



PPL companies

Gwen R. Pinson
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, KY 40601

October 31, 2018

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 Ms. Pinson:

Pursuant to the Commission's Order of September 30, 2010, in the above-referenced proceeding, Louisville Gas and Electric Company and Kentucky Utilities Company (collectively "the Companies") hereby file an update on the adoption and implementation of best practices at the Companies pursuant to Appendix C, Regulatory Commitment No. 12 of that Order.

Please place the file stamp of your Office on the enclosed additional copy of this notice and return it in the envelope provided.

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

Sincerely,

Rick E. Lovekamp

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COMMISSION

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On November 1, 2010, Louisville Gas and Electric Company (“LG&E”) and Kentucky Utilities Company (“KU”) (collectively “the Companies”) became indirect wholly owned subsidiaries of PPL Corporation (“PPL”), when PPL acquired all of the outstanding limited liability company interests in the Companies’ direct parent, LG&E and KU Energy LLC (“LKE”) from E.ON US Investments Corp. LKE, a Kentucky limited liability company, also owns LG&E and KU, utilities engaged in the generation, transmission, distribution and sale of electric energy in Kentucky, Virginia, and Tennessee. Following the acquisition, the Companies business has not changed. LG&E and KU are continuing as subsidiaries of LKE, which is now an intermediary holding company in the PPL group of companies.

On April 4, 2018, the Kentucky Public Service Commission (“Commission”) issued an Order approving the request of PPL, LKE, and the Companies of the indirect acquisition of control of LG&E and KU. The proposed acquisition of control results from a corporate reorganization. Under the proposed corporate restructuring, PPL continues to retain ultimate control of the LG&E and KU and no change occurs to the corporate structure or management of LKE or the Companies. The proposed restructuring will have no effect on the operation or management of the Companies. Consistent with prior Commission orders, LKE will continue to direct the management and operation of LG&E and KU. No changes in LKE personnel will result. The Proposed Restructuring also will have no effect on the financial structure of LKE or the Companies, will not impose any cost or expense on those entities, and will have no effect on LG&E and KU’s rates or service. LKE management’s current access to PPL management will not be restricted or reduced. In sum, the Proposed Restructuring does not involve any change in the ultimate control of the Companies or LKE. PPL will continue to ultimately own these entities at all times. Although it will not own LKE directly, it will continue to have indirect ownership and control over the Companies. The proposed corporate restructuring is still pending regulatory approval from the Pennsylvania Public Utility Commission.

The Companies have continued working together with PPL to seek best practice approaches to specific areas of their utility operations and shared services divisions. Following is a summary of best practice initiatives that have been implemented or are currently in process.

Customer Service

The customer services operational teams continued its exchange around managing its comprehensive operations and customer experiences. The teams met face-to-face or by telephone conference. They compared processes, reviewed metrics, shared organizational structure, and discussed experiences with vendors and system functionality.

The Energy Efficiency leadership teams continue to exchange industry movements and best practices within the energy efficiency and Smart Meter space. This practice continues to promote cross-company knowledge with positive insights into process, program, and evaluation.

These efforts have confirmed LKE's business processes and customer offered programs are comparable in nature to PPL and verified a similar philosophy of safety, commitment to customer service, and operational discipline.

Operations

The electric transmission and distribution operations teams continued collaborative efforts on safety, reliability, operations, emergency restoration and fleet management. These collaborative efforts continue to validate LKE's existing business processes, and confirmed a similar culture of safety, commitment to customer service and operational focus.

The Safety function conducts monthly WebEx meetings to communicate legislative changes, industry trends, incident reviews, and best practices. These meetings allow LKE and PPL to share information and increase efficiency.

LKE and PPL continue to provide each other with a solid network of contacts to discuss topics applicable to the industry and efforts to enhance safety performance.

Information Technology

The Companies and PPL continue to optimize combined spend for IT vendors, participate in joint IT vendor workshops, optimize use of similar reporting systems, and share lessons learned. An overall PPL cyber security framework enables implementation of information protection strategies based on risk and asset profiles.

Procurement

On-going collaboration between the groups continues by leveraging individual company strengths, industry best practices and focused spend aggregation opportunities across PPL and LKE.

Other Areas

LKE's Financial Reporting department continues to coordinate joint U.S. Securities and Exchange Commission ("SEC") filings for its three SEC registrants, including LG&E and KU, along with PPL's two Pennsylvania registrants. Through this process, LKE personnel collaborate on technical accounting matters and best practices for monitoring and implementing technical developments with their counterparts in Pennsylvania.

LKE's Sarbanes-Oxley ("SOX") Compliance department continues to work with its respective counterparts at other PPL subsidiaries to pursue best practices. A centralized function for SOX program governance continues to improve accountability, transparency and consistency.

Attorneys for PPL and LKE participate in routine status calls to discuss legal matters impacting the entities and a variety of legal topics. Individual LKE attorneys participate in regular

communications with PPL counterparts to discuss specialty subject areas, including regulatory issues, litigation, and general corporate matters.

LKE's Corporate Communications department continues to collaborate with PPL regularly on news and information for employees across the PPL enterprise, particularly for PPL's quarterly employee and retiree magazine, Dimensions. In addition, the communications groups continue to meet on an as needed basis to discuss content and forms of corporate and employee communications.