



Mr. Jeff DeRouen  
Executive Director  
Kentucky Public Service Commission  
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Frankfort, KY 40602-0615

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**COMMISSION**

**LG&E and KU Energy LLC**  
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February 14, 2011

**RE: Louisville Gas and Electric Company (Case Nos. 2001-054, 2001-141, and 2001-169) and Kentucky Utilities Company (Case Nos. 2001-055, 2001-140, and 2001-169)**

Dear Mr. DeRouen:

Pursuant to the Global Settlement Agreement (“Global Settlement”) and the Commission’s Order dated December 3, 2001, in the aforementioned proceedings, Louisville Gas and Electric Company (“LG&E”) and Kentucky Utilities Company (“KU”), (collectively the “Companies”) have filed a report containing employee headcount, employee labor cost, and contractor cost data. This information is filed annually with the Commission no later than 45 days after the close of the fourth quarter.

In the Global Settlement, the Companies were authorized to amortize expenses associated with a Workforce Transition Separation Program. Also, the Agreement stipulated that ratepayers would receive a portion of the program Savings through a surcredit mechanism called the Value Delivery Surcredit Rider (“VDSR”). Lastly, the Commission’s Order established the aforementioned reporting requirement to monitor employment and contractor levels.

However, since the implementation of the Global Settlement, the Companies filed an application to terminate the VDSR during 2005 (Case Nos. 2005-00351 – KU and 2005-00352 – LG&E). A unanimous settlement was reached by all parties in these proceedings and the Commission authorized the termination of the VDSR under the terms that the benefit would continue at its then current level and until such time as the Companies filed for a base rate increase. During 2008, the Companies filed an application requesting a base rate increase

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(Case Nos. 2008-00251 – KU and 2008-00252 – LG&E). As a result, on July 2, 2008 the VDSR was terminated.

With the termination of the VDSR mechanism, the Companies believe the purpose of these reporting requirements as stipulated in the Global Settlement has been fulfilled and fully satisfied, and therefore there is no need to continue this particular report.

As the Commission is aware of, each quarter, the Companies file, pursuant to commitments from merger and acquisition proceedings, the number of employees by payroll assignment and the percentage of LG&E and KU employees to total employees. The Companies will continue to provide this information.

Please confirm your receipt of this filing by placing the File Stamp of your Office with date received on the extra copy and returning it to me in the enclosed envelope. Should you have any questions regarding the information filed herewith, please contact me or Don Harris at (502) 627-2021 at your convenience.

Sincerely,



Rick E. Lovekamp