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Mr. Jeff DeRouen
Executive Director
Kentucky Public Service Commission
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RECEIVED

MAR 16 2011

PUBLIC SERVICE
COMMISSION

March 15, 2011

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:

Pursuant to the Commission's Order of September 30, 2010, in the above-referenced proceeding, PPL Corporation, LG&E and KU Energy LLC, Louisville Gas and Electric Company, and Kentucky Utilities Company ("the Companies") hereby report to the Commission and interested Parties any credit rating reports on PPL. Attached are the applicable credit rating reports. The Companies are filing this notice pursuant to Appendix A, Section 3.6 of the Order.

Please confirm your receipt of this filing by placing the stamp of your Office with date received on the extra copy.

Should you have any questions regarding this information, please contact me at your convenience.

Sincerely,

Rick E. Lovekamp

Rick E. Lovekamp

cc: Dennis G. Howard II, AG
Michael L. Kurtz, KIUC

Moody's Investors Service Report
Issued March 2, 2011

Moody's
INVESTORS SERVICE

Announcement: Moody's affirms PPL's ratings following acqusition announcement; outlook stable

Global Credit Research - 02 Mar 2011

Approximately $ 16.0 Billion of Debt Securities and Credit Facilities Affected.

New York, March 02, 2011 -- Moody's Investors Service affirmed the ratings of PPL Corporation (PPL: Baa3 Issuer Rating) and its subsidiaries following yesterday's announcement that it had reached a definitive agreement to acquire the Central Networks electric distribution business from E.ON UK plc for 4.0 billion pounds Sterling ($6.4 billion), which includes the assumption of 500 million pounds ($800 million) of existing public debt. The rating outlook for PPL and its subsidiaries is stable.

"The rating affirmation recognizes that the planned acquisition of Central Networks further de-risks PPL's overall business platform as more than 70% of consolidated results will be provided by predictable, rate regulated businesses from three different jurisdictions, making the company's earnings, cash flow, and dividends less reliant on the company's commodity business", said A.J. Sabatelle, Senior Vice President of Moody's.

The rating action considers the pro-forma consolidated credit profile of PPL, and factors in the increasing proportion of regulated activities, the geographic diversity across these businesses, and the declining exposure to the commodities business as a source of cash flow and earnings. To that end, the rating affirmation acknowledges that the combination of the Central Networks transaction coupled with last year's acquisition of LG&E and KU Energy LLC (LKE: Baa2 Senior Unsecured Debt) and its subsidiaries have transitioned the company from a smaller, more regional commodity sensitive concern to a larger, more geographically diverse company with a more sustainable business model.

The rating affirmation considers the relatively conservative manner in which PPL intends to permanently finance the acquisition, including the issuance of $1.7 -- $1.9 billion of PPL common stock and $750 -- $950 million of convertible equity units, which helps to maintain balance sheet strength, and more strongly positions PPL in its current investment grade rating category. We understand that the company intends to permanently finance the remainder of the transaction with debt issued at both the Central Networks operating and holding company levels in a manner which targets a low Baa rating for the consolidated regulated networks business. While this degree of leverage in the capital structure at Central Networks does slightly weaken PPL's consolidated credit metrics, the degree of dependable cash flow expected to be derived from this transaction and from the earlier LKE acquisition makes the organization's overall credit quality more resilient to any potential negative credit events within the family

Moody's also recognizes the track record that PPL has demonstrated in the UK in operating its existing Western Power Distribution (WPD) business where WPD ranks in the top tier in several different efficiency and performance standards and where those network's tariffs were recently reset for a five-year period. However, our rating affirmation balances this expected performance and the opportunities for potential synergies against the challenges that we believe management may face in successfully integrating two large acquisitions in a fairly compressed timeframe -- the LKE acquisition which closed about four months ago and the Central Networks acquisition which is expected to close next month. This somewhat guarded view considers the substantially larger size of the Central Networks operations relative to WPD and the fact that all UK electric distribution networks have gone through various rounds of cost saving initiatives over the last decade.

With respect to the PPL subsidiaries' ratings, Moody's views the acquisition as being a credit supportive development for these ratings as no incremental debt is being added at any of the affiliates while the transaction provides another source of reliable earnings, cash flow, and dividends to the overall enterprise. In particular, Moody's believes that PPL Energy Supply, LLC (PPL Supply), the company's unregulated power subsidiary, indirectly benefits from the Central Networks and LKE transactions as they should reduce the company's reliance on this commodity driven subsidiary for earnings and dividends, enabling this unregulated operation to potentially utilize any free cash flow for future debt reduction. That being said, PPL Supply remains weakly positioned at its current Baa2 senior unsecured rating and while recently reported 2010 results were strong, future financial performance is expected to weaken particularly in 2012 due to the various challenges affecting all unregulated power companies. As such, while the benefits of the Central Networks and LKE acquisitions help mitigate near-term downward rating pressure at PPL Supply, negative rating pressure remains at this subsidiary.

Importantly, to the extent that a negative rating action is taken at PPL Supply, the probability of a similar rating action occurring at PPL or its subsidiaries has been greatly reduced, given the business and risk profile transformation that will occur from the completion of the Central Networks and LKE transactions.

The stable outlook for PPL reflects our view that the planned acquisition of Central Networks will be financed in a balanced manner and that upon completion, PPL's credit quality will have been fortified through the reduction in overall business risk at the company. While we view the Central Networks and LKE acquisitions as transforming events which could form the basis for positive rating momentum at PPL, prospects for the company to be upgraded in the near --term are limited in light of the execution risks in integrating these two large acquisitions at the same time coupled with some of the market-based issues currently facing the company's unregulated business. However, to the extent that the integration process at both Central Networks and LKE meets the company's expectation and PPL continues to take actions that lower overall enterprise risk and leverage over time, PPL's rating could be upgraded. Conversely, the prospects for downward rating action are limited in the intermediate term, as Moody's views PPL as being strongly positioned at the current rating category and fairly resilient to withstand downward pressure in the family given the diversified set of rate regulated operations at the company and the reduced exposure to the commodity business.

The principal methodology used in rating PPL was Rating Methodology: Regulated Electric and Gas Utilities, published August 2009 and available on www.moodys.com in the Rating Methodologies sub-directory under the Research and Ratings tab. Other methodologies and factors that may have been considered in the process of rating these issuers can also be found in the Rating Methodologies sub-directory on Moody's website.

Please see ratings tab on the issuer/entity page on Moodys.com for the last rating action and the rating history.

PPL is a diversified energy holding company headquartered in Allentown, Pennsylvania.

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Fitch's Ratings Report
Issued March 2, 2011

FitchRatings

Fitch Affirms the Ratings of PPL and Subs on Acquisition Ratings

02 Mar 2011 6:11 PM (EST)

Fitch Ratings-New York-02 March 2011. Fitch Ratings has affirmed the ratings of PPL Corp. (PPL) and its U.S. subsidiaries following the announcement of a definitive agreement to acquire the Central Networks UK electric distribution businesses from E.ON UK plc for $5.6 billion in cash plus the assumption of $800 million of debt and transaction costs. The Ratings Outlook for all entities is Stable. See a full list of ratings affirmed below.

The affirmation reflects the reduction in business risk that results from the addition of two regulated electric utilities, and the on-going transformation from a company reliant on commodity-sensitive businesses to one that is highly regulated. It also assumes that the initial increase in leverage, as measured by the ratio of debt/EBITDA, will decline over the next few years as the company realizes a full year of earnings from the November 2010 acquisition of LG&E & KU Energy LLC (rated with a 'BBB+' Issuer Default Rating [IDR] by Fitch) and from the integration of Central Networks. In addition, the majority of the acquisition debt will be housed at the newly acquired UK subsidiaries, and will be non-recourse to PPL. The capital market risk of placing the permanent debt and equity financing and the ability to extract expected synergies from the newly acquired UK businesses are the primary credit concerns. There are no regulatory approvals required and management expects to complete the transaction in April 2011.

PPL plans to initially fund the $5.6 billion acquisition with drawings under a committed bridge loan facility. The permanent financing, expected to be completed in the second quarter of 2011, will be comprised of approximately $1.75 billion of common equity, $875 million of mandatory convertible debt, and $3 billion of subsidiary debt including $750 million at an intermediate UK holding company and $2.45 billion at Central Networks' two operating utilities, Central Networks East plc and Central Networks West plc. The capital market risk is mitigated by the short time frame to closing. Fitch calculates the pro forma 2010 ratio of debt/EBITDA will initially spike to 5.0 times (x) compared to the adjusted 2010 Debt/EBITDA of 4.4x. By 2013, Fitch expects the debt ratio to fall below 4.0x.

The acquisition substantially reduces PPL's commodity price exposure and lowers Fitch's business risk assessment by a full category. By 2013, management expects to derive approximately 75% of EBITDA from regulated operations compared to approximately 60% prior to the current transaction and about 30% prior to the acquisition of LG&E and KU Energy in November 2010. The service territories of Central Networks' two operating utilities are contiguous with PPL's other UK electric distribution business, Western Power Distribution, which provides the opportunity for synergy savings, which under UK regulation are retained until the next price review due in mid-2013.

Fitch affirms the following ratings with a Stable Outlook:

PPL Corp
--Long-term IDR at 'BBB';
--Short-term IDR at 'F2'.

PPL Energy Supply, LLC
--Long-term IDR at 'BBB';
--Senior unsecured debt at 'BBB';
--Short-term IDR at 'F2'.

PPL Capital Funding Inc.
--Long-term IDR at 'BBB';
--Short-term IDR at 'F2';
--Senior unsecured debt at 'BBB';
--Jr. subordinated notes at 'BB+'

PPL Electric Utilities Corp.
--Long-term IDR at 'BBB';
--Secured debt 'A-';
--Preference stock at 'BBB-',
--Short-term IDR at 'F2';
--Commercial paper at 'F2'.

LG&E and KU Energy LLC
--Long-term IDR at 'BBB+';
--Senior unsecured debt at 'BBB+';
--Short-term IDR at 'F2'.

Kentucky Utilities Company
--Long-term IDR at 'A-';
--Secured debt at 'A+';
--Senior unsecured debt at 'A';
--Short-term IDR at 'F2'.

Louisville Gas and Electric Company
--Long-term IDR at 'A-';
--Secured debt at 'A+';
--Senior unsecured debt at 'A';
--Short-term IDR at 'F2'.

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Additional information is available at 'www.fitchratings.com'.

Applicable Criteria and Related Research:
--'Corporate Rating Methodology' (Nov. 24, 2009);
--'Credit Rating Guidelines for Regulated utility Companies' (July 31, 2007);
--'U.S. Power and Gas Comparative Operating Risk (COR) Evaluation and Financial Guidelines' (August 22, 2007).

Applicable Criteria and Related Research:
U.S. Power and Gas Comparative Operating Risk (COR) Evaluation and Financial Guidelines
Credit Rating Guidelines for Regulated Utility Companies
Corporate Rating Methodology