



Mr. Jeff DeRouen  
Executive Director  
Kentucky Public Service Commission  
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Frankfort, KY 40601

**E.ON U.S. LLC**  
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PUBLIC SERVICE  
COMMISSION

Lonnie E. Bellar  
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October 20, 2010

Re: *The 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:

Pursuant to the Commission's Order of September 30, 2010 in the above-referenced proceeding, I am writing to advise on the status of and expected closing date for the approved acquisition and related refinancings.

Following the Commission's conditional approval of the change of control proceeding in the above-referenced case on September 30, 2010, formal acceptance of the conditions was filed with the Commission on October 6, 2010.

The Joint Petitioners currently plan to close the proposed transaction on November 1, 2010, subject to obtaining the outstanding regulatory approval of the Federal Energy Regulatory Commission.

On October 8, 2010, Kentucky Utilities Company ("KU") began recording the Mortgage Indenture in 69 Kentucky counties which will be used to secure First Mortgage Bonds on KU's property located in Kentucky. With the receipt of the approvals from the Virginia State Corporation Commission and Tennessee Regulatory Authority (discussed below), KU now anticipates collateralizing the existing tax-exempt bonds by issuing First Mortgage Bonds totaling

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approximately \$351 million by the end of the month. Additionally, KU plans to issue the First Mortgage Bonds shortly after the closing of the PPL acquisition in amount of up to \$1.556 billion to refinance current intercompany debt totaling \$1.331 billion and for general corporate purposes described in the financing application.

Similarly, on October 8, 2010 Louisville Gas and Electric Company ("LG&E") began recording the Mortgage Indenture in 17 Kentucky counties which will be used to secure First Mortgage Bonds on LG&E's property located in Kentucky. LG&E plans to collateralize the existing tax-exempt bonds by issuing First Mortgage Bonds totaling approximately \$574 million on October 22, 2010. LG&E plans to issue the First Mortgage Bonds shortly after the closing of the PPL acquisition in amount of up to \$535 million to refinance current intercompany debt totaling \$485 million and for general corporate purposes described in the financing application.

On October 19, 2010, the Virginia State Corporation Commission ("VSCC") issued orders approving the change of control, refinancing, and affiliate transactions applications and extending the terms of two other previously issued financing orders to provide an additional one-year term of authority through December 31, 2011. Copies of these orders will be filed with the Commission in accordance with ordering paragraph No. 2 in the September 30, 2010 Order issued in this proceeding.

On October 18, 2010 the Tennessee Regulatory Authority ("TRA") held a special meeting for the purpose of voting on the joint change of control application and KU's refinancing application. At this meeting, the TRA directors unanimously voted to approve the proposed change of control and refinancing applications. Written orders are expected to be issued this week. Copies of these orders will be filed with the Commission in accordance with ordering paragraph No. 2 in the September 30, 2010 Order issued in this proceeding.

In the proceeding before the Federal Energy Regulatory Commission ("FERC"), the Joint Petitioners requested the FERC to approve the proposed acquisition by October 15, 2010, which is about a month earlier than had been originally requested.

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Should you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink that reads "Lonnie E. Bellar" followed by the initials "RMC" written in a smaller, slanted script.

Lonnie E. Bellar

cc: Parties of Record