

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

**In the Matter of:**

<b>ELECTRONIC JOINT APPLICATION OF PPL</b>	)	
<b>CORPORATION, PPL SUBSIDIARY</b>	)	
<b>HOLDINGS, LLC, PPL ENERGY HOLDINGS,</b>	)	
<b>LLC, LG&amp;E AND KU ENERGY LLC,</b>	)	
<b>LOUISVILLE GAS AND ELECTRIC COMPANY</b>	)	
<b>AND KENTUCKY UTILITIES COMPANY FOR</b>	)	<b>CASE NO. 2017-00415</b>
<b>APPROVAL OF AN INDIRECT CHANGE OF</b>	)	
<b>CONTROL OF LOUISVILLE GAS AND</b>	)	
<b>ELECTRIC COMPANY AND KENTUCKY</b>	)	
<b>UTILITIES COMPANY</b>	)	
	)	

**RESPONSE OF**  
**PPL CORPORATION, PPL SUBSIDIARY HOLDINGS, LLC, PPL ENERGY**  
**HOLDINGS, LLC, LG&E AND KU ENERGY LLC, LOUISVILLE GAS AND**  
**ELECTRIC COMPANY, AND KENTUCKY UTILITIES COMPANY TO**  
**COMMISSION STAFF'S POST-HEARING REQUEST FOR INFORMATION**  
**DATED MARCH 23, 2018**

**FILED: MARCH 29, 2018**

VERIFICATION

COMMONWEALTH OF PENNSYLVANIA )  
 ) SS:  
COUNTY OF LEHIGH )

The undersigned, **Alexander J. Torok**, being duly sworn, deposes and says that he is Tax Vice President for PPL Corporation and an employee of PPL Services Corporation, that he has personal knowledge of the matters set forth in the responses for which he is identified as the witness, and the answers contained therein are true and correct to the best of his information, knowledge and belief.

  
Alexander J. Torok

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 29<sup>TH</sup> day of March 2017.  
8 BMR

  
Notary Public (SEAL)

My Commission Expires:

January 28, 2022

Commonwealth of Pennsylvania - Notary Seal  
BARBARA M. RENNERT, Notary Public  
Lehigh County  
My Commission Expires January 28, 2022  
Commission Number 1281417



**PPL CORPORATION, PPL SUBSIDIARY HOLDINGS, LLC, PPL ENERGY HOLDINGS, LLC, LG&E AND KU ENERGY LLC, LOUISVILLE GAS AND ELECTRIC COMPANY, AND KENTUCKY UTILITIES COMPANY**

**Response to Commission Staff's Post-Hearing Request for Information  
Dated March 23, 2018**

**Case No. 2017-00415**

**Question No. 1**

**Witness: Alexander J. Torok**

- Q-1. Provide the projected future tax liability that could be avoided as a result of the proposed corporate restructuring.
- A-1. For the LG&E and KU Energy LLC (LKE) group of companies (including Louisville Gas and Electric Company and Kentucky Utilities Company) there will be no tax impact as a result of the proposed corporate restructuring.

PPL believes that in the event a distribution is taxable, it would be subject to the Pennsylvania state tax rate of 9.99%. PPL cannot predict the absolute amount of any such tax. The amount of the potential future tax liability is not estimable as it is dependent on the amount of a distribution in excess of the parent's basis in the stock of the distributing subsidiary and such distributions vary depending on the needs of the business.

At the time PPL determined that the proposed restructuring was desirable, its basis in [REDACTED] was approximately [REDACTED] and cash distributions were projected to be approximately [REDACTED] per year. Therefore, PPL had only a [REDACTED] window before distributions from [REDACTED] would potentially become taxable.

Certain information requested is confidential and is being provided under seal pursuant to a petition for confidential protection.