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JUN 24 2010

PUBLIC SERVICE  
COMMISSION

**Via Overnight Mail**

June 23, 2010

Mr. Jeff Derouen, Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
Frankfort, Kentucky 40602

**Re: Case No. 2010-00204**

Dear Mr. Derouen:

Please find enclosed the original and twelve (12) copies of the **FIRST SET OF DATA REQUEST OF KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC. TO PPL CORPORATION, E.ON AG, E.ON US INVESTMENTS CORP., E.ON U.S. LLC, LOUISVILLE GAS & ELECTRIC COMPANY and KENTUCKY UTILITIES COMPANY** filed in the above-referenced matter. By copy of this letter, all parties listed on the Certificate of Service have been served.

Please place this document of file.

Very Truly Yours,



David F. Boehm, Esq.

Michael L. Kurtz, Esq.

**BOEHM, KURTZ & LOWRY**

MLKkew  
Attachment  
cc: Certificate of Service

## CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing was served by mailing a true and correct copy via electronic mail (when available) and by first-class postage prepaid mail, to all parties on the 23<sup>rd</sup> day of June, 2010.

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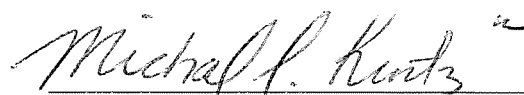
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David F. Boehm, Esq.  
Michael L. Kurtz, Esq.

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

THE JOINT APPLICATION OF PPL CORPORATION, E.ON AG, : **Docket No. 2010-00204**  
E.ON US INVESTMENTS CORP., E.ON U.S. LLC, LOUISVILLE :  
GAS & ELECTRIC COMPANY AND KENTUCKY UTILITIES :  
COMPANY FOR APPROVAL OF AN ACQUISITION OF  
OWNERSHIP AND CONTROL OF UTILITIES

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**FIRST SET OF DATA REQUESTS OF  
KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC. TO  
PPL CORPORATION, E.ON AG, E.ON US INVESTMENTS CORP.,  
E.ON U.S. LLC, LOUISVILLE GAS & ELECTRIC COMPANY  
and KENTUCKY UTILITIES COMPANY**

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**Dated: June 23, 2010**

## DEFINITIONS

1. “Document” means the original and all copies (regardless of origin and whether or not including additional writing thereon or attached thereto) of memoranda, reports, books, manuals, instructions, directives, records, forms, notes, letters, notices, confirmations, telegrams, pamphlets, notations of any sort concerning conversations, telephone calls, meetings or other communications, bulletins, transcripts, diaries, analyses, summaries, correspondence investigations, questionnaires, surveys, worksheets, and all drafts, preliminary versions, alterations, modifications, revisions, changes, amendments and written comments concerning the foregoing, in whatever form, stored or contained in or on whatever medium, including computerized memory or magnetic media.
2. “Study” means any written, recorded, transcribed, taped, filmed, or graphic matter, however produced or reproduced, either formally or informally, a particular issue or situation, in whatever detail, whether or not the consideration of the issue or situation is in a preliminary stage, and whether or not the consideration was discontinued prior to completion.
3. “Person” means any natural person, corporation, professional corporation, partnership, association, joint venture, proprietorship, firm, or the other business enterprise or legal entity.
4. A request to identify a natural person means to state his or her full name and residence address, his or her present last known position and business affiliation at the time in question.
5. A request to identify a document means to state the date or dates, author or originator, subject matter, all addressees and recipients, type of document (e.g., letter, memorandum, telegram, chart, etc.), number of code number thereof or other means of identifying it, and its present location and custodian. If any such document was, but is no longer in the Companies’ possession or subject to its control, state what disposition was made of it.
6. A request to identify a person other than a natural person means to state its full name, the address of its principal office, and the type of entity.
7. “And” and “or” should be considered to be both conjunctive and disjunctive, unless specifically stated otherwise.
8. “Each” and “any” should be considered to be both singular and plural, unless specifically stated otherwise.
9. Words in the past tense should be considered to include the present, and words in the present tense include the past, unless specifically stated otherwise.
10. “You” or “your” means the person whose filed testimony is the subject of these interrogatories and, to the extent relevant and necessary to provide full and complete answers to any request, “you” or “your” may be deemed to include any person with information relevant to any interrogatory who is or was employed by or otherwise associated with the witness or who assisted, in any way, in the preparation of the witness’ testimony.
11. “Companies” means PPL Corporation, E.ON AG, E.ON Us Investments Corp., E.ON U.S. LLC, Louisville Gas & Electric Company and Kentucky Utilities Company and/or any of their officers, directors, employees or agents who may have knowledge of the particular matter addressed.

## INSTRUCTIONS

1. If any matter is evidenced by, referenced to, reflected by, represented by, or recorded in any document, please identify and produce for discovery and inspection each such document.
2. These interrogatories are continuing in nature, and information which the responding party later becomes aware of, or has access to, and which is responsive to any request is to be made available to Kentucky Industrial Utility Customers. Any studies, documents, or other subject matter not yet completed that will be relied upon during the course of this case should be so identified and provided as soon as they are completed. The Respondent is obliged to change, supplement and correct all answers to interrogatories to conform to available information, including such information as it first becomes available to the Respondent after the answers hereto are served.
3. Unless otherwise expressly provided, each interrogatory should be construed independently and not with reference to any other interrogatory herein for purpose of limitation.
4. The answers provided should first restate the question asked and also identify the person(s) supplying the information.
5. Please answer each designated part of each information request separately. If you do not have complete information with respect to any interrogatory, so state and give as much information as you do have with respect to the matter inquired about, and identify each person whom you believe may have additional information with respect thereto.
6. In the case of multiple witnesses, each interrogatory should be considered to apply to each witness who will testify to the information requested. Where copies of testimony, transcripts or depositions are requested, each witness should respond individually to the information request.
7. The interrogatories are to be answered under oath by the witness(es) responsible for the answer.
8. Responses to requests for revenue, expense and rate base data should provide data on the basis of Total Companies as well as Intrastate data, unless otherwise requested.

**KIUC FIRST SET OF DATA REQUESTS TO  
PPL CORPORATION, E.ON AG, E.ON US INVESTMENTS CORP.,  
E.ON U.S. LLC, LOUISVILLE GAS & ELECTRIC COMPANY  
and KENTUCKY UTILITIES COMPANY**

Case No. 2010-00204

- Q1-1. Please describe the PPL Services Corporation centralized service company and provide an organizational chart showing departments and FTE staffing levels in each department.
- Q1-2. 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.
- Q1-3. 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.
- Q1-4. 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.
- Q1-5. 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.
- Q1-6. 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.
- Q1-7. 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.
- Q1-8. 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.
- Q1-9. 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.

Q1-10. 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.

Q1-11. 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.

Q1-12. 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.

Q1-13. 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.

Q1-14. 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

Q1-15. 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.



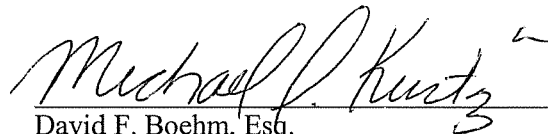
- b. If the answer to the question (“Will there be any synergies from the proposed acquisition?”) is yes, then please provide a detailed and complete description of the synergies, including, but not limited to a description and quantification of the savings resulting from each such synergy.

Q1-16. 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.

Q1-17. 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.

Respectfully submitted,



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**COUNSEL FOR KENTUCKY INDUSTRIAL  
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June 23, 2010