



PPL companies

Mr. Jeff DeRouen  
Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
P. O. Box 615  
Frankfort, KY 40602-0615

March 30, 2012

**In the matter of:     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 September 30, 2010 Order of the Kentucky Public Service Commission ("Commission") in Case No. 2010-00204, Louisville Gas and Electric Company ("LG&E") and Kentucky Utilities Company ("KU") (jointly the "Companies") hereby notify the Commission of changes in research and development funding. This notification is being made pursuant to Appendix C, Commitment No. 30 to the Commission's Order dated September 30, 2010 in the above-captioned proceeding.

Please confirm your receipt of this information by placing the File Stamp of your Office on the enclosed extra copy and returning it in the enclosed self-addressed envelope. Should you require any additional information about these matters, please contact me or Don Harris at 502-627-2021.

Sincerely,

Rick E. Lovekamp

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PUBLIC SERVICE  
COMMISSION

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**LG&E and KU Energy LLC, Louisville Gas and Electric Company, and Kentucky Utilities Company**

**CASE NO. 2010-00204**

**Response to Appendix C, Commitment No. 30**

**“E.ON US, LG&E, and KU commit to notifying the Commission in writing 30 days prior to any material changes in their participation in funding for research and development. Material changes include, but are not limited to, any change in funding equal to or greater than 5 percent of any individual company’s previous year’s budget for research and development. The written notification shall include an explanation and the reasons for the change in policy. This commitment does not apply to LG&E’s and KU’s participation in or commitments to FutureGen”**

Louisville Gas and Electric (LG&E) and Kentucky Utilities Company (KU) (collectively the “Companies”) continues to fund memberships in research projects from the Electric Power Research Institute (EPRI). The Companies support a portfolio of projects selected to track and understand the impacts and operation of new and emerging technologies as well as seek solutions to key business operation and maintenance issues. Of prime importance are those technologies that will continue to allow the use of coal as a primary fuel as well as natural gas. The 2012 portfolio of projects for the EPRI projects is projected to increase by 6.9 % from 2011 spending primarily due to funding expenditures in the following areas: New Combustion Turbine/Combined-Cycle Plant Design and Technology Selection, Protection and Control of Substations, Cyber Security and Privacy Technology Transfer and Industry Collaboration, and Security Technology for Transmission and Distribution Systems.

The Companies continue to fund Carbon Research directly to the University of Kentucky’s (Center for Applied Energy Research) Carbon Management Research Group, the University of Texas at Austin, and 3 H Company. In each of these projects LG&E and KU have been able to leverage their research dollars through successful awards from DOE in each of these areas. In the case of 3 H Company who is using a Phase Separation Methodology to carbon capture which may reduce the overall energy penalty by as much as 70% received a \$2,740,033 (DOE Funding) Award for a 3-year project using cost share funding from our company. The University of Texas Projects (URS and Trimeric) received a \$3,000,000 Award from DOE to finish the Piperzine Solvent work and a two stage flash reactor using cost share funding from our company. Lastly, University of Kentucky’s Center for Applied Energy Research was awarded \$14,500,000 from DOE using cost share funding from our company for a slipstream pilot at the E. W. Brown Generating Station. The 2012 portfolio of Carbon Management remains unchanged from 2011 spending.

Overall, Research and Development projected expenditures for 2012 increased by almost 6.5% from 2011 spending.