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PUBLIC SERVICE
COMMISSION

Jeff DeRouen
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40601

E.ON U.S. LLC
State Regulation and Rates
220 West Main Street
PO Box 32010
Louisville, Kentucky 40232
www.eon-us.com

Lonnie E. Bellar
Vice President
T 502-627-4830
F 502-217-2109
lonnie.bellar@eon-us.com

March 24, 2010

**RE: APPLICATION OF KENTUCKY UTILITIES COMPANY FOR AN
ADJUSTMENT OF ITS BASE RATES - Case No. 2009-00548**

and

**APPLICATION OF LOUISVILLE GAS AND ELECTRIC COMPANY
FOR AN ADJUSTMENT OF ITS ELECTRIC AND GAS BASE
RATES - Case No. 2009-00549**

Dear Mr. DeRouen:

I am writing to you on behalf of Kentucky Utilities Company and Louisville Gas and Electric Company (collectively, "Companies") to update the Commission on the status of the testing and commissioning of Trimble County Unit 2 ("TC2"). The Companies stated in their applications in these proceedings that they anticipated TC2 would be in service in June 2010. In accordance with that expectation, TC2 entered its start-up and equipment commissioning phase as planned, achieving first fire on oil in mid-February and proceeding to commissioning of the fuel ignition systems.

But as is common in projects of this magnitude and complexity, a number of equipment and other issues have arisen and been resolved over the last month as commissioning has progressed. Most notably, an equipment difficulty arose during the steam-line blow process in early March, which involves higher firing rates to reach the steam temperatures and pressures necessary to clean out the steam piping. The steam blow process exhausts steam to the atmosphere via temporary pipe installations (including silencers to comply with Siting Board requirements) until the permanent steam piping is

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deemed adequately cleaned. During the steam blow, the temporary piping experienced a “water hammer” event that resulted in some pipe movement and damage to some of the temporary piping. The temporary piping has been redesigned to eliminate this problem, but Bechtel has informed the Companies that the resolution of these equipment issues has added additional time to the startup and commissioning schedule, resulting in a revised in-service date of late July.

Should you have any questions please contact me at your convenience.

Sincerely,

A handwritten signature in black ink, appearing to read "Lonnie E. Bellar". The signature is fluid and cursive, with the first name "Lonnie" and last name "Bellar" clearly distinguishable.

Lonnie E. Bellar

cc: Parties of Record