COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC JOINT APPLICATION OF PPL CORPORATION, PPL SUBSIDIARY HOLDINGS, LLC, PPL ENERGY HOLDINGS, LLC, LG&E AND KU ENERGY LLC, LOUISVILLE GAS AND ELECTRIC COMPANY AND KENTUCKY UTILITIES COMPANY FOR APPROVAL OF AN INDIRECT CHANGE OF CONTROL OF LOUISVILLE GAS AND ELECTRIC COMPANY AND KENTUCKY UTILITIES COMPANY	**)))))))))))**	**CASE NO. 2017-00415**

**RESPONSE OF
PPL CORPORATION, PPL SUBSIDIARY HOLDINGS, LLC, PPL ENERGY HOLDINGS, LLC, LG&E AND KU ENERGY LLC, LOUISVILLE GAS AND ELECTRIC COMPANY, AND KENTUCKY UTILITIES COMPANY
TO COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
DATED NOVEMBER 20, 2017**

FILED: DECEMBER 4, 2017

VERIFICATION

COMMONWEALTH OF KENTUCKY)
) **SS:**
COUNTY OF JEFFERSON)

The undersigned, **Robert M. Conroy**, being duly sworn, deposes and says that he is Vice President – State Regulation and Rates for Louisville Gas and Electric Company and Kentucky Utilities Company, an employee of LG&E and KU Services Company, and that he has personal knowledge of the matters set forth in the responses for which he is identified as the witness, and the answers contained therein are true and correct to the best of his information, knowledge and belief.

Robert M. Conroy

Robert M. Conroy

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 4th day of December 2017.

Judy Schooler (SEAL)
Notary Public

My Commission Expires:
JUDY SCHOOLER
Notary Public, State at Large, KY
My commission expires July 11, 2018
Notary ID # 512743

VERIFICATION

COMMONWEALTH OF PENNSYLVANIA)
) SS:
COUNTY OF LEHIGH)

The undersigned, **Alexander J. Torok**, being duly sworn, deposes and says that he is an Assistant Treasurer for PPL Corporation and an employee of PPL Services Corporation, that he has personal knowledge of the matters set forth in the responses for which he is identified as the witness, and the answers contained therein are true and correct to the best of his information, knowledge and belief.

Alexander J. Torok

Alexander J. Torok

Subscribed and sworn to before me, a Notary Public in and hefore said County and State, this 30th day of November 2017.

Cathy L. Covino (SEAL)

Notary Public

My Commission Expires:

COMMONWEALTH OF PENNSYLVANIA
NOTARIAL SEAL
Cathy L Covino, Notary Public
City of Allentown, Lehigh County
My Commission Expires Sept. 16, 2018

PPL CORPORATION, PPL SUBSIDIARY HOLDINGS, LLC, PPL ENERGY HOLDINGS, LLC, LG&E AND KU ENERGY LLC, LOUISVILLE GAS AND ELECTRIC COMPANY, AND KENTUCKY UTILITIES COMPANY

Response to the Commission Staff's First Request for Information
Dated November 20, 2017

Case No. 2017-00415

Question No. 1

Witness: Robert M. Conroy / Alexander J. Torok

Q-1. Provide copies of all minutes of any board of directors' meetings for PPL Corporation, LKE, LG&E, and KU, in which the proposed corporate restructuring was discussed.

A-1. There are no meetings or consents of the boards of directors of PPL Corporation, LKE, LG&E and KU relating to the proposed corporate restructuring. The proposed corporate restructuring is not required to be acted upon by such boards of directors.

PPL CORPORATION, PPL SUBSIDIARY HOLDINGS, LLC, PPL ENERGY HOLDINGS, LLC, LG&E AND KU ENERGY LLC, LOUISVILLE GAS AND ELECTRIC COMPANY, AND KENTUCKY UTILITIES COMPANY

Response to the Commission Staff's First Request for Information Dated November 20, 2017

Case No. 2017-00415

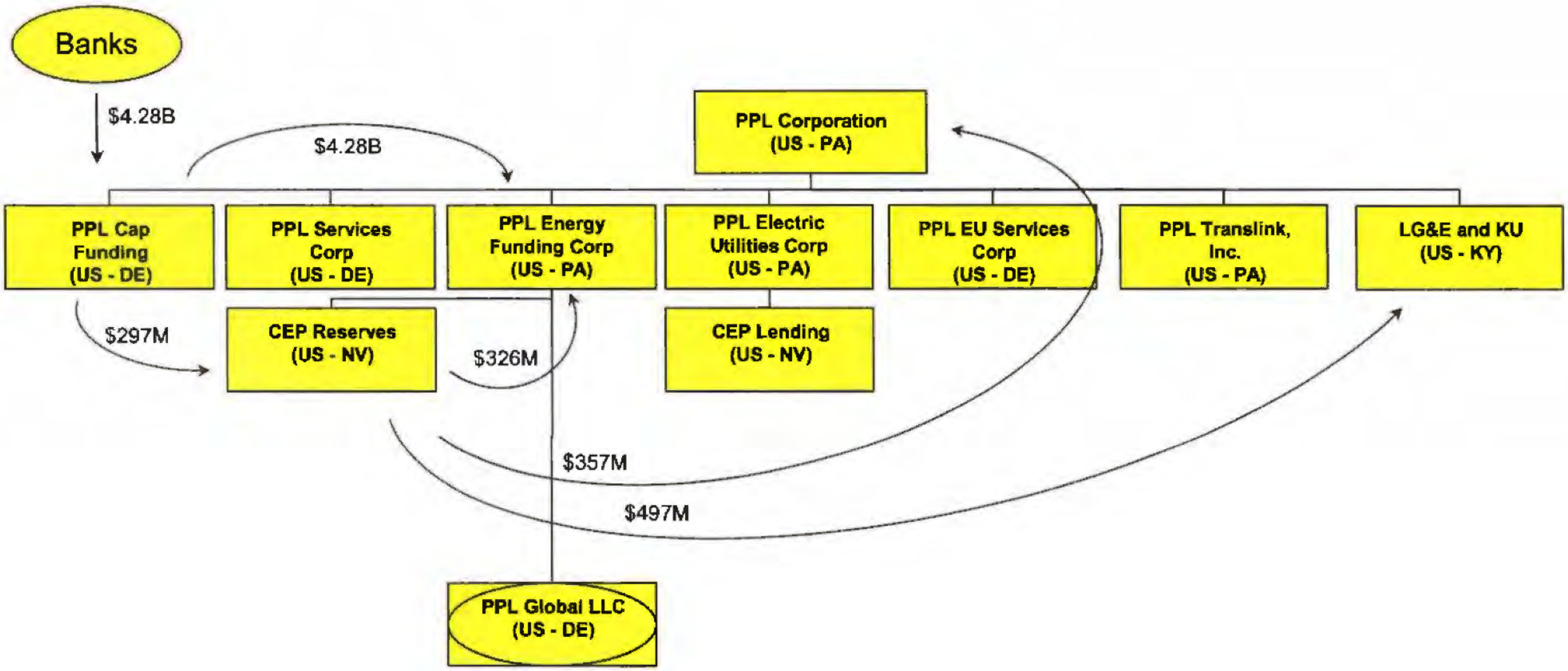
Question No. 2

Witness: Robert M. Conroy / Alexander J. Torok

Q-2. Provide copies of any presentation materials made by PPL Corporation, LKE, LG&E, or KU discussing the proposed corporate restructuring.

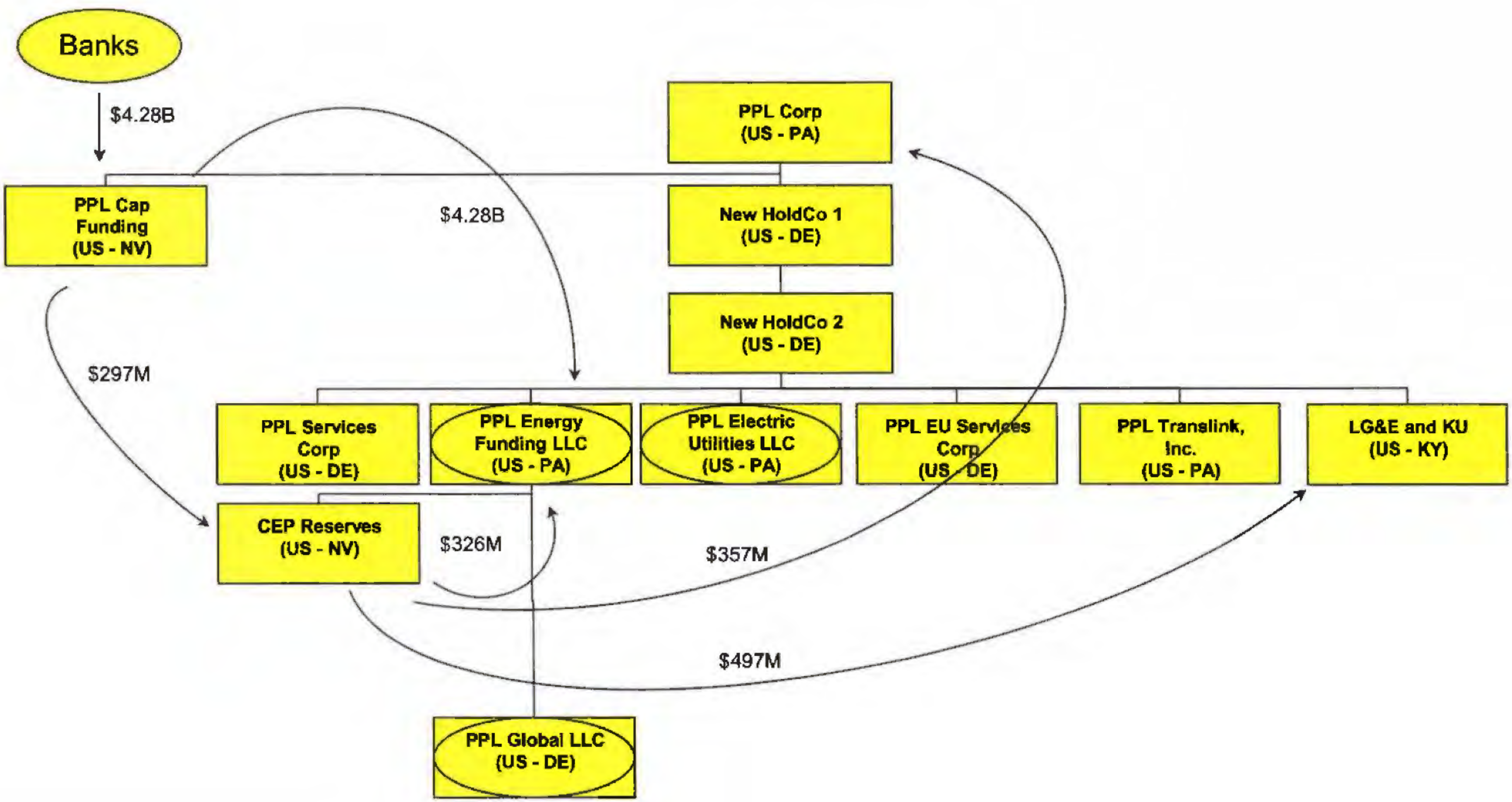
A-2. PPL prepared two documents relating to the proposed restructuring. See attachments. Redacted items are associated with a potential transaction at another PPL subsidiary which is unrelated to LKE, LG&E or KU.

PPL Corporation
Abbreviated Organization Chart
As of December 31, 2016



Attachment 1 to Response to PSC-1 Question No. 2
Page 1 of 2
Conroy/Torok

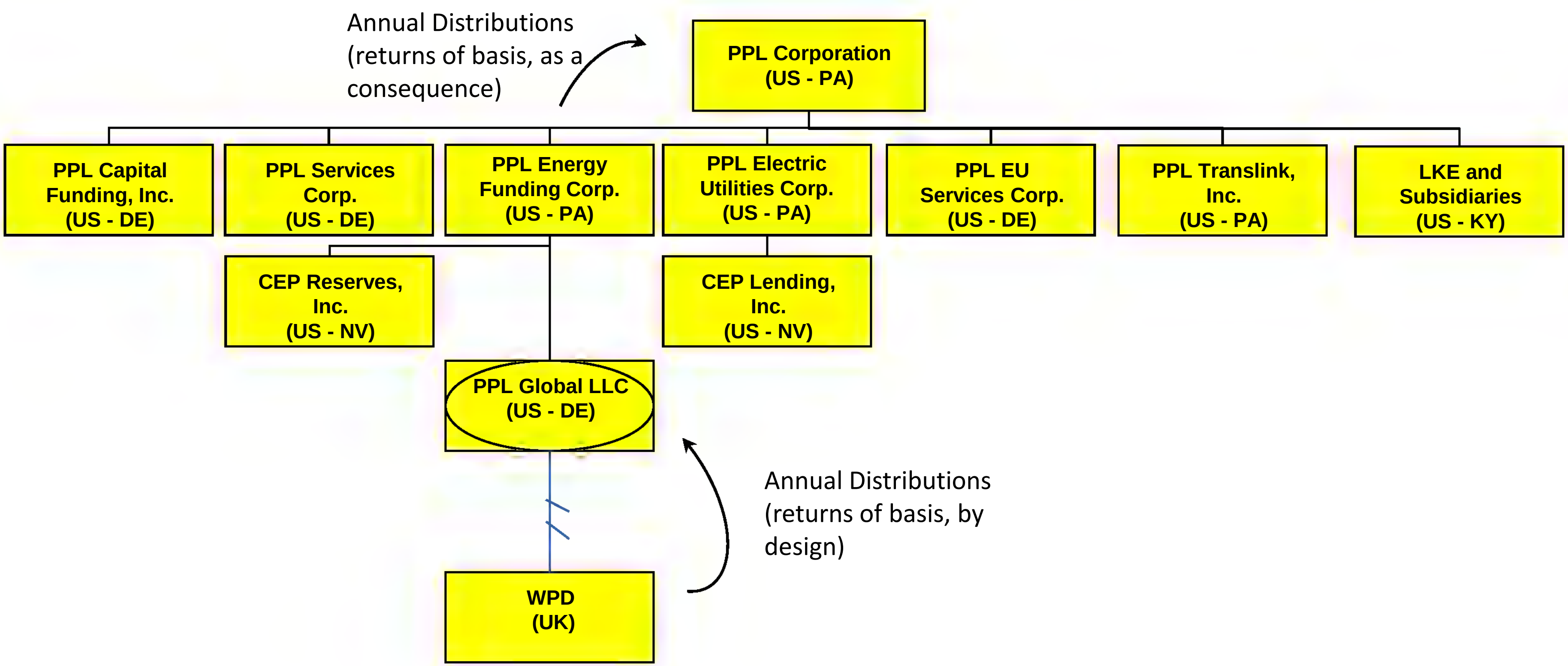
PPL Corporation
Proposed Organization Chart



- **Primary Issue**
  - Managing tax basis in subsidiaries
    - Potential future tax costs associated with intercompany distributions

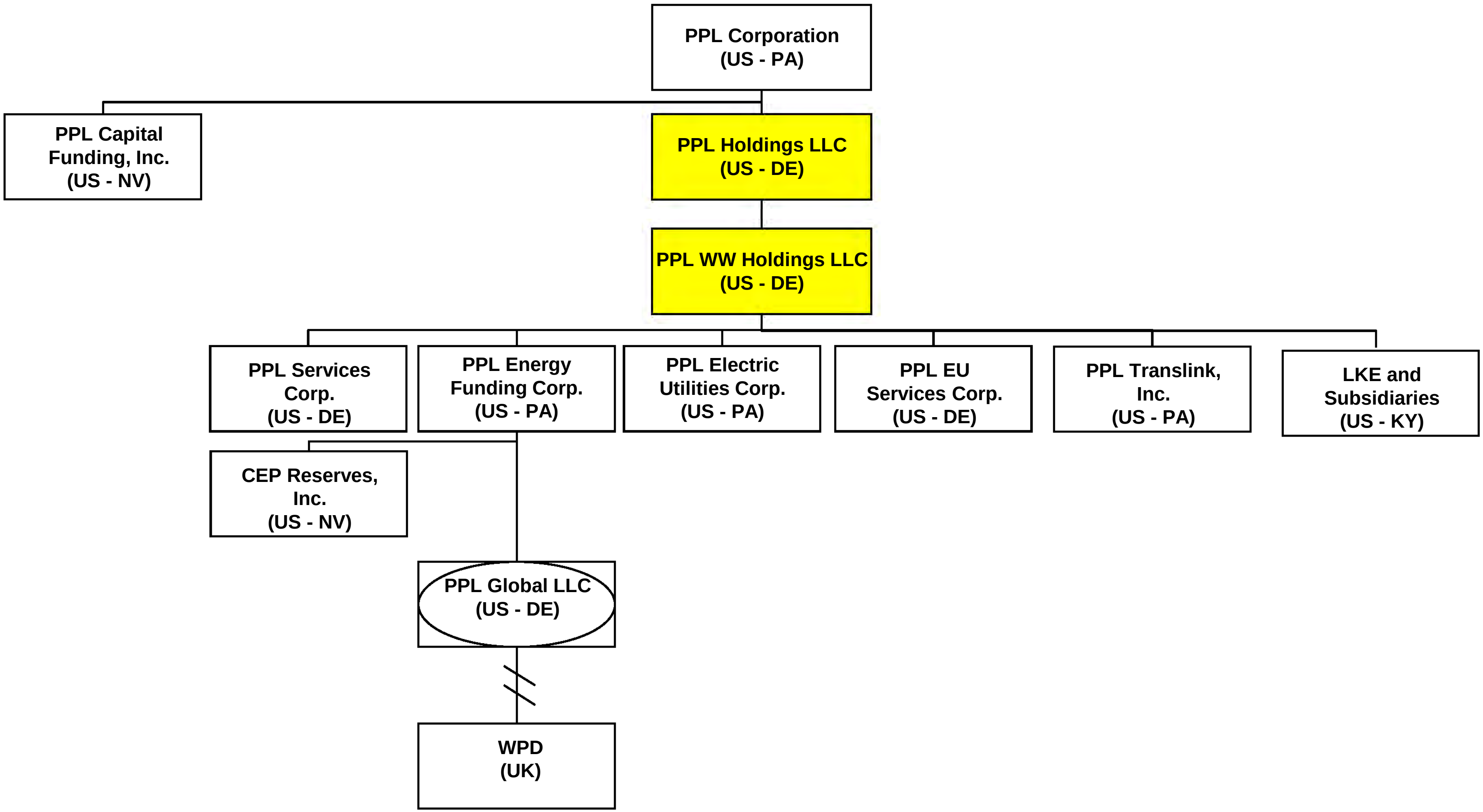
[redacted]

PPL Corporation
Current Abbreviated Organization Chart
As of December 31, 2016



Distributions from WPD up the chain to PPL Corporation erode Energy Funding basis and, upon depletion thereof, result in taxable capital gains

Solution For Primary Issue
Insert Holding Companies into Existing Structure



- “Change in control” of utilities requiring regulatory approval in:
  - PA
  - KY
    - Potential for conditional approval
  - TN
  - VA
  - FERC
  - FCC
- Consideration of third party debt terms and conditions and covenants
- Public communications - ”messaging”

Key Consideration	Entities Evaluated	Conclusion
Benefit Plans	• Group[1]	✓
Collective Bargaining Agreements	• Group	✓
Debt Instruments/Credit Facilities/Financing	• Group • PPL Cap Funding	• PPL Cap Funding Indentures: Supplemental Indentures/guarantees from 2 new holding cos • PPL Electric and LKE Revolvers/LKE Community Bank Credit Facility/KU LOC Agreements: Bank consent/other resolution required (re: CiC provisions) • LG&E/KU: indirect ownership not expected to trigger CiC
General Corporate	• Group	Customary approvals for formation, execution of transaction
Real Estate/Easements	• Group	✓
Regulatory Impact	• PPL EU • LG&E and KU • FERC & FCC	*See Regulatory Slides
Significant Contracts	• Group	✓

1. "Group" comprises PPL Corp., PPL Services, PPL Energy Funding, PPL Electric Utilities, PPL EU Services, LKE, LG&E and KU

New Holding Company Structure Regulatory Summary

Entity	Approvals Required[1]	Anticipated Timing
PPL Electric Utilities	PA PUC	• Target Filing Date: 10/16/17 • Anticipated Approval: 4-9 Months

LKE	• Kentucky Public Service Commission
	• Virginia State Corporation Commission
	• Tennessee Public Utility Commission
		• Target Filing Date (All): TBD; On or before March 1, 2018
		• Anticipated Approval:
		  • KPSC: 4-9 Months
		  • VSCC: 60-180 days
		  • TPUC: Shortly after KPSC approval

PPL Electric Utilities LGE KU	FERC	• Target Filing Date: 10/16-10/31 • Anticipated Approval: 45-90 Days
PPL Electric Utilities [LGE] [KU]	FCC	• Target Filing Date: TBD (prior to effecting reorganization) • Anticipated Approval: 3-6 Weeks

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

PPL CORPORATION, PPL SUBSIDIARY HOLDINGS, LLC, PPL ENERGY HOLDINGS, LLC, LG&E AND KU ENERGY LLC, LOUISVILLE GAS AND ELECTRIC COMPANY, AND KENTUCKY UTILITIES COMPANY

Response to the Commission Staff's First Request for Information Dated November 20, 2017

Case No. 2017-00415

Question No. 3

Witness: Robert M. Conroy / Alexander J. Torok

Q-3. Explain whether the proposed corporate restructuring will require other regulatory approvals and provide copies of any applications filed requesting such approvals.

A-3. The proposed corporate restructuring will require approvals from the Federal Energy Regulatory Commission, the Kentucky Public Service Commission, the Tennessee Public Utility Commission and the Pennsylvania Public Utility Commission.

The Virginia State Corporation Commission has determined that where, as here, the direct ownership of and control over LG&E and KU Energy, the direct parent of KU or, PPL Corporation, the ultimate parent of KU, is not changed, no approval of such a corporate reorganization is required under Chapter 5 to Title 56 of the Code of Virginia.

A filing is to be submitted to the Federal Communications Commission regarding a pro forma transfer of certain wireless radio licenses.

Copies of the applications submitted to date are attached hereto.

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

	)	
PPL Electric Utilities Corporation	)	
Louisville Gas and Electric Company	)	
Kentucky Utilities Company	)	**Docket No. EC18-___-000**
LG&E Energy Marketing Inc.	)	
Electric Energy, Inc.	)	
Midwest Electric Power, Inc.	)	
	)	

APPLICATION FOR AUTHORIZATION UNDER SECTION 203 OF THE FEDERAL POWER ACT AND REQUESTS FOR WAIVERS OF FILING REQUIREMENTS, SHORTENED COMMENT PERIOD AND EXPEDITED CONSIDERATION

Pursuant to Section 203(a)(1) of the Federal Power Act ("FPA"),[1] and Part 33 of the regulations of the Federal Energy Regulatory Commission ("Commission"),[2] PPL Electric Utilities Corporation ("PPL Electric"), LG&E Energy Marketing Inc. ("LEM"), Louisville Gas and Electric Company ("LG&E"), and Kentucky Utilities Company ("KU"), on behalf of itself and its partially owned subsidiaries Electric Energy, Inc. ("EEInc") and Midwest Electric Power, Inc. ("MEPI") (collectively, "Applicants") submit this Application seeking all prior authorizations necessary to complete an internal reorganization, whereby two Delaware holding companies will be created and inserted into the corporate structure between the Applicants and their parent, PPL Corporation, as described herein (hereinafter, "the Internal Reorganization").[3] PPL Corporation will

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[1] 16 U.S.C. § 824b(a)(1) (2016).

[2] 18 C.F.R. pt. 33 (2017).

[3] The two new Delaware holding companies, described in greater detail in Section III, do not currently own, control, or hold 10 percent or more of the outstanding voting securities of a public utility company or a holding company of any public utility company. Accordingly, prior to the Internal Reorganization, they are not holding companies that require prior approval under Section 203(a)(2), and PPL Corporation, their parent will not require prior approval under Section

remain the ultimate owner of the Applicants. Accordingly, there will be no change in the ultimate ownership or control of the Applicants as a result of the Internal Reorganization. As described herein, the Internal Reorganization will have no adverse effect on competition, rates, or regulation, and will not result in any cross-subsidization of a non-utility company or the encumbrance or pledge of utility assets for the benefit of an associate company. The Commission should therefore approve the Internal Reorganization as consistent with the public interest without hearing or condition.

The Applicants further request that the Commission, consistent with its precedent, grant limited waivers of its Part 33 filing requirements to the extent that the information required by Part 33 is not necessary to determine that the Internal Reorganization meets the statutory requirements of FPA Section 203. Finally, the Applicants respectfully request that the Commission establish a comment period of no greater than twenty-one days for this Application and issue an order granting the requested authorizations as expeditiously as possible, and in any event, by no later than <u>February 1, 2018</u>.

I. REQUEST FOR SHORTENED COMMENT PERIOD AND EXPEDITED CONSIDERATION

The Applicants respectfully request that the Commission establish a comment period of no greater than 21 days on this Application and issue an order granting the requested authorization as expeditiously as possible, and in any event, no later than <u>February 1, 2018</u>. Section 203(a)(5) of the FPA requires the Commission to provide for expedited review of certain applications under Section 203.[4] Pursuant to the Commission's regulations under Section 203(a)(5), the Commission typically will act on

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203(a)(2) to acquire an interest in those entities when they are inserted into the PPL corporate structure. *See* 16 U.S.C § 824b(a)(2). *See also* 16 C.F.R. § 366.1.

[4] 16 U.S.C. § 824b(a)(5).

a completed Section 203 application within 180 days but will undertake a more expedited review when the application is not contested, does not involve a merger, and is consistent with Commission precedent.[5] The Commission's regulations also generally provide for expedited review if the transaction does not require an Appendix A analysis.[6]

Here, expedited review is warranted because, as described in Section IV below, approval of the Internal Reorganization is consistent with the Commission's precedent, does not involve a merger and does not require an Appendix A analysis for the Commission's evaluation of the Internal Reorganization. Finally, issuing an order on this Application within the requested timeframe is consistent with other examples where the Commission has given such expedited consideration.[7]

II. DESCRIPTION OF THE APPLICANTS AND CERTAIN AFFILIATES

The Applicants are direct or indirect subsidiaries of PPL Corporation, a holding company within the meaning of the Public Utility Holding Company Act of 2005.[8]

A. PPL Electric Utilities Corporation

PPL Electric is a direct, wholly owned subsidiary of PPL Corporation. PPL Electric has market-based rate authority.[9] PPL Electric does not own any jurisdictional generation, but does own transmission facilities located within the PJM Interconnection, L.L.C. ("PJM") balancing authority area ("BAA"). PPL Electric's transmission system

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[5] 18 C.F.R. § 33.11(b); *Order No. 669* at P 188.

[6] 18 C.F.R. § 33.11(c)(2).

[7] *See, e.g., Holyoke Water Power Company,* 125 FERC ¶ 62,256 (2008) (approving disposition of jurisdictional facilities associated with internal corporate reorganization in 40 days); *Georgia Power Company*, 114 FERC ¶ 62,329 (2006) (approving same in 44 days).

[8] *PPL Corp.*, Updated Notification of Holding Company Status Form FERC-65, Docket No. HC11-1-000 (filed Dec. 1, 2010).

[9] *Pa. Power & Light Co.*, 80 FERC ¶ 61,053 (1997).

consists of approximately 5,000 miles of electric transmission lines and covers a service territory of approximately 10,000 square miles. PJM directs the operation of PPL Electric's transmission facilities, and transmission service over these facilities is provided under the PJM Open Access Transmission Tariff ("OATT"). PPL Electric has no captive wholesale or retail customers.[10] PPL Electric is the default supplier for retail customers within its service territory pursuant to Pennsylvania's Electricity Generation Customer Choice and Competition Act.[11] PPL Electric purchases the energy and capacity required to satisfy its default supplier obligations pursuant to a competitive supply auction program approved by the Pennsylvania Public Utility Commission.[12]

B. LG&E and KU Energy LLC Subsidiaries

LG&E and KU Energy LLC is a direct, wholly owned subsidiary of PPL Corporation. As described in greater detail below, LG&E, KU, and LEM are each direct, wholly owned subsidiaries of LG&E and KU Energy LLC. EEInc is a direct, partially owned subsidiary of KU, and MEPI is a direct, wholly owned subsidiary of EEInc.

1. Louisville Gas and Electric Company and Kentucky Utilities Company

LG&E is a public utility that owns and operates electric generation, transmission and distribution facilities in Kentucky, as well as natural gas distribution, transmission and storage facilities in Kentucky and Indiana. KU is a public utility that owns and operates electric generation, transmission and distribution facilities in Kentucky, with

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[10] *See PPL Elec. Utils. Corp*, Docket No. ER00-1712-010 (letter order issued Mar. 25, 2009) (finding that PPL Electric has no captive customers and granting waiver of affiliate restrictions).

[11] 66 Pa.C.S. §§ 2801, *et seq.*

[12] Petition of PPL Electric Utilities Corporation for Approval of a Default Service Program and Procurement Plan for the Period June 1, 2015 through May 31, 2017, Docket No. P-2014-2417907 (Order entered Jan.15, 2015).

limited operations in Tennessee and Virginia. LG&E and KU directly own generation capacity and hold minority interests in certain entities that own generation, as detailed in Exhibit B.[13]

LG&E and KU operate a joint BAA and own approximately 5,400 circuit miles of electric transmission lines. LG&E and KU also have franchised service territories. LG&E and KU have market-based rate authority, and their market-based rate tariffs are currently limited to sales outside of the LG&E/KU BAA.[14] KU also supplies power to several wholesale customers under cost-based formula rates.[15]

LG&E and KU provide transmission service under a single OATT. Under the terms set by the Commission in approving their withdrawal from the Midcontinent Independent Transmission System Operator, Inc., LG&E and KU contract with TranServ International, Inc. and Tennessee Valley Authority to serve as the independent transmission organization and the reliability coordinator, respectively, for their electric transmission facilities.[16]

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[13] LG&E and KU also hold a combined 8.13 percent interest in Ohio Valley Electric Corporation ("OVEC") and Indiana-Kentucky Electric Corporation ("IKEC"), which own generation facilities listed in Exhibit B. Because the Applicants and their affiliates will continue to own less than 10 percent of the outstanding voting interests in OVEC and IKEC after the Internal Reorganization, prior approval under Section 203(a)(1) is not required. 18 C.F.R. § 33.1(c)(12).

[14] *LG&E Energy Mktg. Inc., et al.*, Docket Nos. ER06-1046-000, *et al.* (Letter Order issued July 6, 2006) (accepting revised tariff sheets prohibiting sales at market-based rates in the LG&E/KU BAA); *Louisville Gas & Elec. Co., et al.*, 135 FERC ¶ 61,281 (2011) (accepting tariff revisions to remove market-based rate restrictions prohibiting sales in the Big Rivers Electric Corporation BAA).

[15] *Ky. Utils. Co.*, 125 FERC ¶ 61,242 (2008); *Ky. Utils. Co.*, 145 FERC ¶ 61,161(2013).

[16] *See Louisville Gas & Elec. Co., et al.*, 137 FERC ¶ 61,195 (2011); *See also* LG&E and KU Joint Pro Forma Open Access Transmission Tariff, Attachment Q.

2. Electric Energy, Inc. and Midwest Electric Power, Inc.

KU holds a 20 percent interest in EEInc, the owner and operator of a six-unit coal-fired generating facility, with a capacity of approximately 948 MW (summer rating), located in Joppa, Illinois, in the EEInc BAA. MEPI owns and operates two gas turbines also located in Joppa, Illinois (all, collectively, the "Joppa Facilities").[17] Output from the Joppa Facilities is under the operation and control of subsidiaries of Dynegy Inc., the majority (80 percent) owner of EEInc.[18] Neither KU nor any affiliate of KU currently has contractual rights to the output of the Joppa Facilities.

In addition, EEInc owns and operates approximately 45 miles of electric transmission lines that interconnect its generating facilities to the transmission lines of LG&E, KU, and TVA.[19] Transmission service over these lines is provided pursuant to a Commission-approved OATT.[20] Further, EEInc is the sole owner of the Joppa and Eastern Railroad Company, which owns a 3.9-mile rail line and associated railcars that transport coal shipments to the Joppa Facilities.

EEInc and MEPI each have received market-based rate authority from the Commission, but such authority does not extend to sales in the LGEE BAA.[21] MEPI also

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[17] MEPI also operates three additional gas turbines owned by Illinois Power Generating Company with a combined capacity of 165 MW (summer rating).

[18] LG&E, KU and LEM submitted a Letter of Concurrence from Ameren Energy Marketing (now known as Illinois Power Marketing Company) supporting this statement in their September 2, 2008 triennial market power update in Docket Nos. ER94-1188, *et al*.

[19] More specifically, these lines are comprised of six parallel lines of approximately 10 miles each in length that, for all intents and purposes, are simply generator leads that interconnect EEInc's generating facilities in Joppa, Illinois, and a transmission bus in Paducah, Kentucky.

[20] *See generally* Electric Energy, Inc., Open Access Transmission Tariff, Docket No. ER10-3305-000 (filed Nov. 3, 2010).

[21] *See Elec. Energy Inc.*, Docket Nos. ER10-3247-000, *et al.*, Letter Order dated Sept. 9, 2014 (accepting currently effective market-based rate tariff); *Midwest Elec. Power Inc.*, Docket No.

has a cost-based rate schedule on file pursuant to which it sells the output of its facilities to EEInc.[22]

3. LG&E Energy Marketing Inc.

LEM is a power marketer that does not own any generating or transmission facilities. LEM has market-based rate authority, but does not currently engage in any Commission-jurisdictional power sales.[23]

III. THE INTERNAL REORGANIZATION

The Internal Reorganization involves two primary steps. In the first step, PPL Corporation will form two new Delaware holding companies, "Newco 1" and "Newco 2". Newco 1 will be owned directly by PPL Corporation, and Newco 2 will be owned directly by Newco 1. In the second step, PPL Corporation plans to contribute all of the interests it holds in certain of its direct, wholly owned subsidiaries, including its shares in PPL Electric and interests in LG&E and KU Energy LLC, to Newco 1. As part of the second step, Newco 1 will then contribute all of the interests received from PPL Corporation to Newco 2. Under the proposed corporate structure, PPL Electric and LG&E and KU Energy LLC will be direct, wholly owned subsidiaries of Newco 2 and indirect, wholly owned subsidiaries of Newco 1 and PPL Corporation.[24] The resulting proposed corporate structure is attached as Exhibit C-2. The Internal Reorganization will

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ER15-2535-000, Letter Order dated Oct. 22, 2015 (accepting currently effective market-based rate tariff).

[22] *Midwest Elec. Power, Inc.*, Docket No. ER06-442-000 (Letter Order issued Feb. 28, 2006).

[23] *See LG&E Energy Marketing Inc.*, Docket No. ER15-406-001 (Letter Order issued Feb. 4, 2015).

allow PPL Corporation to more effectively manage the movement of cash within the group of entities in its corporate structure without triggering a negative tax impact.

IV. THE INTERNAL REORGANIZATION IS CONSISTENT WITH THE PUBLIC INTEREST

Section 203 of the FPA provides that the Commission will authorize a proposed transaction under Section 203 if it determines that the transaction "will be consistent with the public interest."[25] The Commission reviews three factors when evaluating proposed transactions under the Section 203 public interest standard: (i) the effect on competition, (ii) the effect on rates, (iii) the effect on regulation.[26] In addition, Section 203(a)(4) requires that the Commission consider whether a proposed transaction would "result in cross-subsidization of a non-utility associate company or the pledge or encumbrance of utility assets for the benefit of an associate company."[27] As described below, the Internal Reorganization is consistent with the public interest under the Commission's applicable tests and otherwise meets the statutory requirements of Section 203 of the FPA.

A. The Internal Reorganization Will Not Have an Adverse Effect on Competition.

The Commission's objective in analyzing the effect on competition of a proposed transaction is to determine whether the proposed transaction will "result in higher prices or reduced output in electricity markets."[28] The Commission has ruled that higher prices and reduced output in electricity markets may occur if the Section 203 applicants are able

[25] 16 U.S.C. § 824b(a)(4).

[26] *Inquiry Concerning the Commission's Merger Policy Under the Federal Power Act: Policy Statement*, Order No. 592, FERC Stats. & Regs. ¶ 31,044 at 30,111-112 (1996) ("*Merger Policy Statement*"), *order on recons.*, Order No. 592-A, 79 FERC ¶ 61,321 (1997).

[27] 16 U.S.C. § 824b(a)(4).

[28] *Revised Filing Requirements under Part 33 of the Commission's Regulations*, Order No. 642, 65 Fed. Reg. 70983 at p. 79089 (Nov. 28, 2000), FERC Stats. & Regs. ¶ 31,111 (2000) ("Order No. 642"), *order on reh'g*, Order No. 642-A, 94 FERC ¶ 61,289 (2001).

to exercise market power.[29] Accordingly, the Commission established both horizontal and vertical Competitive Analysis Screens to allow the Commission to identify proposed transactions that may present competition and market power concerns.[30]

However, the Commission consistently has held that internal corporate reorganizations that do not involve the addition of new assets from outside the corporate family do not have adverse effects on competition.[31] Additionally, the Commission's regulations only require a horizontal market power analysis when a transaction involves generation facilities of merging entities that were previously unaffiliated and a vertical market power analysis when a single corporate entity obtains ownership or control over merging entities that provide inputs to electric generation and electric generation products.[32]

Accordingly, the Applicants respectfully request that the Commission authorize the Internal Reorganization without requiring the filing of horizontal or vertical Competitive Analysis Screens. The Internal Reorganization will not have an adverse effect on horizontal competition because no interest in FERC-jurisdictional assets enter or leave the PPL Corporation corporate family as a result of the Internal Reorganization. The Applicants' ownership of and affiliation with FERC-jurisdictional assets before and after the Internal Reorganization will be unchanged. Therefore, the Commission should

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[29] *Id.*

[30] 18 C.F.R. §§ 33.3 and 33.4.

[31] *See Ameren Corp.*, 131 FERC ¶ 61,240 at P 18 (2010) (finding that an internal reorganization had no adverse effects on competition) ("*Ameren*"); *Cinergy Corp.*, 126 FERC ¶ 61,146 at P 32 (2009) ("Consistent with our precedent, we find that the Proposed Transaction is an internal corporate reorganization that will have no adverse effect on competition."), *citing Calpine Power Servs. Co.*, 92 FERC ¶ 61,150 at 64,187-88 (2000); *PP&L Res., Inc.*, 90 FERC ¶ 61,203 at 61,649 (2000); *Allegheny Energy Supply Co.*, 89 FERC ¶ 62,063 at 64,105 (1999); *see also Order No. 642* at 71,001.

[32] *See* 18 C.F.R. §§ 33.3 and 33.4.

determine that the Internal Reorganization presents no horizontal market concerns and there is no need for a market power analysis.

The Internal Reorganization will not have an adverse effect on vertical competition. As noted above, the Internal Reorganization will have no impact on the ultimate ownership of the Applicants, and the Internal Reorganization will not result in PPL Corporation, the Applicants, or their affiliates owning or controlling any new entities that provide inputs to electricity products and/or new entities that provide generation products. Additionally, transmission service over the transmission facilities owned by the Applicants will continue to be provided pursuant to their respective applicable OATTs on file with the Commission or, in PPL Electric's case, the PJM OATT. Therefore, the Commission should determine that the Internal Reorganization presents no vertical market concerns without the need for additional analysis.

B. The Internal Reorganization Will Not Have an Adverse Effect on Rates.

In assessing the effect that a proposed transaction could have on rates, the Commission's primary concern is "the protection of wholesale ratepayers and transmission customers."[33] The Internal Reorganization will not impact any of the Applicants' existing contracts or tariff rates for wholesale power sales or transmission. As discussed in Section II, transmission service over the Applicants transmission facilities is pursuant to the Commission-approved OATTs. The Applicants make wholesale power sales pursuant to their market-based rate tariff on file with the

[33] *See New England Power Co.*, 82 FERC ¶ 61,179 at 61,659, *order on reh'g*, 83 FERC ¶ 61,275 (1998), *aff'd sub nom. Town of Norwood v. FERC*, 202 F.3d 392 (1st Cir. 2000); *Merger Policy Statement,* FERC Stats. & Regs. ¶ 31,044 at 30,123 (explaining that the Commission's concern is to protect ratepayers from rate increases because of a merger).

Commission and report transactions that occur pursuant to their market-based rate tariff in their electric quarterly reports.[34] PPL Electric has no captive wholesale or retail customers.[35] KU serves several wholesale customers under cost-based formula rates, which will not be affected by the Internal Reorganization and, as discussed below, provide sufficient transparency for the Commission to monitor and prevent adverse rate effects.[36] The cost-based rate schedule pursuant to which MEPI sells the output of its facilities to EEInc does not contain any provision that would allow for the pass-through of costs associated with the Internal Reorganization without a separate filing with the Commission pursuant to Section 205 of the FPA.[37]

To ensure that the Internal Reorganization will have no adverse effect on rates, the Applicants will not seek to recover any costs incurred to consummate the Internal Reorganization from any transmission customer or any customer purchasing wholesale power at cost-based rates. The Commission has determined that such a commitment is sufficient to protect customers for jurisdictional services from any potential adverse effects on their rates that arise from a proposed merger.[38] Additionally, the Applicants note that the wholesale power and transmission rates of the Applicants cannot be changed

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[34] *See* Section II.A and II.B. The Applicants' market-based rate authority is currently limited to sales outside of the LG&E/KU BAA. Accordingly, LG&E and KU also have a tariff applicable to cost-based sales of capacity and energy within the LG&E/KU BAA. The prices for these sales are capped at 110 percent of the LG&E/KU system incremental cost. As the rates for these sales are negotiated (subject to the cap) and the costs related to the Internal Reorganization will not factor into the calculation of the cap, customers under these agreements are shielded from any potential adverse rate effects.

[35] *See* Section II.A.

[36] *See* Section II.B.1.

[37] Moreover, MEPI is a wholly owned subsidiary of EEInc, which resells the power purchased from MEPI at market-based rates. Even if it were possible to pass through costs of the Internal Reorganization under this rate schedule, doing so would be self defeating.

[38] *See e.g.*, *UIL Holdings Corp.*, 155 FERC ¶ 62,035 at 4 (2016).

without making a separate filing with the Commission pursuant to Section 205 of the FPA. Pursuant to the books and records requirements of the Public Utility Holding Company Act of 2005, the Commission also has the ability to monitor the Applicants' compliance with their pledge not to recover from any transmission customer or customer taking service under cost-based rates the costs incurred to consummate the Internal Reorganization.[39] As such, the Internal Reorganization will have no adverse impact on rates.

C. The Internal Reorganization Will Not Have an Adverse Effect on Regulation.

The Internal Reorganization will not diminish the Commission's regulatory authority or create a regulatory gap or shift regulatory authority between the Commission and any state commission. The Internal Reorganization will not impact the Commission's jurisdiction over the Applicants, and the Commission will continue to have the authority to regulate these entities in the same manner. Moreover, the Internal Reorganization will not in any way modify the applicable states' jurisdiction and authority over the Applicants' state-regulated utility operations.[40]

V. The Internal Reorganization Will Not Result in Cross-Subsidization or the Pledge or Encumbrance of Utility Assets.

Section 203(a)(4) of the FPA provides that the Commission must find that the proposed jurisdictional transaction will not result in cross-subsidization of a non-utility associate company or pledge or encumbrance of utility assets for the benefit of an associate company, unless the Commission finds that such cross-subsidization, pledger or

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[39] 18 C.F.R. § 366.2.

[40] As discussed below, the Internal Reorganization will also be reviewed and require approval from the Pennsylvania Public Utility Commission, the Kentucky Public Service Commission, the State Corporation Commission of Virginia, and the Tennessee Regulatory Authority.

encumbrance is consistent with the public interest.[41] The Commission has stated that its principal concern about cross-subsidization is the effect of a proposed transaction on rates charged to captive customers.[42]

As described in Exhibit M attached hereto, based on the facts and circumstances known to the Applicants or those that are reasonably foreseeable, the Internal Reorganization will not result in, at the time of the Internal Reorganization or in the future, cross-subsidization of a nonutility associate company or the pledge or encumbrance of utility assets for the benefit of an associate company.[43]

VI. INFORMATION REQUIRED OF APPLICANTS BY SECTION 33.2 OF THE COMMISSION'S REGULATIONS AND REQUESTS FOR WAIVERS

A. Section 33.2(a) – Exact Name of the Applicants and Their Principal Business Addresses

PPL Electric Utilities Corporation
Two North Ninth Street,
Allentown, Pennsylvania 18101

Louisville Gas and Electric Company
Kentucky Utilities Company
LG&E Energy Marketing Inc.
220 West Main Street
Louisville, KY 40202

Electric Energy Inc.
Midwest Electric Power, Inc.
601 Travis Street, Suite 1400
Houston, TX 77002

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[41] 18 U.S.C. § 824b(a)(4).

[42] *Proposed Transactions Subject to FPA Section 203,* Order No. 669, FERC Stats. & Regs. ¶ 31,200 at P 167 (2006) ("*Order No. 669*"); *FPA Section 203 Supplemental Policy Statement,* FERC Stats. & Regs. ¶ 31,253 at P 13 (2007) ("*Supplemental Policy Statement*").

[43] As noted in Section II.A., the Commission has found that PPL Electric has no captive wholesale or retail customers. Accordingly, the Internal Reorganization as it relates to PPL Electric should also qualify for the Commission's "safe harbor" under Section 203(a)(4). *Supplemental Policy Statement* at P 17 (explaining that the Commission's cross-subsidization concerns may be addressed by a showing that no captive customers are involved in the transaction).

B. Section 33.2(b) – The Names and Addresses of Persons Authorized to Receive Notices and Communications Regarding the Application

The Applicants request that all notices, correspondence, and other communications concerning this Application be directed to the following persons.

Steven M. Nadel
PPL Services Corporation
Two North Ninth Street
Allentown, PA 18101
Phone: (610) 774-4254
Fax: (610) 774-6726
SMNadel@pplweb.com

Jennifer M. Keisling
Dir. Federal Policy & Sr. Counsel
LG&E and KU Services Company
220 West Main Street
Louisville, KY 40202
Phone: (502) 627-4303
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1601 K Street, N.W.
Washington, D.C. 20006
Phone: (202) 778-9000
Fax: (202) 778-9100
william.keyser@klgates.com
molly.suda@klgates.com

The Applicants respectfully request waiver of the Commission's regulations so as to permit more than two persons to be designated on the official service list.

C. Section 33.2(c) – Description of the Applicants (Exhibits A-F)

1. Business Activities (Exhibit A)

A description of the Applicants and their respective business activities is included in Section II of this Application. Applicants seek a waiver of the need to provide any additional information under Section 33.2(c)(1) and the requirement to submit a separate Exhibit A.

2. Energy Subsidiaries and Affiliates (Exhibit B)

A description of the Applicants' jurisdictional subsidiaries is included in Section II and in Exhibit B of this Application, in the format set forth in Appendix B to Order No.

697.[44] To the extent that Exhibit B does not conform with the requirements of Section 33.2(c)(2) of the Commission's regulations, the Applicants respectfully request waiver of the need to provide any further information regarding additional affiliates as such information is not relevant to this Application and would be unduly burdensome to compile.

3. Organizational Charts (Exhibit C)

The following organizational charts depicting the Applicants' corporate structures before and after consummation of the Internal Reorganization are attached hereto in Exhibit C:

- Exhibit C-1 – current PPL Corporation organizational structure, as abbreviated;
- Exhibit C-2 – organizational structure of PPL Corporation post-Internal Reorganization, as abbreviated.

4. Joint Ventures, Strategic Alliances, Tolling Arrangements or Other Business Arrangements (Exhibit D)

The Internal Reorganization will not affect any joint ventures, strategic alliances, or other business arrangements of the Applicants apart from the Internal Reorganization. All contracts, joint ventures or strategic alliances entered into by the Applicants and/or their subsidiaries or affiliates will be honored after consummation of the Internal Reorganization, in accordance with their terms. Therefore, the Applicants respectfully request waiver of the requirement to submit a separate Exhibit D.

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[44] *Market-Based Rates for Wholesale Sales of Electric Energy, Capacity and Ancillary Services by Public Utilities*, Order No. 697, 72 Fed. Reg. 39,904 (July 20, 2007), FERC Stats. & Regs. ¶ 31,252 ("Order No. 697"), *order clarifying Final Rule*, 121 FERC ¶ 61,260 (2007), *order on reh'g*, Order No. 697-A, 73 Fed. Reg. 25,832 (May 7, 2008), FERC Stats. & Regs. ¶ 31,268 (2008); *order on clarification*, 124 FERC ¶ 61,055 (2008), *order on reh'g and clarification*, Order No. 697-B, FERC Stats. & Regs. ¶ 31,285 (2008), *order on reh'g*, Order No. 697-C, FERC Stats. & Regs. ¶ 31,291 (2009), *order on reh'g*, Order No. 697-D, FERC Stats. & Regs. ¶ 31,305 (2010), *aff'd sub nom. Mont. Consumer Counsel v. FERC*, 659 F.3d 910 (9th Cir. 2011), *cert. denied, Pub. Citizen, Inc. v. FERC,* 133 S. Ct. 26 (2012).

5. Common Officers or Directors (Exhibit E)

All of the Applicants are currently affiliated and their officers and directors comply with the requirements of 18 C.F.R. Parts 45 and 46 regarding interlocking positions. All appropriate filings under 18 C.F.R. Parts 45 and 46 will be timely made to the extent any person may in the future hold an interlocking position subject to the Commission's regulations. Accordingly, the Applicants respectfully request waiver of the requirement to submit a separate Exhibit E.

6. Wholesale Power Sales Customers and Unbundled Transmission Services Customers (Exhibit F)

The Internal Reorganization will not impact any of the Applicants' existing wholesale power sales or transmission services customers. As described above Section IV.B, the Internal Reorganization will have no adverse effect on the Applicants' transmission customers or any customer purchasing wholesale power at cost-based rates. The Applicants respectfully request a waiver of the requirement of Section 33.2(c)(6) of the Commission's regulations to the extent it requires additional information beyond what is provided in Section IV.B or a list of all wholesale power sales or unbundled transmission customers of the Applicants or their affiliates because such information would not assist the Commission's evaluation of the Internal Reorganization. Accordingly, the Applicants respectfully request waiver of the requirement to file Exhibit F.

7. Section 33.2(d) – Jurisdictional Facilities Owned, Operated, or Controlled by the Applicants or Their Affiliates (Exhibit G)

The jurisdictional assets owned or controlled by the Applicants and affiliates are described in Section II above and Exhibit B. The Applicants respectfully request waiver of any need to identify any assets beyond those described in Section II or Exhibit B because they are not affected by the Internal Reorganization or relevant to this Application.

D. Section 33.2(e) – Jurisdictional Facilities and Securities Associated with or Affected by the Internal Reorganization, Consideration for the Internal Reorganization (Exhibit H)

The jurisdictional facilities and securities associated with or affected by the Internal Reorganization are described in Sections II and III above. Accordingly, the Applicants respectfully request waiver of the requirement to submit a separate Exhibit H.

E. Section 33.2(f) – Contracts Related to the Internal Reorganization (Exhibit I)

Given that the Internal Reorganization is an intra-corporate reorganization among affiliates, there are currently no contracts or other written instruments delineating the terms and conditions of the Internal Reorganization.

F. Section 33.2(g) – Facts Relied upon to Show that the Internal Reorganization is Consistent with the Public Interest (Exhibit J)

The Internal Reorganization is in the public interest for the reasons set for in Section IV and V.

G. Section 33.2(h): Map Showing Properties of Each Party to the Internal Reorganization

The Applicants respectfully request waiver of the requirement to file a map showing the properties of each party to the Internal Reorganization. The Internal Reorganization will not cause the Applicants to acquire ownership interests in any additional jurisdictional facilities or otherwise impact the Applicants' physical property in any manner, and a map would not provide the Commission with information relevant to the Internal Reorganization. Therefore, the Applicants request waiver of the requirement to file Exhibit K.[45]

H. Section 33.2(i) – Other Regulatory Approvals (Exhibit L)

In addition to approval of the Commission pursuant to FPA Section 203, approval from the Pennsylvania Public Utility Commission, the Kentucky Public Service Commission, the State Corporation Commission of Virginia, and the Tennessee Regulatory Authority is also required for the Internal Reorganization. Given the foregoing information, the Applicants respectfully request waiver of the requirement to submit a separate Exhibit L.

I. Section 33.2(j) – Cross-Subsidizations, Pledges or Encumbrances of Utility Assets (Exhibit M)

A discussion of cross-subsidization and the detailed showings required by 18 C.F.R. 33.2(j)(1(ii) are set forth above in Part V and Exhibit M. The Internal Reorganization will not result in any new pledge or encumbrance of utility assets, and there are no existing pledges and/or encumbrances of traditional utility assets that will be affected by the Internal Reorganization. The Applicants request waiver of the requirement to disclose existing pledges or encumbrances of utility assets under section 33.2(j)(1)(i) of the Commission's regulations to the extent Applicants have made pledges or encumbrances of utility assets that are not related to and are unaffected by the Internal Reorganization.[46]

[45] *See, e.g., Milliken & Company,* 121 FERC ¶ 62,132 (2007) (granting waiver of the requirement to file Exhibit K in connection with internal corporate reorganization involving transmission-owning utility).

[46] *See Otter Tail Power Co.*, 160 FERC 62,045 (2017) (approving transaction pursuant to Section 203 without requiring disclosure of existing pledges or encumbrances unaffected by the transaction).

J. Section 33.5 – Proposed Accounting Entries

The Applicants do not intend to reflect any aspect of the Internal Reorganization on the books of any entity that is required to keep its books in accordance with the Commission's Uniform System of Accounts ("USOA"). Therefore, there are no pro forma accounting entries to be provided with respect to the Internal Reorganization. In the event this determination should change, any required accounting entries will be submitted within six months of the consummation of the Internal Reorganization.[47]

K. Section 33.7 – Verifications

A verification executed by the Applicants' authorized representative is provided as Attachment 1 hereto.

[47] 18 C.F.R. Part 101, Acct. 102.B.

VII. CONCLUSION

For the reasons described herein, the Applicants respectfully request that the Commission: (i) authorize the Internal Reorganization pursuant to Section 203 of the FPA; (ii) grant a limited waiver of the Commission's Part 33 filing requirements with respect to information not necessary to ensure that the Internal Reorganization meets the statutory requirements of Section 203; (iii) establish a comment period of no greater than 21 days for this Application; and (iv) issue an order granting the requested authorizations as expeditiously as possible, and in any event, by no later than February 1, 2018.

Respectfully submitted,

/s/ William M. Keyser

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Attorneys for PPL Electric Utilities Corporation, Louisville Gas and Electric Company, Kentucky Utilities Company, and LG&E Energy Marketing Inc.

November 9, 2017

Exhibit B

Asset Appendix: Generation Assets
PPL Corp. Subsidiaries with Market-Based Rate Authority and/or Generation Assets

[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L]	[M]
						Location						
Filing Entity and its Energy Affiliates	**Docket # where MBR authority was granted**	**Generation Name (Plant or Unit Name)**	**Owned By**	**Controlled By**	**Date Control Transferred**	**Market/Balancing Authority Area**	**Geographic Region**	**In-Service Date**	**Capacity Rating: Nameplate (MW)**	**Capacity Rating: Used in Filing (MW)**	**Capacity Rating: Methodology Used in [K]: (N)ameplate, (S)easonal, 5-yr (U)nit, 5-yr (E)IA, (A)lternative**	**End Note Number (Enter text in End Notes Sheet)**
PPL Electric Utilities Corporation	ER97-3055	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1
Kentucky Utilities Company ("KU")	ER99-1623	Brown 1	KU	KU	N/A	LGEE	Southeast	05/1957	114	106 MW (summer); 107 (winter)	S	7
KU	ER99-1623	Brown 2	KU	KU	N/A	LGEE	Southeast	06/1963	180	166 MW (summer); 168 (winter)	S	7
KU	ER99-1623	Brown 3	KU	KU	N/A	LGEE	Southeast	07/1971	464	409 MW (summer); 413 (winter)	S	7
KU	ER98-4540 ER99-1623	Brown 8	KU	KU	N/A	LGEE	Southeast	02/1995	126	121 MW (summer); 128 (winter)	S	7
KU	ER98-4540 ER99-1623	Brown 9	KU	KU	N/A	LGEE	Southeast	01/1995	126	121 MW (summer); 138 (winter)	S	7
KU	ER98-4540 ER99-1623	Brown 10	KU	KU	N/A	LGEE	Southeast	12/1995	126	121 MW (summer); 138 (winter)	S	7
KU	ER98-4540 ER99-1623	Brown 11	KU	KU	N/A	LGEE	Southeast	05/1996	126	121 MW (summer); 128 (winter)	S	7
KU	ER99-1623	Dix Dam 1	KU	KU	N/A	LGEE	Southeast	11/1925	11.2	10.5 MW (summer and winter)	S	7
KU	ER99-1623	Dix Dam 2	KU	KU	N/A	LGEE	Southeast	11/1925	11.2	10.5 MW (summer and winter)	S	7
KU	ER99-1623	Dix Dam 3	KU	KU	N/A	LGEE	Southeast	11/1925	11.2	10.5 MW (summer and winter)	S	7
KU	ER99-1623	Ghent 1	KU	KU	N/A	LGEE	Southeast	02/1974	557	475 MW (summer); 479 (winter)	S	7
KU	ER99-1623	Ghent 2	KU	KU	N/A	LGEE	Southeast	04/1977	556	485 MW (summer); 486 (winter)	S	7
KU	ER99-1623	Ghent 3	KU	KU	N/A	LGEE	Southeast	05/1981	557	481 MW (summer); 476 (winter)	S	7
KU	ER99-1623	Ghent 4	KU	KU	N/A	LGEE	Southeast	08/1984	556	478 MW (summer); 478 (winter)	S	7
KU	ER99-1623	Haefling 1	KU	KU	N/A	LGEE	Southeast	10/1970	21	12 MW (summer); 14 (winter)	S	7
KU	ER99-1623	Haefling 2	KU	KU	N/A	LGEE	Southeast	10/1970	21	12 MW (summer); 14 (winter)	S	7
Louisville Gas and Electric Company ("LG&E")	ER98-4540	Cane Run 11	LG&E	LG&E	N/A	LGEE	Southeast	04/1968	16	14 MW (summer and winter)	S	7
LG&E	ER98-4540	Mill Creek 1	LG&E	LG&E	N/A	LGEE	Southeast	07/1972	356	300 MW (summer and winter)	S	7
LG&E	ER98-4540	Mill Creek 2	LG&E	LG&E	N/A	LGEE	Southeast	06/1974	356	297 MW (summer); 295 (winter)	S	7
LG&E	ER98-4540	Mill Creek 3	LG&E	LG&E	N/A	LGEE	Southeast	06/1978	463	391 MW (summer); 394 (winter)	S	7
LG&E	ER98-4540	Mill Creek 4	LG&E	LG&E	N/A	LGEE	Southeast	07/1982	544	477 MW (summer); 486 (winter)	S	7
LG&E	ER98-4540	Ohio Falls 1	LG&E	LG&E	N/A	LGEE	Southeast	01/1928	12.6	8 MW (summer); 5 (winter)	S	7
LG&E	ER98-4540	Ohio Falls 2	LG&E	LG&E	N/A	LGEE	Southeast	01/1928	12.6	8 MW (summer); 5 (winter)	S	7
LG&E	ER98-4540	Ohio Falls 3	LG&E	LG&E	N/A	LGEE	Southeast	01/1928	12.6	8 MW (summer); 5 (winter)	S	7
LG&E	ER98-4540	Ohio Falls 4	LG&E	LG&E	N/A	LGEE	Southeast	01/1928	12.6	8 MW (summer); 5 (winter)	S	7
LG&E	ER98-4540	Ohio Falls 5	LG&E	LG&E	N/A	LGEE	Southeast	01/1928	12.6	8 MW (summer); 5 (winter)	S	7
LG&E	ER98-4540	Ohio Falls 6	LG&E	LG&E	N/A	LGEE	Southeast	01/1928	12.6	8 MW (summer); 5 (winter)	S	7

LG&E	ER98-4540	Ohio Falls 7	LG&E	LG&E	N/A	LGEE	Southeast	01/1928	12.6	8 MW (summer); 5 (winter)	S		
LG&E	ER98-4540	Ohio Falls 8	LG&E	LG&E	N/A	LGEE	Southeast	01/1928	10	6 MW (summer); 4 (winter)	S	7	
LG&E	ER98-4540	Paddy's Run 11	LG&E	LG&E	N/A	LGEE	Southeast	06/1968	16	12 MW (summer); 13 (winter)	S	7	
LG&E	ER98-4540	Paddy's Run 12	LG&E	LG&E	N/A	LGEE	Southeast	07/1968	33	23 MW (summer); 28 (winter)	S	7	
LG&E	ER98-4540	Trimble County 1	LG&E (75%)	LG&E	N/A	LGEE	Southeast	12/1990	566	493 MW (summer and winter)	S	2,7	
LG&E	ER98-4540	Zorn 1	LG&E	LG&E	N/A	LGEE	Southeast	05/1969	18	14 MW (summer); 16 (winter)	S	7	
LG&E/KU	ER98-4540 ER99-1623	Brown 5	LG&E/KU	LG&E/KU	N/A	LGEE	Southeast	06/2001	123	130 MW (summer); 130 MW (winter)	S	7	
LG&E/KU	ER98-4540 ER99-1623	Brown 6	LG&E/KU	LG&E/KU	N/A	LGEE	Southeast	08/1999	177	146 MW (summer); 171 MW (winter)	S	7	
LG&E/KU	ER98-4540 ER99-1623	Brown 7	LG&E/KU	LG&E/KU	N/A	LGEE	Southeast	08/1999	177	146 MW (summer); 171 MW (winter)	S	7	
LG&E/KU	ER98-4540 ER99-1623	Brown Solar	LG&E/KU	LG&E/KU	N/A	LGEE	Southeast	06/2016	10	8 MW (summer); 0 MW (winter)	S	7	
LG&E/KU	ER98-4540 ER99-1623	Cane Run 7	LG&E/KU	LG&E/KU	N/A	LGEE	Southeast	06/2015	808	662 MW (summer); 683 MW (winter)	S	7	
LG&E/KU	ER98-4540 ER99-1623	Clifty Creek 1	Indiana-Kentucky Electric Corp. ("IKEC")	IKEC	N/A	OVEC	Southeast	02/1955	217	194 MW (summer); 200 MW (winter)	S	3,7	
LG&E/KU	ER98-4540 ER99-1623	Clifty Creek 2	IKEC	IKEC	N/A	OVEC	Southeast	05/1955	217	194 MW (summer); 200 MW (winter)	S	3,7	
LG&E/KU	ER98-4540 ER99-1623	Clifty Creek 3	IKEC	IKEC	N/A	OVEC	Southeast	07/1955	217	194 MW (summer); 200 MW (winter)	S	3,7	
LG&E/KU	ER98-4540 ER99-1623	Clifty Creek 4	IKEC	IKEC	N/A	OVEC	Southeast	10/1955	217	194 MW (summer); 200 MW (winter)	S	3,7	
LG&E/KU	ER98-4540 ER99-1623	Clifty Creek 5	IKEC	IKEC	N/A	OVEC	Southeast	11/1955	217	194 MW (summer); 200 MW (winter)	S	3,7	
LG&E/KU	ER98-4540 ER99-1623	Clifty Creek 6	IKEC	IKEC	N/A	OVEC	Southeast	03/1956	217	194 MW (summer); 200 MW (winter)	S	3,7	
LG&E/KU	ER98-4540 ER99-1623	Kyger Creek 1	Ohio Valley Electric Corp. ("OVEC")	OVEC	N/A	OVEC	Southeast	02/1955	217	192 MW (summer); 199 MW (winter)	S	4,7	
LG&E/KU	ER98-4540 ER99-1623	Kyger Creek 2	OVEC	OVEC	N/A	OVEC	Southeast	06/1955	217	191 MW (summer); 199 MW (winter)	S	4,7	
LG&E/KU	ER98-4540 ER99-1623	Kyger Creek 3	OVEC	OVEC	N/A	OVEC	Southeast	09/1955	217	191 MW (summer); 199 MW (winter)	S	4,7	
LG&E/KU	ER98-4540 ER99-1623	Kyger Creek 4	OVEC	OVEC	N/A	OVEC	Southeast	11/1955	217	191 MW (summer); 199 MW (winter)	S	4,7	
LG&E/KU	ER98-4540 ER99-1623	Kyger Creek 5	OVEC	OVEC	N/A	OVEC	Southeast	12/1955	217	191 MW (summer); 199 MW (winter)	S	4.7	
LG&E/KU	ER98-4540 ER99-1623	Paddy's Run 13	LG&E/KU	LG&E/KU	N/A	LGEE	Southeast	06/2001	178	147 MW (summer); 175 MW (winter)	S	7	
LG&E/KU	ER98-4540 ER99-1623	Trimble County 2	LG&E/KU (75%)	LG&E/KU	N/A	LGEE	Southeast	01/2011	838	732 MW (summer); 760 MW (winter)	S	5,7	
LG&E/KU	ER98-4540 ER99-1623	Trimble County 5	LG&E/KU	LG&E/KU	N/A	LGEE	Southeast	05/2002	199	159 MW (summer); 179 MW (winter)	S	7	
LG&E/KU	ER98-4540 ER99-1623	Trimble County 6	LG&E/KU	LG&E/KU	N/A	LGEE	Southeast	05/2002	199	159 MW (summer); 179 MW (winter)	S	7	
LG&E/KU	ER98-4540 ER99-1623	Trimble County 7	LG&E/KU	LG&E/KU	N/A	LGEE	Southeast	06/2004	199	159 MW (summer); 179 MW (winter)	S	7	
LG&E/KU	ER98-4540 ER99-1623	Trimble County 8	LG&E/KU	LG&E/KU	N/A	LGEE	Southeast	06/2004	199	159 MW (summer); 179 MW (winter)	S	7	
LG&E/KU	ER98-4540 ER99-1623	Trimble County 9	LG&E/KU	LG&E/KU	N/A	LGEE	Southeast	07/2004	199	159 MW (summer); 179 MW (winter)	S	7	
LG&E/KU	ER98-4540 ER99-1623	Trimble County 10	LG&E/KU	LG&E/KU	N/A	LGEE	Southeast	07/2004	199	159 MW (summer); 179 MW (winter)	S	7	
LG&E Energy Marketing Inc.	ER94-1188	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1	
Electric Energy, Inc. ("EEInc.")	ER05-1482	Joppa Steam 1	EEInc.	Illinois Power Marketing	N/A	EEInc.	Central	1953	183	159 MW (summer); 167 MW (winter)	S	6, 7	
EEInc.	ER05-1482	Joppa Steam 2	EEInc.	Illinois Power Marketing	N/A	EEInc.	Central	1953	183	159 MW (summer); 167 MW (winter)	S	6, 7	
EEInc.	ER05-1482	Joppa Steam 3	EEInc.	Illinois Power Marketing	N/A	EEInc.	Central	1954	183	157 MW (summer); 167 MW (winter)	S	6, 7	
EEInc.	ER05-1482	Joppa Steam 4	EEInc.	Illinois Power Marketing	N/A	EEInc.	Central	1954	183	160 MW (summer); 167 MW (winter)	S	6, 7	
EEInc.	ER05-1482	Joppa steam 5	EEInc.	Illinois Power Marketing	N/A	EEInc.	Central	1955	183	156 MW (summer); 167 MW (winter)	S	6, 7	
EEInc.	ER05-1482	Joppa Steam 6	EEInc.	Illinois Power Marketing	N/A	EEInc.	Central	1955	183	157 MW (summer); 167 MW (winter)	S	6, 7	

Midwest Electric Power, Inc. ("MEPI")	N/A	MEPI GT Facility 1 (Joppa 6-B Units)	MEPI	EEInc.	N/A	EEInc.	Central	2000	54	37 MW (summer); 43 MW (winter)	S	7	
MEPI	N/A	MEPI GT Facility 1 (Joppa 6-B Units)	MEPI	EEInc.	N/A	EEInc.	Central	2000	54	37 MW (summer); 43 MW (winter)	S	7	

Asset Appendix: Transmission / Natural Gas Assets
Electric Transmission Assets and/or Natural Gas Intrastate Pipelines and/or Gas Storage Facilities of PPL Corp. Subsidiaries

[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]
						Location		Size	
Filing Entity and its Energy Affiliates	Cite to order accepting OATT or order approving the transfer of transmission facilities to an RTO or ISO	Asset Name and Use	Owned By	Controlled By	Date Control Transferred	Market/ Balancing Authority Area	Geographic Region	Size (e.g. length and kV for electric, length and diameter for pipelines, and capacity for gas storage)	End Note Number (Enter text in End Notes Sheet)
PPL Electric Utilities Corporation ("PPL Electric")	81 FERC 61,257	Combined Transmission 500 kV Lines	PPL Electric	PJM	1998	PJM	Northeast	approximately 380 combined circuit miles 500kV	8
PPL Electric	81 FERC 61,257	Combined Transmission 500 kV Lines	PPL Electric; Atlantic City Electric Co. , Baltimore Gas & Electric Co.; Delmarva Power & Light Co., Metropolitan Edison Co.; PECO Energy Company; Potomac Electric Power Co.; Public Service Electric & Gas Co.; UGI Corp.	PJM	1998	PJM	Northeast	approximately 160 combined circuit miles 500kV	8,9
PPL Electric	81 FERC 61,257	Combined Transmission 230 kV Lines	PPL Electric	PJM	1998	PJM	Northeast	approximately 1222 combined circuit miles 230 kV	8
PPL Electric	81 FERC 61,257	Combined Transmission 138 kV lines	PPL Electric	PJM	1998	PJM	Northeast	approximately 296 combined circuit miles 138 kV	8
PPL Electric	81 FERC 61,257	Combined Transmission 69 kV Lines	PPL Electric	PJM	1998	PJM	Northeast	approximately 3034 combined circuit miles 69 kV	8
LG&E/KU	81 FERC 61,257	Joint Electric Transmission System Combined 500 kV lines	LG&E/KU	LG&E/KU	N/A	LG&E/KU	Southeast	Approx. 57 combined circuit miles 500 kV	8
LG&E/KU	81 FERC 61,257	Joint Electric Transmission System Combined 345kV lines	LG&E/KU	LG&E/KU	N/A	LG&E/KU	Southeast	Approx. 674 combined circuit miles 345 kV	8
LG&E/KU	81 FERC 61,257	Joint Electric Transmission System Combined 161 kV lines	LG&E/KU	LG&E/KU	N/A	LG&E/KU	Southeast	Approx. 657 combined circuit miles 161 kV	8
LG&E/KU	81 FERC 61,257	Joint Electric Transmission System Combined 138 kV lines	LG&E/KU	LG&E/KU	N/A	LG&E/KU	Southeast	Approx. 1297 combined circuit miles 138 kV	8
LG&E/KU	81 FERC 61,257	Joint Electric Transmission System Combined 69 kV lines	LG&E/KU	LG&E/KU	N/A	LG&E/KU	Southeast	Approx. 2740 combined circuit miles 69 kV	8
EEInc.	81 FERC 61,257	Electric Transmission System Combined 161kv Lines	EEInc.	EEInc.	N/A	EEInc.	Central	Approx. 45 combined circuit miles 161 kV	8
LG&E	81 FERC 61,257	Natural Gas Transmission Lines	LG&E	LG&E	N/A	N/A	Southeast	Approx. 384 miles (36 miles - 4 inch or less, 11 miles - 6 inch, 27 miles - 8 inch, 6 miles - 10 inch, 95 miles - 12 inch, 85 miles - 16 inch, 121 miles - 20 inch, 3 miles - 22 inch)	8
LG&E	81 FERC 61,257	Natural Gas Distribution Lines	LG&E	LG&E	N/A	N/A	Southeast	Approx. 4,363 miles	8, 10
LG&E/KU	81 FERC 61,257	Natural Gas Transmission Line	LG&E/KU	LG&E/KU	N/A	N/A	Southeast	Approx. 19 miles (4 miles - 12 inch, 8 miles - 20 inch, 6 miles - 24 inch)	8
KU	81 FERC 61,257	Natural Gas Transmission Line	KU	KU	N/A	N/A	Southeast	Approx. 11 miles (20 inch)	8
LG&E	81 FERC 61,257	Natural Gas Storage Fields	LG&E	LG&E	N/A	N/A	Southeast	Approx. 15.1 bcf working gas	8

Asset Appendix Sheet: Long-Term Firm Power Purchase Agreements (PPA) of PPL Corp. Subsidiaries

Note:

Energy only contracts must be converted to MW

Only report Contracts one year or longer

[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]
			Location						
Filing Entity and its Energy Affiliates	**Seller Name**	**Amount of PPA (MW)**	**Market / Balancing Authority Area (Source)**	**Market / Balancing Authority Area (Sink)**	**Geographic Region (Sink)**	**Start Date (mo/da/yr)**	**End Date (mo/da/yr)**	**Type of PPA (Unit or System)**	**End Note Number (Enter text in End Notes Sheet)**
LG&E	East Kentucky Power Cooperative, Inc.	165 MW	LGE-KU BAA	LGE-KU BAA	Southeast	05/01/2015	04/30/2019	Unit	11

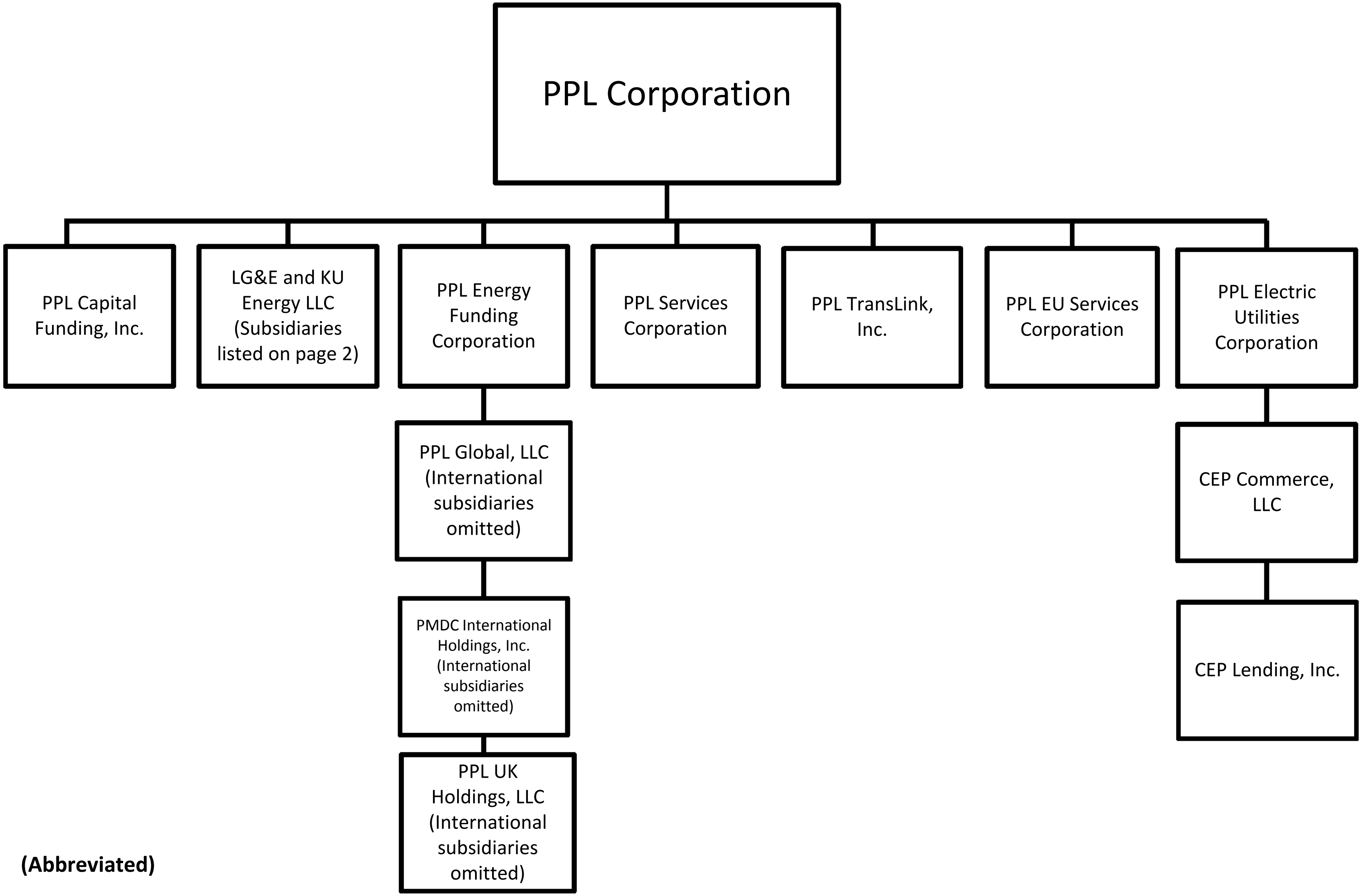
Asset Appendix: End Notes

End Notes for Entries in the Generation, Long-term PPA and Transmission/Natural Gas Asset Sheets

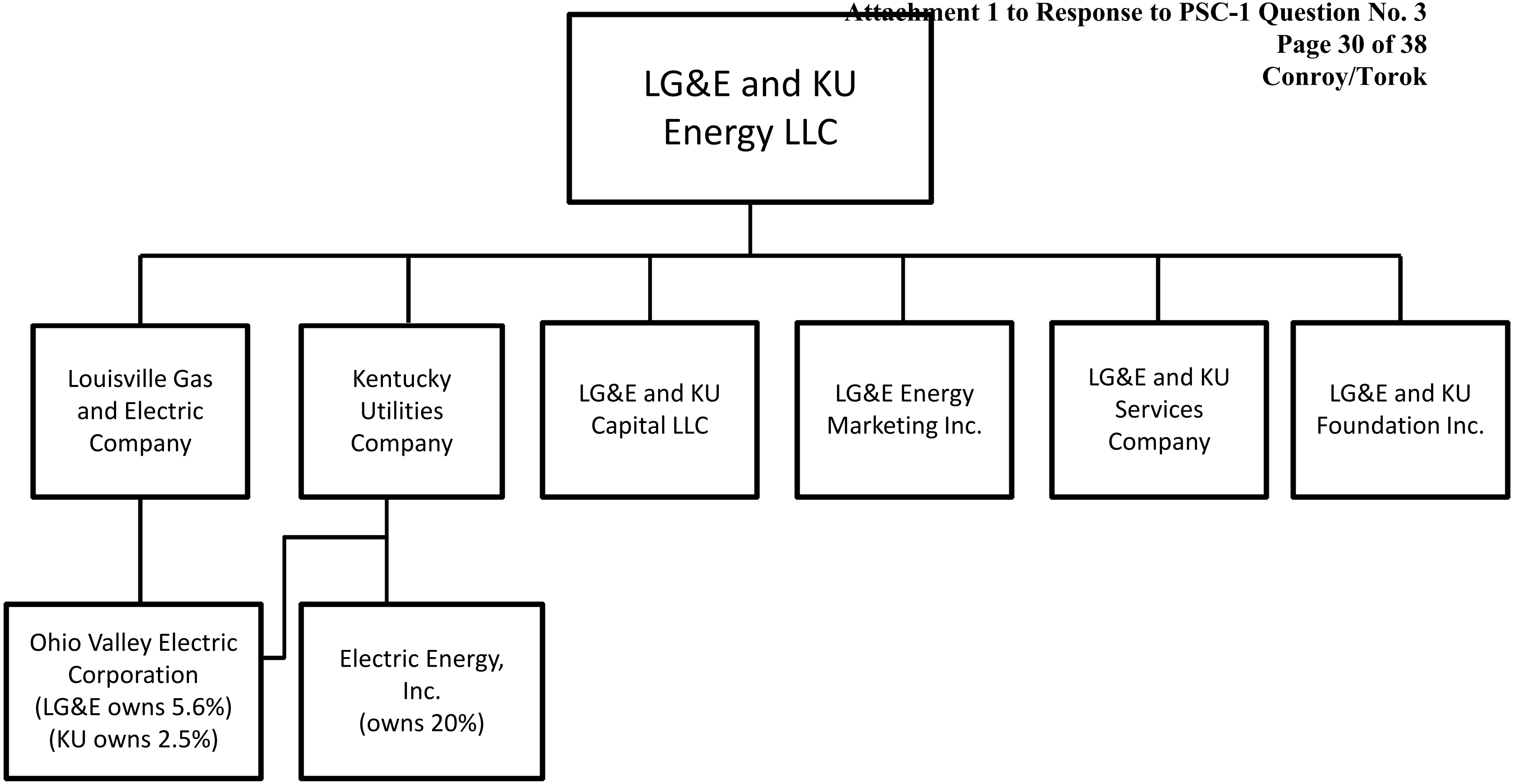
[A]	[B]	[C]
End Note Number	**Sheet (Generation, PPA or Transmission / Natural Gas)**	**Explanatory Note**
1	Generation	This entity does not own or control any generation
2	Generation	LG&E holds a 75 percent interest in Trimble County 1. The balance of the interest in the unit is held by Indiana Municipal Power Agency ("IMPA") and Illinois Municipal Electric Agency ("IMEA"). LG&E controls the entire facility. The nameplate and seasonal ratings listed in Columns J and K reflect the entire capacity of the unit.
3	Generation	LG&E and KU hold a combined 8.13 percent indirect interest in IKEC and have rights to 8.13 percent of the Clifty Creek Facility's output. The nameplate and seasonal ratings in listed in Columns J and K reflect the entire capacity of the unit. LG&E and KU receive the output pursuant to an Amended and Restated Inter-Company Power Agreement dated as of September 10, 2010, among OVEC and other parties, currently scheduled to terminate on June 30, 2040.
4	Generation	LG&E and KU hold a combined 8.13 percent interest in OVEC and have rights to 8.13 percent of the Kyger Creek Facility's output. The nameplate and seasonal ratings listed in Columns J and K reflect the entire capacity of the unit. LG&E and KU receive the output pursuant to an Amended and Restated Inter-Company Power Agreement dated as of September 10, 2010, among OVEC and other parties, currently scheduled to terminate on June 30, 2040.
5	Generation	LG&E and KU hold a 75 percent joint interest in Trimble County 2. The balance of the interest in the unit is held by Indiana Municipal Power Agency ("IMPA") and Illinois Municipal Electric Agency ("IMEA"). LG&E and KU control the entire facility. The nameplate and seasonal ratings listed in Columns J and K reflect the entire capacity of the unit.
6	Generation	KU holds a 20 percent ownership interest in EEInc. Prior to January 1, 2006, it had the right to 20 percent of the output of the Joppa Facilities. As of January 1, 2006, however, KU has no rights to any electric output of the Joppa Facilities.
7	Generation	There is no transfer of control date applicable to this asset because it has been owned by the entity listed in the asset appendix since the date that it was placed into service.
8	Transmission	Facilities identified do not include limited transmission facilities necessary to interconnect generating facilities to the transmission grid.
9	Transmission	3 miles are owned by PPL Electric
10	Transmission	This data is based upon information submitted in the 2016 Department of Transportation Annual Transmission and Distribution Report ("DOT Report") and does not reflect changes made to the distribution system in 2017.
11	PPA	In August 2014, LG&E and KU entered into a 5-year PPA for power supply from Unit #3 from May 1, 2015 through April 30, 2019 with Bluegrass Generation Company, LLC (“Bluegrass”). On September 12, 2014, KU allocated its rights, obligations and interests to LG&E. The PPA was assigned and transferred to East Kentucky Power Cooperative, Inc. (“EKPC”) in December 2015 as a part of the sale of the Bluegrass generating facilities from Bluegrass to EKPC.

Exhibit C - 1

Current Corporate Organizational Structure
October 2017



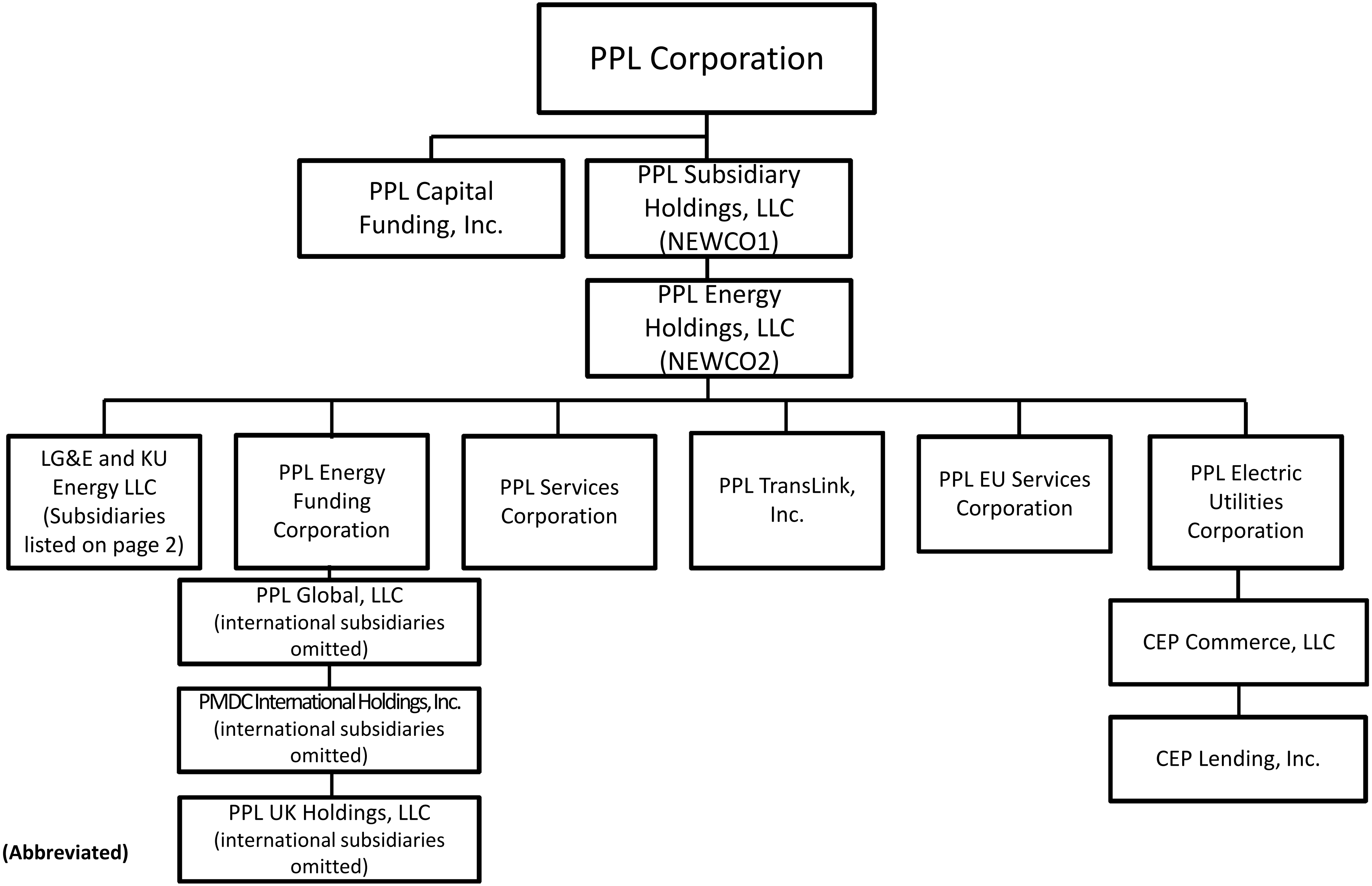
(Abbreviated)



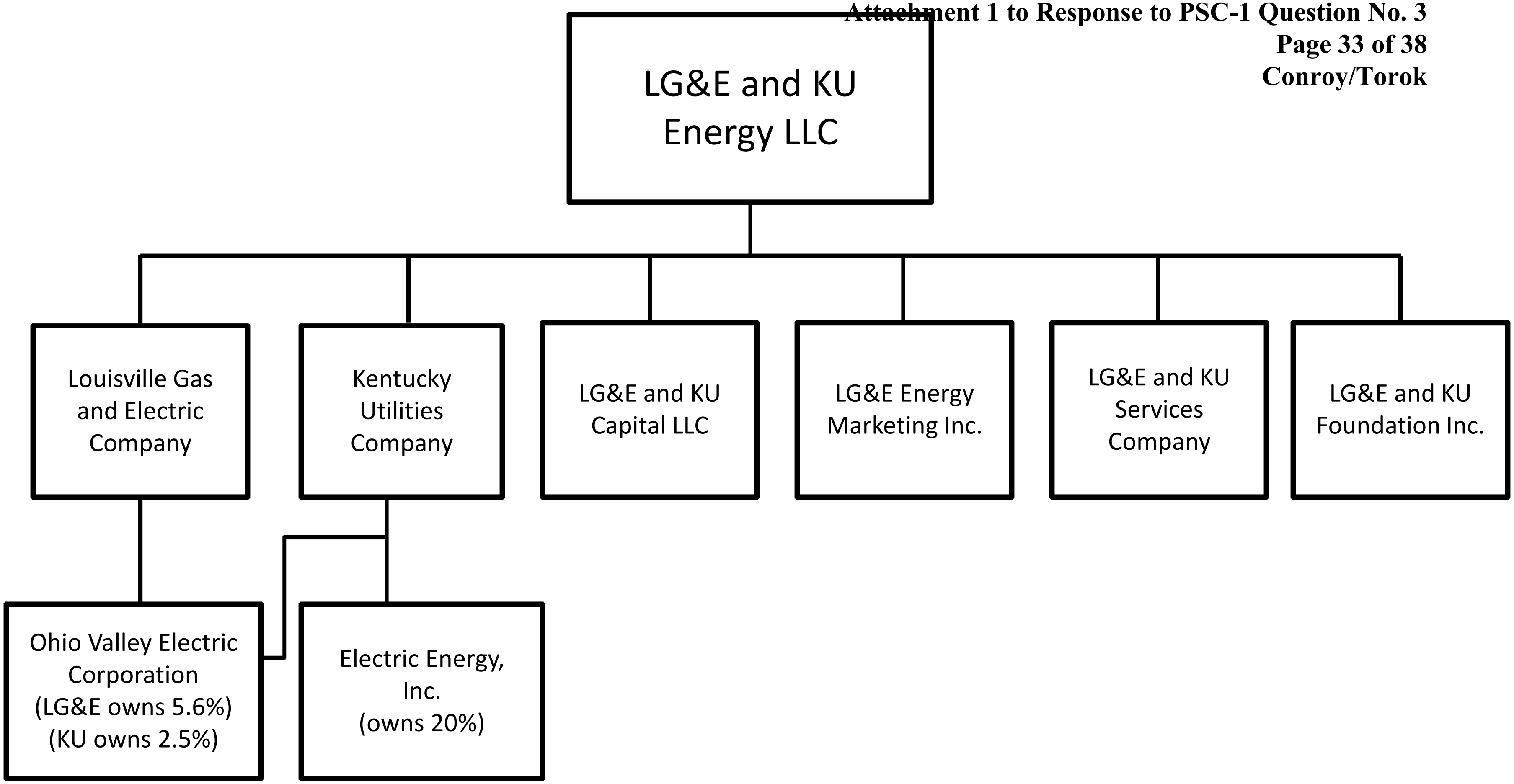
(Abbreviated)

Exhibit C - 2

Proposed Corporate Organizational Structure
October 2017



(Abbreviated)



(Abbreviated)

Exhibit M

EXHIBIT M
EXPLANATION REGARDING CROSS-SUBSIDIZATION

Applicants represent that, based on facts and circumstances known to them or that are reasonably foreseeable, the Internal Reorganization will not result in, at the time of the Internal Reorganization or in the future, cross-subsidization of a non-utility associate company or pledge or encumbrance of utility assets for the benefit of an associate company. There are no existing pledges and/or encumbrances of traditional utility assets that will be affected by the Internal Reorganization, and Internal Reorganization will not result in:

(a) any transfer of facilities between a traditional public utility associate company that has captive customers or that owns or provides transmission service over jurisdictional transmission facilities, and an associate company;

(b) any new issuance of securities by a traditional public utility associate company that has captive customers or that owns or provides transmission service over jurisdictional transmission facilities, for the benefit of an associate company;

(c) any new pledge or encumbrance of assets of a traditional public utility associate company that has captive customers or that owns or provides transmission service over jurisdictional transmission facilities, for the benefit of an associate company; or

(d) any new affiliate contract between a non-utility associate company and a traditional public utility associate company that has captive customers or that owns or provides transmission service over jurisdictional transmission facilities, other than non-power goods and service agreements subject to review under Sections 205 and 206 of the FPA.

Attachment 1

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

	)	
PPL Electric Utilities Corporation	)	
Louisville Gas and Electric Company	)	**Docket No. EC18-___-000**
Kentucky Utilities Company	)	
LGE Energy Marketing Inc.	)	
Electric Energy, Inc.	)	
Midwest Electric Power, Inc.	)	
	)	

VERIFICATION OF APPLICATION

The undersigned, being duly sworn, states that: he is the authorized representative of Applicants; he has read the foregoing application and knows the contents thereof; and all of the statements contained therein with respect to the Applicants are true and correct to the best of his knowledge, information and belief.

Alexander J. Torok
Assistant Treasurer
PPL Corporation

Subscribed and Sworn to before me
this 7th day of November 2017.

Notary Public

My Commission expires: 9/16/18

COMMONWEALTH OF PENNSYLVANIA
NOTARIAL SEAL
Cathy L Covino, Notary Public
City of Allentown, Lehigh County
My Commission Expires Sept. 16, 2018

Document Content(s)

STOLL
KEENON
OGDEN
PLLC

TIMOTHY J. EIFLER
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500 WEST JEFFERSON STREET
SUITE 2000
LOUISVILLE, KY 40202-2828
MAIN: (502) 333-6000
FAX: (502) 333-6099

October 17, 2017

VIA FEDERAL EXPRESS

Chairman David Jones
c/o Sharla Dillon, Dockets and Records Manager
Tennessee Public Utility Commission
502 Deaderick Street, 4^{th} Floor
Nashville, TN 37243

RE: ***The Joint Petition of PPL Corporation, PPL Subsidiary Holdings, LLC , PPL Energy Holdings, LLC, LG&E and KU Energy LLC, and Kentucky Utilities Company For Approval of an Indirect Change of Control of Kentucky Utilities Company***
Docket No.:_____________

Dear Chairman Jones:

Please find enclosed and accept for filing the original and thirteen copies of a *Joint Petition* on behalf of PPL Corporation, PPL Subsidiary Holdings, LLC, PPL Energy Holdings, LLC, LG&E and KU Energy LLC, and Kentucky Utilities Company ("Joint Petitioners") requesting approval of an indirect change of control. PPL Corporation is proposing to reorganize its current corporate structure and has formed PPL Subsidiary Holdings, LLC and PPL Energy Holdings, LLC to act as wholly owned subsidiaries of PPL Corporation for purposes of the corporate reorganization.

Also please find enclosed a check in the amount of $125.00 made payable to the order of the Tennessee Public Utility Commission for the filing fee of the Joint Petitioners.

Please contact me if you have any questions.

Very truly yours,

Timothy J. Eifler

TJE:ec

Enclosures
cc: Kelly Cashman-Grams, General Counsel, TN Public Utility Commission
David Foster, Director, Utilities Division, TN Public Utility Commission
Jerry Kettles, Director, Economic Analysis, TN Public Utility Commission
Tim C. Schwarz, Director, Communications & External Affairs, TN Public Utility Commission

Wayne M. Irvin, Esq.
Office of the Tennessee Attorney General & Reporter
Consumer Advocate and Protection Division
P.O. Box 20207
Nashville, TN 37202

Kendrick R. Riggs, Stoll Keenon Ogden PLLC
Robert M. Conroy, Vice President-State Regulation and Rates, LG&E and KU Services Company
Allyson K. Sturgeon, Senior Corporate Attorney, LG&E and KU Services Company

BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION

NASHVILLE, TENNESSEE

THE JOINT PETITION OF PPL CORPORATION, PPL SUBSIDIARY HOLDINGS, LLC, PPL ENERGY HOLDINGS, LLC, LG&E AND KU ENERGY LLC, AND KENTUCKY UTILITIES COMPANY FOR APPROVAL OF AN INDIRECT CHANGE OF CONTROL OF KENTUCKY UTILITIES COMPANY	)	**Docket No. ____________**

JOINT PETITION

PPL Corporation ("PPL"), PPL Subsidiary Holdings, LLC ("NEWCO1"), PPL Energy Holdings, LLC ("NEWCO2"), LG&E and KU Energy LLC ("LKE"), and Kentucky Utilities Company ("KU") (collectively referred to as "Petitioners") jointly petition the Tennessee Public Utility Commission ("Commission") for approval, pursuant to T.C.A. § 65-4-113, of the indirect acquisition of control of KU by NEWCO1 and NEWCO2. The proposed acquisition of control results from a corporate reorganization as set forth below. Under the proposed corporate restructuring, PPL Corporation continues to retain ultimate control of KU and no change occurs to the corporate structure or management of LKE or KU.[1] The proposed restructuring will have no effect on the operation or management of KU. Consistent with prior Commission orders, LKE will continue to direct the management and operation of KU. No changes in LKE personnel will result. The Proposed Restructuring also will have no effect on the financial structure of LKE or KU, will not impose any cost or expense on those entities, and will have no effect on KU's rates or service. LKE management's current access to PPL Corporation

[1] *In re: Application of PowerGen plc to Transfer Control to E.ON AG,* Docket No. 01-00845, Amended Order Approving Transfer of Control (Tn. Reg. Auth. Dec. 14, 2001); *In re: Joint Petition of PPL Corporation, E.ON AG, E.ON US Investment Corp., E.ON U.S. LLC, and Kentucky Utilities Company for Approval of a Transfer of Control of Kentucky Utilities Company*, Docket No. 10-00118, Order Approving Transfer of Control (Tn. Reg. Auth. Oct. 21, 2010).

management will not be restricted or reduced. In sum, the proposed Restructuring does not involve any change in the ultimate control of KU or LKE. PPL Corporation will continue to ultimately own these entities at all times. Although it will not own LKE directly, it will continue to have indirect ownership and control over KU and its sister utility, Louisville Gas and Electric Company.

In support of their Joint Petition, the Petitioners state as follows:

Introduction

1. The full name and mailing address of KU is: Kentucky Utilities Company, Post Office Box 32010, 220 West Main Street, Louisville, Kentucky 40202.

2. KU is a utility engaged in the electric business. KU generates and purchases electricity, and distributes and sells electricity at retail in 77 counties in Kentucky, five counties in Virginia, and one county in Tennessee. KU was incorporated in Kentucky on August 17, 1912, and in Virginia on November 26, 1991 (and effective as of December 1, 1991), and is in good standing in both Kentucky and Virginia. KU is registered to do business and holds an active status with the Secretary of State for Tennessee.

3. KU is a public utility as defined by T.C.A. § 65-4-101(6). Prior to the U.S. Supreme Court's 1968 decision in *Hardin v. Kentucky Utilities Company*, KU served significantly more customers in Tennessee, including several hundred customers in Tazewell and New Tazewell, and nearly 2,000 customers overall in Claiborne County.[2] After the Court's decision, however, the Tennessee Valley Authority's affiliate, Powell Valley Electric Cooperative, came to serve nearly all of KU's former customers in Claiborne County. As of September 30, 2017, KU served three active customers in Tennessee.

[2] 390 U.S. 1 (1968); *see Kentucky Utilities Co. v. Tennessee Valley Authority*, 375 F.2d 403, 407 (6th Cir. 1966).

4. The full name and mailing address of LKE is: LG&E and KU Energy LLC, Post Office Box 32010, 220 West Main Street, Louisville, Kentucky 40202.

5. LKE is a Kentucky limited liability company that owns all of the stock of KU and its sister utility, Louisville Gas and Electric Company ("LG&E"). LKE was organized in Kentucky on December 29, 2009 and is in good standing in Kentucky.

6. The full name and mailing address of PPL Corporation is: PPL Corporation, Two North Ninth Street, Allentown, Pennsylvania 18101.

7. PPL Corporation is a utility holding company and the parent company of LKE. PPL Corporation was incorporated in Pennsylvania on March 15, 1994. It does not transact business in Kentucky, Virginia, or Tennessee and is not authorized to do so.

8. The full name and mailing address of NEWCO1 is: PPL Subsidiary Holdings, LLC, 1105 North Market Street, Suite 1300, Wilmington, Delaware 19801.

9. NEWCO1 was organized in Delaware on October 11, 2017. A copy of its Certificate of Formation is attached as Exhibit 1 to this Application. NEWCO1 does not transact business in Kentucky, Virginia, or Tennessee and is not authorized to do so.

10. The full name and mailing address of NEWCO2 is: PPL Energy Holdings, LLC, 1105 North Market Street, Suite 1300, Wilmington, Delaware 19801.

11. NEWCO2 was organized in Delaware on October 11, 2017. A copy of its Certificate of Formation is attached as Exhibit 2 to this Application. NEWCO2 does not transact business in Kentucky, Virginia, or Tennessee and is not authorized to do so.

12. The Petitioners may be reached by electronic mail at the electronic mail addresses of its counsel set forth below.

13. Copies of all orders, pleadings, and other communications related to this proceeding should be directed to:

Robert M. Conroy
Vice President–State Regulation and Rates
LG&E and KU Services Company
220 West Main Street
Louisville, Kentucky 40202
robert.conroy@lge-ku.com

Allyson K. Sturgeon
Senior Corporate Attorney
Sara Judd
Corporate Attorney
LG&E and KU Services Company
220 West Main Street
Louisville, Kentucky 40202
allyson.sturgeon@lge-ku.com
sara.judd@lge-ku.com

Kendrick R. Riggs
Timothy J. Eifler
Stoll Keenon Ogden PLLC
2000 PNC Plaza
500 West Jefferson Street
Louisville, Kentucky 40202-2828
kendrick.riggs@skofirm.com
timothy.eifler@skofirm.com

The Proposed Restructuring

14. This Commission previously issued an order approving the transfer of control of KU from its previous parent company E.On A.G. to PPL Corporation.[3]

15. Under PPL Corporation's present corporate structure, LKE is a direct, wholly owned subsidiary of PPL Corporation. PPL Corporation owns all of the outstanding limited liability company interests in LKE. LG&E and KU operate as direct, wholly owned subsidiaries

[3] *In re: Joint Petition of PPL Corporation, E.ON AG, E.ON US Investments Corp., E.ON U.S. LLC and Kentucky Utilities Company for Approval of a Transfer of Control of Kentucky Utilities Company*, Docket No. 10-00118, Order Approving Transfer of Control (Tenn. PUC Oct. 21, 2010).

of LKE. In addition to LKE, there are other direct, wholly owned subsidiaries. PPL Corporation's current organizational structure, presented in an abbreviated manner, is attached as Exhibit 3.

16. PPL Corporation proposes changes to its current corporate structure (the "Proposed Restructuring"). It has formed two new Delaware holding companies, NEWCO1 and NEWCO2. PPL Corporation directly owns NEWCO1. NEWCO1 directly owns NEWCO2. PPL Corporation proposes to contribute all of the interests it holds in certain of its direct, wholly owned subsidiaries, including LKE, to NEWCO1. NEWCO1 will then contribute all of these interests received from PPL Corporation to NEWCO2. Under the Proposed Restructuring, LKE will become a direct subsidiary of NEWCO2 and an indirect subsidiary of NEWCO1 and PPL Corporation. The resulting corporate structure is attached as Exhibit 4.

17. The Proposed Restructuring will allow PPL Corporation to effectively manage the movement of cash within the group of entities in the corporate structure as shown in "Exhibit 4." In the context of the existing structure as shown in "Exhibit 3," PPL Corporation is faced with potential future limitations on its ability to distribute cash from certain of its subsidiaries without creating negative Federal or State income tax consequences due to limited tax basis in those subsidiaries. In order to fund capital expenditures as well as dividends to shareholders of PPL Corporation, subsidiaries of PPL Corporation must regularly distribute cash to PPL Corporation. To the extent that such distributions exceed accumulated earnings and profits, the distributions will be characterized as returns of basis to the extent thereof and then as capital gains. While returns of basis are "tax neutral" from both a Federal and State income tax perspective, capital gains may trigger a tax cost. This cost poses a clear impediment on the PPL group's options for efficiently mobilizing cash to serve its needs. The Proposed Restructuring significantly mitigates

this potential cost by consolidating the tax basis of the relevant subsidiaries within both NEWCO1 and NEWCO2. In turn, this proposed structure will allow for more flexibility in making future distributions without triggering a negative tax impact.

18. PPL Corporation's existing corporate structure was created over a period of years in the context of operating numerous regulated and non-regulated electric generation, transmission and distribution businesses within the United States and internationally. In June 2015, PPL Corporation completed a spinoff of its competitive generation business, which was immediately combined with the generation assets owned by Riverstone Holdings to form a new independent power producer called Talen Energy Corporation ("Talen Energy"). The spinoff was the final step of PPL Corporation's transition to a company solely focused on high-performing regulated utilities in both the United States and internationally. PPL Corporation's former power plants located in Pennsylvania and Montana were transferred to Talen Energy as part of the spinoff. Other PPL Corporation subsidiaries were not affected by the spinoff transaction and remain part of PPL Corporation. In light of the 2015 spinoff of the competitive generation business, PPL Corporation believes the proposed structure to be more effective for operating its remaining regulated businesses. PPL Corporation will be positioned as a pure holding company. Intercompany financing, including managing the capital structures of the regulated utilities to comply with regulatory requirements, will be facilitated through the lower tier holding companies rather than PPL Corporation. Additionally, PPL Corporation believes that utilizing the subsidiary holding companies provides a more effective structure to facilitate any future business acquisitions it may undertake, as well as any combination or merger of existing non-regulated corporate entities to gain efficiencies.

19. The Petitioners anticipate a closing date of April 1, 2018, and respectfully request an order approving the Proposed Restructuring by February 1, 2018.

<u>Commission Approval of the Proposed Restructuring</u>

20. T.C.A. § 65-4-113 addresses the requirement for Commission approval of a transfer of control of a utility. T.C.A. § 65-4-113(a) states:

> No public utility, as defined in § 65-4-101, shall transfer all or any part of its authority to provide utility services, derived from its certificate of public convenience and necessity issued by the commission, to any individual, partnership, corporation or other entity without first obtaining the approval of the commission.

Further, T.C.A. § 65-4-113(b) provides the factors the Commission should consider when determining whether to approve a transfer of control:

> Upon petition for approval of the transfer of authority to provide utility services, the commission shall take into consideration all relevant factors, including, but not limited to, the suitability, the financial responsibility, and capability of the proposed transferee to perform efficiently the utility services to be transferred and the benefit to the consuming public to be gained from the transfer. The commission shall approve the transfer after consideration of all relevant factors and upon finding that such transfer furthers the public interest.

21. NEWCO1 and NEWCO2 through their ownership and control of KU have the requisite abilities to provide reasonable utility service. Upon completion of the Proposed Restructuring, NEWCO1 and NEWCO2 through their ownership and control of KU will possess the suitability, financial responsibility, and capability to provide reasonable utility service. KU presently possesses the requisite abilities to provide reasonable service and is providing such service. As a result of the Proposed Restructuring, the officers and employees of LKE and KU, which represent KU's present suitability, financial responsibility, and capability to provide service, will not change. The Proposed Restructuring will not affect KU's financial resources,

structures, or policies nor do the Petitioners propose or expect any changes in those financial resources, structures, or policies.

22. The Proposed Restructuring will not impair or jeopardize the provision of adequate service to the public at just and reasonable rates by KU. Approval of the Proposed Restructuring furthers the public interest.

23. The Proposed Restructuring must also be approved by the Kentucky Public Service Commission ("KPSC") and the Virginia State Corporation Commission ("VSCC"). The Petitioners filed a joint application for approval with the KPSC on October 16, 2017, and with the VSCC on October 16, 2017.

Conclusion

WHEREFORE, the Petitioners respectfully request the Tennessee Public Utility Commission enter an order:

1. Finding that, NEWCO1 and NEWCO2 through their ownership and control of KU have the suitability, financial responsibility, and the capability to perform efficiently the utility services to be transferred, and that the indirect transfer of control will benefit the consuming public and further the public interest;

2. Approving, pursuant to T.C.A. § 65-4-113, the proposed acquisition of indirect control of KU by NEWCO1 and NEWCO2 by February 1, 2018; and

3. Granting all other relief to which the Petitioners may be entitled.

Dated: October 17, 2017

Respectfully submitted,

Kendrick R. Riggs
Timothy J. Eifler (TSB No. 022399)
Stoll Keenon Ogden PLLC
2000 PNC Plaza
500 West Jefferson Street
Louisville, Kentucky 40202-2828
Telephone: (502) 333-6000
Fax: (502) 627-8722
kendrick.riggs@skofirm.com
timothy.eifler@skofirm.com

Allyson K. Sturgeon
Senior Corporate Attorney
Sara Judd
Corporate Attorney
LG&E and KU Services Company
220 West Main Street
Louisville, Kentucky 40202
Telephone: (502) 627-2088
Fax: (502) 627-3367
allyson.sturgeon@lge-ku.com

Counsel for Joint Petitioners

CERTIFICATE OF COMPLIANCE

The undersigned hereby certifies that a true and correct copy of the foregoing Joint Petition was served, by overnight courier, on this 17th day of October, 2017 for delivery on the following person:

Office of the Tennessee Attorney General & Reporter
Consumer Advocate and Protection Division
P.O. Box 20207
Nashville, TN 37202

Counsel for the Joint Applicants

VERIFICATION

COMMONWEALTH OF KENTUCKY)
) **SS:**
COUNTY OF JEFFERSON)

The undersigned, **Robert M. Conroy**, being duly sworn, deposes and says that he is Vice President, State Regulation and Rates for Louisville Gas and Electric Company and Kentucky Utilities Company and an employee of LG&E and KU Services Company, and that he has personal knowledge of the contents of this Petition and that to the best of his information, knowledge and belief they are correct.

Robert M. Conroy

Robert M. Conroy

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 16th day of October 2017.

Judy Schooler (SEAL)
Notary Public

My Commission Expires:
JUDY SCHOOLER
Notary Public, State at Large, KY
My commission expires July 11, 2018
Notary ID # 512743

VERIFICATION

I, Alexander J. Torok, being duly sworn, deposes and says that he is Assistant Treasurer of PPL Corporation and an employee of PPL Services Corporation, and that he has personal knowledge of the contents of this Petition and that to the best of his information, knowledge and belief they are correct.

Date: October 13, 2017

Subscribed and sworn before me, a public notary in the said County and State this 13th day of October, 2017.

Jacqueline M. Jacob
Public Notary

My Commission Expires: 3-20-20

COMMONWEALTH OF PENNSYLVANIA
NOTARIAL SEAL
JACQUELINE M JACOB
Notary Public
CITY OF ALLENTOWN, LEHIGH COUNTY
My Commission Expires Mar 20, 2020

Delaware

The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF FORMATION OF "PPL SUBSIDIARY HOLDINGS, LLC", FILED IN THIS OFFICE ON THE ELEVENTH DAY OF OCTOBER, A.D. 2017, AT 3:22 O`CLOCK P.M.

SECRETARY'S OFFICE
1793 DELAWARE 1855

Jeffrey W. Bullock, Secretary of State

6575607 8100
SR# 20176575878

Authentication: 203385116
Date: 10-12-17

You may verify this certificate online at corp.delaware.gov/authver.shtml

State of Delaware
Secretary of State
Division of Corporations
Delivered 03:22 PM 10/11/2017
FILED 03:22 PM 10/11/2017
SR 20176575878 - File Number 6575607

CERTIFICATE OF FORMATION

OF

PPL SUBSIDIARY HOLDINGS, LLC

1. The name of the limited liability company is PPL Subsidiary Holdings, LLC.

2. The address of its registered office in the State of Delaware is 1105 North Market Street, Suite 1300, in the City of Wilmington, Delaware, 19801. The name of its registered agent at such address is Wilmington Trust SP Services, Inc.

3. This Certificate of Formation shall be effective upon filing with the State of Delaware.

IN WITNESS WHEREOF, the undersigned has executed this Certificate of Formation of PPL Subsidiary Holdings, LLC this 11th day of October, 2017.

By: Arden A. Leyden

Arden A. Leyden,
an Authorized Person

Delaware

The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF FORMATION OF "PPL ENERGY HOLDINGS, LLC", FILED IN THIS OFFICE ON THE ELEVENTH DAY OF OCTOBER, A.D. 2017, AT 3:19 O`CLOCK P.M.

Jeffrey W. Bullock, Secretary of State

6575603 8100
SR# 20176575874

Authentication: 203385130
Date: 10-12-17

CERTIFICATE OF FORMATION

OF

PPL ENERGY HOLDINGS, LLC

1. The name of the limited liability company is PPL Energy Holdings, LLC.

2. The address of its registered office in the State of Delaware is 1105 North Market Street, Suite 1300, in the City of Wilmington, Delaware, 19801. The name of its registered agent at such address is Wilmington Trust SP Services, Inc.

3. This Certificate of Formation shall be effective upon filing with the State of Delaware.

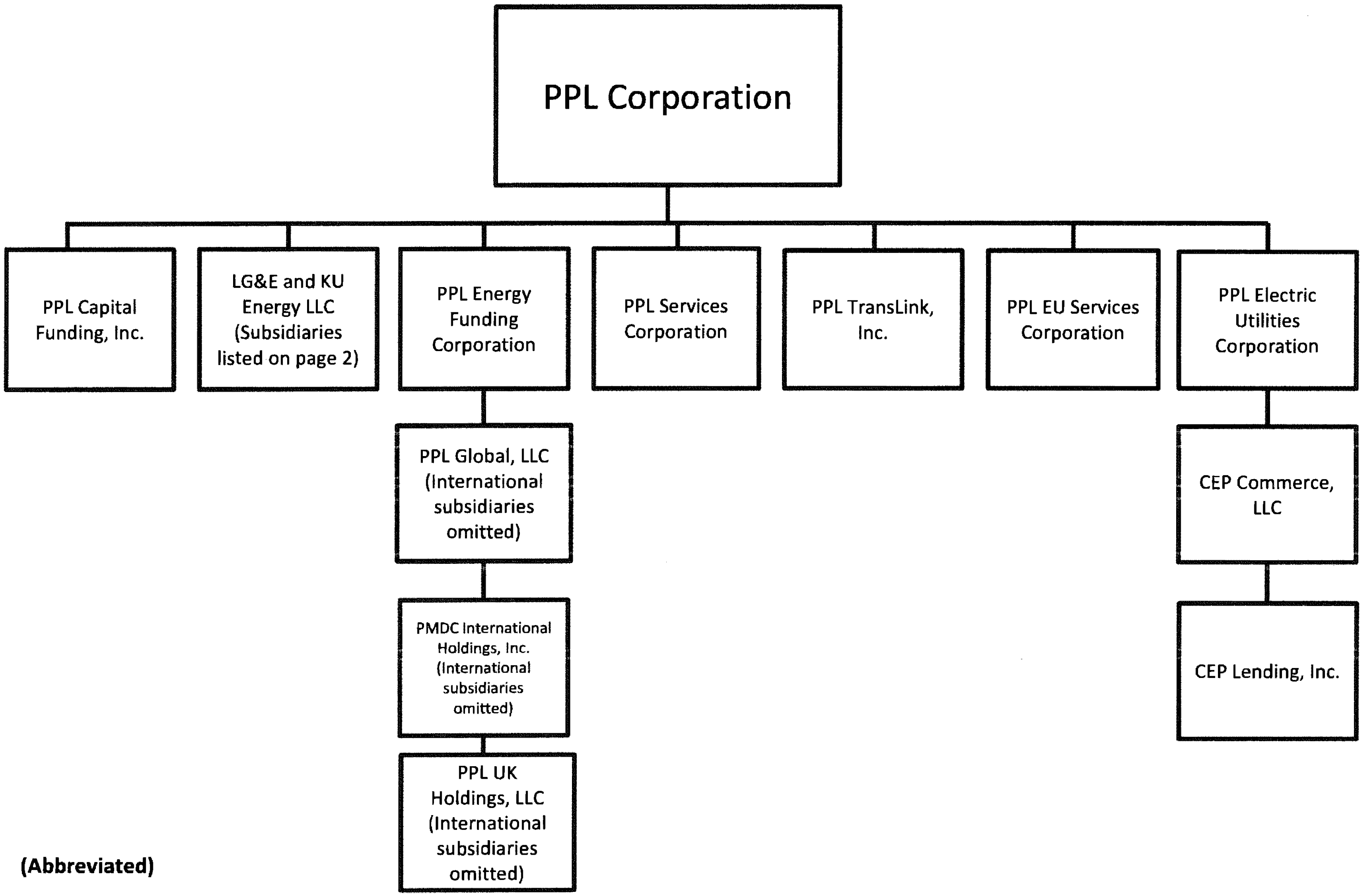
IN WITNESS WHEREOF, the undersigned has executed this Certificate of Formation of PPL Energy Holdings, LLC this 11th day of October, 2017.

By: Arden A. Leyden
Arden A. Leyden,
an Authorized Person

State of Delaware
Secretary of State
Division of Corporations
Delivered 03:19 PM 10/11/2017
FILED 03:19 PM 10/11/2017
SR 20176575874 - File Number 6575603

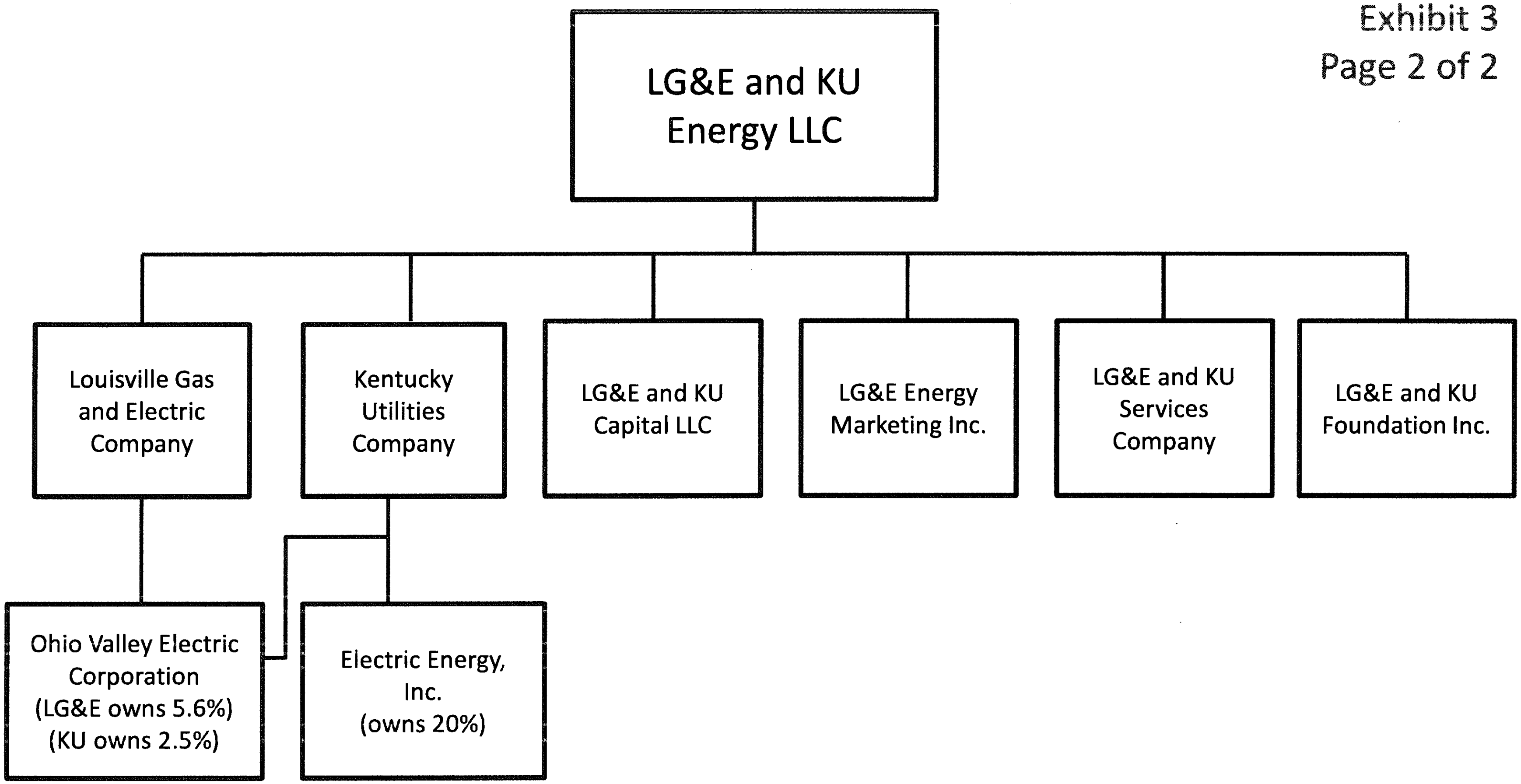
Current Corporate Organizational Structure
October 2017

Exhibit 3
Page 1 of 2



(Abbreviated)

Exhibit 3
Page 2 of 2



(Abbreviated)

Proposed Corporate Organizational Structure
October 2017

Exhibit 4
Page 1 of 2

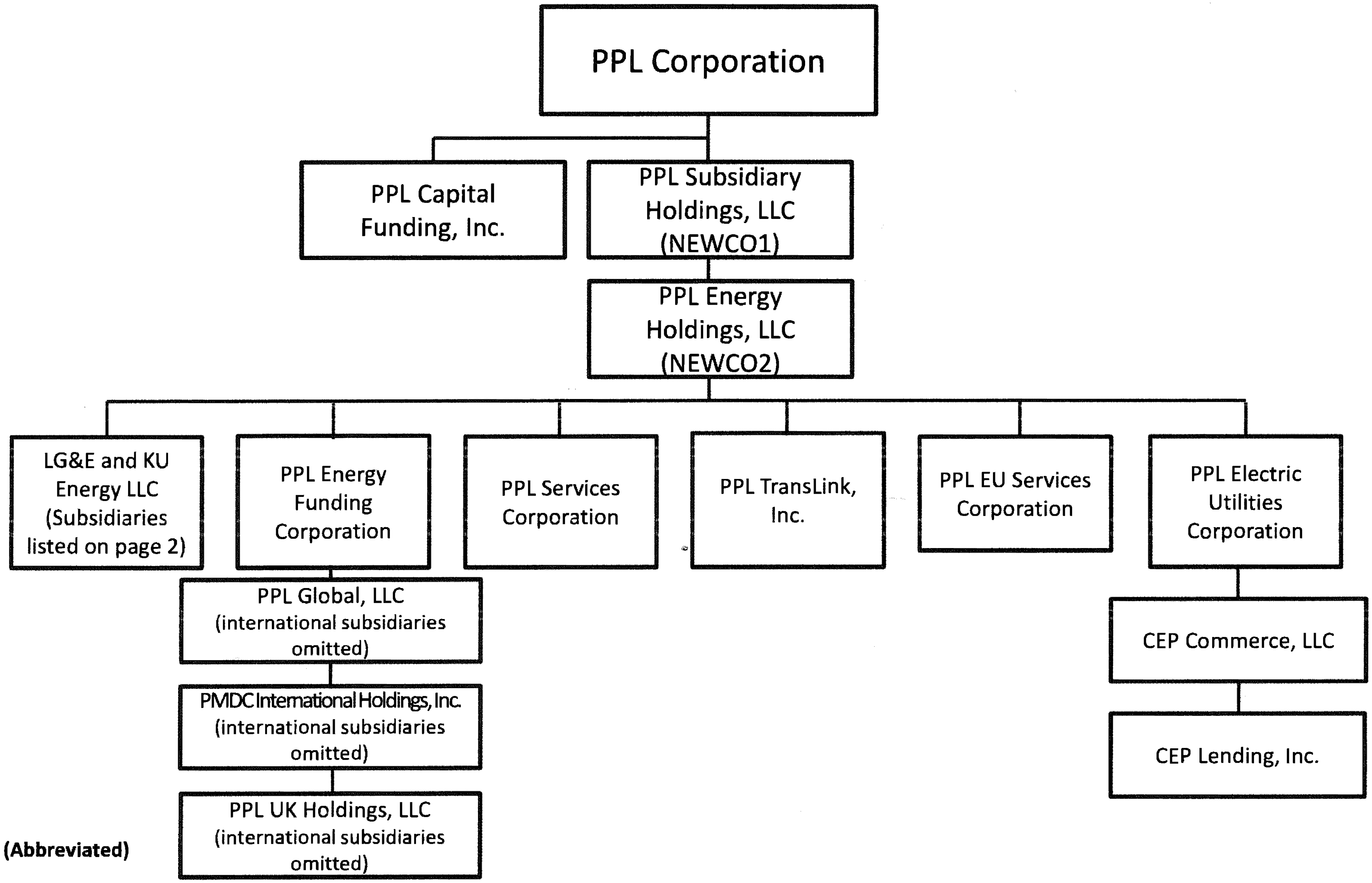
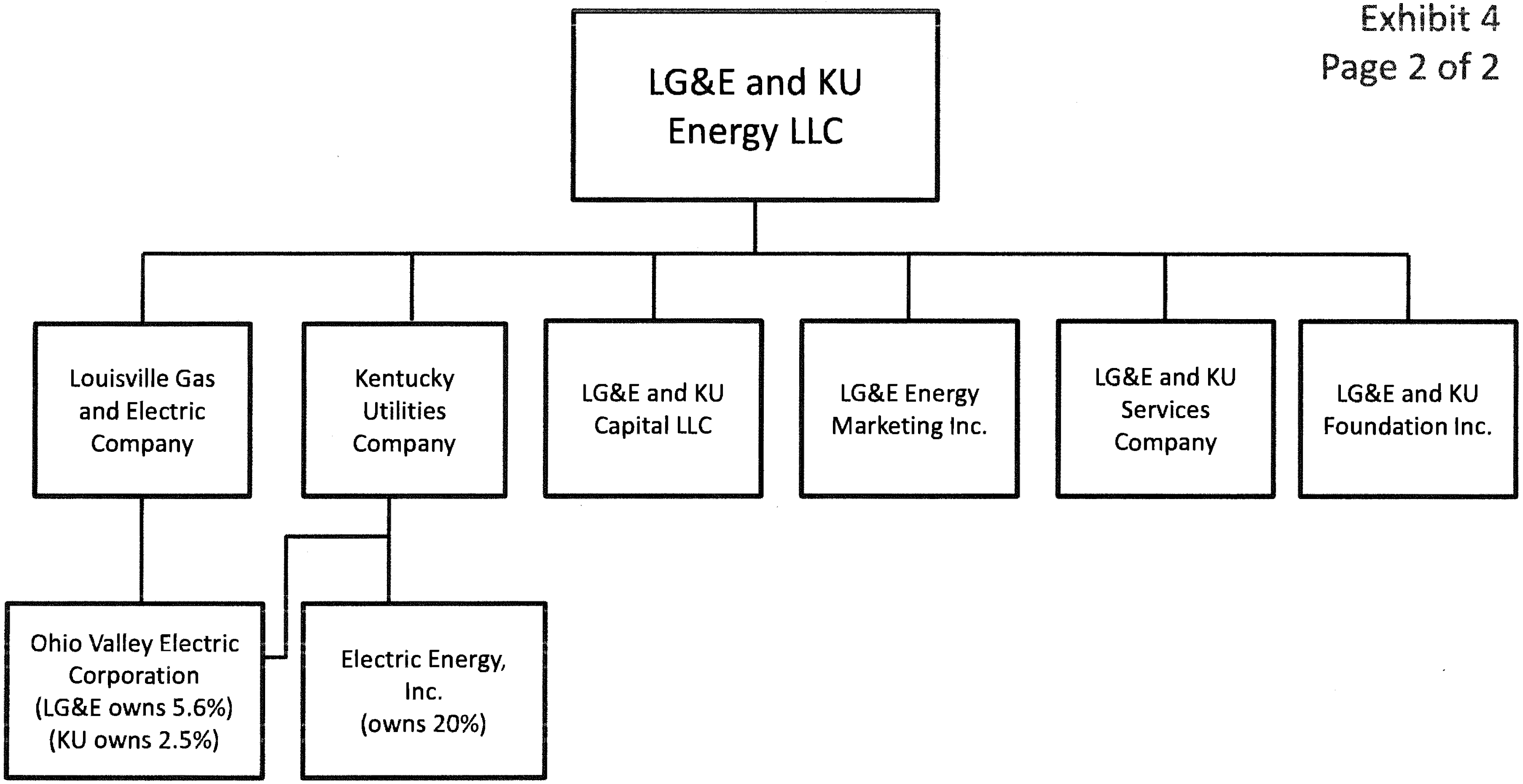


Exhibit 4
Page 2 of 2



(Abbreviated)

POST & SCHELL PC
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File #: 167910

October 16, 2017

VIA HAND DELIVERY

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
P.O. Box 3265
Harrisburg, PA 17105-3265

Re: Application of PPL Electric Utilities Corporation for Approval of Intercompany Restructuring
Docket No. A-2017-

Dear Secretary Chiavetta:

Enclosed for filing, please find the Application of PPL Electric Utilities Corporation for Approval of Intercompany Restructuring. Also enclosed is a check in the amount of $350.00, made payable to the Commonwealth of Pennsylvania for the filing fee. Copies of this Application will be provided as indicated on the Certificate of Service.

Respectfully submitted,

Michael W. Gang

Michael W. Gang

MWG/skr
Enclosure

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been served upon the following persons, in the manner indicated, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

VIA FIRST CLASS MAIL

John R. Evans
Small Business Advocate
Office of Small Business Advocate
300 North Second Street, Suite 202
Harrisburg, PA 17101

Tanya J. McCloskey
Senior Assistant Consumer Advocate
Office of Consumer Advocate
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Paul T. Diskin
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Robert F. Young
PA Public Utility Commission
Law Bureau
Commonwealth Keystone Building
400 North Street, 3rd Floor West
PO Box 3265
Harrisburg, PA 17105-3265

Date: October 16, 2017

Lindsay A. Berkstresser
Lindsay A. Berkstresser

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Application of PPL Electric Utilities	:	
Corporation for Approval of Intercompany	:	Docket No. A-2017-
Restructuring	:	

APPLICATION OF PPL ELECTRIC UTILITIES CORPORATION FOR APPROVAL OF INTERCOMPANY RESTRUCTURING

I. INTRODUCTION

1. By this Application, PPL Electric Utilities Corporation ("PPL EU"), by and through its legal counsel, requests all approvals required under the Pennsylvania Public Utility Code for a proposed corporate restructuring. The corporate restructuring would interject two new Delaware holding companies, PPL Subsidiary Holdings, LLC ("Newco 1") and PPL Energy Holdings, LLC ("Newco 2,") between PPL EU and its current parent, PPL Corporation.

2. The complete name and address of the Applicant are as follows:

PPL Electric Utilities Corporation
Two North Ninth Street
Allentown, PA 18101

3. The attorneys for Applicant are:

David B. MacGregor (ID # 28804)
Michael W. Gang (ID # 25670)
Lindsay A. Berkstresser (ID # 318370)
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Kimberly A. Klock (ID #89716)
Amy E. Hirakis (ID #310094)
PPL Services Corporation
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Fax: 610-774-4102
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E-mail: aehirakis@pplweb.com

II. DESCRIPTION OF THE RELEVANT ENTITIES

PPL Corporation

4. PPL Corporation was formed in 1994 as a utility holding company. PPL Corporation is the parent company of PPL EU and PPL Energy Funding Corporation ("PPL EF"), as well as other subsidiaries (together the "PPL Group"). PPL Corporation's current simplified legal entity structure is attached as "Exhibit A."

PPL EU

5. PPL EU is a Pennsylvania business corporation formed in 1920.

6. PPL EU is a public utility as defined in Section 102 of the Public Utility Code, 66 Pa.C.S. § 102. PPL EU provides electric service to approximately 1.4 million customers in eastern and central Pennsylvania.

PPL EF

7. PPL EF is a holding company within the PPL Corporation affiliated group. PPL EF owns, indirectly, 100% of the interest in PPL Corporation's electricity distribution businesses in the United Kingdom and, prior to the 2015 spinoff, directly and indirectly owned 100% of PPL Corporation's competitive generation business.

III. THE PROPOSED RESTRUCTURING

8. PPL Corporation proposes to undertake a corporate restructuring (the "Proposed Restructuring"). In the first step, PPL Corporation will form two new Delaware holding companies, "Newco 1" and "Newco 2". Newco 1 will be owned directly by PPL Corporation and Newco 2 will be owned directly by Newco 1. In the second step, PPL Corporation plans to

contribute all of the interests it holds in certain of its direct, wholly owned subsidiaries, including its shares in PPL EU and PPL EF, to Newco 1. Newco 1 will then contribute all of the shares received from PPL Corporation in the second step to Newco 2. Under the proposed corporate structure, PPL EU will be a direct subsidiary of Newco 2 and an indirect subsidiary of Newco 1 and PPL Corporation. The resulting proposed corporate structure is attached as "Exhibit B."

9. The Proposed Restructuring is straightforward and involves no change in the ultimate control of PPL EU or any of the other entities involved. All of these entities will be 100% owned by PPL Corporation both before and after the restructuring, albeit such ownership will be indirect following the restructuring. There will be no changes in the management or operations of PPL EU. Accordingly, there is no change in control.

10. PPL EU respectfully requests a decision on the proposed legal entity structure by February 1, 2018.

IV. LEGAL STANDARD FOR COMMISSION APPROVAL OF THE PROPOSED RESTRUCTURING

11. Section 1102(a)(3) of the Public Utility Code, 66 Pa.C.S. § 1102(a)(3), provides, in pertinent part, that the Commission's prior approval, evidenced by a certificate of public convenience, is required:

> For any public utility . . . to acquire from, or transfer to, any person or corporation . . . by any method or device whatsoever, including the sale or transfer of stock and including a consolidation, merger, sale or lease, the title to, or the possession or use of, any tangible or intangible property used or useful in the public service.

12. To provide direction for future applicants, the Commission issued a Statement of Policy on October 22, 1994, establishing clear standards regarding the circumstances under

which a transfer of voting interest constitutes a change in *de facto* control of the utility. The Commission's Statement of Policy provides, in pertinent part, as follows:

> (1) A transaction or series of transactions resulting in a new controlling interest is jurisdictional when the transaction or transactions result in a different entity becoming the beneficial holder of the largest voting interest in the utility or parent, regardless of the tier. A transaction or series of transactions resulting in the elimination of a controlling interest is jurisdictional when the transaction or transactions result in the dissipation of the largest voting interest in the utility or parent, regardless of the tier.
>
> (2) For purposes of this section, a controlling interest is an interest, held by a person or group acting in concert, which enables the beneficial holders to control at least 20% of the voting interest in the utility or its parent, regardless of the remoteness of the transaction. In determining whether a controlling interest is present, voting power arising from a contingent right shall be disregarded.

52 Pa. Code § 69.901. Thus, Commission approval is required for any transaction that creates or eliminates a controlling interest and results in a different entity becoming the largest voting interest. The determination of the interests involved in a transaction considers all tiers of interest in the utility or parent of the utility and, thus, both direct and indirect ownership interests in a utility are considered under the Commission's Policy Statement.

13. There is no ultimate change in control resulting from the Proposed Restructuring, since PPL Corporation will own all of the interests in all of the involved entities both before and after the restructuring, albeit indirectly. Nevertheless, the Commission has concluded that internal reorganizations are subject to review and approval under Section 1102(a)(3) of the Public Utility Code, *Policy Statement Regarding Interpretation of 66 Pa.C.S. § 1102(a)(3)*, Docket No. M-930490, 1994 Pa. PUC LEXIS 56 (Order entered September 13, 1994). Specifically, the Commission stated:

> Internal transactions usually involve corporate reorganizations which can have fundamental effect on the management and operations of a utility. Accordingly, we believe that the legislature intended that these transactions be subject to regulatory review under Section 1102(a)(3) to the extent they constitute a transfer of de facto control as defined by the policy statement heretofore issued. (emphasis added)

Policy Statement, 1994 Pa. PUC LEXIS 56 at *11.

14. Section 1103 of the Pennsylvania Public Utility Code sets forth the procedure to obtain certificates of public convenience. Under Sections 1102 and 1103 of the Public Utility Code, the Applicants must demonstrate that the party to whom the assets and service obligations are being transferred is legally, technically, and financially fit. *Seaboard Tank Lines,* 502 A.2d 762, 764 (Pa. Cmwlth. 1985); *Warminster Township Mun. Auth. v. Pa. Publ. Util. Comm'n*, 138 A.2d 240, 243 (Pa. Super. 1958).

15. The Commission may issue a certificate of public convenience upon a finding that "the granting of such certificate is necessary or proper for the service, accommodation, convenience, or safety of the public." 66 Pa.C.S. § 1103(a). This standard requires the Commission to find that the transaction will "affirmatively promote the service, accommodation, convenience, or safety of the public in some substantial way." *City of York v. Pa. P.U.C.*, 449 Pa. 136, 151, 295 A.2d 825, 828 (1972). The "substantial public interest" standard is satisfied by a simple preponderance of the evidence of benefits, and such burden can be met by showing a likelihood or probability of public benefits that need not be quantified or guaranteed. *Popowsky v. Pa. P.U.C.*, 594 Pa. 583, 611, 937 A.2d 1040, 1057 (2007). Further, the substantial public benefit test does not require that every customer receive a benefit from the Proposed Transaction. *Popowsky*, at 617-618, 937 A.2d at 1061.

16. In construing the above standards, the Commission should consider that the express purpose of reviewing an internal reorganization is to determine whether this Proposed Restructuring has a fundamental effect on the management and operations of a utility. For reasons explained in the following section of this Application, the Proposed Restructuring has no effect on the operations and management of PPL EU.

V. PURPOSE OF THE PROPOSED RESTRUCTURING

17. The Proposed Restructuring will allow PPL Corporation to effectively manage the movement of cash within the group of entities in the corporate structure as shown in "Exhibit B." In the context of the existing structure as shown in "Exhibit A," PPL Corporation is faced with potential future limitations on its ability to distribute cash from certain of its subsidiaries without creating negative Federal or State income tax consequences due to limited tax basis in those subsidiaries. In order to fund capital expenditures as well as dividends to shareholders of PPL Corporation, subsidiaries of PPL Corporation must regularly distribute cash to PPL Corporation. To the extent that such distributions exceed accumulated earnings and profits, the distributions will be characterized as returns of basis to the extent thereof and then as capital gains. While returns of basis are "tax neutral" from both a Federal and State income tax perspective, capital gains may trigger a tax cost. This cost poses a clear impediment on the PPL Group's options for efficiently mobilizing cash to serve its needs. The Proposed Restructuring significantly mitigates this potential cost by consolidating the tax basis of the relevant subsidiaries within both Newco 1 and Newco 2. In turn, this proposed structure will allow for more flexibility in making future distributions without triggering a negative tax impact.

18. PPL Corporation's existing corporate structure was created over a period of years in the context of operating numerous regulated and non-regulated electric generation,

transmission and distribution businesses within the United States and internationally. In June 2015, PPL Corporation completed a spinoff of its competitive generation business, which was immediately combined with the generation assets owned by Riverstone Holdings to form a new independent power producer called Talen Energy Corporation ("Talen Energy"). The spinoff was the final step of PPL Corporation's transition to a company solely focused on high-performing regulated utilities in both the United States and internationally. PPL Corporation's former power plants located in Pennsylvania and Montana were transferred to Talen Energy as part of the spinoff. Other PPL Corporation subsidiaries, including PPL EU, were not affected by the spinoff transaction and remain part of PPL Corporation. In light of the 2015 spinoff of the competitive generation business, PPL Corporation believes the proposed structure to be more effective for operating its remaining regulated businesses. PPL Corporation will be positioned as a pure holding company. Intercompany financing, including managing the capital structures of the regulated utilities to comply with regulatory requirements, will be facilitated through the lower tier holding companies rather than PPL Corporation. Additionally, PPL Corporation believes that utilizing the subsidiary holding companies provides a more effective structure to facilitate any future business acquisitions it may undertake, as well as any combination or merger of existing non-regulated corporate entities to gain efficiencies.

VI. <u>EFFECTS OF THE PROPOSED RESTRUCTURING</u>

19. PPL EU will remain legally, technically and financially fit after the Proposed Restructuring. The Proposed Restructuring will have no impact on PPL EU's ability to provide service. PPL EU will continue to be indirectly owned and managed by PPL Corporation. PPL EU will maintain the same employees that it has now and will provide the same services to

customers. In addition, PPL EU will maintain a separate investment grade rating from credit rating agencies. There will be no changes in the management or operations of PPL EU.

20. The Proposed Restructuring promotes the public interest. The Proposed Restructuring will enable PPL Corporation to more effectively distribute cash from its subsidiaries for purposes of funding capital expenditures, including PPL EU's capital projects. The creation of subsidiary holding companies will also promote efficiency by providing a more effective structure for future business acquisitions and/or mergers of non-regulated corporate entities.

VII. <u>CONCLUSION</u>

The Proposed Restructuring, as described in this Application, is necessary and proper for the service, accommodation and convenience of the public.

WHEREFORE, PPL Electric Utilities Corporation respectfully requests that the Pennsylvania Public Utility Commission approve this Application by February 1, 2018, and grant all necessary or appropriate relief authorizing the Proposed Restructuring.

Respectfully submitted,

David B MacGregor

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Amy E. Hirakis (ID #310094)
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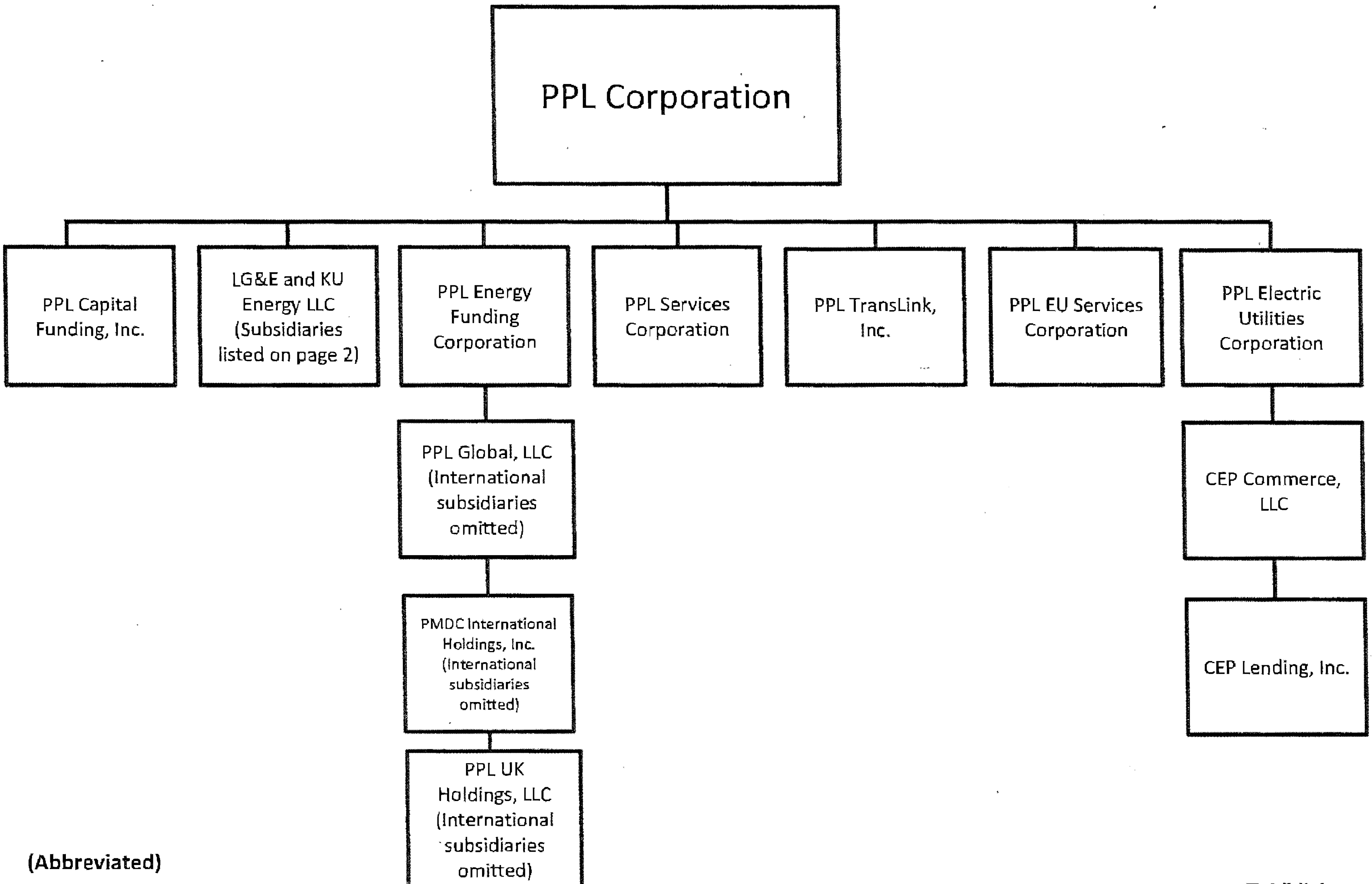
Date: October 16, 2017

Attorneys for PPL Electric Utilities Corporation

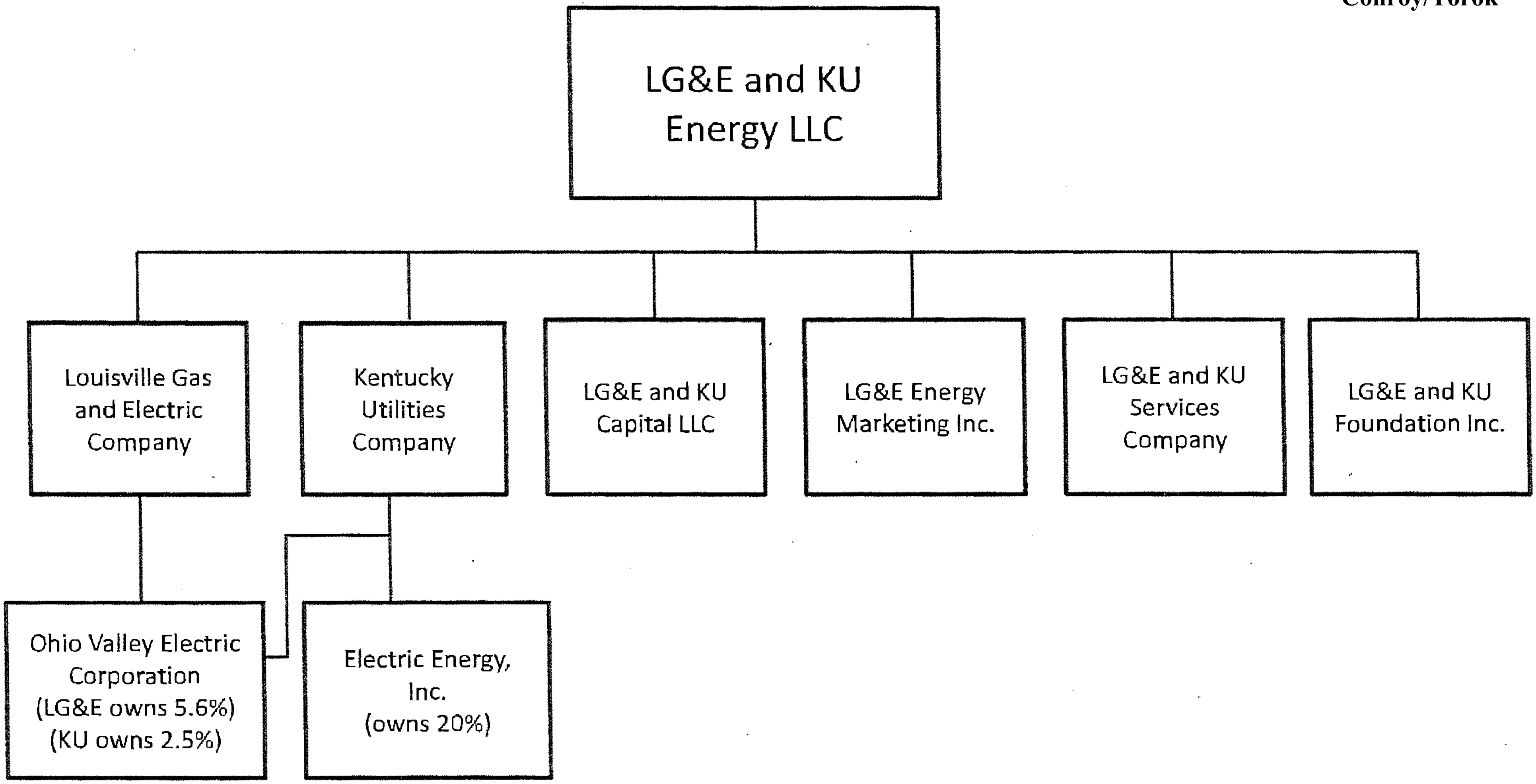
Exhibit A

Current Corporate Organizational Structure
October 2017



(Abbreviated)

Exhibit A

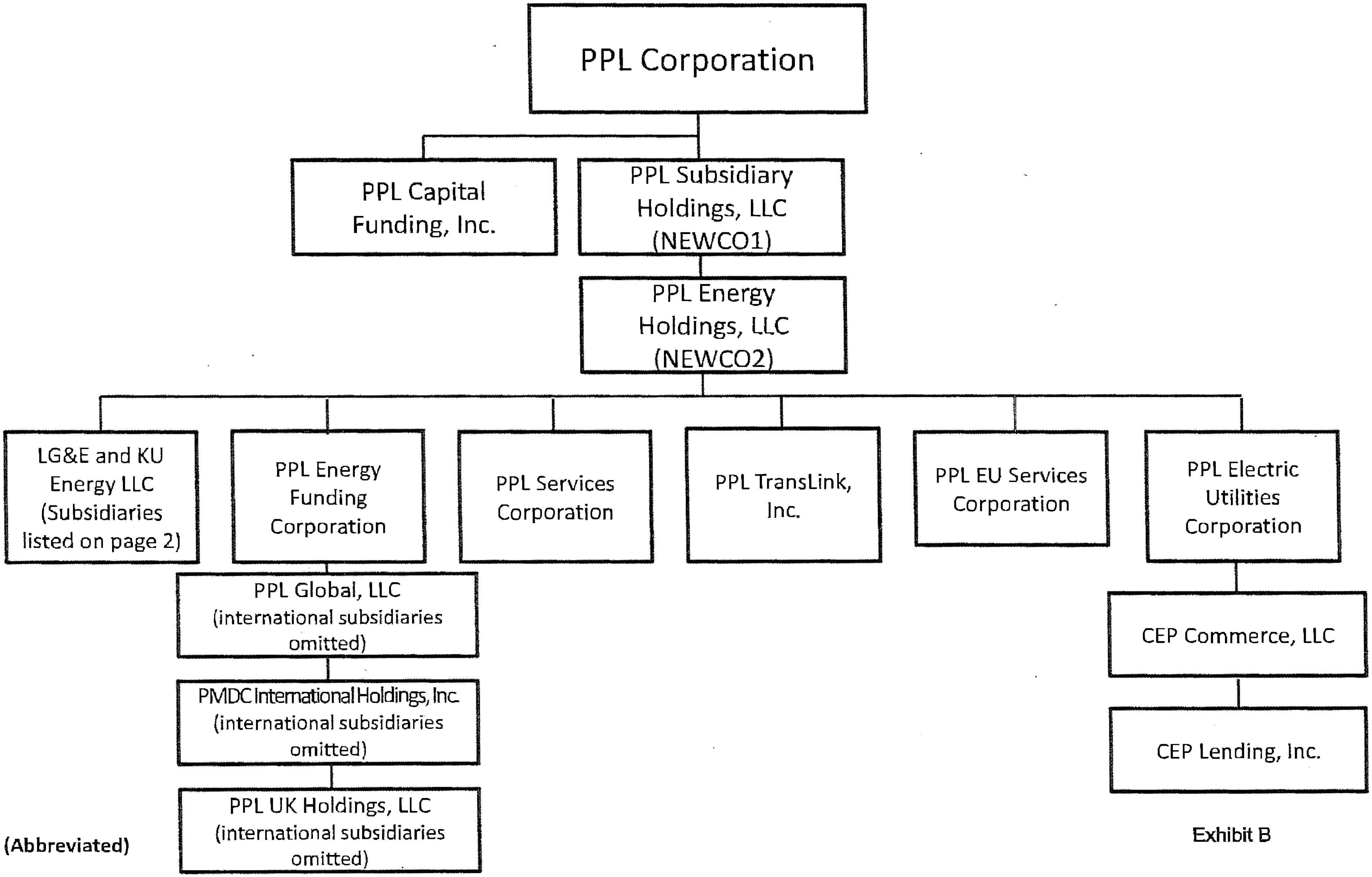


(Abbreviated)

Exhibit A

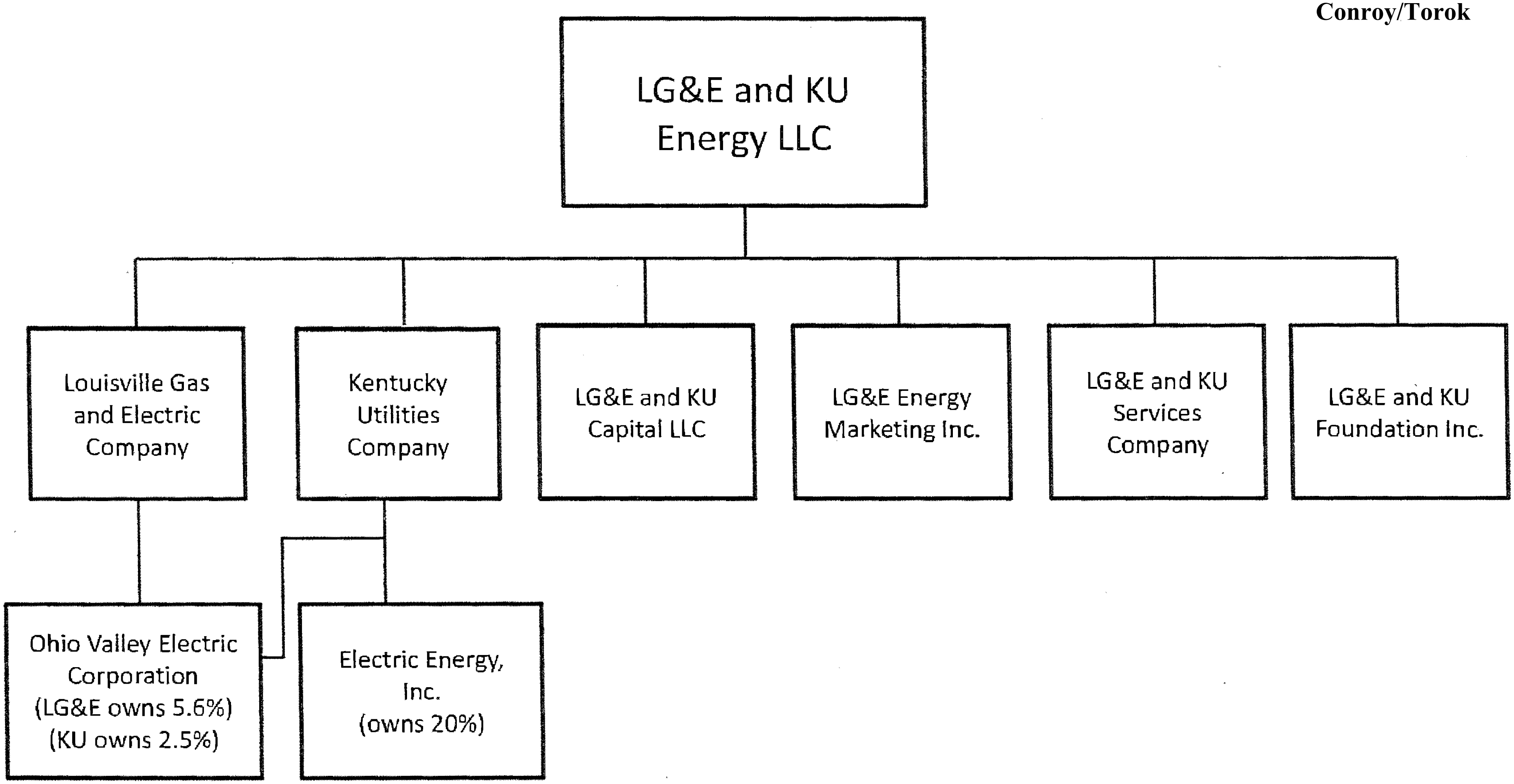
Exhibit B

Proposed Corporate Organizational Structure October 2017



(Abbreviated)

Exhibit B



(Abbreviated)

Exhibit B

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Application of PPL Electric Utilities	:	
Corporation for Approval of Intercompany	:	Docket No. A-2017-
Restructuring	:	

VERIFICATION

I, Alexander J. Torok, Assistant Treasurer of PPL Electric Utilities Corporation, hereby state that the facts set forth in the above-captioned Application are true and correct to the best of my knowledge, information and belief, and that if asked orally at a hearing in this matter, my answers would be as set forth therein.

I understand that the statements herein are made subject to the penalties of 18 Pa.C.S. § 4904 (relating to unsworn falsification to authorities).

Date: October 13, 2017

Commonwealth of Virginia
State Corporation Commission
MEMORANDUM OF COMPLETENESS/INCOMPLETENESS
DIVISION OF UTILITY ACCOUNTING AND FINANCE

DATE: October 26, 2017

To: Case Requests
From: Robert F. Sartelle
Subject: Status of Filed Application

CASE NO: **PUR-2017-00138**
SECTION CODE: **DPUAE**

Application of: PPL Corporation, PPL Subsidiary Holdings, LLC, PPL Energy Holdings, LLC, LG&E and KU Energy LLC, and Kentucky Utilities Company d/b/a Old Dominion Power Company, for approval of an indirect change of control of Kentucky Utilities Company

Date Filed: October 17, 2017
Additional information submitted:

Type of Application: **NA**

________	Affiliate Transaction	________	Financing	________	Save
________	AIF	________	Merger	________	Transfer Assets
________	CARE	________	RAC	________	Transfer Control
________	CSP	________	General Rate	________	Transfer of Stock
________	Certificate	________	Expedited Rate	________	Other

Statutory requirement applies: YES _NA_ NO __

Action must be completed within ___NA___ days from completion date, unless extended by order for a maximum of **30** additional days.

__NA__ **APPLICATION IS COMPLETE.**
Date complete if different from filing date:

__NA__ **APPLICATION IS INCOMPLETE**, with respect to the following items, which must be submitted by the Applicant in order for the Application to be considered complete.

As the proposed internal change in indirect ownership described in the Petition does not involve a change in the direct parent or the ultimate parent company of the Virginia-certificated utility, Kentucky Utilities Company d/b/a Old Dominion Power Company, the proposed transaction does not appear to Staff, upon advice of counsel, to constitute a transfer of control that would require Commission approval pursuant to Chapter 5 of Title 56 of the Code of Virginia.

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Stoll Keenon Ogden LLC
2000 PNC Plaza
500 West Jefferson Street
Louisville, KY 40202-2828

Allyson K. Sturgeon, Esquire
Sara Judd, Esquire
LG & E and KU Services Company
220 West Main Street
Louisville, KY 40202

Robert M. Conroy
Vice President – State Regulation and Rates
LG & E and KU Services Company
220 West Main Street
Louisville, Kentucky 40202

AN ATTESTED COPY HEREOF shall be sent by the Clerk to the above identified Applicants.

PPL CORPORATION, PPL SUBSIDIARY HOLDINGS, LLC, PPL ENERGY HOLDINGS, LLC, LG&E AND KU ENERGY LLC, LOUISVILLE GAS AND ELECTRIC COMPANY, AND KENTUCKY UTILITIES COMPANY

Response to the Commission Staff's First Request for Information Dated November 20, 2017

Case No. 2017-00415

Question No. 4

Witness: Robert M. Conroy / Alexander J. Torok

Q-4. Refer to the Application, page 5, paragraph 17. Identify, explain, and quantify any other federal, state, or local tax implications or any other expense the proposed changes in PPL Corporation's corporate structure would create if the proposed change were approved by the Commission.

A-4. There will be no other tax implications or other expenses for LG&E and KU as a result of the proposed corporate restructure. The proposed restructuring is intended to mitigate a potential future tax cost, which may arise as a result of distributions in excess of tax basis. If at some future point there were to be a distribution within the PPL affiliated group that exceeded the tax basis of the distributing entity, any associated tax cost would have no impact on LG&E and KU. LG&E and KU will continue to calculate taxes on a stand-alone basis consistent with the Tax Allocation Agreement.

PPL CORPORATION, PPL SUBSIDIARY HOLDINGS, LLC, PPL ENERGY HOLDINGS, LLC, LG&E AND KU ENERGY LLC, LOUISVILLE GAS AND ELECTRIC COMPANY, AND KENTUCKY UTILITIES COMPANY

Response to the Commission Staff's First Request for Information
Dated November 20, 2017

Case No. 2017-00415

Question No. 5

Witness: Robert M. Conroy / Alexander J. Torok

Q-5. Refer to the Application, page 6, paragraph 18.

a. In addition to the elimination of the tax implications outlined in the Application, explain why Joint Applicants believe the proposed structure would be more effective for operating PPL Corporation's regulated businesses.

b. Explain what consideration PPL Corporation has given to consolidating LG&E and KU into one entity to achieve potential efficiencies.

c. Identify and explain the reasons PPL Corporation believes that utilizing the subsidiary holding companies provides a more effective structure to facilitate any future business acquisitions it may undertake.

A-5.

a. The proposed change would have no impact on the operation of PPL's regulated businesses.

b. Following the merger with KU Energy Corporation and the control of Kentucky Utilities Company by LG&E Energy Corp in 1998, now LG&E and KU Energy LLC, LG&E and KU have jointly planned, constructed and operated their generation and transmission electrical systems on a combined basis for almost 20 years. LG&E and KU have jointly dispatched their generation units during this time to achieve fuel cost savings reflected in the calculation of their fuel adjustment clause factors. Over the same time, the LG&E and KU also have exchanged best practices in the operation of their distribution systems and jointly operate customer call centers and services and through LG&E and KU Services Company utilize shared personnel for administrative, management and support activities. This combination of systems and operations over time has produced a highly efficient set of fully integrated utility systems.

Given the respective strengths of their brand names, diversity of service territories and differences in rates, and the efficiencies achieved to date through combined and joint operations, LG&E and KU are not considering the merger of the entities of LG&E and KU.

c. As noted in its submission to the KPSC, PPL's current legal entity structure presents the potential for a future tax cost on distributions from certain of its subsidiaries due to basis limitations. PPL believes that the proposed restructuring will mitigate this potential incremental tax cost. The proposed structure would therefore help facilitate future business acquisitions by allowing PPL to access cash without incurring incremental tax liabilities on cash distributions from certain of its subsidiaries