



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

July 26, 2010

**RECEIVED**

**JUL 26 2010**

**PUBLIC SERVICE  
COMMISSION**

**E.ON U.S. LLC**  
State Regulation and Rates  
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Louisville, Kentucky 40232  
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Lonnie E. Bellar  
Vice President  
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**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 Supplemental Data Requests of the IBEW, Local 2100 dated July 14, 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:**

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

**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**  
**IBEW, LOCAL 2100 SUPPLEMENTAL DATA REQUESTS**  
**DATED JULY 14, 2010**

**FILED: July 26, 2010**



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 23<sup>rd</sup> day of July, 2010.

*Jammie J. Elzy* (SEAL)  
Notary Public

My Commission Expires:  
November 9, 2010



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 23<sup>rd</sup> day of July, 2010.

  
\_\_\_\_\_  
Notary Public (SEAL)

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 IBEW, Local 2100 Supplemental Data Requests  
Dated July 14, 2010**

**Question No. 1**

**Responding Witness: William H. Spence**

- Q-1. With respect to PPL's answer to Attorney General Question No. 64, if there is no current plan for workforce reductions, and no current plan to develop a workforce reduction, and LG&E already has implemented all best practices of which it has considered, and no best practices are being considered for implementation, and PPL is planning to keep the same management team in place, and the acquisition is not based upon assumptions of synergies being achieved that would result in workforce reduction, please articulate the business justification for PPL's refusal to enter into a commitment that there will be no workforce reductions as a direct consequence of the acquisition?
- A-1. PPL's answer to AG 1-64 refers to Regulatory Commitment No. 16 and provides that (a) PPL has no current plan to reduce the workforce of E.ON US., LG&E or KU as a result of the proposed acquisition, and (b) PPL has no current plan to develop a workforce reduction plan after the closing of the proposed acquisition.

PPL must reserve the flexibility to modify its business operations and those of LG&E and KU, including without limitation decreases or increases in workforce levels, to the extent modifications are warranted by future events that cannot now be foreseen. On a post-closing basis, PPL will continue to monitor the operations and customer service of LG&E and KU and adjust their operations if in PPL's business judgment such adjustments are necessary.





**PPL CORPORATION, E.ON AG, E.ON US INVESTMENTS CORP.,  
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**Question No. 2**

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

- Q-2. With regard to the applicant's answer to IBEW Question 5, if no workforce reductions are planned, and there is no plan to develop a plan of workforce reductions based upon anticipated synergies, why is it necessary for the company to make commitments No. 27 and 28 which both offer assurances for continued quality of service if workforce reductions are implemented?
- A-2. Regulatory Commitments No. 27 and 28 are substantially similar to commitments that were adopted by the Commission in the two previous cases involving the acquisition of ownership and control of LG&E and KU, Case Nos. 2000 – 095 and 2001 - 104. The Joint Applicants believed that it would be consistent with the public interest to offer those commitments in this case as well. However, the Joint Applicants refer to their response to IBEW 2-1, which confirms that there are no current plans to implement or develop a workforce reduction plan.



PPL CORPORATION, E.ON AG, E.ON US INVESTMENTS CORP.,  
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Dated July 14, 2010

Question No. 3

Responding Witness: William H. Spence

- Q-3. With regard to the applicant's response to IBEW Question 6, the data furnished indicates that 1,072 grievances were filed between 2007 and 2009. Please answer the following questions:
- A. How many grievances have been filed to date of the company's answer in 2010?
  - B. Of the 1,152 grievances that remain open, how many of them are more than two years old?
  - C. Does the applicant consider the track record grievance resolution, as described by the data in its answer to Question 6, to be an example of the type of constructive relationship with labor organizations it expects to maintain with IBEW 2100?
  - D. Describe what efforts, such as union/company task force, state agency mediation or resort to other services, have been utilized in the last three years to address the existence of over 1000 outstanding grievances between the company's subsidiary and Local 1600.
  - E. Produce a copy of all the arbitration decisions which have been rendered from 2007 to date. (This should be a total of 11, unless additional cases have been heard in 2010).
- A-3. A. 173 grievances have been filed in 2010 to date.
- B. Of the 1,152 grievances that remain open, 865 are more than two years old.
  - C. The Joint Applicants do not anticipate that the proposed acquisition will have any impact on the current relationship with IBEW 2100 or with any other labor organization. The Joint Applicants expect that LG&E and KU will continue and maintain those business relationships currently in place.

- D. In 2009, PPL provided training to Union Stewards and Supervisors on labor-management relations. This training course, which was 12 hours in length, was conducted by PA Department of Labor and Industry's Bureau of Mediation and was provided at nine different locations within PPL. Work groups within PPL also engage in regular labor-management meetings whose purpose is to resolve any labor-management issues.
- E. Enclosed on the CD in folder titled Question No. 3 are copies of all the arbitration decisions which have been rendered from 2007 to date.



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**CASE NO. 2010-00204**

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Dated July 14, 2010**

**Question No. 4**

**Responding Witness: William H. Spence**

- Q-4. In the last 10 years, have any of the company's subsidiaries implemented early retirement incentive programs which had the result of reducing the total number of operational jobs, whether union or non-union? If so, state the following:
- A. Identify each facility where such a plan was offered;
  - B. Identify the total number of employees that accepted the plan;
  - C. State the total number of operational jobs that existed before the plan was implemented, and the total number of jobs that existed after the plan was implemented;
  - D. State the total number of operational jobs that exist in 2010 at that facility; and
  - E. Summarize the terms of the early retirement incentive plan that was utilized at the facility.
- A-4. A – E.
- Although PPL has not specifically initiated early retirement incentive programs in the last 10 years, PPL did implement a workforce reduction in 2002. The reduction was broad-based and impacted both management and bargaining unit employees. It impacted all employee groups except certain positions that are key to providing high-quality service to PPL's electricity delivery customers. Linemen, electricians and line foremen, for example, were not affected by the reductions. It was not particular to any work group, work location or facility. As part of the reduction, enhanced benefits were extended to those employees who elected early retirement. While a substantial number of the 591 employees affected by the reduction elected early retirement, the reduction also included employees not eligible for enhanced retirement benefits.





**PPL CORPORATION, E.ON AG, E.ON US INVESTMENTS CORP.,  
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**CASE NO. 2010-00204**

**Joint Response to IBEW, Local 2100 Supplemental Data Requests  
Dated July 14, 2010**

**Question No. 5**

**Responding Witness: Paul A. Farr / William H. Spence**

- Q-5. Regarding the applicant's answer to IBEW Question 17, for all capital construction projects undertaken by PPL subsidiaries in the United States in the last 10 years, whether for construction of new facilities or construction on existing facilities, state the following:
- A. The total number of projects undertaken by PPL;
  - B. The number of projects which were performed under a project labor agreement negotiated with labor unions; and
  - C. For any projects undertaken pursuant to a negotiated agreement with construction trades, such as a project labor agreement, state the year of the project, the name or description of the project and the subsidiary that undertook the project.
- A-5. A. Over the last 10 years, PPL and its subsidiaries have undertaken 66,071 capital construction projects.
- B. Only one project was performed under a project labor agreement negotiated with labor unions.
- C. The project referred to in response to subpart b, above, is the Susquehanna-Roseland 500 kV Transmission Line. That project currently is in progress. It is being undertaken by PPL Electric Utilities Corporation, a subsidiary of PPL.



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**CASE NO. 2010-00204**

**Joint Response to IBEW, Local 2100 Supplemental Data Requests  
Dated July 14, 2010**

**Question No. 6**

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

- Q-6. With regard to the applicant's response to IBEW Question 20, will the applicant agree that for any future capital construction projects, practices consistent with those used in the RFP for the Trimble County 2 construction, related to conditions for hiring local workers, will be maintained to include:
- A. Efforts to maximize the use of local direct hire union and non-union contractors;
  - B. A requirement to define and utilize processes to maximize the use of local union and non-union MBE and WBE labor, goods and services;
  - C. First preference for the hiring of Kentucky residents for construction jobs; and
  - D. A requirement that local workers be utilized whenever practical and possible, consistent with previous orders of the Kentucky PSC.
- A-6. A. – D.
- The Joint Applicants are aware of the Commission's encouragement in the Trimble County 2 case that LG&E and KU "provide as many jobs as possible to Kentucky citizens." *In the Matter of: Joint Application of Louisville Gas and Electric Company and Kentucky Utilities Company for a Certificate of Public Convenience and Necessity, and a Site Compatibility Certificate, for the Expansion of the Trimble County Generating Station, Case No. 2004-00507 (Ky. PSC November 1, 2005) ("TC2 Order")*. However, the Commission expressly recognized the competing concerns of hiring local workers while complying with a statutory mandate to maintain low rates for customers. Going forward, PPL, E.ON U.S., LG&E and KU will continue to be aware of and sensitive to the appropriate balancing of these concerns.



**PPL CORPORATION, E.ON AG, E.ON US INVESTMENTS CORP.,  
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**Question No. 7**

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

- Q-7. With regard to the applicant's answer to IBEW Question 22:
- A. Explain why disclosure of plans for staffing levels of operational employees will place the company at a competitive disadvantage for future contract negotiations;
  - B. Does not LG&E retain the exclusive management prerogative to determine the number of employees it will utilize and retain the management prerogative to increase and decrease that number without regard to the labor agreement with IBEW 2100?
  - C. If PPL has no present plans for employee reductions, no plans to plan for reduction after the acquisition and no expectation of synergies to be achieved as a result of the acquisition, explain why disclosure of LG&E's current projected staffing needs will impair the Company's future rights to make staffing decisions?
- A-7.
- A. To prudently operate the business, it is imperative that management retain maximum flexibility to adjust to a myriad of situations, many of which cannot be anticipated. This would include, by way of example, new or different regulatory requirements. For these reasons, specification of a specific target or projection around staffing levels could place the company at a competitive disadvantage.
  - B. Yes, in coordination with PPL.
  - C. Please see response to 7(A).



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**CASE NO. 2010-00204**

**Joint Response to IBEW, Local 2100 Supplemental Data Requests  
Dated July 14, 2010**

**Question No. 8**

**Responding Witness: Lonnie E. Bellar**

- Q-8. State the number of employees currently employed at LG&E as of June 30, 2010. For each of the last 10 years, list the total number of employees at the start of each year, segregated by union operational employees, covered by the IBEW 2100 contract, and all other employees.
- A-8. There were 1,023 employees employed at LG&E on June 30, 2010. Noted below for each of the last 10 years are the number of employees currently employed at LG&E at the start of each year, segregated by IBEW 2100 union and all other employees.

<b>Year</b>	<b>Co</b>	<b>Total</b>	<b>IBEW Employee</b>	<b>All Other Employees</b>
2001	LG&E	1472	1186	286
2002	LG&E	863	609	254
2003	LG&E	900	631	269
2004	LG&E	904	636	268
2005	LG&E	905	633	272
2006	LG&E	910	625	285
2007	LG&E	917	628	289
2008	LG&E	959	653	306
2009	LG&E	989	677	312
2010	LG&E	1001	669	332