



PPL companies

Mr. Jeff DeRouen
Executive Director
Kentucky Public Service Commission
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LG&E and KU Energy LLC
State Regulation and Rates
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October 30, 2014

Rick E. Lovekamp
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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, 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,

A handwritten signature in blue ink that reads "Rick E. Lovekamp".

Rick E. Lovekamp

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 Company’s 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.

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 service operational teams continued their exchange on best practices for managing holistic operations and customer experiences. The teams met in person and/or by teleconference to compare processes, share and review metrics, exchange experiences with vendors and discuss ideas for their own operations. The areas interacting included customer service, low income customer issues, field services, revenue assurance, energy efficiency programs, smart grid strategy and economic development.

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

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

Operations

The electric transmission and distribution operations teams continued to focus on safety, reliability, emergency restoration, technology, and fleet. 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 conducted periodic WebEx meetings to communicate general industry trends, regulatory compliance and standards to identify their potential impact. These meetings allowed LKE and PPL to share information and to avoid redundancies in effort.

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

Information Technology

LKE's IT organization continues to deliver best in class service and flexible business-driven technology solutions and to facilitate the sharing of IT topics and processes with PPL.

Some of the shared initiatives include: access to the PPL Hosted Cognos FSR, Wall Street Suites ("WSS") and Hyperion Financial Management ("HFM") applications now used by LKE's Financial Reporting department; defined user provisioning between PPL and the LKE Companies for shared applications using service-oriented architecture ("SOA") technology; pursuit of a joint Unified Communications Strategy development project with Accenture; use of a joint information security awareness annual training module; security threat information sharing; shared information security vision, mission and strategic principles; and LKE hosting of the PPL Alternate Data Center. The Companies and PPL continue to optimize combined spend for IT Vendors and have participated in joint IT Vendor workshops.

In addition, to help facilitate collaboration within PPL's U.S. information services, Eric Slavinsky was named the chief information officer for all PPL Corporation domestic operations in July, 2014. Although no specific best practices have been identified as a result of this new appointment, the Companies expect that Slavinsky's combined role will further expand the exchange of information and best practices throughout PPL's IT organization.

Financial

As reported in prior years, LKE has been in the process of installing the treasury management system used by PPL. LKE's implementation of the WSS system was completed in June 2014. The software resides on a server in Allentown and user support and software maintenance are provided by PPL Information Technology personnel. The benefits of utilizing WSS include 1) avoiding costs of having to install and support a redundant system at LKE, 2) automating approximately 20 journal entries, 3) establishing a sub-ledger for treasury related general ledger accounts, 4) performing calculations related to debt transactions, 5) automating data capture process for establishing LKE's daily cash position, and 6) automating reporting for other groups in the company.

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 Sarbanes-Oxley (SOX) Compliance department has worked with its respective counterparts at other PPL subsidiaries to pursue best practices. A centralized function for SOX program governance was created to improve accountability, transparency and consistency.

Additionally, approaches to SOX walkthroughs and testing were aligned to reduce redundant testing and improve external auditor reliance.

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/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.