

Rick E. Lovekamp

Manager Regulatory Strategy/Policy
State Regulation and Rates
O 502-627-3780
rick.lovekamp@lge-ku.com



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

October 31, 2023

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, 2023 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 2022 update discussed PPL’s process to strategically reposition PPL as a U.S.-focused energy company after completing the acquisition of Rhode Island’s Narragansett Electric Company and implement a strategy enterprise-wide that is focused on redefining how to operate across the organization to best serve the customers.

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 and materials 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

In late 2021, 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. This operating model will provide greater efficiency and provide deep knowledge in specific legal areas, which will ensure consistency across the enterprise. 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

The Corporate Security team continues collaboration across the enterprise to strengthen physical protection systems and continuity of essential operations. The team has developed and adopted a standardized approach to business continuity programs that aligns with industry best practices and utilizes consistent technology in a cost-effective manner. Additionally, the team has adopted standardized physical protection strategies that align with industry standards. This has been valuable as we’ve applied experience gained from LKE staff regarding the protection of Gas assets to the transition activities with Rhode Island Energy. The development of an enterprise-wide background check program and associated policies has produced a consistent practice that aligns with applicable laws and is integral to mitigation of insider risks. The background check program has been consolidated under Corporate Security allowing us to use one vendor.

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. 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 made the decision to close all customer business offices by the fourth quarter of 2024. 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 has continued to focus on providing the best customer experience during this transition period. There has been a significant effort to notify customers of the closures, educate them on their payment options and assist them with signing up for self-service programs. Additionally, a new “In-Lane” service was launched that allows customers to pay with cash in line while shopping at locations such as CVS, Family Dollar, Walgreens and Dollar General.

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.