



PPL companies

Dr. Talina R. Mathews
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, KY 40601

October 31, 2016

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 Dr. Mathews:

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

RECEIVED

OCT 31 2016

PUBLIC SERVICE
COMMISSION

LG&E and KU Energy LLC
State Regulation and Rates
220 West Main Street
PO Box 32010
Louisville, Kentucky 40232
www.lge-ku.com

Rick E. Lovekamp
Manager Regulatory
Affairs/Tariffs
T 502-627-3780
F 502-627-3213
rick.lovekamp@lge-ku.com

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 services operational teams continued its exchange around managing its comprehensive operations and customer experiences. The teams met face-to-face and/or by telephone conference. They compared processes, reviewed metrics, shared organizational structure, and discussed experiences with vendors and system functionality. Those areas interacting included customer service, low income, energy efficiency program, smart grid strategy, training, revenue collections and facility services.

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. Additionally, LKE partnered with PPL in the development of the Kentucky Distribution Automation strategy taking advantage of PPL’s operational experience and technical standards for field devices that function as an integral part of the distribution automation infrastructure. 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 IT Organization for all of PPL Corporation domestic operations has continued to develop and preserve the benefits of a centralized leadership structure while enabling a business line focus for certain planning, execution, and application development functions.

In September 2016, CIO Eric Slavinsky began reporting directly to PPL Senior Vice President and Chief Financial Officer Vince Sorgi. This reporting structure aligns with the direction for IT which serves Corporate Services and both Pennsylvania and Kentucky business lines. Slavinsky will still reside in Louisville, KY, but became a PPL Services employee.

The IT organization has aligned to optimize its workforce across domestic operations. Through this organization, the IT organization has developed specialist teams to work on applications across the corporate structure to provide best in class service to succeed in an ever-challenging IT environment.

The Companies and PPL continue to optimize combined spend for IT vendors, participate in joint IT vendor workshops, and optimize use of similar reporting systems.

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. The Companies' Supply Chain group is expected to provide significant support for the domestic IT PPL organization for the procurement of IT-related goods and services, which should increase the buying power of the Companies.

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. Additionally, approaches to SOX walkthroughs and testing are 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.