

RECEIVED

Mr. Jeff DeRouen
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40601

JUL 06 2010

PUBLIC SERVICE
COMMISSION

E.ON U.S. LLC
State Regulation and Rates
220 West Main Street
PO Box 32010
Louisville, Kentucky 40232
www.eon-us.com

July 6, 2010

Lonnie E. Bellar
Vice President
T 502-627-4830
F 502-217-2109
lonnie.bellar@eon-us.com

RE: *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*

Dear Mr. DeRouen:

Please find enclosed and accept for filing the original and twelve (12) copies of the Joint Responses 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 to the First Set of Data Requests of Kentucky Industrial Utility Customers, Inc. dated June 23, 2010, in the above-reference matter.

Should you have any questions regarding the enclosed, please contact me at your convenience.

Sincerely,

Lonnie E. Bellar

cc: Parties of Record

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

JOINT APPLICATION OF PPL CORPORATION,)	
E.ON AG, E.ON US INVESTMENTS CORP.,)	
E.ON U.S. LLC, LOUISVILLE GAS AND ELECTRIC)	CASE NO.
COMPANY AND KENTUCKY UTILITIES)	2010-00204
COMPANY FOR APPROVAL OF AN ACQUISITION)	
OF OWNERSHIP AND CONTROL OF UTILITIES)	

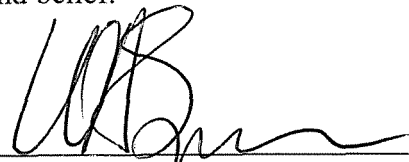
JOINT RESPONSE OF
PPL CORPORATION, E.ON AG, E.ON US INVESTMENTS CORP.,
E.ON U.S. LLC, LOUISVILLE GAS AND ELECTRIC COMPANY AND
KENTUCKY UTILITIES COMPANY
TO THE
FIRST SET OF DATA REQUESTS OF
KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.
DATED JUNE 23, 2010

FILED: July 6, 2010

VERIFICATION

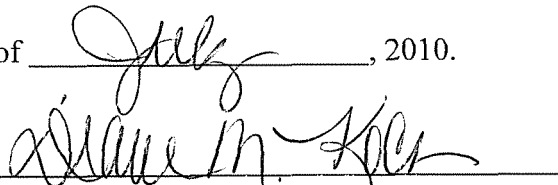
COMMONWEALTH OF PENNSYLVANIA)
) SS:
COUNTY OF LEHIGH)

WILLIAM H. SPENCE, being duly sworn, deposes and says that he has read the foregoing responses and exhibits and knows the matters contained therein; that said matters are true and correct to the best of his knowledge and belief.

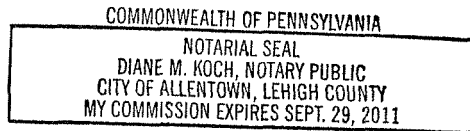


WILLIAM H. SPENCE

Subscribed and sworn to before me, a Notary Public in and for the above County and State, on this 1 day of July, 2010.



Notary Public



My Commission Expires:
9/29/2011

VERIFICATION

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The undersigned, **S. Bradford Rives**, being duly sworn, deposes and says he is Chief Financial Officer of E.ON U.S. LLC, Louisville Gas and Electric Company and Kentucky Utilities Company, and an employee of E.ON U.S. Services Inc., 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.

SBRives
S. BRADFORD RIVES

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 1st day of July, 2010.


James J. Ely (SEAL)
Notary Public

My Commission Expires:
November 9, 2010

VERIFICATION

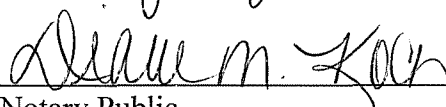
COMMONWEALTH OF PENNSYLVANIA)
) **SS:**
 COUNTY OF LEHIGH)

PAUL A. FARR, being duly sworn, deposes and says that he has read the foregoing responses and exhibits and knows the matters contained therein; that said matters are true and correct to the best of his knowledge and belief.

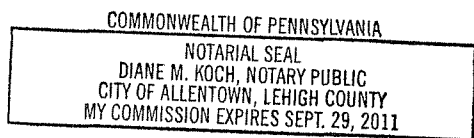


PAUL A. FARR

Subscribed and sworn to before me, a Notary Public in and for the above
 County and State, on this 1 day of July , 2010.



 Notary Public



My Commission Expires:
 9/29/2011

VERIFICATION

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The undersigned, **Lonnie E. Bellar**, being duly sworn, deposes and says he is Vice President of State Regulation and Rates of Louisville Gas and Electric Company and Kentucky Utilities Company, and an employee of E.ON U.S. Services Inc., that he has personal knowledge of the matters set forth in the responses for which he is identified as the witness, and answers contained therein are true and correct to the best of his information, knowledge and belief.



LONNIE E. BELLAR

Subscribed and sworn to before me, a Notary Public in and before said County and State,
this 2 day of July, 2010.

 (SEAL)

Notary Public

My Commission Expires:
November 9, 2010

**PPL CORPORATION, E.ON AG, E.ON US INVESTMENTS CORP.,
E.ON U.S. LLC, LOUISVILLE GAS AND ELECTRIC COMPANY AND
KENTUCKY UTILITIES COMPANY**

CASE NO. 2010-00204

**Joint Response to First Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated June 23, 2010**

Question No. 1

Responding Witness: Paul A. Farr

- Q-1. Please describe the PPL Services Corporation centralized service company and provide an organizational chart showing departments and FTE staffing levels in each department.
- A-1. PPL Services Corporation ("PPL Services") is a centralized service company consisting of 1,272 regular employees. A department listing is attached, which shows FTE staffing levels as well.

PPL Services provides certain services to affiliated entities, including PPL Electric Utilities Corporation ("PPL Electric"), PPL Generation, LLC, generation-owning subsidiaries of PPL Generation, LLC and PPL EnergyPlus, LLC. The company is organized along functional lines to accomplish its purpose of providing management, administrative and technical services. PPL Services is a service company engaged in transactions in the normal course of business with other PPL affiliates and with third parties. These transactions are primarily composed of services received and/or rendered.

Services provided by PPL Services to PPL Electric are charged to PPL Electric at cost under the Services Agreement between PPL Electric and PPL Services. This Services Agreement has been approved by the Pennsylvania Public Utility Commission. PPL Services is not currently subject to any other regulatory restrictions in charges to PPL entities other than PPL Electric as PPL has obtained a waiver (intrastate utility) from compliance with PUHCA 2005, including compliance with the centralized service company provisions of PUHCA 2005. PPL Services' charges to companies other than PPL Electric are controlled solely by generally accepted accounting principles. Generally, charges for services include labor, and burdens of PPL Services employees performing the services and vouchers or invoices paid by PPL Services on behalf of services received by it or by PPL affiliates. The cost of services are directly charged to the entities receiving the services or, for costs which cannot be directly attributed, charged in accordance with cost allocation factors or methodologies filed with federal and state regulatory agencies.

SRV	Information Services Dept.	Information Solutions	Info Sol-Energy Mktg&Pwr Mgmt	23
SRV	Information Services Dept.	Information Solutions	Info Sol-Generation&Supply Chn	52
SRV	Information Services Dept.	Information Services Dept.	Information Services Dept.	26
SRV	Information Services Dept.	Workstation & Comm Services	Workstation & Comm Services	56
SRV	Information Services Dept.	Document Management Services	Document Management Services	30
SRV	Information Services Dept.	Enterprise Technology Services	Enterprise Technology Services	42
SRV	Information Services Dept.	Enterprise Technology Services	Enterprise Technology Services	365
	Information Services Dept. Total			10
SRV	Human Resources	Security	Security	7
SRV	Human Resources	Health Services	Health Services	4
SRV	Human Resources	Human Resources	Human Resources	18
SRV	Human Resources	Safety Operations	Safety Operations	5
SRV	Human Resources	Compensation Programs	Compensation Programs	11
SRV	Human Resources	Facilities Management	Facilities Management	66
SRV	Human Resources	Facilities Management	Fac Mgt - Bldg Ser Regions	5
SRV	Human Resources	Facilities Management	Fac Mgt - Fac Design&Support	29
SRV	Human Resources	Facilities Management	Fac Mgt-General Office Complex	9
SRV	Human Resources	Benefits Administration	Benefits Administration	8
SRV	Human Resources	Talent Mgmt & Diversity	Talent Mgmt & Diversity	2
SRV	Human Resources	Talent Mgmt & Diversity	Org Design & Effectiveness	5
SRV	Human Resources	HR Business Partner Teams	HR - SSES	7
SRV	Human Resources	HR Business Partner Teams	HR - Genco & EPlus	4
SRV	Human Resources	HR Business Partner Teams	HR - Corporate Services	6
SRV	Human Resources	HR Business Partner Teams	HR - Electric Utilities	4
SRV	Human Resources	HR Business Partner Teams	HR Business Partner Teams	34
SRV	Human Resources	HR&S Operations & Planning	Technical Training	29
SRV	Human Resources	HR&S Operations & Planning	HR&S Operations & Planning	263
	Human Resources Total			4
SRV	External Affairs	External Affairs	External Affairs	34
SRV	External Affairs	Corporate Communications	Corporate Communications	1
SRV	External Affairs	State Government Relations	State Government Relations	4
SRV	External Affairs	Federal Government Relations	Federal Government Relations	2
SRV	External Affairs	PA State Government Relations	PA State Government Relations	13
SRV	External Affairs	Community & Economic Developmnt	Real Estate Services	12
SRV	External Affairs	Community & Economic Developmnt	Community & Economic Developmnt	70
	External Affairs Total			1,272
	Grand Total			

Co	Srv Group	Major Area	Dept	Count ID
SRV	Chairman	Chairman	Chairman	3
SRV	Chairman	Audit Services	Audit Services	18
SRV	Chairman	Office of General Counsel	FERC/NERC Compliance	2
SRV	Chairman	Office of General Counsel	Office of General Counsel	43
SRV	Chairman	Office of General Counsel	Business Ethics and Compliance	3
SRV	Chairman	Exec V Pres/Chief Oper Officer	Environmental Management	20
SRV	Chairman	Exec V Pres/Chief Oper Officer	Supply Chain Administration	261
SRV	Chairman	Exec V Pres/Chief Oper Officer	Exec V Pres/Chief Oper Officer	2
	Chairman Total			352
SRV	Financial	Financial	Financial	2
SRV	Financial	Controller	Taxes	22
SRV	Financial	Controller	Controller	5
SRV	Financial	Controller	Global Accounting	3
SRV	Financial	Controller	Supply Accounting	34
SRV	Financial	Controller	Financial Reporting	11
SRV	Financial	Controller	Corporate Accounting	4
SRV	Financial	Controller	Financial Accounting	14
SRV	Financial	Controller	Controller - PA Delivery	9
SRV	Financial	Controller	Accounting Process & Controls	4
SRV	Financial	Risk Management	Risk Mngmt	3
SRV	Financial	Risk Management	Risk Management	6
SRV	Financial	Risk Management	Trading Controls	23
SRV	Financial	Investor Relations	Investor Relations	2
SRV	Financial	Finance and Treasury	Financial Planning	15
SRV	Financial	Finance and Treasury	Treasury Operations	46
SRV	Financial	Finance and Treasury	Finance and Treasury	13
SRV	Financial	Finance and Treasury	Investments & Pensions	2
SRV	Financial	Strategic Development	Strategic Development	4
	Financial Total			222
SRV	Information Services Dept.	Information Assurance	Information Assurance	13
SRV	Information Services Dept.	Information Solutions	Info Sol-Services	29
SRV	Information Services Dept.	Information Solutions	InfoSol PPL Utilities	47
SRV	Information Services Dept.	Information Solutions	Information Solutions	1
SRV	Information Services Dept.	Information Solutions	Info Sol-PPL Solutions	23
SRV	Information Services Dept.	Information Solutions	Info Sol - Shared Solutions	23

**PPL CORPORATION, E.ON AG, E.ON US INVESTMENTS CORP.,
E.ON U.S. LLC, LOUISVILLE GAS AND ELECTRIC COMPANY AND
KENTUCKY UTILITIES COMPANY**

CASE NO. 2010-00204

**Joint Response to First Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated June 23, 2010**

Question No. 2

Responding Witness: S. Bradford Rives

- Q-2. Please describe the E.ON US Services, Inc. centralized service company and provide an organization chart showing departments and FTE staffing levels in each department.
- A-2. E.ON U.S. Services, Inc. is a centralized service company consisting of 1,114 regular employees. A department listing is attached.

E.ON U.S. Services Inc. (Servco) is a centralized service company under the Public Utility Holding Company Act of 2005 (PUHCA 2005). It provides certain services to affiliated entities, including E.ON U.S., LG&E and KU, generally at cost as permitted under PUHCA 2005. The company is organized along functional lines to accomplish its purpose of providing management, administrative and technical services.

Servco engages in transactions in the normal course of business with other E.ON U.S. affiliates and with third parties. These transactions are primarily composed of services received and/or rendered. Charges for these services include labor, and burdens of Servco employees performing the services and vouchers or invoices paid by Servco on behalf of services received by it or by E.ON U.S. affiliates. The cost of services are directly charged to the entities receiving the services or, for costs which cannot be directly attributed, charged in accordance with cost allocation factors or methodologies filed with federal and state regulatory agencies.

Officer Name	Department	Total
Hermann,Chris	Asset Information - Dist Ops	3
Hermann,Chris	Billing Integrity	4
Hermann,Chris	Business Service Center	20
Hermann,Chris	CCS Business Readiness	7
Hermann,Chris	Contract Manager-Xerox Corp	1
Hermann,Chris	Corp Security/Bus Continuity	4
Hermann,Chris	Corprate Facility Services	1
Hermann,Chris	Customer Commitment	5
Hermann,Chris	Customer Energy Efficiency	2
Hermann,Chris	Dir Asset Management	2
Hermann,Chris	Dir Distribution Operations	5
Hermann,Chris	Dir Electric Reliability	4
Hermann,Chris	Dir HR Distribution	9
Hermann,Chris	Dir Marketing & Customer Srv	2
Hermann,Chris	Dir Operating Services	2
Hermann,Chris	Dir Real Estate & Right of Way	4
Hermann,Chris	Dir Revenue Collection	1
Hermann,Chris	Economic Devel & Major Accts	20
Hermann,Chris	Elect System Codes & Standards	3
Hermann,Chris	Electrical Eng & Planning Grp	6
Hermann,Chris	Energy Delivery - IT	7
Hermann,Chris	Energy Delivery Budgeting	6
Hermann,Chris	Energy Efficiency Operations	12
Hermann,Chris	Energy Efficiency Plan/Dvlpmt	6
Hermann,Chris	Facility Oper Data/Control Ctr	1
Hermann,Chris	Facility Operations Central	1
Hermann,Chris	Facility Operations East	1
Hermann,Chris	Facility Operations North	1
Hermann,Chris	Facility Operations-Lexington	1
Hermann,Chris	Field Service Operations	2
Hermann,Chris	Forestry Services	2
Hermann,Chris	Meter Reading	1
Hermann,Chris	Metering Assets	1
Hermann,Chris	Office Services	4
Hermann,Chris	Performance & Marketing	4
Hermann,Chris	Project Planning & Management	3
Hermann,Chris	Remittance and Collection	6
Hermann,Chris	Residential Service	106
Hermann,Chris	Retail Strategy/Oper Analysis	7
Hermann,Chris	Safety & Tech Training-Dist	10
Hermann,Chris	Substation Construction & Main	1
Hermann,Chris	Substation Engineering & Desgn	8
Hermann,Chris	SVP Energy Delivery	1
Hermann,Chris	System Restoration & Disp Oprs	2

Officer Name	Department	Total
Hermann,Chris	System Restoration and Ops	1
Hermann,Chris	Systems Analysis & Planning	7
Hermann,Chris	Transformer Service	1
Hermann,Chris	Transportation	2
Hermann,Chris	VP Energy Delivery Distr	2
Hermann,Chris	VP Energy Delivery -Retail Bus	2
Hermann,Chris	Walk-In Centers	4
Hermann,Chris	Work Planning - Dist	5
McCall,John R	Benefits and Records	7
McCall,John R	Compensation Systems & HRIS	3
McCall,John R	Compliance Dept	6
McCall,John R	Dir Environmental Affairs	13
McCall,John R	Dir External Affairs	1
McCall,John R	Dir HR - Corporate	6
McCall,John R	Dir Regulatory Initiatives	1
McCall,John R	Dir State Regulation & Rates	5
McCall,John R	Dir State Regulation and Rates	7
McCall,John R	EVP-General Counsel - Servco	1
McCall,John R	External & Brand Communication	14
McCall,John R	Health and Safety	5
McCall,John R	Industrial Relations	3
McCall,John R	Legal Department - Servco	21
McCall,John R	Organization Development	5
McCall,John R	SVP Human Resources	2
McCall,John R	VP - Corporate Communications	2
McCall,John R	VP Corp Respons/Comm Affairs	4
McCall,John R	VP External Affairs	2
McCall,John R	VP Federal Regulation & Policy	3
Rives,Stephen B	Audit Services	13
Rives,Stephen B	Chief Financial Officer	1
Rives,Stephen B	Client Support Services	8
Rives,Stephen B	Computing Architecture	17
Rives,Stephen B	Controller	2
Rives,Stephen B	Corporate Accounting	7
Rives,Stephen B	Corporate Purchasing	6
Rives,Stephen B	Corporate Tax	1
Rives,Stephen B	Credit/Contract Administration	5
Rives,Stephen B	Data Center Mgmt/Capacity Mgmt	20
Rives,Stephen B	Data Networks & Database Admin	14
Rives,Stephen B	Desktop Operations	13
Rives,Stephen B	Dir Utility Accounting	2
Rives,Stephen B	Dir Cash Management & Investmt	3
Rives,Stephen B	Dir Corporate Development	1
Rives,Stephen B	Dir Corporate Tax	4

Officer Name	Department	Total
Rives,Stephen B	Dir Fin Planning & Controlling	2
Rives,Stephen B	Dir IT Operations	2
Rives,Stephen B	Dir IT Service Delivery	2
Rives,Stephen B	Dir IT Strategy/Planning	2
Rives,Stephen B	Dir Supply Chain	3
Rives,Stephen B	Energy Marketing Accounting	6
Rives,Stephen B	Financial Acctg & Reporting	7
Rives,Stephen B	Financial Analysis	7
Rives,Stephen B	Financial Planning	7
Rives,Stephen B	Financial Systems	4
Rives,Stephen B	IT Business Integration	15
Rives,Stephen B	IT Security	6
Rives,Stephen B	IT Serv Delivery HR & Finance	13
Rives,Stephen B	IT Service Delivery Dist Oprs	16
Rives,Stephen B	IT Service Delivery Energy Srv	14
Rives,Stephen B	IT Service Delivery Retail Bus	11
Rives,Stephen B	IT Service Desk	10
Rives,Stephen B	IT Special projects	5
Rives,Stephen B	IT Strategy & Planning	3
Rives,Stephen B	IT Training	5
Rives,Stephen B	ITSD CCS Development	19
Rives,Stephen B	Material Services & Logistics	6
Rives,Stephen B	Payroll	5
Rives,Stephen B	Project Management and Control	7
Rives,Stephen B	Property Accounting	11
Rives,Stephen B	Regulatory Acctng & Reporting	7
Rives,Stephen B	Revenue Accounting	7
Rives,Stephen B	Supplier Diversity	1
Rives,Stephen B	Supply Chain Support	16
Rives,Stephen B	Supply Chain-Energy Del/Transm	14
Rives,Stephen B	SVP Information Technology	1
Rives,Stephen B	Telecommunications	14
Rives,Stephen B	Trading Controls	3
Rives,Stephen B	Treasurer	4
Rives,Stephen B	Utility Tax	2
Rives,Stephen B	VP Corp Planning & Development	2
Staffieri,Victor Alex	Chief Executive Officer	3
Staffieri,Victor Alex	Chief Financial Officer	1
Staffieri,Victor Alex	EVP-General Counsel - Servco	1
Staffieri,Victor Alex	SVP Energy Delivery	1
Staffieri,Victor Alex	SVP Energy Services	1
Thompson,Paul W	Compliance & Document Mgmt	6
Thompson,Paul W	Corp Fuels & By Products	7
Thompson,Paul W	Dir Corp Fuels & By Products	3

Officer Name	Department	Total
Thompson,Paul W	Dir Energy Services Project Dv	2
Thompson,Paul W	Dir Generation Services	3
Thompson,Paul W	Dir HR - Energy Services	9
Thompson,Paul W	Dir Transmission	2
Thompson,Paul W	Dir-Financial Plan & Analysis	3
Thompson,Paul W	Economic Analysis	5
Thompson,Paul W	Energy Marketing Business Info	4
Thompson,Paul W	Energy Plng Analysis &Forecast	2
Thompson,Paul W	Energy Services Training	5
Thompson,Paul W	Env Compl & System Lab	15
Thompson,Paul W	Finc & Budgtng-Engy Serv	5
Thompson,Paul W	Finc & Budgtng-Pwr Prod	3
Thompson,Paul W	Fuels Management	5
Thompson,Paul W	Generation Engineering	11
Thompson,Paul W	Generation Plan & Analysis	7
Thompson,Paul W	Generation Turb Gen Specialist	3
Thompson,Paul W	Health & Safety - Energy Svcs	2
Thompson,Paul W	Operation Analysis & Sys Imple	3
Thompson,Paul W	Project Engineering	42
Thompson,Paul W	Regulated Trading & Dispatch	22
Thompson,Paul W	Research & Development	2
Thompson,Paul W	Sales Analysis & Forecasting	5
Thompson,Paul W	SVP Energy Services	1
Thompson,Paul W	Trans Reliability & Compliance	3
Thompson,Paul W	Transmission Balancing Authori	6
Thompson,Paul W	Transmission Energy Mgmt Sys	8
Thompson,Paul W	Transmission Lines	28
Thompson,Paul W	Transmission Protection & Subs	21
Thompson,Paul W	Transmission Strategy/Planning	14
Thompson,Paul W	Transmission System Operations	32
Thompson,Paul W	VP Energy Marketing	3
Thompson,Paul W	VP Power Production	3
Thompson,Paul W	VP-Transmission/Generation Svc	2
		1114

**PPL CORPORATION, E.ON AG, E.ON US INVESTMENTS CORP.,
E.ON U.S. LLC, LOUISVILLE GAS AND ELECTRIC COMPANY AND
KENTUCKY UTILITIES COMPANY**

CASE NO. 2010-00204

**Joint Response to First Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated June 23, 2010**

Question No. 3

Responding Witness: S. Bradford Rives / William H. Spence

- Q-3. Please provide a copy of all studies and/or analyses of synergy savings resulting from the acquisition of E.ON U.S., including, but not limited to, the opportunities to achieve savings from combining centralized service company functions.
- A-3. Please see response to KPSC 1-18.

**PPL CORPORATION, E.ON AG, E.ON US INVESTMENTS CORP.,
E.ON U.S. LLC, LOUISVILLE GAS AND ELECTRIC COMPANY AND
KENTUCKY UTILITIES COMPANY**

CASE NO. 2010-00204

**Joint Response to First Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated June 23, 2010**

Question No. 4

Responding Witness: S. Bradford Rives / William H. Spence

- Q-4. Refer to page 18 of the Application in this proceeding.
- a. Please indicate whether the proposed “formal analysis” has been completed. If so, please provide a copy, including all workpapers, other analyses and supporting documentation, and a copy of all relevant source documents used to develop the synergy savings estimates. If not, then please explain why PPL has not yet completed the analysis.
 - b. Please provide a copy of all analyses, draft or final, formal or otherwise, developed by or on behalf of PPL that identifies and/or quantifies potential synergy savings.
 - c. Please explain why the Companies did not provide any analyses of synergy savings in conjunction with the filing of their Application in this proceeding.
 - d. Please explain why the Companies believe that the Commission should approve the proposed acquisition without: i) such a study or any analyses of synergy savings and ii) any plan for sharing achieved savings with ratepayers.
 - e. Please explain why the Companies did not provide a “methodology” for allocating a share of the potential synergy savings and benefits to KU and LG&E ratepayers in conjunction with the filing of their Application in this proceeding.
 - f. Please explain why the Companies believe the Commission should approve the proposed acquisition without such a “methodology” for allocating a share of the potential synergy savings and benefits to ratepayers.
- A-4. a.- f. Please see response to KPSC 1-18.

**PPL CORPORATION, E.ON AG, E.ON US INVESTMENTS CORP.,
E.ON U.S. LLC, LOUISVILLE GAS AND ELECTRIC COMPANY AND
KENTUCKY UTILITIES COMPANY**

CASE NO. 2010-00204

**Joint Response to First Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated June 23, 2010**

Question No. 5

Responding Witness: S. Bradford Rives

- Q-5. Please provide a copy of all existing intercompany agreements that will remain in effect and that affect the costs of KU and LG&E, including, but not limited to, the service company agreement and the intercompany tax allocation agreement.
- A-5. The parties anticipate that the following relevant intercompany agreements will remain in effect upon completion of the transaction and for which copies are hereby provided on the enclosed CD:
- Power Supply System Agreement, dated as of October 9, 1997, between LG&E and KU
 - Transmission Coordination Agreement, dated as of October 9, 1997, between LG&E and KU
 - Utility Service Agreement, dated as of January 1, 2001, between LG&E and E.ON U.S. Services Inc. (f/k/a LG&E Energy Services Inc.)
 - Utility Services Agreement, dated as of January 1, 2001, among KU, LG&E and E.ON U.S. Services Inc. (f/k/a LG&E Energy Services Inc.)
 - Amended Utility Money Pool Agreement, dated as of December 17, 2007, (as amended by First Amendment dated December 31, 2009), among E,ON U.S. LLC, E.ON U.S. Services Inc., LG&E and KU
 - Amended and Restated Inter-Company Power Agreement dated as of March 13, 2006, by and among Ohio Valley Electric Corporation, LG&E and KU and other sponsoring utilities of OVEC
 - Participation Agreement, dated as of February 9, 2004, by and among LG&E, KU, Indiana Municipal Power Agency and Illinois Municipal Electric Agency (regarding Trimble County Unit 2)
 - Tax Allocation Agreement, dated as of April 10, 2009

**PPL CORPORATION, E.ON AG, E.ON US INVESTMENTS CORP.,
E.ON U.S. LLC, LOUISVILLE GAS AND ELECTRIC COMPANY AND
KENTUCKY UTILITIES COMPANY**

CASE NO. 2010-00204

**Joint Response to First Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated June 23, 2010**

Question No. 6

Responding Witness: S. Bradford Rives / Paul A. Farr

- Q-6. Please identify and describe all new intercompany agreements that will be implemented and that will affect the costs of KU and LG&E, including, but not limited to, a service company agreement, intercompany tax allocation agreement, and integration agreement.
- A-6. The parties anticipate that new relevant intercompany agreements may be needed in the following areas:
- forms of services agreement(s) between E.ON U.S. Services Inc., PPL Services Corporation or other affiliates so as to allow for intra-company services within the PPL group of companies if such agreements would enhance operational effectiveness
 - form of tax allocation agreement among E.ON U.S., LG&E, KU and relevant PPL-affiliates governing tax allocation and sharing matters

Proposed terms and conditions or drafts of such agreements have not yet been developed. The ultimate form of any such agreements will be in accordance with federal and state affiliate transactions and cost allocation regulations and principles.

Please see the response to KIUC 1-5.

**PPL CORPORATION, E.ON AG, E.ON US INVESTMENTS CORP.,
E.ON U.S. LLC, LOUISVILLE GAS AND ELECTRIC COMPANY AND
KENTUCKY UTILITIES COMPANY**

CASE NO. 2010-00204

**Joint Response to First Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated June 23, 2010**

Question No. 7

Responding Witness: S. Bradford Rives / Paul A. Farr

- Q-7. Please provide a copy of all new intercompany agreements, whether in draft or final form, that will be implemented and that will affect the costs of KU and LG&E, including, but not limited to, a service company agreement, intercompany tax allocation agreement, and integration agreement.
- A-7. Please see response to Question No. 6.

**PPL CORPORATION, E.ON AG, E.ON US INVESTMENTS CORP.,
E.ON U.S. LLC, LOUISVILLE GAS AND ELECTRIC COMPANY AND
KENTUCKY UTILITIES COMPANY**

CASE NO. 2010-00204

**Joint Response to First Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated June 23, 2010**

Question No. 8

Responding Witness: S. Bradford Rives / Paul A. Farr

- Q-8. Refer to page 3 lines 6-8 of Mr. Rives' Direct Testimony. Please confirm that the Companies will not "push-down" any goodwill, acquisition premium, or acquisition costs onto the accounting books of either KU or LG&E, or that they are required to do so pursuant to GAAP or any other authority having accounting jurisdiction, that they will not directly or indirectly seek to earn a return on or recover such costs through the ratemaking process. The Companies should ensure that their response is not limited to "goodwill," the only issue related to the potential for "push down" accounting that Mr. Rives addressed in his Direct Testimony.
- A-8. The commitment stated at pages 2-3 of Mr. Rives' testimony on "push down" accounting is not limited to "goodwill." Please see the response to KIUC 1-9.

**PPL CORPORATION, E.ON AG, E.ON US INVESTMENTS CORP.,
E.ON U.S. LLC, LOUISVILLE GAS AND ELECTRIC COMPANY AND
KENTUCKY UTILITIES COMPANY**

CASE NO. 2010-00204

**Joint Response to First Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated June 23, 2010**

Question No. 9

Responding Witness: S. Bradford Rives / Paul A. Farr

- Q-9. Refer to page 2 lines 14-17 of Mr. Rives' Direct Testimony.
- a. Please confirm that the term "regulatory recovery of changes" refers to the *costs* on the Companies' accounting books resulting from push-down accounting and that the Companies' commitment is that they will not seek recovery of any of these *costs* from ratepayers. If this is not correct, then so state and provide a more detailed explanation of the Companies' commitment on the recovery of such costs.
 - b. Please confirm that the Companies commitment to not seek regulatory recovery of changes includes the effects of any increase in common equity capitalization resulting from the acquisition and the imposition of push down accounting on KU and LG&E's accounting books. Please explain your response.
 - c. Please identify the effects on KU and LG&E's accounting books that could occur if push down accounting is required.
 - d. Please describe how the Companies plan to remove the effects on KU and LG&E's accounting books through proforma adjustments for ratemaking purposes if push down accounting is required.
- A-9.
- a. The term "regulatory recovery of changes" refers to the costs on LG&E's and KU's accounting books resulting from push-down accounting and LG&E and KU commit that they will not seek recovery of any of these costs from ratepayers.
 - b. LG&E and KU commit not to seek regulatory recovery of changes including the effects of any increase in common equity capitalization resulting from the acquisition and the imposition of push down accounting on their accounting books. Acquisition adjustments are expected to be recorded through Account

211, Miscellaneous Paid-in Capital, however, the Companies commit to exclude these impacts from the calculation of capitalization in future rate making procedures.

- c. See attached for the impact on LG&E's and KU's balance sheets of push-down accounting on a pro forma basis as of March 31, 2010.
- d. Push down accounting entries include replacement of debt with E.ON AG or its subsidiaries with debt with PPL or its subsidiaries, recording KU's investment in Electric Energy Inc. ("EEI") at fair value, goodwill, and potentially recording fixed interest rate debt (pollution control bonds) at fair value. Replacement of E.ON AG debt with PPL debt will be under the same terms and conditions, including interest rates, and will have no impact on LG&E or KU's financial statements. KU's investment in EEI will continue to be excluded from the calculation of its capitalization for rate making purposes, consistent with past practice. Goodwill will be recorded with an offset in Account 211, Miscellaneous Paid-in Capital. The Companies expect that any potential adjustment to the fair value of debt will be immaterial and would not be recorded as part of the transaction. If the amount is material and recorded on LG&E's and KU's books, the amortization of the amount will be recorded below net operating income through interest expense over the remaining term of the debt. The impact of all amounts recorded for the transaction through Account 211 will be removed from the calculation of capitalization for ratemaking purposes, as committed in the response to b above.

Louisville Gas & Electric Company
Pro Forma Balance Sheet
As of March 31, 2010

	As Reported per FERC Form 3- Q	Eliminate E.ON AG Affiliate Debt	Establish PPL Affiliate Debt	Recognize Fair Value of Debt	Record Goodwill	As Adjusted
Utility Plant (101-106, 114)	4,223,698,575					4,223,698,575
Construction in Progress (107)	327,974,292					327,974,292
(Less) Accum Prov For Depr Amort Depl (108, 110, 111, 11	(1,982,617,157)					(1,982,617,157)
Gas Stored Underground -Noncurrent (117)	2,139,990					2,139,990
Nonutility Property (121)	75,239					75,239
(Less) Accum Prov For Depr Amort (122)	(63,360)					(63,360)
Other Investments (124)	594,286					594,286
Other Special Funds (128)	14,727,363					14,727,363
Cash (131)	4,581,700	(485,000,000)	485,000,000			4,581,700
Special Deposits (132-134)	755,273					755,273
Working Fund (135)	20,130					20,130
Temporary Cash Investments (136)	120					120
Customer Accounts Receivable (142)	81,152,339					81,152,339
Other Accounts Receivable (143)	7,376,716					7,376,716
(Less) Accum Prov For Uncollectible Acct - Credit (144)	(2,760,784)					(2,760,784)
Accounts Receivable from Assoc Companies (146)	15,709,235					15,709,235
Fuel Stock (151)	68,540,275					68,540,275
Plant Materials and Supplies (154)	29,661,158					29,661,158
Allowances (158 1 and 158 2)	3,980					3,980
Stores Expense Undistributed (163)	4,581,465					4,581,465
Gas Stored Underground -Current (164 1)	19,702,551					19,702,551
Prepayments (165)	7,494,347					7,494,347
Interest and Dividends Receivable (171)	38,313					38,313
Rents Receivable (172)	46,307					46,307
Accrued Utility Revenues (173)	48,126,164					48,126,164
Miscellaneous Current and Accrued Assets (174)	34,460					34,460
Derivative Instrument Assets (175)	7,368,738					7,368,738
Unamortized Debt Expenses (181)	3,807,607					3,807,607
Other Regulatory Assets (182.3)	318,835,263					318,835,263
Prelim Survey and Investigation Charges (183.2)	882,697					882,697
Miscellaneous Deferred Debits (186)	1,232,875			6,279,000	238,215,000	245,726,875
Unamortized Loss on Reaquired Debt (189)	22,843,399					22,843,399
Accumulated Deferred Taxes (190)	51,562,120					51,562,120
TOTAL ASSETS	3,278,125,676	(485,000,000)	485,000,000	6,279,000	238,215,000	3,522,619,676
Common Stock Issued (201)	(425,170,424)					(425,170,424)
Other Paid-in Capital (208-211)	(83,581,499)				(238,215,000)	(321,796,499)
(Less) Capital Stock Expense (214)	835,889					835,889
Retained Earnings (215, 215 1, 216)	(757,728,567)					(757,728,567)
Accumulated Other Comprehensive Income (219)	10,559,983					10,559,983
Bonds (221)	(574,304,000)			(6,279,000)		(580,583,000)
(Less) Reaquired Bonds (222)	163,200,000					163,200,000
Advances from Associated Companies (223)	(485,000,000)	485,000,000	(485,000,000)			(485,000,000)
Accumulated Provision for Injuries and Damages (228.2)	(4,272,372)					(4,272,372)
Accumulated Provision for Pensions and Benefits (228.3)	(180,127,523)					(180,127,523)
Long-Term Portion of Derivative Instrument Liabilities	(10,216,681)					(10,216,681)
Long-Term Portion of Derivative Instrument Liabilities -Hedge	(18,856,113)					(18,856,113)
Asset Retirement Obligations (230)	(33,539,793)					(33,539,793)
Accounts Payable (232)	(75,243,599)					(75,243,599)
Notes Payable to Associated Companies (233)	(123,592,400)					(123,592,400)
Accounts Payable to Associated Companies (234)	(38,887,983)					(38,887,983)
Customer Deposits (235)	(23,505,026)					(23,505,026)
Taxes Accrued (236)	(21,251,713)					(21,251,713)
Interest Accrued (237)	(3,542,331)					(3,542,331)
Tax Collections Payable (241)	(1,312,063)					(1,312,063)
Miscellaneous Current and Accrued Liabilities (242)	(33,044,906)					(33,044,906)
Derivative Instrument Liabilities (244)	(15,667,190)					(15,667,190)
(Less) Long Term Portion of Derivative Instrument Liabilities	10,216,681					10,216,681
Derivative Instrument Liabilities - Hedges (245)	(18,856,113)					(18,856,113)
(Less) Long Term Portion of Derivative Instrument Liabilities	18,856,113					18,856,113
Customer Advances for Construction (252)	(9,391,872)					(9,391,872)
Accumulated Deferred Investment Tax Credits (255)	(47,400,905)					(47,400,905)
Other Deferred Credits (253)	(12,024,479)					(12,024,479)
Other Regulatory Liabilities (254)	(58,220,051)					(58,220,051)
Accum Deferred Income Taxes -Other Property (282)	(383,213,534)					(383,213,534)
Accum Deferred Income Taxes -Other (283)	(43,843,205)					(43,843,205)
TOTAL LIABILITIES AND STOCKHOLDER EQUITY	(3,278,125,676)	485,000,000	(485,000,000)	(6,279,000)	(238,215,000)	(3,522,619,676)

Kentucky Utilities Company
Pro Forma Balance Sheet
As of March 31, 2010

	As Reported per FERC Form 3-Q	Eliminate E.ON AG Affiliate Debt	Establish PPL Affiliate Debt	Record Investment in EEInc	Recognize Fair Value of Debt	Record Goodwill	Reclassify Investment in EEInc from Acct 123 to Acct 123.1	As Adjusted
Utility Plant (101-106, 114)	4,918,175,948							4,918,175,948
Construction in Progress (107)	1,290,626,141							1,290,626,141
(Less) Accum Prov For Depr Amort Depl (108, 110, 111, 115)	(2,192,542,471)							(2,192,542,471)
Nonutility Property (121)	179,121							179,121
Investments in Associated Companies (123)	15,146,402						(15,146,402)	-
Investments in Subsidiary Companies (123 1)	-			84,853,598			15,146,402	100,000,000
Other Investments (124)	250,000							250,000
Cash (131)	3,138,859	(1,331,000,000)	1,331,000,000					3,138,859
Working Fund (135)	39,530							39,530
Temporary Cash Investments (136)	269							269
Customer Accounts Receivable (142)	104,044,948							104,044,948
Other Accounts Receivable (143)	20,328,492							20,328,492
(Less) Accum Prov For Uncollectible Acct - Credit (144)	(3,267,013)							(3,267,013)
Accounts Receivable from Associated Companies (146)	383							383
Fuel Stock (151)	103,739,924							103,739,924
Plant Materials and Supplies (154)	31,152,075							31,152,075
Allowances (158 1 and 158 2)	812,054							812,054
Stores Expense Undistributed (163)	7,850,499							7,850,499
Prepayments (165)	6,803,416							6,803,416
Interest and Dividends Receivable (171)	18,742							18,742
Accrued Utility Revenues (173)	59,227,101							59,227,101
Miscellaneous Current and Accrued Assets (174)	44,024							44,024
Derivative Instrument Assets (175)	639,308							639,308
Unamortized Debt Expenses (181)	4,788,841							4,788,841
Other Regulatory Assets (182 3)	224,513,543							224,513,543
Prelim Survey and Investigation Charges (Electric) (183 1)	2,337,967							2,337,967
Miscellaneous Deferred Debits (186)	40,006,280				282,000	378,785,000		419,073,280
Unamortized Loss on Required Debt (189)	12,833,348							12,833,348
Accumulated Deferred Income Taxes (190)	46,235,144			(33,008,000)				13,227,144
TOTAL ASSETS	4,697,122,875	(1,331,000,000)	1,331,000,000	51,845,598	282,000	378,785,000	-	5,128,035,473
Common Stock Issued (201)	(308,139,978)							(308,139,978)
Other Paid-in Capital (208-211)	(315,858,083)			(51,845,598)		(378,785,000)		(746,488,681)
(Less) Capital Stock Expense (214)	321,289							321,289
Retained Earnings (215, 215 1, 216)	(1,361,364,577)							(1,361,364,577)
Unappropriated Undistributed Subsidiary Earnings (216 1)	(10,671,369)							(10,671,369)
Bonds (221)	(350,779,405)				(282,000)			(351,061,405)
Advances from Associated Companies (223)	(1,298,000,000)	1,298,000,000	(1,298,000,000)					(1,298,000,000)
Accumulated Provision for Injuries and Damages (228 2)	(2,628,519)							(2,628,519)
Accumulated Provision for Pensions and Benefits (228 3)	(151,622,161)							(151,622,161)
Asset Retirement Obligations (230)	(34,894,604)							(34,894,604)
Accounts Payable (232)	(113,447,337)							(113,447,337)
Notes Payable to Associated Companies (233)	(61,143,954)	33,000,000	(33,000,000)					(61,143,954)
Accounts Payable to Associated Companies (234)	(59,261,068)							(59,261,068)
Customer Deposits (235)	(22,494,148)							(22,494,148)
Taxes Accrued (236)	(21,604,617)							(21,604,617)
Interest Accrued (237)	(929,309)							(929,309)
Tax Collections Payable (241)	(3,513,387)							(3,513,387)
Miscellaneous Current and Accrued Liabilities (242)	(19,627,675)							(19,627,675)
Derivative Instrument Liabilities (244)	(490,921)							(490,921)
Customer Advances for Construction (252)	(2,552,511)							(2,552,511)
Accumulated Deferred Investment Tax Credits (255)	(104,147,495)							(104,147,495)
Other Deferred Credits (253)	(16,999,296)							(16,999,296)
Other Regulatory Liabilities (254)	(49,627,319)							(49,627,319)
Accum Deferred Income Taxes -Other Property (282)	(312,183,669)							(312,183,669)
Accum Deferred Income Taxes -Other (283)	(75,462,762)							(75,462,762)
TOTAL LIABILITIES AND STOCKHOLDER EQUITY	(4,697,122,875)	1,331,000,000	(1,331,000,000)	(51,845,598)	(282,000)	(378,785,000)	-	(5,128,035,473)

**PPL CORPORATION, E.ON AG, E.ON US INVESTMENTS CORP.,
E.ON U.S. LLC, LOUISVILLE GAS AND ELECTRIC COMPANY AND
KENTUCKY UTILITIES COMPANY**

CASE NO. 2010-00204

**Joint Response to First Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated June 23, 2010**

Question No. 10

Responding Witness: Lonnie E. Bellar / Paul A. Farr

- Q-10. Please confirm that the Companies will not seek to obtain an accounting order from the Commission to defer and subsequently recover the costs of an incentive and retention program for KU and LG&E employees from ratepayers.
- A-10. Currently the Companies have no plans to request such an accounting order.

**PPL CORPORATION, E.ON AG, E.ON US INVESTMENTS CORP.,
E.ON U.S. LLC, LOUISVILLE GAS AND ELECTRIC COMPANY AND
KENTUCKY UTILITIES COMPANY**

CASE NO. 2010-00204

**Joint Response to First Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated June 23, 2010**

Question No. 11

Responding Witness: Lonnie E. Bellar / Paul A. Farr

- Q-11. Please confirm that the Companies will not seek to obtain an accounting order from the Commission to defer and subsequently recover the costs to achieve savings in the absence of a comprehensive plan to ensure that savings exceed the costs to achieve.
- A-11. KU and LG&E do not expect significant savings or costs to achieve savings based on the regulatory commitments being made.

**PPL CORPORATION, E.ON AG, E.ON US INVESTMENTS CORP.,
E.ON U.S. LLC, LOUISVILLE GAS AND ELECTRIC COMPANY AND
KENTUCKY UTILITIES COMPANY**

CASE NO. 2010-00204

**Joint Response to First Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated June 23, 2010**

Question No. 12

Responding Witness: S. Bradford Rives / Paul A. Farr

- Q-12. Please provide projected financial statements for KU and LG&E with and without the merger for the next five calendar years (2010 through 2014) and the next five 12 month ending periods starting with the month following the assumed closing of the acquisition. Provide all assumptions, data, computations and electronic spreadsheets with formulas intact.
- A-12. Projected financial statements for KU and LG&E with and without the transaction for the next five calendar years (2010 through 2014) and the next five 12 month ending periods starting with the month following the assumed closing of the acquisition have not been prepared and would require an extensive amount of original and burdensome work.

**PPL CORPORATION, E.ON AG, E.ON US INVESTMENTS CORP.,
E.ON U.S. LLC, LOUISVILLE GAS AND ELECTRIC COMPANY AND
KENTUCKY UTILITIES COMPANY**

CASE NO. 2010-00204

**Joint Response to First Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated June 23, 2010**

Question No. 13

Responding Witness: Lonnie E. Bellar / William H. Spence

Q-13. Refer to page 19 lines 3-9 of Mr. Miller's Direct Testimony regarding PPL's commitment to use its reasonable best efforts to avoid the imposition by the FERC, US DOJ or FTC of requirements to join an RTO, divest utility operating assets, or require KU and LG&E to decline to use their generating facilities to serve native load customers. Would the Applicants oppose the Commission conditioning its approval of the acquisition on the avoidance of such requirements? Please explain your response.

A-13. The Applicants do not believe such a requirement is necessary. The Applicants ran multiple market power screens to support their application to FERC for approval of the proposed transaction, all of which demonstrate that the transaction would not increase horizontal or vertical market power concentrations. The Applicants' FERC application further demonstrates that because access to LG&E's and KU's transmission systems will continue to be independently and impartially administered by a third party (Southwest Power Pool, Inc.), the transaction will not adversely impact transmission customers. Finally, the Applicants' applications to this Commission and the FERC demonstrate that the transaction will not create cross-subsidization issues between the utilities and non-utility affiliates. For all of these reasons, the Applicants believe it is unlikely FERC, the US DOJ, or the FTC will require any of the actions described in the question, and therefore believe a condition concerning such unlikely actions would be unnecessary in an order from this Commission.

Moreover, any such condition could create possible preemption issues that could have to be litigated in the event a federal regulatory agency did require the Applicants to take such an action. The Applicants do not think it is advisable to risk creating such preemption concerns when facing unlikely actions by federal regulators

**PPL CORPORATION, E.ON AG, E.ON US INVESTMENTS CORP.,
E.ON U.S. LLC, LOUISVILLE GAS AND ELECTRIC COMPANY AND
KENTUCKY UTILITIES COMPANY**

CASE NO. 2010-00204

**Joint Response to First Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated June 23, 2010**

Question No. 14

Responding Witness: Lonnie E. Bellar / William H. Spence

- Q-14. Refer to pages 24-25 of Mr. Miller's Direct Testimony wherein he concludes that the acquisition is in the "public interest."
- a. Please explain why the Companies neither discussed nor made any commitments that will ensure that ratepayers are not harmed from the transaction through increases in rates due to the acquisition.
 - b. Please confirm that the Companies agrees as a matter of principle that ratepayers should not be harmed from the transaction through increases in rates due to the acquisition. Please explain your response
- A-14. a. PPL, E.ON U.S., LG&E and KU in fact made such commitments in Regulatory Commitment Nos. 5 and 8. In Regulatory Commitment No. 5, they committed that "the Purchase will have no impact on the base rates [. . .] of LG&E or KU." In Regulatory Commitment No. 8, they committed that the "ratepayers, directly or indirectly, shall not incur any additional costs, liabilities, or obligations in conjunction with the Purchase. . ."
- b. Please see the above response to Question No. 14(a).

**PPL CORPORATION, E.ON AG, E.ON US INVESTMENTS CORP.,
E.ON U.S. LLC, LOUISVILLE GAS AND ELECTRIC COMPANY AND
KENTUCKY UTILITIES COMPANY**

CASE NO. 2010-00204

**Joint Response to First Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated June 23, 2010**

Question No. 15

Responding Witness: S. Bradford Rives / William H. Spence

- Q-15. Refer to page 25 line 21 through page 26 line 6 of Mr. Miller's Direct Testimony.
- a. Please answer the question posed in the testimony "Will there be any synergies from the proposed acquisition?" with a yes or no answer.
 - b. If the answer to the question ("Will there be any synergies from the proposed acquisition?") is yes, then please provide a detailed and complete description of the synergies, including, but not limited to a description and quantification of the savings resulting from each such synergy.
- A-15. a. The requested response (i.e., a "yes" or "no" answer) cannot be provided at this time because at this time, the Joint Applicants do not know whether there will be synergies as a result of the proposed acquisition. As Mr. Miller testified, and as is reflected in the Joint Application, PPL did not consider any synergies or savings in evaluating the economics of the proposed acquisition. Pursuant to Regulatory Commitment No. 39, the Joint Applicants will file, within 60 days after the closing of the proposed acquisition, a formal analysis of any potential synergies and benefits from the proposed acquisition as well as a proposed methodology for allotting an appropriate share of the potential synergies, if they exist, to LG&E's and KU's ratepayers. Because of the nature of the Regulatory Commitments being made, significant synergies are not expected. Also, see the response to KPSC 1-18.
- b. Please see the above response to Question No. 15(a).

**PPL CORPORATION, E.ON AG, E.ON US INVESTMENTS CORP.,
E.ON U.S. LLC, LOUISVILLE GAS AND ELECTRIC COMPANY AND
KENTUCKY UTILITIES COMPANY**

CASE NO. 2010-00204

**Joint Response to First Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated June 23, 2010**

Question No. 16

Responding Witness: Lonnie E. Bellar / William H. Spence

Q-16. Refer to page 2 lines 7-12 of Mr. Bellar's Direct Testimony.

- a. Please provide all documents in support of the statement that E.ON Services will continue to provide services to KU and LG&E and PPL will continue to provide services to its "other subsidiaries."
- b. Do the Companies have any plans now or in the future to combine any functions of the two service companies or for one service company to provide services to another or for one service company to provide services to the other's former affiliates? If so, then please provide a detailed description of such plans, whether draft or final, and a copy of all source documents that describe and/or quantify the effects of combining or restructuring the provision of such services.

- A-16.
- a. Please see the applications filed with the Virginia State Corporation Commission, Tennessee Regulatory Authority and Federal Energy Regulatory Commission. Each contains the same representation E.ON Services will continue to provide services to KU and LG&E and PPL will continue to provide services to its "other subsidiaries." After closing, PPL is expected to provide some services to KU and LG&E.
 - b. PPL and E.ON U.S. currently do not have plans to combine E.ON Services with PPL's service company.

**PPL CORPORATION, E.ON AG, E.ON US INVESTMENTS CORP.,
E.ON U.S. LLC, LOUISVILLE GAS AND ELECTRIC COMPANY AND
KENTUCKY UTILITIES COMPANY**

CASE NO. 2010-00204

**Joint Response to First Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated June 23, 2010**

Question No. 17

Responding Witness: S. Bradford Rives

- Q-17. Please confirm that the Companies agree in principle that the refinancing of the Fidelia debt and the establishment of new credit facilities will not result in an increase in the cost of either KU or LG&E's long term or short term debt, including consideration of issuance costs, debt premium/discount and fees and that it will hold harmless ratepayers from any increase in such costs. Please explain your response.
- A-17. In recent years, LG&E and KU obtained long-term, taxable financing from Fidelia Corporation ("Fidelia"). LG&E and KU anticipate refinancing their current, long-term taxable financings with Fidelia ultimately by issuing First Mortgage Bonds directly to the market and establishing new credit facilities. Short term debt costs may increase due to higher credit facility costs. However, this should not translate to higher overall costs because the annual interest rate savings from issuing the First Mortgage Bonds is expected to be at least equivalent to the issuance costs, debt premium/discount and fees. Please see response to AG 1-3 and AG 1-4.