



RECEIVED

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

JUL 06 2010
PUBLIC SERVICE
COMMISSION

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

July 6, 2010

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

RE: *Joint Application of PPL Corporation, E.ON AG, E.ON US Investments Corp., E.ON U.S. LLC, Louisville Gas and Electric Company and Kentucky Utilities Company For Approval of An Acquisition of Ownership and Control of Utilities – Case No. 2010-00204*

Dear Mr. DeRouen:

Please find enclosed and accept for filing the original and twelve (12) copies of the Joint Response of PPL Corporation, E.ON AG, E.ON US Investments Corp., E.ON U.S. LLC, Louisville Gas and Electric Company and Kentucky Utilities Company to the Lexington-Fayette Urban County Government's Requests for Information dated June 21, 2010, in the above-reference matter.

Should you have any questions regarding the enclosed, please contact me at your convenience.

Sincerely,

Lonnie E. Bellar

cc: Parties of Record

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

| | | |
|---|---|-------------------|
| JOINT APPLICATION OF PPL CORPORATION, |) | |
| E.ON AG, E.ON US INVESTMENTS CORP., |) | |
| E.ON U.S. LLC, LOUISVILLE GAS AND ELECTRIC |) | CASE NO. |
| COMPANY AND KENTUCKY UTILITIES |) | 2010-00204 |
| COMPANY FOR APPROVAL OF AN ACQUISITION |) | |
| OF OWNERSHIP AND CONTROL OF UTILITIES |) | |

JOINT RESPONSE OF
PPL CORPORATION, E.ON AG, E.ON US INVESTMENTS CORP.,
E.ON U.S. LLC, LOUISVILLE GAS AND ELECTRIC COMPANY AND
KENTUCKY UTILITIES COMPANY
TO THE
LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT'S
REQUESTS FOR INFORMATION
DATED JUNE 21, 2010

FILED: July 6, 2010

VERIFICATION

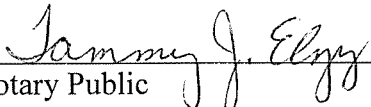
COMMONWEALTH OF KENTUCKY)
) **SS:**
COUNTY OF JEFFERSON)

The undersigned, **S. Bradford Rives**, being duly sworn, deposes and says he is Chief Financial Officer of E.ON U.S. LLC, Louisville Gas and Electric Company and Kentucky Utilities Company, and an employee of E.ON U.S. Services Inc., 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.



S. BRADFORD RIVES

Subscribed and sworn to before me, a Notary Public in and before said County and State,
this 1st day of July, 2010.

 (SEAL)

Notary Public

My Commission Expires:

November 9, 2010

VERIFICATION

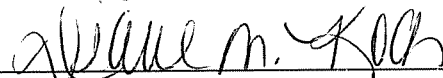
COMMONWEALTH OF PENNSYLVANIA)
) **SS:**
 COUNTY OF LEHIGH)

PAUL A. FARR, being duly sworn, deposes and says that he has read the foregoing responses and exhibits and knows the matters contained therein; that said matters are true and correct to the best of his knowledge and belief.



PAUL A. FARR

Subscribed and sworn to before me, a Notary Public in and for the above County and State, on this 1 day of July , 2010.



 Notary Public

| |
|---|
| COMMONWEALTH OF PENNSYLVANIA NOTARIAL SEAL DIANE M. KOCH, NOTARY PUBLIC CITY OF ALLENTOWN, LEHIGH COUNTY MY COMMISSION EXPIRES SEPT. 29, 2011 |
|---|

My Commission Expires:
 9/29/2011

VERIFICATION

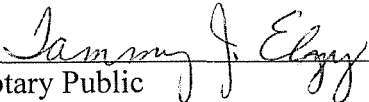
COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

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



LONNIE E. BELLAR

Subscribed and sworn to before me, a Notary Public in and before said County and State,
this 2 day of July, 2010.



Notary Public (SEAL)

My Commission Expires:
November 9, 2010

VERIFICATION

COMMONWEALTH OF PENNSYLVANIA)
) SS:
COUNTY OF LEHIGH)

WILLIAM H. SPENCE, being duly sworn, deposes and says that he has read the foregoing responses and exhibits and knows the matters contained therein; that said matters are true and correct to the best of his knowledge and belief.

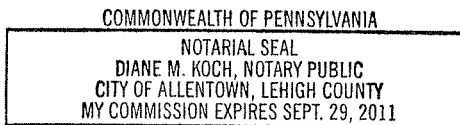
[Handwritten signature of William H. Spence]

WILLIAM H. SPENCE

Subscribed and sworn to before me, a Notary Public in and for the above County and State, on this 1 day of July, 2010.

[Handwritten signature of Diane M. Koch]

Notary Public



My Commission Expires:

9/29/2011

VERIFICATION

STATE OF NEW YORK)
COUNTY OF New York) SS:

The undersigned, **Karl-Heinz Feldmann**, being duly sworn, deposes and says he is the General Counsel of E.ON AG, 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.

Karl-Heinz Feldmann
KARL-HEINZ FELDMANN

Subscribed and sworn to before me, a Notary Public in and for said State and County, this 30th day of June, 2010.

Nancy Rodriguez (SEAL)
Notary Public

My Commission Expires:

NANCY RODRIGUEZ
Notary Public, State of New York
No. 01RO4705524
Qualified in Richmond County
Certificate Filed in New York County
Commission Expires March 30, 2011

**PPL CORPORATION, E.ON AG, E.ON US INVESTMENTS CORP.,
E.ON U.S. LLC, LOUISVILLE GAS AND ELECTRIC COMPANY AND
KENTUCKY UTILITIES COMPANY**

CASE NO. 2010-00204

**Joint Response to Lexington-Fayette Urban County Government's
Requests for Information Dated June 21, 2010**

Question No. 1

Responding Witness: S. Bradford Rives / Paul A. Farr

- Q-1. What is the current estimate of the closing date for the acquisition?
- A-1. The closing date is dependent upon various external events including various regulatory approvals. However, the Joint Applicants currently expect to close the transaction during the fourth quarter of 2010.

**PPL CORPORATION, E.ON AG, E.ON US INVESTMENTS CORP.,
E.ON U.S. LLC, LOUISVILLE GAS AND ELECTRIC COMPANY AND
KENTUCKY UTILITIES COMPANY**

CASE NO. 2010-00204

**Joint Response to Lexington-Fayette Urban County Government's
Requests for Information Dated June 21, 2010**

Question No. 2

Responding Witness: Lonnie E. Bellar / William H. Spence

- Q-2. Are the Joint Applicants willing to accept additional conditions or commitments placed on them by the Commission in order to have the acquisition approved?
- A-2. Please see response to AG 1-53.

**PPL CORPORATION, E.ON AG, E.ON US INVESTMENTS CORP.,
E.ON U.S. LLC, LOUISVILLE GAS AND ELECTRIC COMPANY AND
KENTUCKY UTILITIES COMPANY**

CASE NO. 2010-00204

**Joint Response to Lexington-Fayette Urban County Government's
Requests for Information Dated June 21, 2010**

Question No. 3

Responding Witness: Lonnie E. Bellar

- Q-3. How many employees did Kentucky Utilities have at the end of calendar year 2009? For each of the last 10 years, list the number of employees at the start of the year, the number of positions eliminated, the number of positions added, and the number of new employees gained as a result of any mergers.
- A-3. Kentucky Utilities had 965 employees at the end of calendar year 2009. The number of employees at the start of the year for the previous nine years is noted below; 2001 data is not available. The Company does not track positions based on number eliminated or number added. The Company has not added new employees to Kentucky Utilities resulting from mergers.

| | # Employees at the Start of Each Year |
|------|---------------------------------------|
| 2010 | 965 |
| 2009 | 977 |
| 2008 | 954 |
| 2007 | 940 |
| 2006 | 929 |
| 2005 | 948 |
| 2004 | 941 |
| 2003 | 948 |
| 2002 | 1,015 |
| 2001 | Data not available |

**PPL CORPORATION, E.ON AG, E.ON US INVESTMENTS CORP.,
E.ON U.S. LLC, LOUISVILLE GAS AND ELECTRIC COMPANY AND
KENTUCKY UTILITIES COMPANY**

CASE NO. 2010-00204

**Joint Response to Lexington-Fayette Urban County Government's
Requests for Information Dated June 21, 2010**

Question No. 4

Responding Witness: Lonnie E. Bellar

- Q-4. How many employees does Kentucky Utilities currently have? For all such employees, provide a job title and description of duties.
- a. Do the Joint Applicants anticipate a reduction in any of the employees if the acquisition is approved? If so, please explain how many, why, and which types of employees are to be reduced. Please provide a copy of any and all documents that demonstrate a requirement that the number of employees will remain substantially the same if the acquisition is approved.
 - b. Are the Joint Applicants willing to accept a condition as part of the approval of the proposed acquisition that they will not substantially reduce the existing level of employees provided in the responses above? If so, for what period of time? In the event that such a condition is unacceptable, please state why.
- A-4. Kentucky Utilities currently has 970 employees. A job title and description of employee duties has been provided in the attachment.
- a. No, please refer to the Regulatory Commitments Nos. 16 and 34. These commitments provide for continued staffing levels and headquarters operations.
 - b. Please see response to AG 1-53.

| Job Category | Description of Duties | Total |
|---|---|-------|
| Administrative Assistant | Provides a variety of administrative and staff support services. Core work processes include administrative and technical support for various systems. | 19 |
| Arborist | Provides oversight of contract work planners, tree clearing and herbicide crews. | 6 |
| Billing Analysis Associate | Ensures accuracy of customer billing records by analyzing identified customer billing exceptions and researching customer billing complaints. | 15 |
| Billing Information Support Analyst | Assists the Department Manager and Team Leader in the operations of the Customer Accounting Department, ensuring adherence to Company practices and performance standards. | 1 |
| Budget Analyst | Performs and/or coordinates performance of a wide variety of difficult budgetary duties and analyses, for the coordination and development of the annual operating plan. | 2 |
| Chemist | Carries out analytical or developmental assignments which usually require considerable knowledge of chemical processes and environmental regulations. Analyzes technical aspects of assignments and determines the proper methods and techniques to be used and the principles to be applied. | 3 |
| Clerk | Responsible for various clerical duties. | 8 |
| Coal Equipment Operator | Performs all functions related to material unloading facilities to ensure safe and reliable equipment operation in order to receive, unload, and to provide for the plant's material (coal and/or limestone) requirements. | 16 |
| Coal Yard Supervisor | Oversees all functions related to material unloading facilities to ensure safe and reliable equipment operation in order to receive, unload, and to provide for the plant's material (coal and/or limestone) requirements. | 9 |
| Contract Administrator | Responsible for the acquisition of materials, equipment, and services. | 2 |
| Coop/Intern Student I (Eng) | Performs a variety of projects that have specific instructions and expected results relative to providing a meaningful coop/intern experience. | 1 |
| Customer Order Technician | Coordinates the daily completion of customer and company requested service orders. | 22 |
| Customer Representative | Handles customer requests. | 75 |
| Data Retrieval/Field Operations Manager | Responsible for data acquisition for billing of all customers and completion of all customer requests. | 1 |
| Electrician | Perform, and/or provide day-to-day hands on technical oversight for the work of others requiring mechanical and technical expertise. | 11 |
| Engineer | Perform and/or provide day-to-day hands on technical oversight for the work of others requiring mechanical and technical expertise. | 8 |
| Engineering Design Technician | This position performs engineering work which supports various functions and requires application of standard engineering techniques, procedures, and criteria. | 19 |
| Facility Records Technician | This position provides technical oversight and leadership to other engineers as they design, specify, evaluate, and maintain major projects. | 2 |
| Field Business Office Manager | Assist engineers and management in the planning and design of distribution system expansion and maintenance. | 19 |
| Field Services Coordinator | Performs and direct others in a variety of complex and technical office and/or field duties in connection with Asset Information. | 9 |
| Group Leader | Directs, coordinates and provides leadership to multiple Business Offices. | 6 |
| Health/Safety Specialist | Performs material and logistics services. | 4 |
| Inspector | Reconciles customer issues while supervising the restoration of interrupted service. | 1 |
| | Responsible for the technical oversight and leadership of a group that provides transmission and distribution engineering and design services for Substation Construction and Maintenance. | 2 |
| | Applies health and safety principles to provide consultative support to management and safety committees. | 3 |
| | Oversee the work contractors perform for Line Construction & Maintenance. Plan, coordinate, and administer all aspects of contractor utilization. | 5 |

| Job Category | Description of Duties | Total |
|--------------------------------|---|-------|
| Laboratory Technician | Responsible for collection, analysis, and monitoring of power plant system samples in order to maintain proper chemical control necessary for efficient steam production. | 8 |
| Laborer | Assists the construction and service crews in providing service to customers. | 1 |
| | Performs routine services for power plant production, maintenance, and/or commercial operations. | 1 |
| | Perform routine maintenance and installation work in high voltage electrical substations. | 3 |
| Line or Service Supervisor | Supervisor of crews to ensure that service is provided to our customers, maintain existing services, upgrade facilities as requested, and to help restore service during outages. | 5 |
| | Perform routine construction, maintenance and repair work on electric distribution lines and equipment. | 120 |
| Line Technician | Supervises crews to ensure service is provided to customers, maintains existing services, upgrade facilities as requested and to help restore service during outages. | 31 |
| | Supervise a crew to ensure that service is provided to our customers, to maintain existing services, upgrade facilities as requested and to help restore service during outages. | 7 |
| Maintenance Coordinator | This position is responsible for planning, organizing, and scheduling all activities pertaining to the maintenance department. | 1 |
| | This position is responsible for analyzing, processing, coordinating, performing, and recording maintenance planning and scheduling. | 4 |
| Maintenance Planner | Perform skilled work to maintain, repair, inspect, install, rebuild, and construct all types of power plant electric and control equipment. | 116 |
| Maintenance Technician | This position is responsible for managing I/E and Mechanical Maintenance services to the generating facilities. | 2 |
| Manager Maintenance | This position is responsible for managing the commercial affairs of the generating station related to budgeting, accounting, purchasing, materials management, contract administration and office administration. | 2 |
| | Responsible for managing the execution of core distribution operating processes. This position is also responsible for ensuring compliance with all established federal, state, local DOT, and PSC regulations. | 4 |
| Manager Operations | This position is responsible for managing production capabilities of the Tyrone Generating Station. | 1 |
| | This position is responsible for managing the production capabilities of the generating assets. | 3 |
| Manager Production | To provide accurate and efficient ordering, receiving, storing, controlling, and issuing of materials used to support T&D operations. | 7 |
| Materials Specialist | This position is responsible for supervising the ordering, receiving, storing and distribution of materials and equipment at all Distribution Operations warehouses and storerooms. | 1 |
| | Perform, and/or provide day-to-day hands on technical oversight for the work of others, work related to plant maintenance activities. Fulfills certain duties of Chief Mechanic in their absence. | 4 |
| Mechanic | This position is responsible for planning, purchasing, inventorying, distributing, scheduling, installation and maintenance of self-contained and instrument transformer metering, and for performing duties of a working supervisor. Ordering material, meeting with electrical contractors, engineers and customer service representatives. | 3 |
| Meter Department Coordinator | Ensure accurate meter readings are recorded; change out meters as needed for testing, repairs, etc. | 2 |
| | This position assists Senior Meter Reading Clerks in daily Meter Reading operations, is responsible for maintaining and updating Meter Reading information in proper systems. | 1 |
| Meter Reader | This position is responsible for knowing all aspects of Meter Reading and ensuring that all job duties are completed daily. Also, assists in accumulating statistical data and compiling reports relative to meter reading. | 1 |
| Meter Reading Clerk | This position is responsible for the set up, operation, and maintenance of all meter reading systems and peripheral equipment. | 1 |
| Meter Reading Systems Operator | Install, test, reading, repair and maintain electric meters and auxiliary equipment. | 12 |
| Meter Technician | Operate customer service to all customers, assist customers who have delinquent accounts, perform account turn-on and turn-offs, investigate customer complaints | 21 |

| Job Category | Description of Duties | Total |
|-----------------------------------|---|-------|
| Outage Coordinator | This position coordinates all aspects of station outage projects, including scheduling, job planning, parts/materials inventory, and manpower requirements. Responsible for maintaining outage production continuity. | 1 |
| P.P. Results Coordinator | This position is responsible for overseeing the overall activities of the plant's results department, including planning and coordinating power plant equipment and systems performance monitoring and reporting activities. | 1 |
| P.P. Shift Supervisor | This position is responsible for directing and coordinating operating personnel and daily production capabilities of the generating assets. | 32 |
| Patroller | This position is responsible for directing and supervising of transmission right-of-way crews and resolves customer Performs emergency ground patrols on transmission lines. Assists in scheduling and supervision of transmission right-of-way crews and resolves customer complaints on transmission right-of-ways. | 3 |
| Plant General Manager | This position is responsible for directing all aspects of plant operations, maintenance, engineering, and administration activities. | 3 |
| Production Materials Supvr. | This position is responsible for planning, coordinating, and administering all facets of the generating station's purchasing and inventory management activities. | 1 |
| Production Support Leader | This position is responsible for providing support for the daily production capabilities of the generating assets. | 2 |
| Resource Planner | This position is responsible for providing maintenance and investment support resource planning, forecasting, and coordinating maintenance work management systems for the generating facilities. | 10 |
| Restoration Coordinator | The purpose of this position is to effectively analyze trouble calls, determine trouble locations, direct, coordinate, and dispatch crews, and provide proper safety clearance to line or substation workers. | 9 |
| Revenue Collection Representative | Responsible for completing tasks and/or administering specific revenue collection processes. | 1 |
| Revenue Protection Investigtr | This position performs the investigation of suspected theft and unauthorized use of gas or electric service and/or vandalism of facilities. Also, performs internal investigations. | 1 |
| Scientist | Performs environmental assessments and develops pollution control programs for facilities and operations. | 2 |
| Secretary | This position is responsible for handling administrative and secretarial duties. | 1 |
| Service Center Attendant | Perform a variety of duties in connection with storeroom operations. | 1 |
| Service Dispatcher | Responsible for the scheduling of daily service orders for Field Service technicians. | 56 |
| Service Technician | Serve as point of contact for handling customer request, first responder to emergency service and trouble calls and performs general service and line construction activities as assigned. | 7 |
| Storeroom Technician | Perform with limited supervision/oversight, all functions necessary for stocking, receiving, issuing, documenting, and handling materials for plant maintenance & operations. | 24 |
| Substation Supervisor | Supervise a crew to ensure that service is provided to our customers, maintain existing services, upgrade facilities as requested, and to help restore service during outages. | 9 |
| Substation Technician | Supervise a crew to ensure that service is provided to our customers, maintain existing services, upgrade facilities as requested, and to help restore service during outages. | 1 |
| | To assist the construction and service crews in providing service to all customers. | 6 |
| | To build and maintain our Distribution substations. | 5 |
| Supervisor - Production | This position is responsible for leading, planning, scheduling and coordinating the daily production capabilities of the generating assets. | 8 |
| Supervisor Maintenance | This position plans, coordinates and monitors maintenance activities related to electrical/instrumentation aspects of power plants. Supervises the chief mechanics and provides technical direction for E/I maintenance activities. | 1 |
| Supvr. Building And Grounds | Perform and/or provide day-to-day hands on technical oversight for the work of employees related to the general maintenance and upkeep of outside buildings, structures, and grounds. | 2 |
| Team Leader | Direct supervision of employees and contractor personnel for the installation, testing and maintenance of all primary substation equipment. | |

| Job Category | Description of Duties | Total |
|--------------------|---|-------|
| | Direct field supervision of construction and maintenance crews during the construction and maintenance of overhead and underground electric transmission and distribution lines and facilities. | 14 |
| | Servicing customers while supervising Restoration Coordinators, dispatching of daily outages and coordination of network restoration as a result of storms, equipment failure, maintenance of right-of-way and the performance of maintenance of distribution circuits. | 1 |
| | Supervising and coordinating all activities within the Revenue Collection department. | 1 |
| Telecom Technician | Responsible for activities associated with technical areas such as microwave and fiber optics transmission equipment, two-way radio equipment, and substation equipment such as remote terminal units, power line carrier, and related equipment. | 9 |
| Trainee | Power plant instrument maintenance position perform duties to clean, check, inspect, repair, maintain, and install station instrumentation and controls equipment and systems. | 5 |
| Unit Operator | Perform duties in connection with the operation and routine maintenance of turbine, boilers, auxiliary equipment, generators, pollution control equipment, HVAC, and other equipment pertinent to plant operation and the production of electricity. | 121 |
| | | 970 |

**PPL CORPORATION, E.ON AG, E.ON US INVESTMENTS CORP.,
E.ON U.S. LLC, LOUISVILLE GAS AND ELECTRIC COMPANY AND
KENTUCKY UTILITIES COMPANY**

CASE NO. 2010-00204

**Joint Response to Lexington-Fayette Urban County Government's
Requests for Information Dated June 21, 2010**

Question No. 5

Responding Witness: S. Bradford Rives / William H. Spence

- Q-5. Do the Joint Applicants anticipate that there will be any consolidation of management, workforce, facilities, customer service center(s), financial services operations, etc., if the acquisition is approved? If so, please explain in detail, particularly as to Kentucky Utilities.
- A-5. No such plans currently exist. Please refer to Exhibit B to the Purchase and Sale Agreement in which PPL agrees to offer to make to the Commission in this proceeding certain regulatory commitments regarding the future operations of LG&E and KU (the "Regulatory Commitments"), including those made with respect to management and workforce.

**PPL CORPORATION, E.ON AG, E.ON US INVESTMENTS CORP.,
E.ON U.S. LLC, LOUISVILLE GAS AND ELECTRIC COMPANY AND
KENTUCKY UTILITIES COMPANY**

CASE NO. 2010-00204

**Joint Response to Lexington-Fayette Urban County Government's
Requests for Information Dated June 21, 2010**

Question No. 6

Responding Witness: S. Bradford Rives / William H. Spence

- Q-6. Explain in detail any and all of the differences in management, services, performance, etc., that any of the Joint Applicants anticipate will result if the acquisition is approved?

- A-6. See Exhibit B in the Purchase and Sale Agreement for Regulatory Commitments made by PPL with respect to the impact of the transaction on management, service and performance.

**PPL CORPORATION, E.ON AG, E.ON US INVESTMENTS CORP.,
E.ON U.S. LLC, LOUISVILLE GAS AND ELECTRIC COMPANY AND
KENTUCKY UTILITIES COMPANY**

CASE NO. 2010-00204

**Joint Response to Lexington-Fayette Urban County Government's
Requests for Information Dated June 21, 2010**

Question No. 7

Responding Witness: S. Bradford Rives / Paul A. Farr

- Q-7. What rate of growth in customers, net income and dividends has been projected for Kentucky Utilities by the Joint Applicants?
- A-7. The Joint Applicants have not independently projected a rate of growth in customers, net income and dividends for KU.

**PPL CORPORATION, E.ON AG, E.ON US INVESTMENTS CORP.,
E.ON U.S. LLC, LOUISVILLE GAS AND ELECTRIC COMPANY AND
KENTUCKY UTILITIES COMPANY**

CASE NO. 2010-00204

**Joint Response to Lexington-Fayette Urban County Government's
Requests for Information Dated June 21, 2010**

Question No. 8

Responding Witness: Lonnie E. Bellar

- Q-8. Provide a copy of each newsletter or other communication sent to employees of Kentucky Utilities regarding the acquisition.
- A-8. Please see attached.



Employee Bulletin

April 28, 2010

E.ON U.S. LLC
220 West Main Street
P.O. Box 32030
Louisville, Kentucky 40232

PPL to Acquire E.ON U.S.

- *Headquarters and Management of LG&E and KU to Remain Unchanged*
- *No Downsizing of LG&E and KU Work Forces*
- *Combination Creates Strong Partnership for LG&E, KU and the Served Communities*
- *Companies to Maintain Commitments to Local Communities and Charitable Giving*

Internal Communications
T 502-627-2520
F 502-627-3629
internal.communications
@eon-us.com

Dear Employees:

I'm proud to announce that E.ON and PPL Corporation of Allentown, Pa., have reached a definitive agreement for the sale of E.ON U.S. to PPL for \$7.625 billion.

This transaction brings commitments from PPL that make this a winning combination for employees, customers, investors and the Commonwealth of Kentucky. These commitments, created in part through discussions with Governor Steve Beshear and Mayor Jerry Abramson, ensure that the headquarters remain in Kentucky for 15 years, the management team remains intact, no jobs will be lost as a result of the transaction, our community investment levels remain unchanged and our support of economic development continues.

PPL Corporation is a large Fortune 500 company with regulated operations and unregulated activities in the U.S. and the United Kingdom. It is an outstanding company with a strong commitment to its customers and the communities it serves and will be a great asset for the Commonwealths of Kentucky and Virginia.

We have been meeting with PPL and its Chairman and CEO, Jim Miller, and they have quickly embraced the commitments to Kentucky that have marked our time with E.ON. It is evident they committed to your expertise and talents, which have made this company one in which they would seek ownership.

Additionally, in recognition of the community relationships E.ON has built as our parent company over the past decade, E.ON announced it will make the

following donations: \$2 million to the University of Kentucky for clean coal research; \$2 million to the University of Louisville for engineering and energy efficiency programs; and \$2 million to the E.ON U.S. Foundation for community and charitable needs.

We expect to close the transaction before year-end following regulatory approvals. As we move through the process we will keep you apprised of further developments.

Sincerely,



Vic Staffieri
Chairman, CEO and President

(View personal message from Staffieri on the intranet.) – ADD LINK

PPL Commitments

PPL is dedicated to being a strong partner to LG&E, KU and the communities in which they operate. As part of this commitment, PPL noted that:

- **LG&E and KU Will Maintain Existing Headquarters and Names:** The corporate headquarters will remain in Louisville. LG&E and KU will also maintain their headquarters in Louisville and Lexington, respectively, and will continue to operate under their current names.
- **Management Team Remains in Place and in Kentucky:** Local leadership of E.ON U.S. will remain intact, continuing their current duties and responsibilities – in Kentucky – running the day-to-day operations of LG&E and KU.
- **No Downsizing as a Result of this Transaction:** PPL commits that no planned work force reductions will be made as a result of this transaction. All union contracts remain in place, and LG&E and KU will maintain their same position of neutrality on future organizing activities.

- **Power from LG&E and KU Dedicated to Existing Customers:** Consistent with current operations, power produced by LG&E and KU will be dedicated to their existing and future native load customers.
- **Same Economic Development Criteria:** PPL has committed to helping further LG&E's and KU's existing efforts to help bring new jobs to Kentucky. They will continue to work with the Commonwealth of Kentucky and the various agencies to proactively pursue economic development opportunities.
- **Support for Low-Income Customers to Continue:** LG&E and KU will continue to provide at least the same level of assistance for low-income customers that they do today.
- **Local Communities Can Continue to Count on LG&E and KU:** PPL has an established record as a leader in community giving. LG&E and KU will maintain at least the same level of charitable giving as they do today.
- **Clean Coal and Alternative Energy Investments to be Pursued:** PPL has an established track record of responsible environmental stewardship. Approximately 50 percent of its portfolio consists of coal-fired plants, and PPL has made significant investments to upgrade its plants with state-of-the-art emission control technology. PPL is committed to working with Kentucky officials to continue to pursue these opportunities in the Commonwealth.
- **Best-in-Class Service Will Be Maintained:** Like LG&E and KU, PPL and its employees are known for providing award-winning customer service. PPL Electric Utilities has — and LG&E and KU have — received numerous J.D. Power and Associates awards for customer satisfaction. Both companies are committed to ensuring continued high-quality customer service.

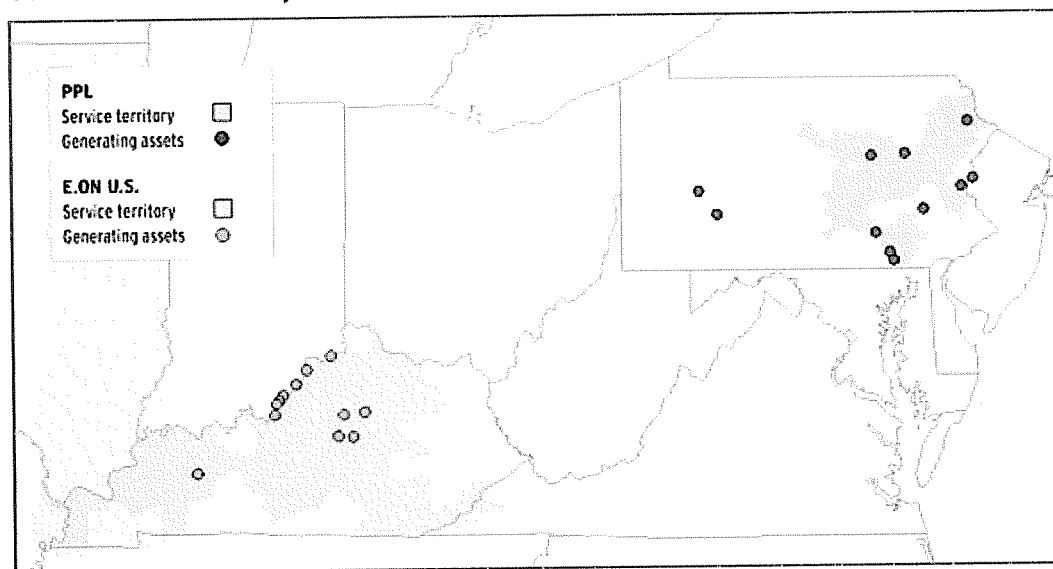
A Strong, More Diversified PPL

PPL Corporation has agreed to acquire E.ON U.S., the holding company for Louisville Gas & Electric Company and Kentucky Utilities Company, for a net cost of \$7.19 billion.

| | PPL | E.ON U.S. | Combined Companies |
|----------------------------------|------------------|-----------------|--------------------|
| Utility customers | 4 million | 1.3 million | 5.3 million |
| Revenues (2009) | \$7.556 billion | \$2.64 billion | \$10.196 billion |
| Rate base (2011 estimated) | \$6.1 billion | \$6.4 billion | \$12.5 billion |
| Total assets (as of 12/31/09) | \$22.2 billion | \$8 billion | \$30.2 billion |
| Competitive generation capacity | 11,695 megawatts | None | 11,695 megawatts |
| Regulated generation capacity | None | 8,077 megawatts | 8,077 megawatts |
| Number of employees | 10,489 | 3,127 | 13,616 |
| Enterprise value (1) | \$18.2 billion | \$7.6 billion | \$25.8 billion |

(1) Based on PPL stock price as of 4/10/10

Combined Utilities Operations



PPL Corporation

A Strong Partner, Committed to Kentucky



PPL Corporation



PPL: A Strong Partner for LG&E & KU

Attachment to Response to LFUCG Question No. 8
Page 6 of 14
Bellar

PPL Commitment

**Same
Headquarters
and Names**



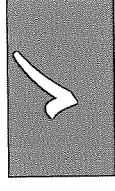
The corporate headquarters will remain in Louisville and KU will maintain its headquarters in Lexington and will continue to operate under their current names.



Same People



PPL looks forward to welcoming LG&E and KU. There will be no downsizing and no changes in management, or their responsibilities, at LG&E and KU as a result of this transaction.



No Downsizing



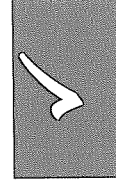
There are no planned work force reductions as a result of this transaction. All union contracts remain in place and we will maintain our same position of neutrality on future organizing activities.



**Committed to
Communities**



PPL has an established record as a leader in community giving. LG&E and KU will maintain at least the same level of charitable giving as they do today.

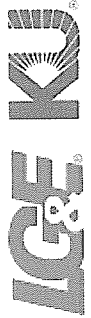
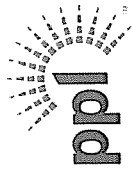


Attachment to Response to LFUCG Question No. 8
 Page 7 of 14
 Bellar

PPL: A Strong Partner for Kentucky

PPL Commitment

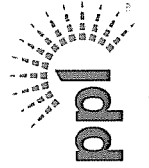
| | | |
|--|---|--|
| Best in Class Service | Like LG&E and KU, PPL and its employees are known for providing award-winning customer service. By sharing ideas the companies expect to get even better at what they do. | |
| Economic Development | PPL has committed to helping further LG&E's and KU's existing pro-active efforts to help bring new jobs to Kentucky. | |
| Clean Coal and Alternative Energy | Approximately 50% of PPL's portfolio consists of coal-fired generation. PPL has made significant investments to upgrade these plants and add alternative sources of energy, including hydro and wind. | |
| Generation to Support Ky. Customers | Consistent with current operations, power produced by LG&E and KU will be dedicated to our existing and future native load customers. | |



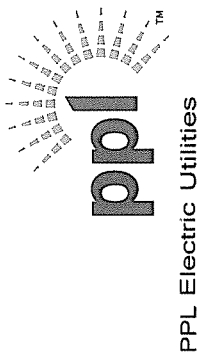
PPL and E.ON U.S. at a Glance

| | PPL | E.ON U.S. | Combined Companies |
|---------------------------------|------------------|-----------------|--------------------|
| Utility customers | 4 million | 1.3 million | 5.3 million |
| Revenues (2009) | \$7.556 billion | \$2.64 billion | \$10.196 billion |
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(1) Based on PPL stock price as of 4/10/10



Best in Class Service



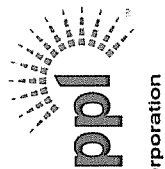
- J.D. Power study of business customer satisfaction among Eastern U.S. utilities
 - Ranked 1st 8 times in the past 11 years
 - Total of 16 awards, more than any other electric utility in the country
- J.D. Power study of residential customer satisfaction among Eastern U.S. utilities
 - Earned top honor 8 times
- Field sites certified as Star sites under the OSHA Voluntary Protection Program



- UK Customer Excellence Award (18 consecutive years)
 - 4 years with no customer complaints to regulator
- Best reliability among 14 distribution companies
- Maximum performance bonuses for surpassing regulatory targets
- Most capital efficient in sector
- Awarded \$240 mm revenue bonus in most recent five-year rate review period for operational performance



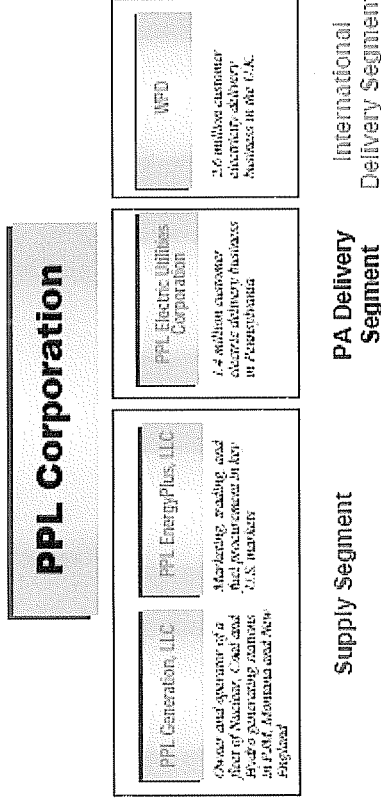
- J.D. Power study of residential customer satisfaction among Midwest U.S. utilities
 - Ranked 1st 7 times in the past 10 years
- KU received highest ranking in JD Power's 2010 electric utility business customer satisfaction study
- Winner of prestigious EEI Emergency Recovery Award for outstanding service restoration during January 2009 ice storm
- EEI 2009 recordable injury rate less than half top quartile performance level



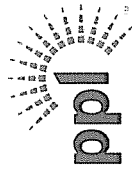
PPL Corporation Overview

- **PPL Corporation** (NYSE: PPL) is a Fortune 500 company with headquarters in Allentown, Pa. with 10,489 employees and four principal subsidiaries:

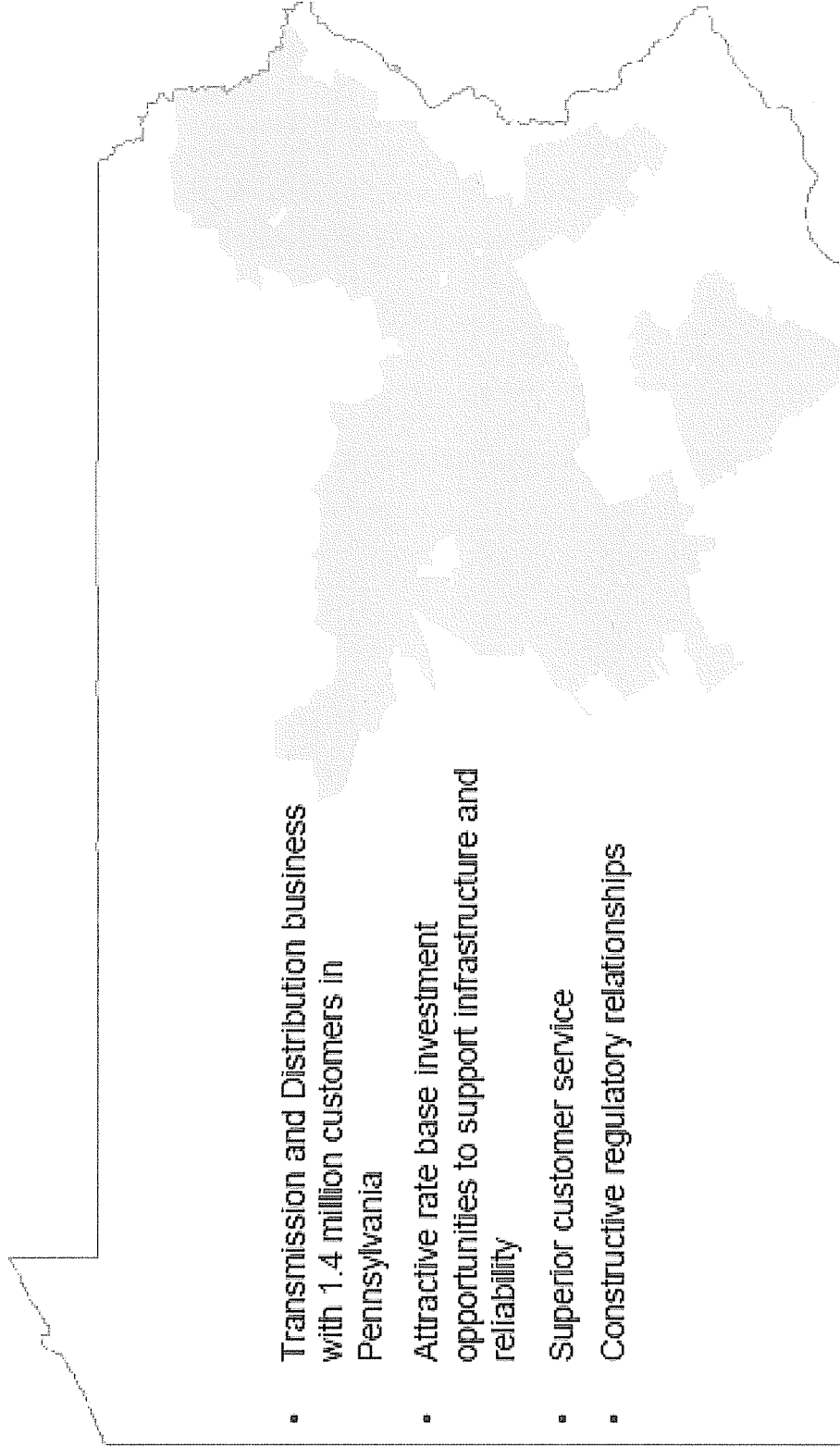
- **PPL EnergyPlus** markets energy in key U.S. markets.
- **PPL Generation** operates more than 12,000 megawatts of electricity generating capacity in Pennsylvania, Montana, Maine, Illinois and Connecticut, with an additional 239 megawatts of planned uprate projects.
- **PPL Electric Utilities** delivers electricity to 1.4 million customers in Pennsylvania.
- **PPL Global** delivers electricity to 2.6 million customers in the U.K.



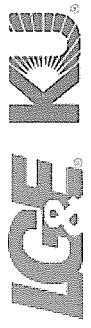
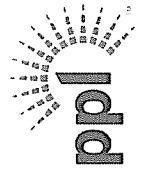
Each day, PPL works hard to fulfill its vision to empower economic vitality and improve quality of life. We do that by providing reliable, safe, competitively priced energy to our customers and best-in-sector returns to shareholders.



PPL Electric Utilities

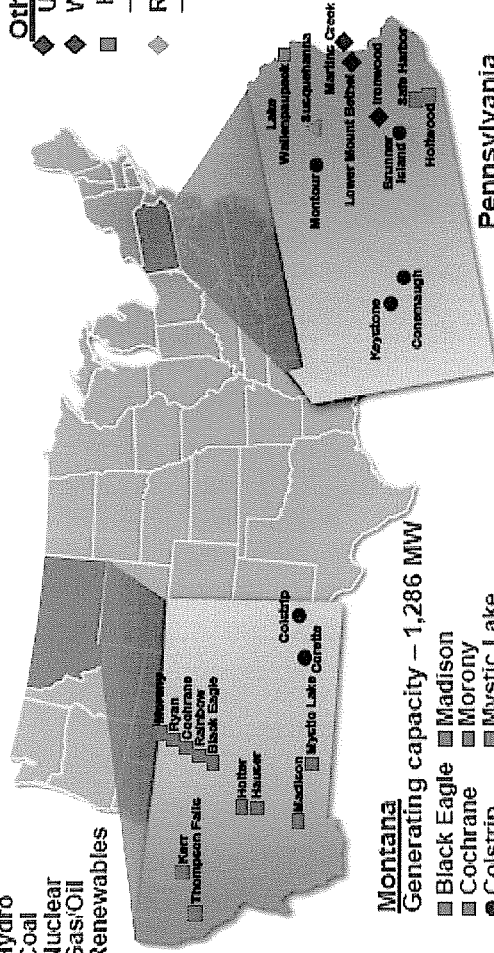


- Transmission and Distribution business with 1.4 million customers in Pennsylvania
- Attractive rate base investment opportunities to support infrastructure and reliability
- Superior customer service
- Constructive regulatory relationships



PPL's Generation Portfolio

- Key**
- Hydro
 - Coal
 - ▲ Nuclear
 - ◆ Gas/Oil
 - ◆ Renewables



Montana

- Generating capacity – 1,286 MW**
- Black Eagle
 - Cochrane
 - Colstrip
 - Hauser
 - Holter
 - Kerr
 - Madison
 - Morony
 - Mystic Lake
 - Rainbow
 - Ryan
 - Thompson Falls

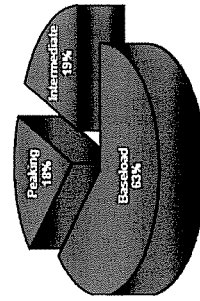
- Other generating stations**
- ◆ University Park, IL – 585 MW
 - ◆ Wallingford, CT – 244 MW
 - Hydroelectric Facilities, ME – 12 MW
 - ◆ Renewable, NJ, CT, NH, VT – 9 MW

Pennsylvania

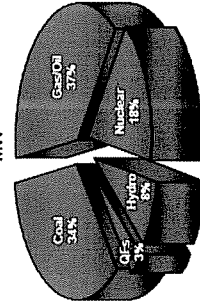
- Generating capacity – 9,583 MW**
- Brunner Island
 - Holtwood
 - Lake Wallenpaupack
 - ◆ Lower Mount Bethel
 - ◆ Martins Creek
 - ◆ Montour
 - ▲ Susquehanna
 - Conemaugh
 - Keystone
 - Safe Harbor
 - ◆ Ironwood

Diverse and Balanced Fleet

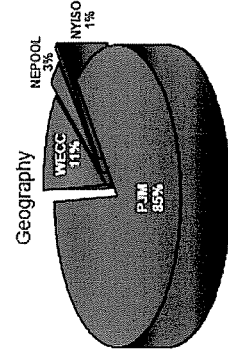
Market Segment



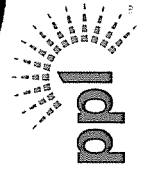
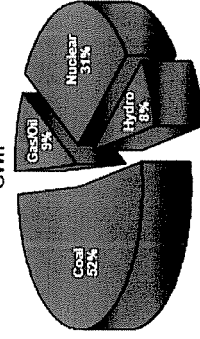
Installed Capacity MW



Geography



Production GWh



PPL: An Industry Leader

A Leader in Service & Reliability

- Consistently ranked among the top companies in the U.S. for customer service and satisfaction

A Leader in Competitive Rates

- Customer rates are below the averages for Pennsylvania, the Northeast and the mid-Atlantic states

A Leader in Workplace Health & Safety

- PPL has received numerous awards for the strength and effectiveness of its safety programs
- Many of PPL's facilities have been certified as Star sites under OSHA's Voluntary Protection Program

A Leader in Community Giving

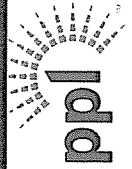
- Over \$3.5 million contributed to charitable organizations in 2008
- \$1 million in grants through the Montana Community Fund since 2005
- \$2.8 million in company and employee contributions to United Way for 2010

A Leader in Environmental Stewardship

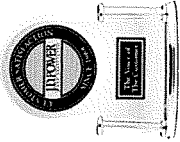
- In addition to investing in renewable energy, PPL has invested \$1.6 billion over since 2006 in clean coal technologies and other plant upgrades
- 8,295 acres of lakes and rivers managed at PPL-maintained environmental preserves for public recreation and habitat preservation

A Leader in Investor Returns

- PPL's 5-year cumulative total return is 44% compared to 34% for EEL Index of Investor-owned Electric Utilities and 17% for S&P 500 from 2004 through 2009



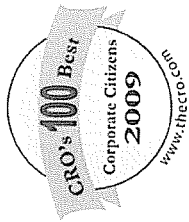
PPL: An Award Winner



- PPL Electric Utilities has received 16 J.D. Power and Associates awards for customer satisfaction - more than any other utility in the country



- In 2009, PPL Corporation ranked 314 on the Fortune 500



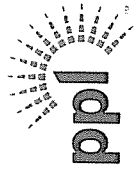
- PPL Corporation was named one of the 100 best corporate citizens for 2008 by CRO magazine



- For the 5th consecutive year, The Arbor Day Foundation, in cooperation with the National Association of State Foresters, recognized PPL Electric Utilities in 2010 as a Tree Line USA utility



- National Safety Council named Jim Miller, PPL's chairman, president and CEO, on its list of CEOs Who "Get It." The list recognizes leaders from all industries who understand the importance of engaging employees in a strong, effective safety program



**PPL CORPORATION, E.ON AG, E.ON US INVESTMENTS CORP.,
E.ON U.S. LLC, LOUISVILLE GAS AND ELECTRIC COMPANY AND
KENTUCKY UTILITIES COMPANY**

CASE NO. 2010-00204

**Joint Response to Lexington-Fayette Urban County Government's
Requests for Information Dated June 21, 2010**

Question No. 9

Responding Witness: Lonnie E. Bellar

- Q-9. List each collective bargaining agreement currently in force with any union representing Kentucky Utilities employees, and its term.
- A-9. There are two collective bargaining agreements currently in force.

| Union | Term |
|--|----------------------------------|
| Local Union No. 2100, International Brotherhood of Electrical Workers, AFL-CIO | August 1, 2009 to August 1, 2012 |
| The United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union | August 1, 2008 to August 1, 2011 |

**PPL CORPORATION, E.ON AG, E.ON US INVESTMENTS CORP.,
E.ON U.S. LLC, LOUISVILLE GAS AND ELECTRIC COMPANY AND
KENTUCKY UTILITIES COMPANY**

CASE NO. 2010-00204

**Joint Response to Lexington-Fayette Urban County Government's
Requests for Information Dated June 21, 2010**

Question No. 10

Responding Witness: S. Bradford Rives / Paul A. Farr

- Q-10. Provide all studies, reports or calculations either commissioned or prepared internally by any of the Joint Applicants which discuss the valuation of Kentucky Utilities or LG&E.
- A-10. See response to KPSC 1-2. While no such reports were prepared separately for Kentucky Utilities or LG&E, the presentations included at KPSC 1-2 reference the transaction price as a function of utility rate base. Information regarding rate base valuation of KU and LG&E were most recently filed in Case No. 2009-00548 and Case No. 2009-00549, respectively.

**PPL CORPORATION, E.ON AG, E.ON US INVESTMENTS CORP.,
E.ON U.S. LLC, LOUISVILLE GAS AND ELECTRIC COMPANY AND
KENTUCKY UTILITIES COMPANY**

CASE NO. 2010-00204

**Joint Response to Lexington-Fayette Urban County Government's
Requests for Information Dated June 21, 2010**

Question No. 11

Responding Witness: S. Bradford Rives / Paul A. Farr

- Q-11. Provide all studies, reports or calculations in the possession of the Joint Applicants or their related companies, regardless of source, which analyze anticipated revenue streams from Kentucky Utilities or LG&E.
- A-11. Please see response to KPSC 1-2.

**PPL CORPORATION, E.ON AG, E.ON US INVESTMENTS CORP.,
E.ON U.S. LLC, LOUISVILLE GAS AND ELECTRIC COMPANY AND
KENTUCKY UTILITIES COMPANY**

CASE NO. 2010-00204

**Joint Response to Lexington-Fayette Urban County Government's
Requests for Information Dated June 21, 2010**

Question No. 12

Responding Witness: S. Bradford Rives / William H. Spence

- Q-12. Describe in detail any and all of the anticipated changes (if any), from an operational perspective, that will result to Kentucky Utilities as a result of the acquisition.
- A-12. There are no significant operational changes anticipated at this time. Please refer to Exhibit B to the Purchase and Sale Agreement for Regulatory Commitments.

**PPL CORPORATION, E.ON AG, E.ON US INVESTMENTS CORP.,
E.ON U.S. LLC, LOUISVILLE GAS AND ELECTRIC COMPANY AND
KENTUCKY UTILITIES COMPANY**

CASE NO. 2010-00204

**Joint Response to Lexington-Fayette Urban County Government's
Requests for Information Dated June 21, 2010**

Question No. 13

Responding Witness: Lonnie E. Bellar / William H. Spence

- Q-13. Explain in detail what differences, if any, that the Joint Applicants anticipate the typical Kentucky Utility customer will notice or experience as a result of the acquisition. To the extent that any particular type of customer is expected to have a different experience as result of such approval, please explain in detail what and how.
- A-13. The transaction should be seamless to all of our customers. Each customer class should expect to receive the same level of reliable service at rates comparable to those that would have been incurred had the acquisition not been concluded.

**PPL CORPORATION, E.ON AG, E.ON US INVESTMENTS CORP.,
E.ON U.S. LLC, LOUISVILLE GAS AND ELECTRIC COMPANY AND
KENTUCKY UTILITIES COMPANY**

CASE NO. 2010-00204

**Joint Response to Lexington-Fayette Urban County Government's
Requests for Information Dated June 21, 2010**

Question No. 14

Responding Witness: S. Bradford Rives / William H. Spence

- Q-14. Describe in detail all of the benefits, if any, to Kentucky Utility's ratepayers that are anticipated to result from the acquisition. Are these benefits in any way measurable or quantifiable? List specific examples, if possible.
- A-14. Kentucky Utilities' ratepayers benefit from the proposed acquisition by having a parent company that is financially strong and has a focus on customer service, cost-efficient operations and steady, long-term growth. Further, Kentucky Utilities' ratepayers benefit from the 54 Regulatory Commitments made as part of the proposed acquisition which maintain the excellent current service and rates and preserve the utilities' assets. Please also refer to the response to KPSC 1-18.

**PPL CORPORATION, E.ON AG, E.ON US INVESTMENTS CORP.,
E.ON U.S. LLC, LOUISVILLE GAS AND ELECTRIC COMPANY AND
KENTUCKY UTILITIES COMPANY**

CASE NO. 2010-00204

**Joint Response to Lexington-Fayette Urban County Government's
Requests for Information Dated June 21, 2010**

Question No. 15

Responding Witness: S. Bradford Rives / William H. Spence

- Q-15. Can Kentucky Utilities' ratepayers expect any enhancement over the current existing level of service as a result of an approval of the acquisition? If so, please provide a detailed response that includes the specific benefit or benefits to be provided broken down by the type of customer (i.e., residential or business). List specific examples, if possible.
- a. More specifically, will Lexington obtain any additional benefit or benefits (level of maintenance, service, types or numbers of products, etc.) as a result of the acquisition? If so, please provide a detailed response that includes the specific benefit or benefits to be provided.
- A-15. The excellent and reliable levels of service presently experienced by Kentucky Utilities' ratepayers will continue after the consummation of the proposed acquisition. Please also refer to the response to KPSC 1-18.
- a. Lexington benefits from the proposed acquisition, as evidenced by the Regulatory Commitments made as part of the proposed acquisition, including, but not limited to the commitments that Lexington will remain the corporate headquarters of Kentucky Utilities, that local customer service offices will not be closed as a result of the proposed acquisition, and that there will be no planned workforce reductions as a result of the proposed acquisition. Please also refer to the response to KPSC 1-18.

**PPL CORPORATION, E.ON AG, E.ON US INVESTMENTS CORP.,
E.ON U.S. LLC, LOUISVILLE GAS AND ELECTRIC COMPANY AND
KENTUCKY UTILITIES COMPANY**

CASE NO. 2010-00204

**Joint Response to Lexington-Fayette Urban County Government's
Requests for Information Dated June 21, 2010**

Question No. 16

Responding Witness: S. Bradford Rives / William H. Spence

Q-16. From the perspective of each type of Kentucky Utilities customer, how and why is it better for the acquisition to be approved than for the current ownership structure to be maintained?

A-16. Please see response to AG 1-70 and AG 1-85.

**PPL CORPORATION, E.ON AG, E.ON US INVESTMENTS CORP.,
E.ON U.S. LLC, LOUISVILLE GAS AND ELECTRIC COMPANY AND
KENTUCKY UTILITIES COMPANY**

CASE NO. 2010-00204

**Joint Response to Lexington-Fayette Urban County Government's
Requests for Information Dated June 21, 2010**

Question No. 17

Responding Witness: Lonnie E. Bellar / William H. Spence

- Q-17. The Joint Applicants make a number of representations regarding continued technical, managerial, and financial capability. Please provide as much detail as possible, including documentation and specific examples, of all known technical, managerial, and financial changes that will result from the approval of the change of control, with a focus on Kentucky Utilities.
- a. What guarantees, if any, do the ratepayers have that the Joint Applicants will stand by these representations?
 - b. Are the Joint Applicants willing to make these representations enforceable by entering into conditions pertaining to them as part of the approval of the proposed acquisition? If so, please explain in detail how such conditions should be stated to best ensure meaningful enforceability. If not, please state why the Joint Applicants are not willing to do so.
- A-17. The support for PPL's technical, managerial, and financial ability to cause Kentucky Utilities to provide reasonable service and the details of how the existing technical, managerial, and financial ability of Kentucky Utilities will be maintained and preserved after the acquisition are fully set forth in the Joint Application. The transaction is structured to maintain and preserve the current and excellent service and rates, and preserve the utility's low cost assets.
- a. Failure to comply with a Commission imposed condition, accepted by the Joint Applicants, would be a failure to comply with a Commission order which could trigger the penalty provisions set forth in KRS 278.990.
 - b. No. As set forth in the response to part (a) above, failure to comply with a Commission imposed condition, accepted by the Joint Applicants, would be a failure to comply with a Commission order which could trigger the penalty provisions set forth in KRS 278.990.

**PPL CORPORATION, E.ON AG, E.ON US INVESTMENTS CORP.,
E.ON U.S. LLC, LOUISVILLE GAS AND ELECTRIC COMPANY AND
KENTUCKY UTILITIES COMPANY**

CASE NO. 2010-00204

**Joint Response to Lexington-Fayette Urban County Government's
Requests for Information Dated June 21, 2010**

Question No. 18

Responding Witness: Lonnie E. Bellar / William H. Spence

Q-18. Does the Application contain an exhaustive list of all the ways in which the acquisition is "consistent with the public interest" in accordance with KRS 278.020 or KRS 278.218? If not, please describe in greater detail in what ways the acquisition is consistent with the public interest.

A-18. Yes. Please see the application and supporting testimony for the details showing how the application is "consistent with the public interest" in accordance with KRS 278.020 and, if applicable, how the application meets the requirements of KRS 278.218.

**PPL CORPORATION, E.ON AG, E.ON US INVESTMENTS CORP.,
E.ON U.S. LLC, LOUISVILLE GAS AND ELECTRIC COMPANY AND
KENTUCKY UTILITIES COMPANY**

CASE NO. 2010-00204

**Joint Response to Lexington-Fayette Urban County Government's
Requests for Information Dated June 21, 2010**

Question No. 19

Responding Witness: S. Bradford Rives / Paul A. Farr

Q-19. Provide all analyses performed by any of the Joint Applicants that describe or quantify the benefits to be achieved by any of them through the acquisition.

A-19. Please refer to the response to KPSC 1-18.

**PPL CORPORATION, E.ON AG, E.ON US INVESTMENTS CORP.,
E.ON U.S. LLC, LOUISVILLE GAS AND ELECTRIC COMPANY AND
KENTUCKY UTILITIES COMPANY**

CASE NO. 2010-00204

**Joint Response to Lexington-Fayette Urban County Government's
Requests for Information Dated June 21, 2010**

Question No. 20

Responding Witness: S. Bradford Rives / Paul A. Farr

Q-20. Do the Joint Applicants believe that the acquisition, if approved, will be value enhancing? If so, in what ways, to whom, and in what amounts?

A-20. Please refer to the response to KPSC 1-18.

**PPL CORPORATION, E.ON AG, E.ON US INVESTMENTS CORP.,
E.ON U.S. LLC, LOUISVILLE GAS AND ELECTRIC COMPANY AND
KENTUCKY UTILITIES COMPANY**

CASE NO. 2010-00204

**Joint Response to Lexington-Fayette Urban County Government's
Requests for Information Dated June 21, 2010**

Question No. 21

Responding Witness: S. Bradford Rives / Karl-Heinz Feldmann / William H. Spence

Q-21. Provide all Board of Director minutes, and information provided to the Board of Directors of any of the Joint Applicants, in which the change of control is discussed.

A-21. Please see response to AG 1-1.

**PPL CORPORATION, E.ON AG, E.ON US INVESTMENTS CORP.,
E.ON U.S. LLC, LOUISVILLE GAS AND ELECTRIC COMPANY AND
KENTUCKY UTILITIES COMPANY**

CASE NO. 2010-00204

**Joint Response to Lexington-Fayette Urban County Government's
Requests for Information Dated June 21, 2010**

Question No. 22

Responding Witness: Lonnie E. Bellar / Paul A. Farr

- Q-22. State whether the Joint Applicants intend to seek recovery of the expenses associated with this proceeding from Kentucky Utilities' ratepayers, including, but not limited to, legal, professional and consulting expenses. If rate recovery for such costs is contemplated as a possibility, please provide an accounting of such costs to date, broken out by category of cost.
- A-22. The Joint Applicants do not intend to seek rate-recovery of the expenses associated with the proposed acquisition.

**PPL CORPORATION, E.ON AG, E.ON US INVESTMENTS CORP.,
E.ON U.S. LLC, LOUISVILLE GAS AND ELECTRIC COMPANY AND
KENTUCKY UTILITIES COMPANY**

CASE NO. 2010-00204

**Joint Response to Lexington-Fayette Urban County Government's
Requests for Information Dated June 21, 2010**

Question No. 23

Responding Witness: Lonnie E. Bellar / William H. Spence

Q-23. State whether the Joint Applicants would agree to a "most favored nations clause" condition as part of the approval of the proposed transfer that would require them to agree to meet or exceed the conditions placed upon any of the Joint Applicants as the result of the approval of the proposed transfer in other jurisdictions.

A-23. Please see response to AG 1-89.

**PPL CORPORATION, E.ON AG, E.ON US INVESTMENTS CORP.,
E.ON U.S. LLC, LOUISVILLE GAS AND ELECTRIC COMPANY AND
KENTUCKY UTILITIES COMPANY**

CASE NO. 2010-00204

**Joint Response to Lexington-Fayette Urban County Government's
Requests for Information Dated June 21, 2010**

Question No. 24

Responding Witness: Lonnie E. Bellar / Paul A. Farr

- Q-24. Describe in detail, in what ways (if any) the change of control is anticipated by the Joint Applicants to impact any ongoing Commission case involving Kentucky Utilities.
- A-24. Case No. 2010-00204 is not anticipated to have any impact on any other ongoing case before the Commission. Concurrently with the filing of its Joint Application, also filed was *Application of Louisville Gas and Electric Company for an Order Authorizing the Restructure and Refinancing of Unsecured Debt and the Assumption of Obligations and for Amendment of Existing Authority*, Case No. 2010-00205 and *Application of Kentucky Utilities Company for an Order Authorizing the Restructure and Refinancing of Unsecured Debt and the Assumption of Obligations and for Amendment of Existing Authority*, Case No. 2010-00206. These applications are related to the Joint Application.

**PPL CORPORATION, E.ON AG, E.ON US INVESTMENTS CORP.,
E.ON U.S. LLC, LOUISVILLE GAS AND ELECTRIC COMPANY AND
KENTUCKY UTILITIES COMPANY**

CASE NO. 2010-00204

**Joint Response to Lexington-Fayette Urban County Government's
Requests for Information Dated June 21, 2010**

Question No. 25

Responding Witness: Lonnie E. Bellar / Paul A. Farr

- Q-25. Will the acquisition in any way increase the current level of risk borne by Kentucky Utilities?
- A-25. No. The shareholder of Kentucky Utilities Company will not change. E.ON U.S. LLC will continue to hold and own the equity stock of Kentucky Utilities Company after the acquisition. In addition, the capital structure is not expected to change.

**PPL CORPORATION, E.ON AG, E.ON US INVESTMENTS CORP.,
E.ON U.S. LLC, LOUISVILLE GAS AND ELECTRIC COMPANY AND
KENTUCKY UTILITIES COMPANY**

CASE NO. 2010-00204

**Joint Response to Lexington-Fayette Urban County Government's
Requests for Information Dated June 21, 2010**

Question No. 26

Responding Witness: Lonnie E. Bellar / William H. Spence

- Q-26. Are the Joint Applicants aware that Kentucky Utilities currently has a franchise agreement with Lexington?
- a. Do the Joint Applicants intend to follow the provisions of said franchise agreement? If the answer is "no" as to any particular provision of the franchise agreement, please list each such provision and explain why it will not be followed.
 - b. What guarantees does Lexington have that the Joint Applicants will honor the provisions of the franchise agreement?

A-26. Yes.

- a. Yes.
- b. KU's obligations pursuant to the franchise agreement will not change as a result of the change of control at the corporate parent level.

**PPL CORPORATION, E.ON AG, E.ON US INVESTMENTS CORP.,
E.ON U.S. LLC, LOUISVILLE GAS AND ELECTRIC COMPANY AND
KENTUCKY UTILITIES COMPANY**

CASE NO. 2010-00204

**Joint Response to Lexington-Fayette Urban County Government's
Requests for Information Dated June 21, 2010**

Question No. 27

Responding Witness: S. Bradford Rives / William H. Spence

Q-27. Will any of the Kentucky-based Joint Applicants engage in non-regulated activities or in any way provide non-regulated service? If so, generally describe all such activities or services in detail and indicate the extent to which each such Applicant engages in or provides such activities or services.

A-27. As stated in the testimony of Mr. Victor Staffieri at page 6:

While E.ON U.S. or its unregulated subsidiaries continue to be contractual counter-parties to discontinued operations such as the release and termination of the lease with Big Rivers Electric Corporation (i.e., the "Unwind"), going forward, E.ON U.S. will be used primarily as the holding company for KU and LG&E and occasional non-regulated activities within Kentucky. Any non-utility businesses or foreign utilities of PPL will not be held by LG&E or KU or a subsidiary of LG&E or KU after the closing of the transaction.

It is not anticipated that LG&E or KU will engage in non-regulated activities or provide non-regulated services. In fact, in Regulatory Commitment No. 3(e), PPL, E.ON U.S., LG&E and KU committed that they "will not cross-subsidize between the regulated and non-regulated businesses, and shall comply with the Commission's applicable orders and rules with respect to such matters."