,952,858	\$ 210,303,969	\$ 302,349,654
b. Fair value of plan assets	213,826,126	138,646,047	161,588,332
c. Unrecognized transition (asset)/obligation	0	0	0
d. Unrecognized prior service cost	0	0	0
e. (Accrued)/prepaid pension cost *	(63,126,732)	(71,657,922)	(140,761,322)
f. Unrecognized (gain)/loss (a-b-c-d+e)	0	0	0

* Purchase accounting amount

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Actuarial Valuation Report

LG&E and KU Energy LLC Retirement Plans

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>LG&E Union</u>	<u>LG&E</u>	<u>ServCo</u>	
1. Service cost	\$ 320,402	\$ 414,239	\$ 1,919,580	
2. Interest cost	2,425,937	1,901,899	2,744,211	
3. Expected return on assets	(2,568,287)	(1,664,183)	(1,949,690)	
4. Amortizations:				
a. Transition	0	0	0	
b. Prior service cost	384,435	473,705	421,688	
c. Gain/loss	1,826,873	667,030	919,701	
5. Net periodic pension cost	\$ 2,389,360	\$ 1,792,690	\$ 4,055,490	

Financial Accounting Purposes

	NonUnion Retirement Plan			
	<u>LG&E Union</u>	<u>LG&E</u>	<u>ServCo</u>	
1. Service cost	\$ 320,402	\$ 414,239	\$ 1,919,580	
2. Interest cost	2,425,937	1,901,899	2,744,211	
3. Expected return on assets	(2,568,287)	(1,664,183)	(1,949,690)	
4. Amortizations:				
a. Transition	0	0	0	
b. Prior service cost	0	0	0	
c. Gain/loss	0	0	0	
5. Net periodic pension cost	\$ 178,052	\$ 651,955	\$ 2,714,101	

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 as of November 1, 2010**

	<u>LG&E Union</u>	<u>NonUnion Retirement Plan</u>	
		<u>LG&E</u>	<u>ServCo</u>
1. Projected benefit obligation (PBO)	\$ (276,952,858)	\$ (210,303,969)	\$ (302,349,654)
2. Fair value of plan assets	213,826,126	138,646,047	161,588,332
3. Funded status (1+2)	(63,126,732)	(71,657,922)	(140,761,322)
4. Unrecognized transition (asset)/obligation	0	0	0
5. Unrecognized prior service cost	13,934,534	13,881,428	19,398,168
6. Unrecognized (gain)/loss	119,051,508	63,733,195	89,997,156
7. Net amount recognized (3+4+5+6)	\$ 69,859,310	\$ 5,956,701	\$ (31,365,998)

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

	<u>LG&E Union</u>	<u>NonUnion Retirement Plan</u>	
		<u>LG&E</u>	<u>ServCo</u>
1. Projected benefit obligation (PBO)	\$ (276,952,858)	\$ (210,303,969)	\$ (302,349,654)
2. Fair value of plan assets	213,826,126	138,646,047	161,588,332
3. Funded status (1+2)	(63,126,732)	(71,657,922)	(140,761,322)
4. Unrecognized transition (asset)/obligation	0	0	0
5. Unrecognized prior service cost	0	0	0
6. Unrecognized (gain)/loss	0	0	0
7. Net amount recognized * (3+4+5+6)	\$ (63,126,732)	\$ (71,657,922)	\$ (140,761,322)

* Purchase accounting amounts

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Net Periodic Pension Cost

Other Amortization Amounts - LG&E Union

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, 1995	6,468	0.17	6,468
January 1, 1996	68,373	0.17	68,373
January 1, 1997	11,534	0.17	11,534
January 1, 1998	95,127	1.17	13,590
January 1, 2000	795,539	2.17	61,195
January 1, 2004	1,336,580	8.17	27,277
January 1, 2005	1,648,688	9.17	29,976
January 1, 2006	1,421,180	9.17	25,840
January 1, 2007	1,579,624	10.17	25,896
January 1, 2008	6,971,421	10.17	114,286
Total Prior Service	\$ 13,934,534		\$ 384,435

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

Net Periodic Pension Cost**Other Amortization Amounts - Non-Union Plan (LG&E 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	(17,542)	1.17	(2,507)
January 1, 1995	355,079	1.17	50,726
January 1, 1996	76,446	0.17	76,446
January 1, 1997	96,270	1.17	13,753
January 1, 1998	209,022	2.17	16,079
January 1, 1999	415,787	4.17	16,631
January 1, 2000	2,727,133	5.17	87,972
January 1, 2001	571,265	6.17	15,440
January 1, 2002	249,407	6.17	6,741
January 1, 2003	245,179	7.17	5,702
January 1, 2004	825,645	7.17	19,201
January 1, 2005	579,087	7.17	13,467
January 1, 2006	1,017,727	8.17	20,770
January 1, 2007	6,530,923	8.17	133,284
Total Prior Service	\$ 13,881,428		\$ 473,705

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 (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

Plan Assets

Market-Related Value of Assets for Qualified Plans

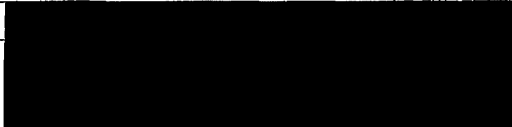
The market-related value of assets used to compute the net periodic pension cost is equal to the actual market value of assets as shown below:

Plan	Market Value of Assets as of October 31, 2010
LG&E Union	\$ 213,826,126
LG&E and KU Energy LLC Non-Union	548,209,519



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	
	LG&E	ServCo
Market value of assets on October 31, 2010	\$138,646,047	\$161,588,332



Report

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		
	LG&E Union	LG&E	ServCo
Service Cost			
1. Service cost at beginning of year	\$ 1,544,471	\$ 2,039,118	\$ 9,501,910
2. Interest for year	93,904	124,998	582,467
3. Service cost for year	\$ 1,638,375	\$ 2,164,116	\$ 10,084,377
4. Portion of year	x 10/12	x 10/12	x 10/12
5. Service cost for period	\$ 1,365,313	\$ 1,803,430	\$ 8,403,648
Interest Cost			
1. Projected benefit obligation	\$ 250,531,720	\$ 191,273,180	\$ 250,520,014
2. a. Expected distributions	15,339,058	11,046,968	2,816,161
b. Weighted for timing	8,308,656	5,983,774	1,525,421
3. Average projected benefit obligation	242,223,064	185,289,406	248,994,593
4. Discount rate	6.08%	6.13%	6.13%
5. Interest cost for year	\$ 14,727,162	\$ 11,358,241	\$ 15,263,369
6. Portion of year	x 10/12	x 10/12	x 10/12
7. Interest cost for period	\$ 12,272,635	\$ 9,465,201	\$ 12,719,474
Expected Return on Assets			
1. Market-related value of assets	\$ 195,626,667	\$ 128,782,818	\$ 140,608,809
2. a. Expected distributions	15,339,058	11,046,968	2,816,161
b. Weighted for timing	8,308,656	5,983,774	1,525,421
3. a. Expected employer contributions	12,400,000	7,500,000	8,700,000
b. Weighted for timing	11,883,333	7,187,500	8,337,500
4. Average expected market-related value of assets	199,201,344	129,986,544	147,420,888
5. Assumed rate of return	7.75%	7.75%	7.75%
6. Expected return on assets for year	\$ 15,438,104	\$ 10,073,957	\$ 11,425,119
7. Portion of year	x 10/12	x 10/12	x 10/12
8. Expected return on assets for period	\$ 12,865,087	\$ 8,394,964	\$ 9,520,933

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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		
	LG&E Union	LG&E	ServCo
a. Projected benefit obligation	\$ 250,531,720	\$ 191,273,180	\$ 250,520,014
b. Fair value of plan assets	195,626,667	128,782,818	140,608,809
c. Unrecognized transition (asset)/obligation	0	0	0
d. Unrecognized prior service cost	15,865,973	16,274,254	21,506,608
e. (Accrued)/prepaid pension cost	65,897,412	6,291,716	(23,271,239)
f. Unrecognized (gain)/loss (a-b-c-d+e)	104,936,492	52,507,824	65,133,358
g. Market-related value of plan assets	195,626,667	128,782,818	140,608,809
h. Excess of fair value over market-related value (b-g)	0	0	0
i. Unrecognized (gain)/loss potentially subject to amortization (f+h)	104,936,492	52,507,824	65,133,358
j. 10% of the larger of a or g	25,053,172	19,127,318	25,052,001
k. Unrecognized (gain)/loss subject to amortization	79,883,320	33,380,506	40,081,357
l. Average years of future service	11.61	10.83	10.83
m. Amortization amount for year	\$ 6,880,562	\$ 3,082,226	\$ 3,700,956
n. Portion of year	x 10/12	x 10/12	x 10/12
o. Amortization amount for period	\$ 5,733,802	\$ 2,568,522	\$ 3,084,130

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

	NonUnion Retirement Plan		
	LG&E Union	LG&E	ServCo
a. Projected benefit obligation	\$ 250,531,720	\$ 191,273,180	\$ 250,520,014
b. Fair value of plan assets	195,626,667	128,782,818	140,608,809
c. Unrecognized transition (asset)/obligation	0	0	0
d. Unrecognized prior service cost	14,073,865	10,160,681	20,043,426
e. (Accrued)/prepaid pension cost	44,289,131	(2,444,203)	(42,582,760)
f. Unrecognized (gain)/loss (a-b-c-d+e)	85,120,319	49,885,478	47,285,019
g. Market-related value of plan assets	195,626,667	128,782,818	140,608,809
h. Excess of fair value over market-related value (b-g)	0	0	0
i. Unrecognized (gain)/loss potentially subject to amortization (f+h)	85,120,319	49,885,478	47,285,019
j. 10% of the larger of a or g	25,053,172	19,127,318	25,052,001
k. Unrecognized (gain)/loss subject to amortization	60,067,147	30,758,160	22,233,018
l. Average years of future service	11.61	10.83	10.83
m. Amortization amount for year	\$ 5,173,742	\$ 2,840,089	\$ 2,052,910
n. Portion of year	x 10/12	x 10/12	x 10/12
o. Amortization amount for period	\$ 4,311,452	\$ 2,366,741	\$ 1,710,758

Actuarial Valuation Report

LG&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>LG&E Union</u>	<u>LG&E</u>	<u>ServCo</u>
1. Service cost	\$ 1,365,313	\$ 1,803,430	\$ 8,403,648
2. Interest cost	12,272,635	9,465,201	12,719,474
3. Expected return on assets	(12,865,087)	(8,394,964)	(9,520,933)
4. Amortizations:			
a. Transition	0	0	0
b. Prior service cost	1,931,439	2,392,826	2,108,440
c. Gain/loss	5,733,802	2,568,522	3,084,130
5. Net periodic pension cost	\$ 8,438,102	\$ 7,835,015	\$ 16,794,759
6. Settlement loss recognized	N/A	N/A	N/A
7. Total benefit cost	\$ 8,438,102	\$ 7,835,015	\$ 16,794,759

Financial Accounting Purposes

	NonUnion Retirement Plan		
	<u>LG&E Union</u>	<u>LG&E</u>	<u>ServCo</u>
1. Service cost	\$ 1,365,313	\$ 1,803,430	\$ 8,403,648
2. Interest cost	12,272,635	9,465,201	12,719,474
3. Expected return on assets	(12,865,087)	(8,394,964)	(9,520,933)
4. Amortizations:			
a. Transition	0	0	0
b. Prior service cost	1,116,371	962,120	1,902,248
c. Gain/loss	4,311,452	2,366,741	1,710,758
5. Net periodic pension cost	\$ 6,200,684	\$ 6,202,528	\$ 15,215,195
6. Settlement loss recognized	N/A	N/A	N/A
7. Total benefit cost	\$ 6,200,684	\$ 6,202,528	\$ 15,215,195

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 as of January 1, 2010**

	NonUnion Retirement Plan		
	<u>LG&E Union</u>	<u>LG&E</u>	<u>ServCo</u>
1. Projected benefit obligation (PBO)	\$ (250,531,720)	\$ (191,273,180)	\$ (250,520,014)
2. Fair value of plan assets	195,626,667	128,782,818	140,608,809
3. Funded status (1+2)	(54,905,053)	(62,490,362)	(109,911,205)
4. Unrecognized transition (asset)/obligation	0	0	0
5. Unrecognized prior service service cost	15,865,973	16,274,254	21,506,608
6. Unrecognized (gain)/loss	104,936,492	52,507,824	65,133,358
7. Net amount recognized (3+4+5+6)	\$ 65,897,412	\$ 6,291,716	\$ (23,271,239)

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

	NonUnion Retirement Plan		
	<u>LG&E Union</u>	<u>LG&E</u>	<u>ServCo</u>
1. Projected benefit obligation (PBO)	\$ (250,531,720)	\$ (191,273,180)	\$ (250,520,014)
2. Fair value of plan assets	195,626,667	128,782,818	140,608,809
3. Funded status (1+2)	(54,905,053)	(62,490,362)	(109,911,205)
4. Unrecognized transition (asset)/obligation	0	0	0
5. Unrecognized prior service service cost	14,073,865	10,160,681	20,043,426
6. Unrecognized (gain)/loss	85,120,319	49,885,478	47,285,019
7. Net amount recognized (3+4+5+6)	\$ 44,289,131	\$ (2,444,203)	\$ (42,582,760)

Net Periodic Pension Cost

Other Amortization Amounts - LG&E Union

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			
April 1, 1993	9,289	0.25	9,289
January 1, 1995	38,805	1.00	32,337
January 1, 1996	410,238	1.00	341,865
January 1, 1997	69,186	1.00	57,652
January 1, 1998	163,075	2.00	67,948
January 1, 2000	1,101,515	3.00	305,976
January 1, 2004	1,472,966	9.00	136,386
January 1, 2005	1,798,569	10.00	149,881
January 1, 2006	1,550,378	10.00	129,198
January 1, 2007	1,709,101	11.00	129,477
January 1, 2008	7,542,851	11.00	571,430
Total Prior Service	\$ 15,865,973		\$ 1,931,439

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, 2004	1,472,966	9.00	136,386
January 1, 2005	1,798,569	10.00	149,881
January 1, 2006	1,550,378	10.00	129,198
January 1, 2007	1,709,101	11.00	129,478
January 1, 2008	7,542,851	11.00	571,428
Total Prior Service	\$ 14,073,865		\$ 1,116,371

Actuarial Valuation Report



LG&E and KU Energy LLC Retirement Plan

**Net Periodic Pension Cost****Other Amortization Amounts - Non-Union Plan (LG&E 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			
April 1, 1993	24,301	0.25	24,301
January 1, 1994	(30,074)	2.00	(12,532)
January 1, 1995	608,710	2.00	253,631
January 1, 1996	458,674	1.00	382,228
January 1, 1997	165,036	2.00	68,766
January 1, 1998	289,417	3.00	80,395
January 1, 1999	498,944	5.00	83,157
January 1, 2000	3,166,993	6.00	439,860
January 1, 2001	648,462	7.00	77,197
January 1, 2002	283,110	7.00	33,703
January 1, 2003	273,687	8.00	28,508
January 1, 2004	921,651	8.00	96,006
January 1, 2005	646,423	8.00	67,336
January 1, 2006	1,121,576	9.00	103,849
January 1, 2007	7,197,344	9.00	666,421
Total Prior Service	\$ 16,274,254		\$ 2,392,826

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	273,687	8.00	28,508
January 1, 2004	921,651	8.00	96,006
January 1, 2005	646,423	8.00	67,336
January 1, 2006	1,121,576	9.00	103,849
January 1, 2007	7,197,344	9.00	666,421
Total Prior Service	\$ 10,160,681		\$ 962,120

Actuarial Valuation Report

LG&E and KU Energy LLC Retirement Plan

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

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 Union	\$ 195,626,667
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	
	LG&E	ServCo
1. Market value of assets on December 31, 2009	\$129,447,727	\$139,785,644
2. Adjustment for transfers	(664,909)	823,165
3. Market value of assets on December 31, 2009 after adjustment for transfers	\$128,782,818	\$140,608,809



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		
	<u>LG&E Union</u>	<u>LG&E</u>	<u>ServCo</u>
Service Cost			
1. Service cost at beginning of year	\$ 1,708,259	\$ 2,143,626	\$ 9,054,747
2. Interest for year	108,133	133,977	565,922
3. Service cost at end of year	\$ 1,816,392	\$ 2,277,603	\$ 9,620,669
Interest Cost			
1. Projected benefit obligation	\$ 242,323,273	\$ 184,602,802	\$ 219,854,205
2. a. Expected distributions	15,997,852	11,495,971	2,063,690
b. Weighted for timing	8,665,503	6,226,984	1,117,832
3. Average projected benefit obligation	233,657,770	178,375,818	218,736,373
4. Discount rate	6.33%	6.25%	6.25%
5. Interest cost	\$ 14,790,537	\$ 11,148,489	\$ 13,671,023
Expected Return on Assets			
1. Market-related value of assets	\$ 177,440,112	\$ 109,348,317	\$ 107,748,290
2. a. Expected distributions	15,997,852	11,495,971	2,063,690
b. Weighted for timing	8,665,503	6,226,984	1,117,832
3. a. Expected employer contributions	0	7,900,000	7,800,000
b. Weighted for timing	0	5,595,833	5,525,000
4. Average expected market-related value of assets	168,774,609	108,717,166	112,155,458
5. Assumed rate of return	8.25%	8.25%	8.25%
6. Expected return on assets	\$ 13,923,905	\$ 8,969,166	\$ 9,252,825

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		
	LG&E Union	LG&E	ServCo
a. Projected benefit obligation	\$242,323,273	\$184,602,802	\$219,854,205
b. Fair value of plan assets	177,440,112	109,348,317	107,748,290
c. Unrecognized transition (asset)/obligation	0	0	0
d. Unrecognized prior service cost	18,254,475	19,492,367	24,036,737
e. (Accrued)/prepaid pension cost	79,216,756	10,285,490	(9,484,586)
f. Unrecognized (gain)/loss (a-b-c-d+e)	125,845,442	66,047,608	78,584,592
g. Market-related value of plan assets	177,440,112	109,348,317	107,748,290
h. Excess of fair value over market-related value (b-g)	0	0	0
i. Unrecognized (gain)/loss potentially subject to amortization (f+h)	125,845,442	66,047,608	78,584,592
j. 10% of the larger of a or g	24,232,327	18,460,280	21,985,421
k. Unrecognized (gain)/loss subject to amortization	101,613,115	47,587,328	56,599,171
l. Average years of future service	12.32	11.28	11.28
m. Amortization amount	\$8,247,818	\$4,218,735	\$5,017,657

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

	NonUnion Retirement Plan		
	LG&E Union	LG&E	ServCo
a. Projected benefit obligation	\$242,323,273	\$184,602,802	\$219,854,205
b. Fair value of plan assets	177,440,112	109,348,317	107,748,290
c. Unrecognized transition (asset)/obligation	0	0	0
d. Unrecognized prior service cost	15,413,510	11,315,225	22,326,123
e. (Accrued)/prepaid pension cost	54,809,072	(769,090)	(30,779,759)
f. Unrecognized (gain)/loss (a-b-c-d+e)	104,278,723	63,170,170	59,000,033
g. Market-related value of plan assets	177,440,112	109,348,317	107,748,290
h. Excess of fair value over market-related value (b-g)	0	0	0
i. Unrecognized (gain)/loss potentially subject to amortization (f+h)	104,278,723	63,170,170	59,000,033
j. 10% of the larger of a or g	24,232,327	18,460,280	21,985,421
k. Unrecognized (gain)/loss subject to amortization	80,046,396	44,709,890	37,014,612
l. Average years of future service	12.32	11.28	11.28
m. Amortization amount	\$6,497,272	\$3,963,643	\$3,281,437

Net Periodic Pension Cost for FAS 87 Accounting Purposes

2009 Net Periodic Pension Cost for Qualified Plans

Regulatory Accounting Purposes

	NonUnion Retirement Plan		
	<u>LG&E Union</u>	<u>LG&E</u>	<u>ServCo</u>
1. Service cost	\$1,816,392	\$2,277,603	\$9,620,669
2. Interest cost	14,790,537	11,148,489	13,671,023
3. Expected return on assets	(13,923,905)	(8,969,166)	(9,252,825)
4. Amortizations:			
a. Transition	0	0	0
b. Prior service cost	2,388,502	3,218,113	2,530,129
c. Gain/loss	8,247,818	4,218,735	5,017,657
5. Net periodic pension cost	\$13,319,344	\$11,893,774	\$21,586,653
6. Curtailment (gain)/loss			
a. Curtailment (gain)/loss recognized	N/A	N/A	N/A
b. Prior service cost recognized	N/A	N/A	N/A
7. Special termination benefits	N/A	N/A	N/A
8. Settlement (gain)/loss recognized	N/A	N/A	N/A
9. Total benefit cost	\$13,319,344	\$11,893,774	\$21,586,653

Financial Accounting Purposes

	NonUnion Retirement Plan		
	<u>LG&E Union</u>	<u>LG&E</u>	<u>ServCo</u>
1. Service cost	\$1,816,392	\$2,277,603	\$9,620,669
2. Interest cost	14,790,537	11,148,489	13,671,023
3. Expected return on assets	(13,923,905)	(8,969,166)	(9,252,825)
4. Amortizations:			
a. Transition	0	0	0
b. Prior service cost	1,339,645	1,154,544	2,282,697
c. Gain/loss	6,497,272	3,963,643	3,281,437
5. Net periodic pension cost	\$10,519,941	\$9,575,113	\$19,603,001
6. Curtailment (gain)/loss			
a. Curtailment (gain)/loss recognized	N/A	N/A	N/A
b. Prior service cost recognized	N/A	N/A	N/A
7. Special termination benefits	N/A	N/A	N/A
8. Settlement (gain)/loss recognized	N/A	N/A	N/A
9. Total benefit cost	\$10,519,941	\$9,575,113	\$19,603,001

Actuarial Valuation Report

E.ON U.S. LLC Retirement Plans

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**

	<u>LG&E Union</u>	<u>NonUnion Retirement Plan</u>					
		<u>LG&E</u>	<u>ServCo</u>				
1. Projected benefit obligation (PBO)	\$ (242,323,273)	\$ (184,602,802)	\$ (219,854,205)				
2. Fair value of plan assets	177,440,112	109,348,317	107,748,290				
3. Funded status (1+2)	(64,883,161)	(75,254,485)	(112,105,915)				
4. Unrecognized transition (asset)/obligation	0	0	0				
5. Unrecognized prior service service cost	18,254,475	19,492,367	24,036,737				
6. Unrecognized (gain)/loss	125,845,442	66,047,608	78,584,592				
7. Net amount recognized (3+4+5+6)	\$ 79,216,756	\$ 10,285,490	\$ (9,484,586)				

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

	<u>LG&E Union</u>	<u>NonUnion Retirement Plan</u>					
		<u>LG&E</u>	<u>ServCo</u>				
1. Projected benefit obligation (PBO)	\$ (242,323,273)	\$ (184,602,802)	\$ (219,854,205)				
2. Fair value of plan assets	177,440,112	109,348,317	107,748,290				
3. Funded status (1+2)	(64,883,161)	(75,254,485)	(112,105,915)				
4. Unrecognized transition (asset)/obligation	0	0	0				
5. Unrecognized prior service service cost	15,413,510	11,315,225	22,326,123				
6. Unrecognized (gain)/loss	104,278,723	63,170,170	59,000,033				
7. Net amount recognized (3+4+5+6)	\$ 54,809,072	\$ (769,090)	\$ (30,779,759)				

Actuarial Valuation Report

E.ON U.S. LLC Retirement Plans

Net Periodic Pension Cost for FAS 87 Accounting Purposes

Other Amortization Amounts - LG&E Union

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, 1993	44,778	1.00	44,778
April 1, 1993	46,433	1.25	37,144
January 1, 1995	77,610	2.00	38,805
January 1, 1996	820,476	2.00	410,238
January 1, 1997	138,369	2.00	69,189
January 1, 1998	244,613	3.00	81,538
January 1, 2000	1,468,686	4.00	367,171
January 1, 2004	1,636,629	10.00	163,663
January 1, 2005	1,978,426	11.00	179,857
January 1, 2006	1,705,416	11.00	155,038
January 1, 2007	1,864,474	12.00	155,373
January 1, 2008	8,228,565	12.00	685,714
Total Prior Service	\$ 18,254,475		\$ 2,388,502

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, 2004	1,636,629	10.00	163,663
January 1, 2005	1,978,426	11.00	179,857
January 1, 2006	1,705,416	11.00	155,038
January 1, 2007	1,864,474	12.00	155,373
January 1, 2008	8,228,565	12.00	685,714
Total Prior Service	\$ 15,413,510		\$ 1,339,645

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 (LG&E 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, 1992	278,697	1.00	278,697
April 1, 1993	121,491	1.25	97,190
January 1, 1994	(45,113)	3.00	(15,039)
January 1, 1995	913,067	3.00	304,357
January 1, 1996	917,344	2.00	458,670
January 1, 1997	247,555	3.00	82,519
January 1, 1998	385,891	4.00	96,474
January 1, 1999	598,732	6.00	99,788
January 1, 2000	3,694,825	7.00	527,832
January 1, 2001	741,099	8.00	92,637
January 1, 2002	323,554	8.00	40,444
January 1, 2003	307,897	9.00	34,210
January 1, 2004	1,036,858	9.00	115,207
January 1, 2005	727,226	9.00	80,803
January 1, 2006	1,246,195	10.00	124,619
January 1, 2007	7,997,049	10.00	799,705
Total Prior Service	\$ 19,492,367		\$ 3,218,113

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	307,897	9.00	34,210
January 1, 2004	1,036,858	9.00	115,207
January 1, 2005	727,226	9.00	80,803
January 1, 2006	1,246,195	10.00	124,619
January 1, 2007	7,997,049	10.00	799,705
Total Prior Service	\$ 11,315,225		\$ 1,154,544

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 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

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
LG&E Union	\$ 177,440,112
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	
	LG&E	ServCo
1. Market value of assets on December 31, 2008	\$109,560,085	\$107,302,751
2. Adjustment for transfers	(211,768)	445,539
3. Market value of assets on December 31, 2008 after adjustment for transfers	\$109,348,317	\$107,748,290

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	
	LG&E	ServCo
1. Market value of assets on December 31, 2008	\$109,472,601	\$107,328,648
2. Adjustment for transfers	(211,607)	446,437
3. Market value of assets on December 31, 2008 after adjustment for transfers	\$109,260,994	\$107,775,085

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		
	LG&E Union	LG&E	ServCo
Service Cost			
1. Service cost at beginning of year	\$ 1,768,737	\$ 2,063,577	\$ 8,355,237
2. Interest for year	116,029	137,434	556,459
3. Service cost at end of year	\$ 1,884,766	\$ 2,201,011	\$ 8,911,696
Interest Cost			
1. Projected benefit obligation	\$ 236,211,142	\$ 174,053,156	\$ 188,055,836
2. a. Expected distributions	16,672,575	11,385,745	1,410,650
b. Weighted for timing	9,030,978	6,167,279	764,102
3. Average projected benefit obligation	227,180,164	167,885,877	187,291,734
4. Discount rate	6.56%	6.66%	6.66%
5. Interest cost	\$ 14,903,019	\$ 11,181,199	\$ 12,473,629
Expected Return on Assets			
1. Market-related value of assets	\$ 251,149,975	\$ 157,294,233	\$ 142,061,843
2. a. Expected distributions	16,672,575	11,385,745	1,410,650
b. Weighted for timing	9,030,978	6,167,279	764,102
3. a. Expected employer contributions	0	0	2,000,000
b. Weighted for timing	0	0	1,416,667
4. Average expected market-related value of assets	242,118,997	151,126,954	142,714,408
5. Assumed rate of return	8.25%	8.25%	8.25%
6. Expected return on assets	\$ 19,974,817	\$ 12,467,974	\$ 11,773,939

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		
	LG&E Union	LG&E	ServCo
a. Projected benefit obligation	\$ 236,211,142	\$ 174,053,156	\$ 188,055,836
b. Fair value of plan assets	251,149,975	157,294,233	142,061,843
c. Unrecognized transition (asset)/obligation	0	0	0
d. Unrecognized prior service cost	20,771,810	22,710,479	26,566,866
e. (Accrued)/prepaid pension cost	80,023,844	14,417,838	773,154
f. Unrecognized (gain)/loss (a-b-c-d+e)	44,313,201	8,466,282	20,200,281
g. Market-related value of plan assets	251,149,975	157,294,233	142,061,843
h. Excess of fair value over market-related value (b-g)	0	0	0
i. Unrecognized (gain)/loss potentially subject to amortization (f+h)	44,313,201	8,466,282	20,200,281
j. 10% of the larger of a or g	25,114,998	17,405,316	18,805,584
k. Unrecognized (gain)/loss subject to amortization	19,198,203	0	1,394,697
l. Average years of future service	13	12	12
m. Amortization amount	\$ 1,476,785	\$ 0	\$ 116,225

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

	NonUnion Retirement Plan		
	LG&E Union	LG&E	ServCo
a. Projected benefit obligation	\$ 236,211,142	\$ 174,053,156	\$ 188,055,836
b. Fair value of plan assets	\$ 251,149,975	\$ 157,294,233	\$ 142,061,843
c. Unrecognized transition (asset)/obligation	0	0	0
d. Unrecognized prior service cost	16,753,155	12,469,769	24,608,820
e. (Accrued)/prepaid pension cost	52,961,685	1,299,690	(20,885,676)
f. Unrecognized (gain)/loss (a-b-c-d+e)	21,269,697	5,588,844	499,497
g. Market-related value of plan assets	251,149,975	157,294,233	142,061,843
h. Excess of fair value over market-related value (b-g)	0	0	0
i. Unrecognized (gain)/loss potentially subject to amortization (f+h)	21,269,697	5,588,844	499,497
j. 10% of the larger of a or g	25,114,998	17,405,316	18,805,584
k. Unrecognized (gain)/loss subject to amortization	0	0	0
l. Average years of future service	13	12	12
m. Amortization amount	\$ 0	\$ 0	\$ 0

Actuarial Valuation Report

E.ON U.S. LLC Retirement Plans

Net Periodic Pension Cost for FAS 87 Accounting Purposes

2008 Net Periodic Pension Cost for Qualified Plans

Regulatory Accounting Purposes

	NonUnion Retirement Plan				
	<u>LG&E Union</u>	<u>LG&E</u>	<u>ServCo</u>		
1. Service cost	\$ 1,884,766	\$ 2,201,011	\$ 8,911,696		
2. Interest cost	14,903,019	11,181,199	12,473,629		
3. Expected return on assets	(19,974,817)	(12,467,974)	(11,773,939)		
4. Amortizations:					
a. Transition	0	0	0		
b. Prior service cost	2,517,335	3,218,112	2,530,129		
c. Gain/loss	1,476,785	0	116,225		
5. Net periodic pension cost	\$ 807,088	\$ 4,132,348	\$ 12,257,740		

Financial Accounting Purposes

	NonUnion Retirement Plan				
	<u>LG&E Union</u>	<u>LG&E</u>	<u>ServCo</u>		
1. Service cost	\$ 1,884,766	\$ 2,201,011	\$ 8,911,696		
2. Interest cost	14,903,019	11,181,199	12,473,629		
3. Expected return on assets	(19,974,817)	(12,467,974)	(11,773,939)		
4. Amortizations:					
a. Transition	0	0	0		
b. Prior service cost	1,339,645	1,154,544	2,282,697		
c. Gain/loss	0	0	0		
5. Net periodic pension cost	\$ (1,847,387)	\$ 2,068,780	\$ 11,894,083		

Actuarial Valuation Report

E.ON U.S. LLC Retirement Plans

Net Periodic Pension Cost for FAS 87 Accounting Purposes**Benefit Obligations and Assets For Regulatory Accounting Purposes for Qualified Plans**

	NonUnion Retirement Plan		
	<u>LG&E Union</u>	<u>LG&E</u>	<u>ServCo</u>
1. Projected benefit obligation (PBO)	\$ (236,211,142)	\$ (174,053,156)	\$ (188,055,836)
2. Fair value of plan assets	251,149,975	157,294,233	142,061,843
3. Funded status (1+2)	14,938,833	(16,758,923)	(45,993,993)
4. Unrecognized transition (asset)/obligation	0	0	0
5. Unrecognized prior service service cost	20,771,810	22,710,479	26,566,866
6. Unrecognized (gain)/loss	44,313,201	8,466,282	20,200,281
7. Net amount recognized (3+4+5+6)	\$ 80,023,844	\$ 14,417,838	\$ 773,154

Benefit Obligations and Assets For Financial Accounting Purposes for Qualified Plans

	NonUnion Retirement Plan		
	<u>LG&E Union</u>	<u>LG&E</u>	<u>ServCo</u>
1. Projected benefit obligation (PBO)	\$ (236,211,142)	\$ (174,053,156)	\$ (188,055,836)
2. Fair value of plan assets	251,149,975	157,294,233	142,061,843
3. Funded status (1+2)	14,938,833	(16,758,923)	(45,993,993)
4. Unrecognized transition (asset)/obligation	0	0	0
5. Unrecognized prior service service cost	16,753,155	12,469,769	24,608,820
6. Unrecognized (gain)/loss	21,269,697	5,588,844	499,497
7. Net amount recognized (3+4+5+6)	\$ 52,961,685	\$ 1,299,690	\$ (20,885,676)

Actuarial Valuation Report

E.ON U.S. LLC Retirement Plans

Net Periodic Pension Cost for FAS 87 Accounting Purposes

Other Amortization Amounts - LG&E Union

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, 1992	128,831	1.00	128,831
January 1, 1993	89,558	2.00	44,780
April 1, 1993	83,577	2.25	37,144
January 1, 1995	116,415	3.00	38,805
January 1, 1996	1,230,714	3.00	410,238
January 1, 1997	207,562	3.00	69,183
January 1, 1998	326,151	4.00	81,538
January 1, 2000	1,835,857	5.00	367,171
January 1, 2004	1,800,292	11.00	163,663
January 1, 2005	2,158,283	12.00	179,857
January 1, 2006	1,860,454	12.00	155,038
January 1, 2007	2,019,847	13.00	155,373
January 1, 2008	8,914,279	13.00	685,714
Total Prior Service	\$ 20,771,810		\$ 2,517,335

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, 2004	1,800,292	11.00	163,663
January 1, 2005	2,158,283	12.00	179,857
January 1, 2006	1,860,454	12.00	155,038
January 1, 2007	2,019,847	13.00	155,373
January 1, 2008	8,914,279	13.00	685,714
Total Prior Service	\$ 16,753,155		\$ 1,339,645

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 (LG&E 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, 1992	557,393	2.00	278,696
April 1, 1993	218,681	2.25	97,190
January 1, 1994	(80,152)	4.00	(15,039)
January 1, 1995	1,217,424	4.00	304,357
January 1, 1996	1,376,014	3.00	458,670
January 1, 1997	330,074	4.00	82,519
January 1, 1998	482,365	5.00	96,474
January 1, 1999	698,520	7.00	99,788
January 1, 2000	4,222,657	8.00	527,832
January 1, 2001	833,736	9.00	92,637
January 1, 2002	363,998	9.00	40,444
January 1, 2003	342,107	10.00	34,210
January 1, 2004	1,152,065	10.00	115,207
January 1, 2005	808,029	10.00	80,803
January 1, 2006	1,370,814	11.00	124,619
January 1, 2007	8,796,754	11.00	799,705
Total Prior Service	\$ 22,710,479		\$ 3,218,112

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	342,107	10.00	34,210
January 1, 2004	1,152,065	10.00	115,207
January 1, 2005	808,029	10.00	80,803
January 1, 2006	1,370,814	11.00	124,619
January 1, 2007	8,796,754	11.00	799,705
Total Prior Service	\$ 12,469,769		\$ 1,154,544

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 January 1, 2008	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 January 1, 2008	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

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
LG&E Union	\$ 251,149,975
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	
	LG&E	ServCo
1. Market value of assets on December 31, 2007	\$157,004,920	\$140,756,891
2. Adjustment for transfers	289,313	1,304,952
3. Market value of assets on December 31, 2007 after adjustment for transfers	\$157,294,233	\$142,061,843

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	
	LG&E	ServCo
1. Market value of assets on December 31, 2007	\$156,887,428	\$140,791,836
2. Adjustment for transfers	290,531	1,304,426
3. Market value of assets on December 31, 2007 after adjustment for transfers	\$157,177,959	\$142,096,262

**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
	LG&E Union	LG&E	ServCo					ServCo
Funded Status								
ABO	291,960,791	181,895,592	314,238,243					314,238,243
PBO	291,960,791	203,826,984	382,044,504					382,044,504
Fair value of assets	281,471,417	193,333,088	324,413,186					324,413,186
Funded status	(10,489,374)	(10,493,896)	(57,631,318)					(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)					56,237,829
Prior service cost/(credit)	15,386,016	7,097,210	-					11,455,908
Transition obligation/(asset)	-	-	-					-
Total	105,591,615	57,052,394	(15,372,183)					67,693,737
Market related value of assets	284,346,002	196,254,558	327,456,800					327,456,800
2014 Net Periodic Pension Cost								
Service cost	1,326,414	1,679,175	10,833,938					10,833,938
Interest cost	14,383,940	10,170,845	19,470,548					19,470,548
Expected return on assets	(19,094,174)	(13,714,725)	(24,055,778)					(24,055,778)
Amortization of:								
Transition obligation (asset)	-	-	-					-
Prior service cost (credit)	2,118,027	1,915,249	-					2,502,695
Actuarial (gain) loss	6,041,249	2,807,143	-					1,578,867
Net periodic pension cost	4,775,456	2,857,687	6,248,708					10,330,270
Key assumptions:								
Discount rate	5.13%	5.20%	5.20%					5.20%
Expected return on plan assets	7.00%	7.00%	7.00%					7.00%
Rate of compensation increase	N/A	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.


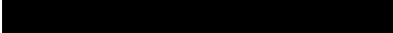
Attachment #2 to Supplemental Response to LGE KIUC-2 Question No. 6

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	1/1/2014	1/1/2014	
	LG&E	ServCo	LG&E Union	
a. Fair Value of Assets	193,333,088	324,413,186	281,471,417	
b. Market Related Value of Assets	196,254,558	327,456,800	284,346,002	
c. PBO/APBO	203,826,984	382,044,504	291,960,791	
Amortization of Net Actuarial (Gain)/Loss*				
d. Net Actuarial (Gain)/Loss	49,955,184	56,237,829	90,205,589	
e. Deferred Asset Gain/(Loss)	<u>(2,921,470)</u>	<u>(3,043,614)</u>	<u>(2,874,589)</u>	
f. Remaining Actuarial (Gain)/Loss (d+e)	47,033,714	53,194,215	87,331,014	
g. 10% corridor (c x 10%)	20,382,698	38,204,450	29,196,079	
h. 30% corridor (c x 30%)	61,148,095	114,613,351	87,588,237	
i. Excess 10% corridor (f-j-g)	26,651,016	14,989,765	58,134,935	
j. Excess 30% corridor (f-h) if f > h, 0	0	0	0	
k. Average Future Service	9,494	9,494	9,623	
l. Amortization $i/k + j/(k/2)$	2,807,143	1,578,967	6,041,249	

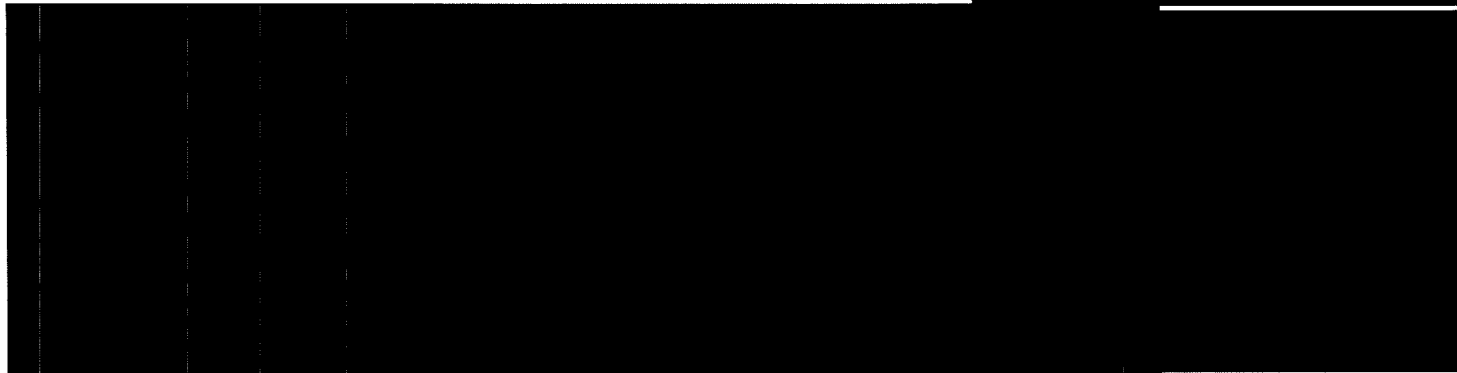
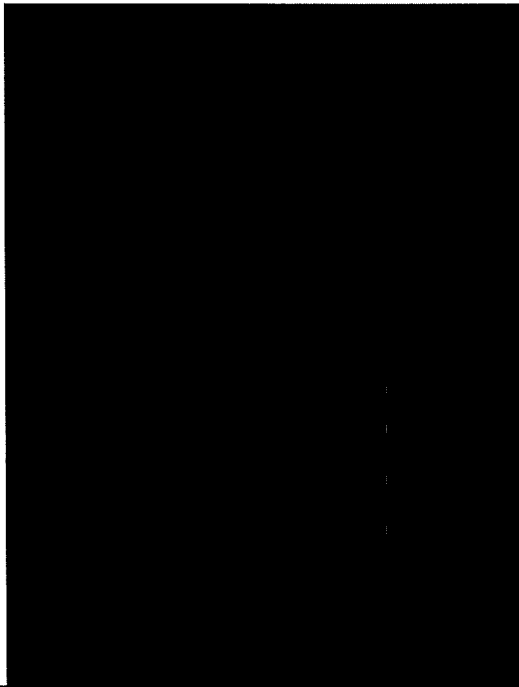
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LG&E and KU Energy LLC
 Prior Service Cost Bases and Amortizations

	2014 Amount Remaining on Initial Base	2014 Amortization	2014 Period Remaining
LG&E and KU Retirement Plan			
LG&E (Regulatory) Base 1	99,792	99,792	1.00
LG&E (Regulatory) Base 2	1,055,655	527,632	2.00
LG&E (Regulatory) Base 3	277,914	92,637	3.00
LG&E (Regulatory) Base 4	121,334	40,444	3.00
LG&E (Regulatory) Base 5	136,847	34,210	4.00
LG&E (Regulatory) Base 6	460,823	115,207	4.00
LG&E (Regulatory) Base 7	323,211	80,803	4.00
LG&E (Regulatory) Base 8	623,100	124,619	5.00
LG&E (Regulatory) Base 9	3,958,524	799,705	5.00
LG&E (Regulatory) Base 10	N/A	N/A	N/A
			
Servco (Financial) Base 1	N/A	N/A	N/A
			
Louisville Gas & Electric Bargaining Employees' Retirement Plan			
LG&E Union Base 1	818,314	163,663	5.00
LG&E Union Base 2	1,079,141	179,857	6.00
LG&E Union Base 3	930,226	155,038	6.00
LG&E Union Base 4	1,087,609	155,373	7.00
LG&E Union Base 5	4,799,993	685,714	7.00
LG&E Union Base 6	6,670,733	778,382	8.57
LG&E Union Base 7	N/A	N/A	N/A
Total	15,386,016	2,118,027	

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

2014
Amount Remaining on
Initial Base

2014
Amortization

2014
Period Remaining

LG&E and KU Retirement Plan

	2014 Amount Remaining on Initial Base	2014 Amortization	2014 Period Remaining
Servco (Regulatory) Base 1	4,680	4,680	1.00
Servco (Regulatory) Base 2	214,736	107,368	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

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**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	Union & NonUnion Retirement Plans
	LG&E Union	LG&E	ServCo	ServCo	LG&E
Estimated 2015 Net Periodic Pension Cost					
Service cost	2,212,015	2,323,767	14,331,195	14,331,195	4,535,782
Interest cost	13,542,858	10,020,333	21,299,706	21,299,706	23,563,181
Expected return on assets	(20,344,455)	(14,415,287)	(25,473,014)	(26,473,014)	(34,759,722)
Amortization of:					
Transition obligation (asset)	-	-	-	-	-
Prior service cost (credit)	3,166,370	1,824,525	3,520,645	1,022,630	4,990,895
Actuarial (gain) loss	11,053,285	7,779,002	10,170,952	2,328,718	18,832,287
Net periodic benefit cost	\$ 9,630,073	\$ 7,532,360	\$ 22,849,484	\$ 12,509,235	\$ 17,162,433
Additional charges:					
Special termination benefit charge	-	-	-	-	-
Curtailment charge	-	-	-	-	-
Settlement charge	-	-	-	-	-
Estimated 2015 net periodic pension cost	\$ 9,630,073	\$ 7,532,360	\$ 22,849,484	\$ 12,509,235	\$ 17,162,433
Key assumptions:					
Discount Rate	4.20%	4.27%	4.27%	4.27%	Varies by Plan
ERCA on 401(k) assets	7.00%	7.00%	7.00%	7.00%	7.00%
Salary Scale	N/A	3.50%	3.50%	3.50%	Varies by Plan
Trend	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 2014 financial disclosure letter should be considered part of these results.

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

	Regulatory			Financial	Regulatory
	Qualified Plans				
	NonUnion Retirement Plan			NonUnion Retirement Plan	Union & NonUnion Retirement Plans
	LG&E Union	LG&E	ServCo	ServCo	LG&E
Estimated 2016 Net Periodic Pension Cost					
Service cost	2,304,920	2,364,433	14,581,981	14,581,981	4,669,353
Interest cost	13,547,710	10,058,543	22,399,254	22,399,254	23,606,253
Expected return on assets	(21,582,763)	(15,286,119)	(28,814,734)	(28,814,734)	(36,666,902)
Amortization of:					
Transition obligation (asset)	-	-	-	-	-
Prior service cost (credit)	3,188,370	1,296,694	3,413,276	1,022,630	4,463,064
Actuarial (gain) loss	8,210,982	5,677,826	8,742,394	1,365,299	14,088,307
Net periodic benefit cost	\$ 5,647,199	\$ 4,311,476	\$ 20,322,181	\$ 10,554,440	\$ 9,959,675
Additional charges:					
Special termination benefit charge	-	-	-	-	-
Curtailment charge	-	-	-	-	-
Settlement charge	-	-	-	-	-
Estimated 2016 net periodic pension cost	\$ 5,647,199	\$ 4,311,476	\$ 20,322,181	\$ 10,554,440	\$ 9,959,675
Key assumptions:					
Discount Rate	4.20%	4.27%	4.27%	4.27%	Varies by Plan
ERCA on 401(k) assets	7.00%	7.00%	7.00%	7.00%	7.00%
Salary Scale	N/A	3.50%	3.50%	3.50%	Varies by Plan
Trend	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

	2014 Amount Remaining on Initial Base	2014 Amortization	2014 Period Remaining	2015 Amount Remaining on Initial Base	2015 Amortization	2015 Period Remaining
LG&E and KU Retirement Plan						
LG&E (Regulatory) Base 1	99,792	99,792	1.00	0	0	-
LG&E (Regulatory) Base 2	1,055,665	527,832	2.00	527,833	527,832	1.00
LG&E (Regulatory) Base 3	277,914	92,637	3.00	185,277	92,637	2.00
LG&E (Regulatory) Base 4	121,334	40,444	3.00	80,890	40,444	2.00
LG&E (Regulatory) Base 5	136,847	34,210	4.00	102,637	34,210	3.00
LG&E (Regulatory) Base 6	460,823	115,207	4.00	345,616	115,207	3.00
LG&E (Regulatory) Base 7	323,211	80,803	4.00	242,408	80,803	3.00
LG&E (Regulatory) Base 8	623,100	124,619	5.00	498,481	124,619	4.00
LG&E (Regulatory) Base 9	3,998,524	799,705	5.00	3,198,819	799,705	4.00
LG&E (Regulatory) Base 10	N/A	N/A	N/A	80,979	9,068	8.93
Service (Financial) Base 1						
	N/A	N/A	N/A	9,132,087	1,022,630	8.93
Louisville Gas & Electric Bargaining Employees' Retirement Plan						
LG&E Union Base 1	818,314	163,663	5.00	654,651	163,663	4.00
LG&E Union Base 2	1,079,141	179,857	6.00	899,284	179,857	5.00
LG&E Union Base 3	930,226	155,038	6.00	775,188	155,038	5.00
LG&E Union Base 4	1,087,609	155,373	7.00	932,236	155,373	6.00
LG&E Union Base 5	4,799,993	685,714	7.00	4,114,279	685,714	6.00
LG&E Union Base 6	6,670,733	778,382	8.57	5,892,351	778,382	7.57
LG&E Union Base 7	N/A	N/A	N/A	8,892,048	1,048,343	8.48
Total	15,386,016	2,118,027		22,160,037	3,166,370	



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

LG&E and KU Retirement Plan

	2015 Amount Remaining on Initial Base	2015 Amortization	2015 Period Remaining
Service (Regulatory) Base 1	0	0	-
Service (Regulatory) Base 2	107,370	107,366	1.00
Service (Regulatory) Base 3	21,865	10,930	2.00
Service (Regulatory) Base 4	194,037	97,022	2.00
Service (Regulatory) Base 5	202,093	67,365	3.00
Service (Regulatory) Base 6	828,511	276,170	3.00
Service (Regulatory) Base 7	471,949	157,316	3.00
Service (Regulatory) Base 8	898,008	224,502	4.00
Service (Regulatory) Base 9	6,229,380	1,557,344	4.00
Service (Regulatory) Base 10	<u>9,132,067</u>	<u>1,022,630</u>	8.93
Total			

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
LG&E and KU Retirement Plan					
LG&E (Regulatory) Base 1	0	0	-	83,160	0
LG&E (Regulatory) Base 2	1	1	-	527,832	263,917
LG&E (Regulatory) Base 3	92,640	92,637	1.00	92,637	92,637
LG&E (Regulatory) Base 4	40,446	40,444	1.00	40,444	40,444
LG&E (Regulatory) Base 5	66,427	34,210	2.00	34,210	34,210
LG&E (Regulatory) Base 6	230,409	115,207	2.00	115,207	115,207
LG&E (Regulatory) Base 7	161,605	80,803	2.00	80,803	80,803
LG&E (Regulatory) Base 8	373,862	124,619	3.00	124,619	124,619
LG&E (Regulatory) Base 9	2,399,114	799,705	3.00	799,705	799,705
LG&E (Regulatory) Base 10	71,911	9,068	7.83	1,511	9,068
Service (Financial) Base 1					
	8,109,457	1,022,630	7.93	170,438	1,022,630
Louisville Gas & Electric Bargaining Employees' Retirement Plan					
LG&E Union Base 1	490,988	163,663	3.00	163,663	163,663
LG&E Union Base 2	719,427	179,857	4.00	179,857	179,857
LG&E Union Base 3	620,150	155,038	4.00	155,038	155,038
LG&E Union Base 4	776,863	155,373	5.00	155,373	155,373
LG&E Union Base 5	3,428,565	685,714	5.00	685,714	685,714
LG&E Union Base 6	5,113,969	778,382	6.57	778,382	778,382
LG&E Union Base 7	7,843,705	1,048,343	7.48	174,724	1,048,343
Total	18,993,667	3,166,370		2,292,751	3,166,370

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

LG&E and KU Retirement Plan

	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	53,685
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

	Regulatory		
	LG&E and KU Retirement Plan		LG&E Union
	1/1/2015 LG&E	1/1/2015 ServCo	1/1/2015
Fair Value of Assets	213,348,099	388,456,197	300,546,983
Market Related Value of Assets	204,154,232	368,451,215	285,389,049
PBO/APBO	240,312,008	503,256,628	330,099,105
Amortization of Net Actuarial (Gain)/Loss***			
Net Actuarial (Gain)/Loss	73,601,780	121,147,281	97,718,860
Deferred Asset Gain/(Loss)	9,193,867	20,004,962	15,177,944
Remaining Actuarial (Gain)/Loss	82,795,647	141,152,262	112,896,804
10% corridor	24,031,201	50,325,683	33,009,911
30% corridor	72,093,602	150,976,888	99,029,732
Excess 10% corridor	48,062,401	90,826,599	66,019,821
Excess 30% corridor	10,702,045	0	13,867,072
Average Future Service	8,930	8,930	8,482
Amortization	7,779,002	10,170,952	11,053,285

*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 1/1/2016

	LG&E and KU Retirement Plan		Regulatory	
	1/1/2016	1/1/2016	1/1/2016	
	LG&E	ServCo	LG&E Union	
Fair Value of Assets	224,819,352	422,160,615	320,053,716	
Market Related Value of Assets	216,949,402	405,036,351	307,061,396	
PBO/APBO	241,368,523	530,018,585	330,553,790	
Amortization of Net Actuarial (Gain)/Loss**				
Net Actuarial (Gain)/Loss	65,179,207	109,575,980	85,603,119	
Deferred Asset Gain/(Loss)	7,868,950	17,124,264	12,992,320	
Remaining Actuarial (Gain)/Loss	73,049,157	126,700,244	98,595,439	
10% corridor	24,138,852	53,001,859	33,055,379	
30% corridor	72,410,557	159,005,576	99,166,137	
Excess 10% corridor	48,273,705	73,698,385	65,540,060	
Excess 30% corridor	638,600	0	0	
Average Future Service	8.430	8.430	7.982	
Amortization	5,877,925	8,742,394	8,210,982	

*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		LG&E Union
	LG&E	ServCo	
Amortization	3,635,788	3,010,881	6,876,588

*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		LG&E Union
	LG&E	ServCo	
Amortization	6,828,464	9,456,673	9,632,134

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

Servco Allocations used for Pension & Postretirement Calculations

	Servco Allocation %'s to LGE								
	2008	2009	2010	2011	2012	2013	2014	Base Year	Test Year
Service cost	42.566%	42.566%	44.090%	45.188%	45.050%	45.021%	44.758%	44.758%	44.148%