

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC JOINT APPLICATION 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 FOR APPROVAL OF AN)	CASE NO. 2017-00415
INDIRECT CHANGE OF CONTROL OF)	
LOUISVILLE GAS AND ELECTRIC)	
COMPANY AND KENTUCKY UTILITIES)	
COMPANY)	

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
ATTORNEY GENERAL'S SUPPLEMENTAL DATA REQUESTS
DATED DECEMBER 15, 2017

FILED: DECEMBER 27, 2017

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 the Attorney General's Supplemental Data Requests
Dated December 15, 2017**

Case No. 2017-00415

Question No. 1

Witness: Robert M. Conroy

- Q-1. Provide support for the statement that, "Upon completion of the Proposed Restructuring, NEWCO1 and NEWCO2 through their ownership and control of LG&E and KU will possess the financial, technical and managerial ability to provide reasonable utility service." Any response should focus on NEWCO1's and NEWCO2's abilities rather than on whether LKE, LG&E or KU currently possess such financial, technical, and managerial ability. If the Joint Applicants are unable to provide evidence that NEWCO1 and NEWCO2, themselves, are able to possess the aforementioned abilities, explain in complete detail why the Commission should approve the Proposed Restructuring, other than the Joint Applicants' preference to do so.
- A-1. Upon completion of the reorganization, no change occurs in the personnel, facilities or financial resources of LKE, LG&E, and KU and LG&E and KU will continue to be directly owned by LKE. As a result, the same personnel who currently operate and manage the affairs of these entities will continue to do so. Similarly, PPL Corporation, which currently has ultimate control of LKE, LG&E, and KU and which the Commission previously found to possess the financial, technical and managerial ability to provide reasonable utility service¹ will continue to be the ultimate parent of LKE, LG&E, and KU. In addition, PPL Corporation's principal officers will be the principal officers of NEWCO1 and NEWCO2. No change will occur in the ownership of PPL Corporation as a result of this transaction.

¹ *Joint Application of PPL Corporation, E.ON AG, E.ON US Investments Corp., E.ON U.S. LLC, Louisville Gas and Electric Company, and Kentucky Utilities Company for Approval of an Acquisition of Ownership and Control of Utilities*, Case No. 2010-00204 (Ky. PSC Sept. 30, 2010) at 19.

Commission precedent supports an applicant's reliance upon the financial, technical and managerial abilities of the utility of which control is being acquired. In Case No. 2006-00197,² the Commission stated:

The Commission finds that an accurate assessment of the acquiring parties' ability to provide utility service can be made through an examination of the abilities of the management that is currently in place and will remain in place after the transaction is completed.²² Based upon this examination, the Commission finds that, the acquiring parties using the current management of AWWC and Kentucky-American, will have the requisite abilities to provide reasonable utility service.

²²An acquirer's reliance upon existing management is not unusual and has previously served as the basis for a determination of the acquiring party's ability to provide utility service.

The Commission has reached the same conclusion in other transfer of control proceedings.³ Nothing in the record of this proceeding suggests that the ability of LG&E and KU to provide reasonable utility service will be compromised by the proposed transaction.

² *The Joint Petition of Kentucky-American Water Company, Thames Water Aqua Holdings GmbH, RWE Aktiengesellschaft, Thames Water Aqua US Holdings, Inc., and American Water Works Company, Inc. For Approval of A Change In Control of Kentucky-American Water Company*, Case No. 2006-00197 (Ky. PSC Apr. 16, 2007).

³ *See, e.g., The Verified Joint Application of Brandenburg Communications Corporation and Brandenburg Telephone Company For the Expedited Transfer of Certain Ownership Shares of Brandenburg Communications Corporation*, Case No. 2017-00209 (Ky. PSC Sept. 12, 2017); *Application of Windstream Kentucky East, LLC, Windstream Kentucky West, LLC and Windstream Corporation for Authority to Complete a Certain Pro Forma Intra-Corporate Transaction*, Case No. 2013-00176 (Ky. PSC June 28, 2013); *The Joint Application of Nuon Global Solutions USA, BV, Nuon Global Solutions USA, Inc., AIG Highstar Capital II, LP, Hydro Star, LLC, Utilities, Inc. and Water Service Corporation of Kentucky for Approval of an Indirect Change in Control of a Certain Kentucky Utility Pursuant to the Provisions of KRS 278.020(5) and (6) and 807 KAR 5:001, Section 8*, Case No. 2005-00433 (Ky. PSC Mar. 8, 2006). *See also, The Application of Louisville Gas and Electric Company To Enter Into An Agreement and Plan of Exchange and To Carry Out Certain Transactions In Connection Therewith*, Case No. 89-374 (Ky. PSC May 25, 1990) at 19 ("LG&E will, after the consummation of the transactions contemplated in its proposed Agreement and Plan of Exchange, continue to have the financial, technical, and managerial abilities to provide reasonable utility services, within the meaning of KRS 278.020(4)."); *The Application of Kentucky Utilities Company To Enter Into An Agreement and Plan of Exchange and To Carry Out Certain Transactions In Connection Therewith*, Case No. 10296 (Ky. PSC Oct. 6, 1988) at 17 (KU will, after the consummation of the transactions contemplated in its proposed Agreement and Plan of Exchange, continue to have the financial, technical, and managerial abilities to provide reasonable utility services, within the meaning of KRS 278.020(4).")