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Linda C. Bridwell, PE  
Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
Frankfort, Kentucky 40601-8294

October 31, 2022

**RE: Electronic Joint 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. Bridwell:

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.

In accordance with 807 KAR 5:001, Section 8 and the Commission's Order of July 22, 2021 in Case No. 2020-00085, I certify that the electronic filing has been transmitted to the Commission on October 31, 2022 and that there are currently no parties in this proceeding that the Commission has excused from participation by electronic means.

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

Sincerely,

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 and Virginia.

Since 2010, LG&E and KU have continued working with PPL and other affiliates to seek best practice approaches to specific areas of utility operations and shared services divisions. The sharing of best practices at the beginning of this acquisition provided savings for each entity. This practice now serves as a way for each entity to share knowledge as they work on providing reliable, safe energy at a reasonable cost to customers and best-in-sector returns to shareowners.

The 2021 update discussed PPL’s process to strategically reposition PPL as a U.S.-focused energy company and begin to implement a strategy enterprise-wide that is focused on redefining how to operate across the organization to best serve the customers. Initial steps of this strategy, as reported, centralized the functions of Audit Services and Compliance and Ethics to enhance independence and governance. In addition, the LG&E and KU legal leadership transitioned the reporting relationship to PPL’s senior vice president, general counsel, and corporate secretary.

With the completed acquisition of Rhode Island’s Narragansett Electric Company in May 2022, PPL has continued the enterprise-wide strategy, focused on redefining how to operate across the organization to best serve customers, further advance PPL’s business strategy, and improve operational efficiencies. This scalable strategy includes shifting from a fully decentralized operating model toward a more centralized, shared services approach where it makes sense, that improves operational efficiency and benefits our customers. PPL is currently organized into three business units: LG&E and KU, PPL Electric Utilities, and Rhode Island Energy. LG&E and KU are regulated utilities engaged in the generation, transmission, distribution, and sale of electricity in Kentucky and Virginia and the sale of natural gas in Kentucky. LG&E and KU have approximately 1.0 million electric customers in Kentucky and Virginia and LG&E has approximately 300,000 gas customers in Kentucky. PPL Electric Utilities is a regulated utility that is an electricity transmission and distribution service provider in Pennsylvania with approximately 1.4 million electric customers. Rhode Island Energy is a regulated utility engaged in the transmission, distribution, and sale of electricity and distribution and sale of natural gas in Rhode Island with approximately 510,000 electric customers and 270,000 gas customers. These three business units have a combined \$23.7 billion rate base, \$7.8 billion operating revenues, and \$22.2 billion market capitalization. Following is a summary of best practice initiatives that have been implemented or are currently in process.

Best Practices – Centralized Shared Services:

***Supply Chain***

PPL is consolidating the Supply Chain function to drive consistency and best practices across the organization and achieve cost containment and efficiency improvements over time while maintaining high service levels. The new organization retained the best practices from PPL and LG&E/KU operations, while consolidating and streamlining procurement to provide greater buying power and leverage in negotiating with suppliers. Efforts will continue with the business operations technical leaders to engage in specification standardization and demand planning processes to promote opportunities for longer term or more detailed joint sourcing events in the future. Supply Chain employees across the combined locations have continued to focus on industry and market research, informed engagement with internal and external stakeholders and timely response to identified issues impacting the supply of materials and services within the utility industry and our global economy the past few years. Shared information and resources from PPL and LG&E/KU teams have helped mitigate these constraints in a collaborative manner to support and maintain effective operations.

***Legal***

Late last year, the PPL Office of General Counsel consolidated legal functions to align the department by legal practice area, rather than geography, while maintaining a close connection to PPL's business lines. The new operating model will provide greater efficiency and provide deep knowledge in specific legal areas, which will ensure consistency across the enterprise. The department is organized under four primary subject areas. The Corporate area supports governance and board activities, strategic transactions, securities and disclosure, financing activities and Supply Chain across the enterprise. The Litigation area oversees legal support for litigation and claims, as well as labor, employment, and environmental matters for all PPL business units. The Regulatory area provides legal support for federal and state regulatory matters, real estate, permitting and siting. The Ethics and Compliance area ensures PPL maintains high ethical standards and to reinforce the commitment to ensure compliance with applicable laws and requirements. This consolidated structure provides greater flexibility to allow existing personnel to work on matters in multiple jurisdictions when workload demands additional resources and to provide more opportunity to incorporate best practices across the enterprise.

***Information Technology***

Information Technology ("IT") functions have consolidated enterprise wide with a focus of developing and implementing a common digital transformation strategy to improve customer and employee experiences. A consolidated IT organization strengthens collaboration, improves efficiency, and creates a single set of integrated product portfolios that support the enterprise. This digital transformation is expected to occur over the next several years and will impact each PPL business unit. In addition, the new IT organization will look to consolidate operational technology ("OT") responsibilities that in some instances fall outside the traditional IT organization. These opportunities will be identified and transitioned over future phases of the reorganization.

### ***Corporate Security***

Consolidation of Corporate Security functions across PPL focus on consistent enterprise-wide strategies and programs to protect people, facilities, and assets. This department oversees business continuity across the PPL business units in collaboration with senior management and key stakeholders.

### ***Human Resources***

Human Resources (“HR”) has completed an enterprise-wide centralization of HR functions. While some HR personnel have been retained at the business unit level in order to assist with the specific employment needs of each business unit, there is a dotted-line reporting relationship across the enterprise. The centralization of HR resources will enable common processes and systems that will be implemented over several years, across PPL business units and create a scalable organization focused on driving a consistent employee experience. Optimal HR functionality will be achieved once IT has migrated to common systems across the enterprise.

### ***Finance, Accounting, Tax, and Risk***

PPL centralized Treasury, Financial Reporting, Corporate Accounting, Tax and Risk functions across the enterprise to support consistent delivery of these services. This realignment deploys resources more efficiently; reduces overlap; supports alignment around common systems that will be implemented over several years, standards and processes; and improves the scalability of operations to support future growth. LG&E and KU’s Utility Accounting, Payroll, Financial Planning and Budgeting functions remain decentralized to support business-specific financial decisions.

### **Best Practice – Sharing across Operating Companies:**

#### ***Customer Service***

The Customer Services (“CS”) operational team continue its exchange with PPL around managing its operations and customer experiences. The teams meet in both regularly scheduled discussions as well as on an as needed basis to discuss both virtually and in person. The teams discuss process, metrics, IT initiatives, vendor management, contracting strategies and organizational structure. Additionally, the CS officer team for Pennsylvania, Rhode Island and Kentucky meet frequently to exchange best practices.

Lessons learned continued to be shared within the advance meter leadership teams especially as Kentucky launches its program in 2022. The relationships developed between the teams has allowed for ongoing discussion on technology changes in smart metering, customer adoption, usage of utility data and contracting strategies.

Based on customer trends to use self-service channels, evaluation of industry best practices, and understanding the impact to customers, LG&E and KU has made the decision to close all customer business offices over the next two years. Since 2014, customer traffic at the business offices has declined 42 percent, the majority of investor-owned utilities across the nation are moving away from the walk-in center model, and LG&E and KU customers are more frequently using digital

options to conduct transactions. LG&E and KU will continue to be focused on providing the best customer experience during this transition period.

### ***Electric Operations***

The electric transmission and distribution operations teams continued collaborative efforts on safety, reliability, operations, and emergency restoration. Specifically, LG&E, KU, and PPL are working to harmonize technical standards for distribution automation and substation equipment to facilitate economies of scale purchasing, working to optimize maintenance practices, and align tree trimming practices to enable better cost control. LG&E and KU are working with a centralized PPL data analytics department to incorporate benchmarking as a way to identify opportunities, enhance automation, and implement a plan for transitioning to common systems over several years.

### ***Gas Operations***

LG&E Gas Operations, as part of the PPL acquisition of Rhode Island Energy, will assist with the transition. During the transition process, the Companies will review respective business practices and processes and evaluate adopting common approaches for materials, standards, and work methods, including maintenance and compliance programs.

### ***Corporate Communications***

While LKE's Communications and Corporate Responsibility Department is focused on LG&E and KU stakeholders, LKE's Communications Department continues to collaborate with PPL regularly on news and information for employees across the PPL enterprise, especially as it relates to corporate-wide news. In addition, the communications groups continue to meet on an as needed basis to discuss content and forms of corporate and employee communications.