



STOLL · KEENON · OGDEN
P L L C

2000 PNC PLAZA
500 WEST JEFFERSON STREET
LOUISVILLE, KY 40202-2828
MAIN: (502) 333-6000
FAX: (502) 333-6099
www.skofirm.com

KENDRICK R. RIGGS
DIRECT DIAL: (502) 560-4222
DIRECT FAX: (502) 627-8722
kendrick.riggs@skofirm.com

December 7, 2010

RECEIVED

DEC 07 2010

PUBLIC SERVICE
COMMISSION

VIA HAND DELIVERY

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

**RE: Application of Louisville Gas and Electric Company and Kentucky Utilities
Company For a Waiver and Deviation From KRS 278.2213**
Case No. 2010-00 _____

Dear Mr. DeRouen:

Enclosed please find and accept for filing an original and ten copies of the Application For Waiver and Deviation From the Requirements of KRS 278.2213 of Kentucky Utilities Company and Louisville Gas and Electric Company in the above-referenced matter. Please confirm your receipt of this filing by placing the stamp of your Office with the date received on the enclosed additional copies and return them to me in the enclosed self-addressed stamped envelope.

Should you have any questions please contact me at your convenience.

Yours very truly,

Kendrick R. Riggs

KRR:ec

Enclosures

cc: Dennis G. Howard II, Assistant Attorney General
Michael L. Kurtz

400001.139147/666611.1

COMMONWEALTH OF KENTUCKY

BEFORE THE KENTUCKY PUBLIC SERVICE COMMISSION

In the Matter of:

LOUISVILLE GAS AND ELECTRIC COMPANY)
AND KENTUCKY UTILITIES COMPANY FOR A) Case No. 2010-00 _____
WAIVER AND DEVIATION FROM KRS 278.2213)

APPLICATION FOR WAIVER AND DEVIATION FROM
THE REQUIREMENTS OF KRS 278.2213

Louisville Gas and Electric Company (“LG&E”) and Kentucky Utilities Company (“KU”) (collectively, the “Companies”) hereby request, pursuant to KRS 278.2219 and 807 KAR 5:080, Section 5, a waiver and deviation to permit appropriate and reasonable use by the Companies’ nonregulated affiliates of LG&E’s and KU’s abbreviations, brands, trademarks and logos (hereinafter referred to collectively as “Brands”). As explained in greater detail below, (a) the nonregulated affiliates are performing many functions on behalf of or for the benefit of the Companies and (b) none of the nonregulated affiliates are engaged in competitive activities, thus eliminating the concern upon which KRS 278.2219 is purposed; and the public will not be confused or unduly influenced by the use of the Brands by the nonregulated affiliates.

In support of this Application, the Companies state as follows:

I. APPLICANTS’ INFORMATION

1. The Companies’ full names are Louisville Gas and Electric Company and Kentucky Utilities Company. The post office address of Louisville Gas and Electric Company is 220 West Main Street, Louisville, Kentucky 40202. The post office address of Kentucky Utilities Company is One Quality Street, Lexington, Kentucky 40507. LG&E is a Kentucky corporation, and a utility as defined by KRS 278.010(3)(a) that provides electric service to approximately 397,000 customers and retail gas service to approximately 321,000 customers in

17 Kentucky counties. KU is a Kentucky and Virginia corporation, and a utility as defined by KRS 278.010(3)(a) that provides electric service to approximately 516,000 customers in 77 counties in Kentucky, approximately 30,000 customers in 5 counties in southwest Virginia, and to a very small number of customers in Tennessee. Certified copies of the Companies' Articles of Incorporation were filed with the Commission in Case No. 2010-00204 and are incorporated by reference herein pursuant to 807 KAR 5:001, Section 8(3).

II. THE STANDARD OF REVIEW FOR THE WAIVER AND DEVIATION

2. KRS 278.2213 sets forth several provisions that cumulatively govern a regulated public utility company's relationship with its nonregulated affiliates. The overarching purpose of the statute is to prevent the sharing of information and resources between the utility and its nonregulated affiliates to ensure that the utility's customers are neither subsidizing the activities of the nonregulated affiliate nor are unduly influenced with regard to the nonregulated affiliate by the utility's monopolistic status.

3. One of the sections within KRS 278.2213 states that a "utility's name, trademark, brand, or logo shall not be used by a nonregulated affiliate in any type of visual or audio media without a disclaimer." KRS 278.2213(13).

The statute further provides that the Commission shall develop specifications for the disclaimer. Id. Pursuant to this grant of authority, 807 KAR 5:080, Section 6 was promulgated, which sets forth various requirements for the content and appearance of the disclaimer. This statute and corresponding regulation are designed to ensure that customers of a utility are not confused or influenced by the use of the utility's trademark or logo when used by a nonregulated affiliate.

4. KRS 278.2219(1) permits a utility to request a waiver or deviation from the requirements of KRS 278.2213(13). The statute requires that the utility demonstrate "the basis

of the utility's need to be granted a waiver or deviation." KRS 278.2219(2)(a). Further, the Commission "shall grant a waiver or deviation if the commission finds that compliance...is impracticable or unreasonable." KRS 278.2219(3). 807 KAR 5:080, Section 5 restates the impracticable or unreasonable standard of review when a deviation is sought, but does not expressly allow the utility to seek a waiver as permitted by KRS 278.2219. The Companies believe that either a waiver or deviation will suffice and have thus requested relief both under KRS 278.2219 and 807 KAR 5:080, Section 5.

III. NAME CHANGES RELATING TO LG&E'S AND KU'S NON-REGULATED AFFILIATES

5. On September 30, 2010, in Case No. 2010-00204, the Commission entered an order approving PPL Corporation's ("PPL") proposed acquisition of ownership and control of LG&E and KU.¹ The transaction closed on November 1, 2010. In connection with consummation of the transaction, the names of several nonregulated affiliates were changed to more accurately reflect the return to domestic ownership and control of the holding company and of LG&E and KU. This was necessary because while a member of the E.ON A.G. holding company system, various affiliates included "E.ON" as part of their legal names. For example, LG&E's and KU's holding company was named "E.ON U.S. LLC." Other affiliates, such as E.ON U.S. Services Inc., the services company, and E.ON U.S. Foundation Inc., the charitable foundation, also included "E.ON" in their names. These name changes are consistent with standard prior and continuing practice in utility holding company and service company situations, nationally and in Kentucky, where the ownership and support affiliates traditionally use abbreviations or short-forms associated with the utilities.

¹ *In the Matter of: The 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) Order (September 30, 2010).

6. In all, five entities' names were changed as a result of the PPL acquisition. First, LG&E's and KU's holding company was changed from E.ON U.S. LLC to LG&E and KU Energy LLC. E.ON U.S. Capital Corp. was changed to LG&E and KU Capital Corp., and is now LG&E and KU Capital LLC.² The aforementioned services company is now changed to LG&E and KU Services Company, while the charitable foundation is now the LG&E and KU Foundation Inc. Finally, E.ON U.S. Hydro I LLC is now LG&E and KU Hydro I LLC.

7. In keeping with the assurances provided by the Companies throughout the recent acquisition proceeding, to foster the strong message that LG&E and KU remain the same operating utilities to which customers are accustomed, and remain subject to local management and direction, all five of the name changes involved replacing the "E.ON" portion of the entities' legal name with "LG&E and KU." Because these five nonregulated affiliates utilize "LG&E and KU" as part of their legal names, the Companies propose that such affiliates use LG&E's and KU's respective Brands as part of such affiliates' reasonable and appropriate activities without use of a disclaimer.

8. LG&E's logo was officially registered in the United States Patent and Trademark Office in 1996 as a service mark. The trademark is for the use of "LG&E" in stylized letters. KU also obtained similar registration for its stylized letters and sunrise design in 2006. The Brands are used by or on behalf of the Companies in the ordinary course of business in a variety of print, visual and electronic mediums associated with each utility throughout their service territories and associated media and other public markets.

² LG&E and KU Capital Corp. was converted on November 28, 2010 to a Kentucky limited liability company, pursuant to the statutory conversion process contained in the Kentucky Business Corporation Act and the Kentucky Limited Liability Company Act.

IV. IT IS IMPRACTICABLE AND UNREASONABLE FOR THE COMPANIES TO PLACE A DISCLAIMER ON THE NONREGULATED AFFILIATES' LOGOS

9. The Companies wish to allow reasonable and appropriate use of their Brands by the newly renamed nonregulated affiliates. Further, the Companies request that such use be permitted without an accompanying disclaimer. As mentioned, KRS 278.2213(13) prohibits a nonregulated affiliate from using a utility's trademark without a disclaimer that the Commission must approve prior to use in any advertisement. 807 KAR 5:080, Section 6 further delineates the appearance and content of the disclaimer. The Commission is expressly vested with statutory authority to grant a waiver and deviation from these requirements. The Commission is further given authority to grant a deviation from the disclaimer requirement by 807 KAR 5:080, Section 5.

10. The Companies request a waiver and deviation from the requirement that a disclaimer must accompany any visual or audio media in which the utility's Brands are utilized by a nonregulated affiliate. The Companies submit that an accompanying disclaimer is impracticable and unreasonable because inclusion of such disclaimer is unneeded as none of the nonregulated affiliates are engaged in competitive businesses or markets. Beginning with LG&E and KU Energy LLC, this entity is the immediate holding company of the utilities. The holding company is not engaged in any material business activities other than in connection with its status as LG&E's and KU's holding company. Because it does not participate in any competitive market, there is no concern that the public will unduly attribute any of LG&E's and KU's goodwill, perceptions, or attributes onto the holding company.

11. Similarly, LG&E and KU Services Company is not engaged in competitive functions. LG&E and KU Services Company is the affiliate that provides services to LG&E and KU at or below market cost and in compliance with the Public Utility Holding Company Act of

2005 and state cost allocation methodologies. Both the holding company and the services company perform certain activities on behalf of, as representatives/agents or otherwise for the benefit and use of the Companies and, in such capacities, provide business functions directly or indirectly to the utilities that would otherwise be directly provided by the utilities or outsourced to third party providers. LG&E and KU Services Company does not provide service to any entities other than affiliates and subsidiaries of LG&E and KU Energy LLC, and is thus not engaged in any competitive business pursuits. Because the affiliate does not, nor attempts to, provide service to any other organization or person in a competitive market, there is no concern that any third party will be confused by the use of LG&E's and KU's brands for the affiliate.

12. LG&E and KU Capital LLC is also not engaged in any competitive business activity, as the affiliate simply serves as a subsidiary holding company structure. Its unregulated subsidiaries are currently largely inactive and to the extent its subsidiaries have unregulated activities that do occur or may arise in the future, such activities occur under such subsidiaries' own names, logos and marks. As with the local holding company and services company, there is no concern that the public will be unduly influenced by the use, if any, of LG&E's and KU's Brands used by the LG&E and KU Capital LLC entity.

13. Both LG&E and KU, and their employees, have long given back to the communities in which they serve through the affiliated charitable foundation, which was recently renamed the LG&E and KU Foundation Inc. This nonregulated affiliate is the philanthropic arm of the utilities, wholly purposed upon proactively supporting initiatives that improve the quality of life in the utilities' service areas. As this affiliate is a non-profit charitable organization, it does not engage in any competitive business activity.

The last nonregulated affiliate for which use of the utilities' Brands is sought is LG&E and KU Hydro I LLC. This entity was organized to apply for an Ohio River hydropower license that had become available at the Federal Energy Regulatory Commission. The only activity in which the affiliate has ever been engaged is the license process at the Federal Energy Regulatory Commission. LG&E and KU Hydro I has a very limited purpose and function, and along with the other nonregulated affiliates, is not participating in any competitive business activities.

14. Thus, none of LG&E's and KU's nonregulated affiliates participate in any competitive market. As explained in the written pre-filed testimony of Mr. Victor Staffieri in Case No. 2010-00204, while affiliates of LG&E and KU previously engaged to a much greater extent in competitive businesses, these affiliates have either been discontinued or sold.³ Additionally, neither LG&E nor KU have any intention to organize a new nonregulated affiliate that would engage in a competitive market. The Companies agree that if a new nonregulated affiliate was created that was engaged in a competitive business, the Companies would seek the Commission's approval for an appropriate disclaimer to accompany any use of LG&E's or KU's Brands.

15. Although the five nonregulated affiliates will not use the Companies' Brands to gain a competitive advantage, LG&E and KU request that these nonregulated affiliates be permitted to use the Brands of the Companies for routine business uses without an accompanying disclaimer. The nonregulated affiliates will use the Brands internally and externally for ordinary course, non-competitive activities. These administrative uses include, among others, stationary, letterhead, employee business cards, fax cover sheets and items such as memos, notepads,

³ *In the Matter of: The 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) Direct Testimony of Victor A. Staffieri of May 28, 2010 at 6.

presentations, employee bulletins, department reports, written communications pertaining to employee pensions and other benefit plans, personnel forms, policy and procedure manuals and documents, gift items, etc.

16. The Companies also note other anticipated ordinary course use of the Brands in connection with the nonregulated affiliates are contemplated. These uses will include, among others, the affiliates' websites, press releases issued on behalf of one or more of the affiliates, and on presentations and reports that may be presented to community organizations, interest groups, and other members of the public. Further, the nonregulated affiliates would potentially include the Brands as part of promotional items distributed to employees, including apparel. Also, the nonregulated affiliates would include the Brands on forms sent to vendors, such as purchasing forms and invoices. Specifically with regard to LG&E and KU Foundation Inc., the Brands would be included on application forms, checks and payment notices for donations and contributions, as well on brochures and advertisements.

17. Finally, the Brands may be displayed as part of the nonregulated affiliates' roles and activity in LG&E's and KU's broader promotional activities, principally for joint advertising, sponsorship, donations and other support at community cultural, educational, recreational, sporting and other events. Further, the Brands would be used to further development of the brand, emphasizing that LG&E and KU are commonly owned. The Companies would continue using single-utility advertising for local events, when appropriate.

18. It would be unreasonable and impracticable to require use of an accompanying disclaimer when LG&E's and KU's Brands are utilized by the Companies' nonregulated affiliates. As discussed, the purpose of the disclaimer requirement is to prevent unfair leveraging by competitive nonregulated affiliates based upon the public's association and experience with

the regulated utilities. There is no concern that such undue influence will occur here, as none of the entities are engaged in competitive activities. Additionally, as previously noted, the above various nonregulated affiliates' non-competitive activities and uses are routinely for, on behalf of (whether as agent, representative or otherwise) or for the benefit of the Companies, consistent with standard and approved holding company and service company practices.

19. Further, especially in regard to LG&E and KU Energy LLC, LG&E and KU Services Company, and LG&E and KU Foundation Inc., use of LG&E's and KU's Brands reinforces the assurances given by the utilities throughout the merger proceeding in Case No. 2010-00204. LG&E and KU reiterated throughout the proceeding that from the public's perspective, LG&E and KU would remain largely unchanged. Permitting the holding company, the services company, and the foundation to further promote this message through use of the utilities' Brands, will greatly assist the Companies' efforts. This is particularly true for LG&E and KU Foundation Inc., in which the public, and especially community organizations, will ascertain that the utilities' existence and charitable efforts have remained constant. The Companies' disclaimer, pursuant to 807 KAR 5:080, Section 6, would have to state that the affiliate "is not regulated by the Kentucky Public Service Commission. You do not have to buy (the affiliate's) (products or services, as applicable) in order to continue to receive quality regulated services from the utility." This disclaimer would not only confuse the public, but generate customer dissatisfaction, as no products or services are being offered for sale.

20. Advertising, sponsorships and donations by or on behalf of LG&E and KU Energy LLC, LG&E and KU Services Company and the LG&E and KU Foundation Inc. will reach the public through efforts to reinforce the LG&E and KU brand. However, other use of the Brands by LG&E and KU Services Company, LG&E and KU Capital Corp., and LG&E and KU

Hydro I LLC will occur largely in internal or external administrative, contractual, legal and procedural settings with outside agencies, vendors and contractors. As these settings do not pose the risk of undue confusion, the disclaimer is equally unreasonable and impracticable for these affiliates, as well. As none of the entities offer any products or services for sale, the disclaimer is unneeded and is burdensome to include on such non-competitive documents and forms.

WHEREFORE, Louisville Gas and Electric Company and Kentucky Utilities Company respectfully request that the Commission make and enter its Order as follows:

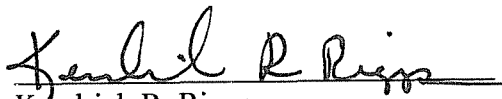
1. Granting Louisville Gas and Electric Company and Kentucky Utilities Company a waiver and deviation pursuant to KRS 278.2219 from KRS 278.2213(13), thus allowing the Companies' five nonregulated affiliates to use Louisville Gas and Electric Company's and Kentucky Utilities Company's Brands without an accompanying disclaimer.

2. Granting Louisville Gas and Electric Company and Kentucky Utilities Company a deviation pursuant to 807 KAR 5:080, Section 5 from 807 KAR 5:080, Section 6, thus allowing the Companies' five nonregulated affiliates to use Louisville Gas and Electric Company's and Kentucky Utilities Company's Brands without an accompanying disclaimer.

3. Conditioning the waiver and deviation such that if any of Louisville Gas and Electric Company's or Kentucky Utilities Company's existing or new nonregulated affiliates begin offering competitive products or services, that the Joint Applicants will seek Commission approval of an appropriate disclaimer pursuant to the requirements of KRS 278.2213(13) and 807 KAR 5:080, Section 6, prior to the use of Louisville Gas and Electric Company's or Kentucky Utilities Company's Brands in connection with the offering of such competitive products or services.

Date: December 7, 2010

Respectfully submitted,



Kendrick R. Riggs
Monica H. Braun
Stoll Keenon Ogden PLLC
2000 PNC Plaza
500 West Jefferson Street
Louisville, Kentucky 40202-2828
Telephone: (502) 333-6000

and

Allyson K. Sturgeon
Senior Corporate Attorney
LG&E and KU Energy LLC
220 West Main Street
Louisville, Kentucky 40202
Telephone: (502) 627-2088

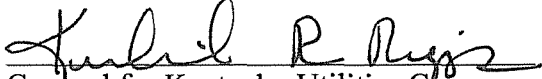
Counsel for Louisville Gas and Electric Company
and Kentucky Utilities Company

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the above and foregoing Application was served by first class United States mail, postage prepaid, to the following persons on the 7th day of December, 2010:

Dennis G. Howard II
Lawrence W. Cook
Assistant Attorneys General
Office of the Kentucky Attorney General
Office of Rate Intervention
1024 Capital Center Drive, Suite 200
Frankfort, KY 40601-8204

Michael L. Kurtz
David F. Boehm
Boehm, Kurtz & Lowry
36 East Seventh Street, Suite 1510
Cincinnati, OH 45202


Counsel for Kentucky Utilities Company
and Louisville Gas and Electric Company