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 COMPANY AND KENTUCKY UTILITIES COMPANY FOR APPROVAL OF AN ACQUISITION OF OWNERSHIP AND CONTROL OF UTILITIES

CASE NO. 2010-00204

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 FIRST DATA REQUEST OF COMMISSION STAFF DATED JUNE 23, 2010

FILED: July 6, 2010
Response to Question No. 11
Page 1 of 2
Feldmann / Bellar / Spence

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 First Data Request of Commission Staff
Dated June 23, 2010

Question No. 11

Responding Witness: Karl-Heinz Feldmann / Lonnie E. Bellar / William H. Spence

Q-11. Provide organizational charts that show the name and title of each person
currently employed as a vice president or above for each of the following entities:
PPL, E.ON AG, E.ON Investments, E.ON U.S. LLC, LG&E and KU.

A-11. With respect to PPL, the following list includes the name and title of each person
currently serving as a vice president or above of PPL:

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>James H. Miller</td>
<td>Chairman, President and Chief Executive Officer</td>
</tr>
<tr>
<td>Paul A. Farr</td>
<td>Executive Vice President and Chief Financial Officer</td>
</tr>
<tr>
<td>William H. Spence</td>
<td>Executive Vice President and Chief Operating Officer</td>
</tr>
<tr>
<td>Robert J. Grey</td>
<td>Senior Vice President, General Counsel and Secretary</td>
</tr>
<tr>
<td>James E. Abel</td>
<td>Vice President-Finance and Treasurer</td>
</tr>
<tr>
<td>Vincent Sorgi</td>
<td>Vice President and Controller</td>
</tr>
</tbody>
</table>

With respect to E.ON AG, the attached chart includes the name and title of each person currently serving as a vice president or above of E.ON AG.
Response to Question No. 11
Page 2 of 2
Feldmann / Bellar / Spence

With respect to E.ON Investments, the following list includes the name and title of each person currently serving as a vice president or above:

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dr. Johannes Teyssen</td>
<td>Chairman of the Board</td>
</tr>
<tr>
<td>Karl-Heinz Feldmann</td>
<td>Executive Vice President</td>
</tr>
<tr>
<td>Dr. Frank Possmeier</td>
<td>Executive Vice President</td>
</tr>
<tr>
<td>Jochen Kley</td>
<td>President</td>
</tr>
<tr>
<td>S. Bradford Rives</td>
<td>Chief Financial Officer</td>
</tr>
<tr>
<td>John R. McCall</td>
<td>Vice President and Secretary</td>
</tr>
</tbody>
</table>

With respect to E.ON U.S., LG&E and KU the following list includes the name and title of each person currently serving as a vice president or above of E.ON U.S. LLC, LG&E and KU:

<table>
<thead>
<tr>
<th>Name</th>
<th>Job Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staffieri, Victor A</td>
<td>Chairman of the Board, Chief Executive Officer &amp; President</td>
</tr>
<tr>
<td>Rives, Stephen B</td>
<td>Chief Financial Officer</td>
</tr>
<tr>
<td>McCall, John R</td>
<td>EVP, General Counsel/Corp Secretary/Chief Compliance Officer</td>
</tr>
<tr>
<td>Gallus, Martyn (*)</td>
<td>SVP – Energy Marketing</td>
</tr>
<tr>
<td>Hermann, Chris</td>
<td>SVP - Energy Delivery</td>
</tr>
<tr>
<td>Thompson, Paul W</td>
<td>SVP - Energy Services</td>
</tr>
<tr>
<td>Pottinger, Paula H</td>
<td>SVP - Human Resources</td>
</tr>
<tr>
<td>Keeling, Rudolph W</td>
<td>VP - Communications</td>
</tr>
<tr>
<td>Blake, Kent W</td>
<td>VP - Corporate Planning and Development</td>
</tr>
<tr>
<td>Douglas, Laura Green</td>
<td>VP - Corporate Responsibility and Community Affairs</td>
</tr>
<tr>
<td>O’Brien, Dorothy E</td>
<td>VP and Deputy General Counsel, Legal and Environmental Affairs</td>
</tr>
<tr>
<td>Thomas, Paul Gregory</td>
<td>VP - Energy Delivery - Distribution Operations</td>
</tr>
<tr>
<td>Malloy, John P</td>
<td>VP - Energy Delivery - Retail Business</td>
</tr>
<tr>
<td>Sinclair, David S</td>
<td>VP - Energy Marketing</td>
</tr>
<tr>
<td>Siemens, George Robert</td>
<td>VP - External Affairs</td>
</tr>
<tr>
<td>Beer, Michael S</td>
<td>VP - Federal Regulation and Policy</td>
</tr>
<tr>
<td>Bowling, Donald Ralph</td>
<td>VP - Power Production</td>
</tr>
<tr>
<td>Bellar, Lonnie E</td>
<td>VP - State Regulation and Rates</td>
</tr>
<tr>
<td>Voyles, Jr., John N</td>
<td>VP - Transmission and Generation Services</td>
</tr>
<tr>
<td>Arbough, Daniel K (**)</td>
<td>Treasurer</td>
</tr>
<tr>
<td>Scott, Valerie L (**)</td>
<td>Controller</td>
</tr>
</tbody>
</table>

* Due to his current service in an overseas assignment, Martyn Gallus is a Vice President or above for E.ON U.S. only.

** Daniel K. Arbough and Valerie L. Scott do not have a vice president title, however, they are officers for E.ON U.S. LLC, LG&E and KU.
Attachment to Response to Question No. 11
Page 1 of 1
Spence

Officers of PPL Corporation
(Vice President and above)

James H. Miller
Chairman, President and
Chief Executive Officer

Paul A. Farr
Executive Vice President and
Chief Financial Officer

William H. Spence
Executive Vice President and
Chief Operating Officer

Robert J. Grey
Senior Vice President,
General Counsel and
Secretary

James E. Abel
Vice President-Finance and
Treasurer

Vincent Sorgi
Vice President and
Controller
Q-25. Refer to page 4 of the Testimony of Lonnie E. Bellar. Describe in detail all discussions between PPL, LG&E and KU regarding PPL's efforts and mitigation measures to permit LG&E and KU to continue to operate without being participants in a Regional Transmission Organization. Provide documentation thereof including, but not limited to, e-mails, memoranda, letters, and transcripts of phone conversations.

A-25. The only discussions concerning this issue between PPL, LG&E, and KU occurred between their chief executive officers ("CEOs") in a face-to-face meeting concerning the proposed transaction. At that meeting, the CEO of LG&E and KU suggested that the Commission likely would not welcome membership in a Regional Transmission Organization ("RTO") as a condition of the proposed transaction. As stated in the Testimony of James H. Miller, CEO of PPL, in this proceeding, PPL has therefore committed to use its reasonable best efforts to address any market power mitigation concerns of federal regulators through means other than RTO membership for LG&E and KU.¹ This position is also prevalent in the application filed with FERC regarding the acquisition of E.ON U.S. by PPL which was filed with the KPSC.

¹ Miller Testimony at 12-13.
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 COMPANY AND KENTUCKY UTILITIES COMPANY FOR APPROVAL OF AN ACQUISITION OF OWNERSHIP AND CONTROL OF UTILITIES

CASE NO. 2010-00204

JOINT RESPONSE OF
PPL CORPORATION, PPL RHODE ISLAND HOLDINGS, LLC
NATIONAL GRID USA, and THE NARRAGANSETT ELECTRONIC COMPANY
Docket No. D-21-09
Attachment PPL-DIV 3-10-2
Page 7 of 184

FILED: July 26, 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 the Supplemental Information Request of Commission Staff
Dated July 16, 2010

Question No. 10

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

Q-10. Has PPL or any of its affiliates, E.ON AG ("E.ON") or any of its affiliates, or any person on behalf of PPL, E.ON or any of their respective affiliates prepared or performed any analysis, calculation, estimate, projection, study, report, memorandum, or letter (collectively "document"), whether partial, preliminary, incomplete, or final, related to the following:

a. The sale, transfer or other disposition of the LG&E gas distribution system separately from the LG&E electric system?

b. The synergies that now exist within LG&E due to its operation as a combined electric and gas system?

c. The costs or benefits now existing on the LG&E system that would be impacted if LG&E’s gas system and electric system do not continue to be operated by the same utility?

d. If the response to any of the above is yes, provide copies of each such document.

A-10. a. No analysis addressing this issue was prepared by any of the Joint Applicants or any person acting on their behalf.

b. No analysis addressing this issue was prepared by any of the Joint Applicants or any person acting on their behalf.

c. No analysis addressing this issue was prepared by any of the Joint Applicants or any person acting on their behalf.

d. Not Applicable.
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 the Supplemental Information Request of Commission Staff
Dated July 16, 2010

Question No. 10

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a. The sale, transfer or other disposition of the LG&E gas distribution system separately from the LG&E electric system?

b. The synergies that now exist within LG&E due to its operation as a combined electric and gas system?

c. The costs or benefits now existing on the LG&E system that would be impacted if LG&E’s gas system and electric system do not continue to be operated by the same utility?

d. If the response to any of the above is yes, provide copies of each such document.

A-10. a. No analysis addressing this issue was prepared by any of the Joint Applicants or any person acting on their behalf.

b. No analysis addressing this issue was prepared by any of the Joint Applicants or any person acting on their behalf.

c. No analysis addressing this issue was prepared by any of the Joint Applicants or any person acting on their behalf.

d. Not Applicable.
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 COMPANY AND KENTUCKY UTILITIES COMPANY FOR APPROVAL OF AN ACQUISITION OF OWNERSHIP AND CONTROL OF UTILITIES CASE NO. 2010-00204

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 ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION DATED JUNE 23, 2010

FILED: July 6, 2010
Joint Response to the Attorney General’s Initial Request for Information
Dated June 23, 2010

Question No. 2

Responding Witness: Lonnie E. Bellar / Counsel

Q-2. Please provide copies of any and all documentation between the joint applicants or amongst the joint applicants which discuss the application.

A-2. Joint Applicants object to the question on grounds that the documents sought are protected by the attorney-client privilege and the work product doctrine. Discussions and documentation of discussions of Joint Applicants concerning the application in this case – an application which would be subject to litigation – were conducted and/or prepared in consultation with Joint Applicants’ legal counsel. A response to this question would necessarily require the Joint Applicants to reveal the contents of communications with counsel and the mental impressions of counsel. The question is also overly broad, unduly burdensome, and vague and ambiguous, rendering it not susceptible to a reasonable response. Without waiving the objections above, please refer to the Joint Applicants’ responses to the other 409 data requests, including subparts.
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 the Attorney General’s Initial Request for Information
Dated June 23, 2010

Question No. 7

Responding Witness: Lonnie E. Bellar

Q-7. Please provide copies of any reports, analyses or reviews of the credit profile for
E.ON after any approval of the application as conducted by any / each of the joint
applicants.

A-7. No reports, analyses, or reviews of E.ON’s credit profile after any approval of the
application were conducted by any of the joint applicants.
Joint Response to the Attorney General’s Initial Request for Information
Dated June 23, 2010

Question No. 8

Responding Witness: Lonnie E. Bellar

Q-8. Please provide the total number of employees working in any and all of the joint applicants' customer service centers, regardless of location, dedicated to addressing inquiries and other needs of customers located in Kentucky. Please provide the total number of such employees as of the date of your response to this request, and an estimate for the number of such employees following the completion of the contemplated transaction.

a. Please provide a copy of any existing agreement, whether a collective bargaining or otherwise, between both of the Joint Applicants and their respective union employees.

A-8. There are currently 230 employees dedicated to addressing inquiries and other needs of customers located in Kentucky. Staffing levels are projected to stay the same or increase slightly at the time of completion of the contemplated transaction. These numbers include Management and supporting staff.

a. These employees are not collective bargaining or otherwise and do not operate under an agreement with the Company. However, enclosed on the CD in the folder titled Question No. 8 are the Collective Bargaining Agreements for union employees with LG&E and KU.
Joint Response to the Attorney General’s Initial Request for Information
Dated June 23, 2010

Question No. 10

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

Q-10. Please state whether the Joint Applicants will agree to make available for inspection copies of any and all documents they have filed with any and all other regulatory bodies, whether state or federal, regarding the contemplated transaction.

A-10. Upon request, the Joint Applicants will make available for inspection and copying the documents filed with other state and federal regulatory agencies. Some documents are confidential, and, if requested, such confidential documents would be filed with the Commission under a Petition for Confidential Treatment. Copies of the filings that have been made in Tennessee, Virginia and FERC have already been provided.
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 the Attorney General's Initial Request for Information
Dated June 23, 2010

Question No. 27

Responding Witness: Lonnie E. Bellar

Q-27. Provide the name and position of the person(s) who prepared each Exhibit to the
application filing materials.

A-27. The exhibits to the application were assembled under Lonnie E. Bellar's
supervision and direction.
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 the Attorney General’s Initial Request for Information
Dated June 23, 2010

Question No. 28

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

Q-28. Please provide a copy of any and all materials, including but not limited to
transcripts of presentations, recordings or notes of presentations, or other
information, regarding any and all financial analyses concerning the transaction.

A-28. The request is overly broad and unduly burdensome. Without waiver of this
objection, 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 the Attorney General’s Initial Request for Information
Dated June 23, 2010

Question No. 36

Responding Witness: Lonnie E. Bellar

Q-36. Will the surviving companies give clear and conspicuous notice to Kentucky consumers regarding any change in services resulting from the merger?

A-36. The Joint Applicants do not anticipate any changes in services to Kentucky consumers as a result of the transaction. LG&E and KU will exist after the change in control as they exist now and will continue to provide the same high quality of service after the acquisition of their parent corporation has taken place.
Question No. 47

Responding Witness: Lonnie E. Bellar

Q-47. When did E.ON, whether by way of its own agent(s) or a contractor, conduct its last study on the integrity of the Dix Dam?

a. Provide the name and qualifications of the person(s) who conducted the study.

b. Provide copies of any and all reports that were created as a result of the study.

c. Provide a copy of the most recent inspection report of Dix Dam issued by the Kentucky Department of Water.

A-47. a. See the attached file “2009 Dix Dam Inspectors”.

b. See enclosed on the CD in folder titled Question No. 47 for the “2009 Dix Dam Inspection Report Final” and “2009 Dix Dam STI Report Final”.

c. See the attached file “2009 Dix Dam DOW Inspection”.
<table>
<thead>
<tr>
<th>Name</th>
<th>License</th>
<th>Title</th>
<th>Affiliation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jim Erwin</td>
<td>PhD, PG</td>
<td>Senior Engineering Geologist</td>
<td>Erwin Geological, Inc.</td>
</tr>
<tr>
<td>Donald Bruce</td>
<td>PhD</td>
<td>Engineering Geologist</td>
<td>Geosystems, L.P.</td>
</tr>
<tr>
<td>Paul Booth</td>
<td>PE</td>
<td>Project and Department Manager</td>
<td>Arcadis</td>
</tr>
<tr>
<td>Bill Hunt</td>
<td>PE</td>
<td>Project Manager</td>
<td>Arcadis</td>
</tr>
<tr>
<td>Pete Zimmerman</td>
<td>PE, PG</td>
<td>Senior Geotechnical Engineer / Project Manager</td>
<td>Arcadis</td>
</tr>
</tbody>
</table>
November 2, 2009

Dear KY Utilities Co:

On October 30, 2009, personnel from the Energy and Environment Cabinet, Division of Water, inspected the above referenced structure. A copy of the inspection report is enclosed. The Division of Water is responsible for performing safety inspections of dams in Kentucky.

Kentucky Revised Statutes Chapter 151 (KRS 151) and associated regulations establish minimum maintenance and design criteria for dams. KRS 151.125 gives the Division of Water authority to require any measures necessary to bring the dam into compliance with statutes and regulations. As the owner you are required to maintain the dam to assure public safety.

Based on our visual inspection of the dam, the following deficiencies need to be corrected:

- Monitor the concrete slab on the upstream slope for movement and damage to expansion joints.
- Monitor seepage for changes in volume or color.
- Repair leaks in penstocks.

If you have any questions concerning this matter, please contact Marilyn Thomas at (502) 564-3410.

Sincerely,

[Signature]

Marilyn Thomas, P.E.
Dam Safety and Floodplain Compliance Section
Water Resources Branch
Division of Water

Enclosure:
CERTIFICATE OF INSPECTION FOR DAM AND APPURTE'NANT WORKS

Note: The Division of Water does not intend this report to be taken as an assurance that no other problems exist at this site or that this dam is safe. The report's sole intent is to provide you a factual account of the conditions observed at the site during the inspection. If you have questions, write this office at the above listed address or call (502) 564-3400.

<table>
<thead>
<tr>
<th>ID of Dam:</th>
<th>0316</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name of Dam:</td>
<td>Dix River Dam</td>
</tr>
<tr>
<td>Agency Interest:</td>
<td>3148</td>
</tr>
<tr>
<td>HUC:</td>
<td>00510025170</td>
</tr>
<tr>
<td>County:</td>
<td>Mercer</td>
</tr>
<tr>
<td>Inspection Date:</td>
<td>October 30, 2009</td>
</tr>
<tr>
<td>Weather:</td>
<td>Clear, 81 deg.</td>
</tr>
<tr>
<td>Inspection Type:</td>
<td>Dams</td>
</tr>
</tbody>
</table>

Persons Present at Inspection: Marilyn Thomas, Gary Wells, Finlay, Jeff

Height of Dam: 287 feet
Latitude Dec Deg: 37.785557
Longitude Dec Deg: -84.705833
Type of Dam: Rockfill Dam 102' long, top width 20' wet side is faced with derrick placed rock covered with concrete slab 18" @ bottom & 8" @ top, conc. core wall 8' minimum thickness. See remarks.

Upstream Slope of Dam: The upstream slope is a concrete slab. Some of the expansion joints have opened with the settlement of the dam. There are weathered patches on the concrete. There are no appreciable changes since the last inspection.

Crest of Dam: The crest of the dam is a gravel road in good condition. A 15° gas line runs the length of the dam.

Downstream Slope of Dam: The downstream slope is rock-fill. There were no noted slumps, slides or subsidence areas. The downstream slope has not changed since the last inspection.

Toe Drains: No toe drains
Attachment to Response to AG Question No. 47(c)

CERTIFICATE OF INSPECTION
FOR

KV ID: 0316

Principal Spillway: APPROX. 24’ DIA. RISER WITH INTAKES AT 568.3, 24’ DIA, CONCRETE LINED HORSESHOE TUNNEL 875’ LONG IN EAST CLIFF HEADS 30’ DIA PENSTOCKS WHICH LEAD TO GENERATORS IN THE POWERPLANT.

Principal Spillway Comment: The inlet tower is in good condition as seen from the dam. There is some leakage from the penstocks at the expansion joints. KU will repair that within the next two weeks.

Stilling Basin: The stilling basin is in good condition.

Emergency Spillway: TWO SECTIONS, Ogee Section 277’ LONG WITH CONCRETE CREST AT 758.5, Ogee Section Has 1 1/2 FOOT FLASHBOARDS(CREST OF Ogee AND FLASHBOARDS IS 769.0), 10 GATES 35 WIDE; BOTTOMS OF GATES ARE: 2 AT 748.0; 3 AT 748.5; 2 AT 749.0; 3 AT 750.0; TOP OF GATES W

Emergency Spillway Comments: The emergency spillway, gate structures and concrete weir are in good condition. The railings around the access bridge are being painted this week.

Drawdown System: Drawdown is accomplished through the penstocks.

Location of Drawdown Valve: Drawdown is through penstocks

Last Date of Operation: 2009

Does Hazard Classification need to be Reevaluated? This is a high hazard structure. No changes.

Were Photographs Taken? Yes

General Comments and Recommendations:
The dam is in generally good condition. The expansion joints should continue to monitored for movement. The seepage should be monitored for change in volume or color.

Inspector: Marilyn Thomas, P.E.
Reviewer: Marilyn Thomas, P.E.
Date: 11-2-09
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. 2016-00204

Joint Response to the Attorney General’s Initial Request for Information
Dated June 23, 2010

Question No. 48

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

Q-48. Have any of the joint applicants conducted a recent, complete due diligence report
of all EPA requirements associated with all EPA regulated facilities?

a. If yes, please provide a copy of copies same.

b. If not, why not?

c. If not, do the surviving Kentucky companies believe it prudent to accept
“ownership” of the applicable facilities without a due diligence report?

A-48. a. No comprehensive due diligence report identifying the environmental
compliance status of all facilities was prepared.

b. PPL performed substantial due diligence of E.ON U.S.’s EPA-regulated
facilities. PPL reviewed documents provided by E.ON AG during the due
diligence process as well as other publicly available information, including
E.ON U.S. submittals to the PSC regarding its environmental capital plans.
PPL also participated in various due diligence calls with E.ON U.S. personnel
concerning environmental matters. Due to the voluminous environmental
requirements applicable to the regulated facilities and time constraints, no
written report was prepared. Also, see response to Question No. 22.

c. The facilities subject to environmental regulations are currently owned and
operated by LG&E or KU. The proposed acquisition of E.ON U.S. by PPL
will not result in any change in ownership of facilities subject to
environmental regulations.
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 the Attorney General’s Initial Request for Information
Dated June 23, 2010

Question No. 55

Responding Witness: Lonnie E. Bellar / Counsel

Q-55. Reference the application at pages 20 and 21. Please provide a list of any previously PSC imposed commitments which are not included on Exhibit B.

A-55. The Joint Applicants object to this question on the grounds that it calls for original work to be performed in comparing the regulatory commitments proposed for this transaction to conditions imposed in previous change of control cases. The Attorney General has all information necessary to make the requested comparison. He has: (1) all historical commitments resulting from previous change of control cases; (2) the commitments that have been proposed for the transaction at issue; and (3) detailed discussion of those proposed commitments in the Application (pp. 19-28) and supporting testimony (Exhibit M to the 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 the Attorney General's Initial Request for Information
Dated June 23, 2010

Question No. 56

Responding Witness: Lonnie E. Bellar

Q-56. Reference the application at pages 20 and 21. Please provide a list of any proposed commitments in Exhibit B that have not been previously imposed by the PSC.

A-56. See the response to Question No. 55.
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 the Attorney General’s Initial Request for Information
Dated June 23, 2010

Question No. 62

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

Q-62. Reference the application at page 25. Please reconcile the statement that “local
customer service offices will not be closed as a result of the proposed acquisition”
with the statement that “any future closures of customer service offices will take
into account the impact on customer service.” Are any future closures being
contemplated notwithstanding any approval of the acquisition?

A-62. No. There are no future closures of customer service offices currently being
contemplated notwithstanding any approval of the acquisition.
PPL CORPORATION, E.ON AG, E.ON US INVESTMENTS CORP.,
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Question No. 63

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

Q-63. Reference the application at page 26. Will the join applicants commit to have
LG&E maintain a contact person in Louisville to respond to special needs in the
Louisville area?

A-63. See the response to Question No. 53. For the reasons stated therein, the Joint
Applicants do not believe that different or additional commitments regarding a
contact person in Louisville are necessary or appropriate.
Reference the application at page 26. The joint applicants commit to minimize any negative impacts on customer service and satisfaction resulting from workforce reductions. Are workforce reductions contemplated as a result of any approval of this acquisition? Are workforce reductions currently being contemplated notwithstanding any approval of the acquisition?

The word “planned” in Regulatory Commitment No. 16 means that the Joint Applicants have no current plan to reduce the workforce of E.ON U.S., LG&E or KU as a result of the proposed acquisition, and that PPL Corporation has no current plan to develop a workforce reduction plan after the closing of the proposed acquisition.
Joint Response to the Attorney General's Initial Request for Information
Dated June 23, 2010

Question No. 66

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

Q-66. Reference Exhibit D, paragraph 8, last sentence which reads: “No generation assets located within Kentucky will be sold to finance this or any subsequent merger or acquisition without prior Commission authorization.” Please reconcile this statement with that appearing at page 21 of the application that neither PPL Kentucky, LG&E or KU will incur any costs associated with this transaction other than the repayment and refinancing of closing indebtedness.

A-66. There is no conflict between these two statements. No generation assets in Kentucky will be sold to finance this 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

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Joint Response to the Attorney General’s Initial Request for Information
Dated June 23, 2010

Question No. 67

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

Q-67. Reference: Joint Application (Exhibit D Page 7 of 7, No. 54). If there is harm to
the wholesale customers, then how will they be “held harmless”? Include in the
discussion whether there is any potential adverse consequence to the non-
wholesale customers associated with holding the wholesale customers harmless
(or whether the shareholders / investors will bear all costs of holding the
wholesale customers harmless).

A-67. As PPL and E.ON explain in the Application to FERC, filed on June 28, 2010,
PPL and E.ON have pledged to hold harmless all transmission and current
wholesale customers from any costs associated with the transaction (e.g.
transaction costs) for a period of five years to the extent that such costs exceed
savings related to the transaction. In the past, FERC has found similar
commitments by applicants sufficient to alleviate any concerns regarding the
impact of a proposed transaction on rates. This “hold harmless” commitment,
however, is not a rate freeze and would not preclude changes in rates attributable
to non-transaction costs or to the costs of value of the assets themselves. In the
past, FERC has accepted similar limitations on this “hold harmless” commitment.
PPL CORPORATION, E.ON AG, E.ON US INVESTMENTS CORP.,
E.ON U.S. LLC, LOUISVILLE GAS AND ELECTRIC COMPANY AND
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Question No. 72

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

Q-72. Reference the testimony of Mr. Farr at page 5. What does he mean that after the acquisition is completed, it will acquire "utility franchises that currently operate under progressive and fair regulation?"

A-72. The professionals at the Kentucky Public Service Commission have regulated LG&E and KU for decades in a fair and progressive manner that has resulted in excellent customer service, reasonable rates and reasonable returns to shareholders. That regulation, along with LG&E’s and KU’s long history of superior management, means that PPL will be acquiring best-in-class utility franchises.
PPL CORPORATION, E.ON AG, E.ON US INVESTMENTS CORP., E.ON U.S. LLC, LOUISVILLE GAS AND ELECTRIC COMPANY AND KENTUCKY UTILITIES COMPANY

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Question No. 89

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

Q-89. Will the joint applicants agree to commit in this jurisdiction to any other conditions or commitments that are either imposed by or agreed upon in any other regulatory approval process associated with this transaction in any other jurisdiction?

A-89. Joint Applicants would not agree to a “most favored nations clause” condition, and state that such a condition would be without merit in any event, given the nature of this transfer. In cases concerning utilities that provide service in many states, and face extensive transfer proceedings and commitments imposed by numerous state commissions, such a clause might have relevance. Here, however, neither the Virginia or Tennessee commissions, which have regulatory authority over relatively minor portions of KU’s territory, is likely to impose any condition that pertains to any issue other than a purely local concern.
Response to Question No. 91
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Question No. 91

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

Q-91. Reference: Petition for Confidential Protection. The Petition (at numbered paragraph 3) indicates that "PPL became the purchaser of E.ON U.S. through a regimented negotiation process." With regard to this statement, please answer and provide the following:

a. A narrative that describes the development of the structure for the bidding and negotiation process and include in the narrative the identity of the individuals who responsible for the development and approval of the structure of the bidding and negotiation process.

b. Identify every corporation, holding company, partnership, firm, individual, investor group, or other entity that was invited, solicited, or asked to participate in the bidding process.

c. Identify the criteria for selecting targets for soliciting a bid.

d. To the extent that there were "various sequences of the bidding process," describe in detail each sequence and identify the participants for each sequence and the corresponding result, by participant, of each sequence. (By participant, indicate whether the participant moved to the next level, whether the participant withdrew, whether the participant was eliminated, etc.)

e. For any participant in the bidding process that submitted a valuation of E.ON U.S. or otherwise identified a purchase price, please provide a copy of the valuation and identify the purchase price.

f. For any valuation or purchase price submitted, indicate whether E.ON AG or E.ON U.S. asked a third-party consultant (such as an investment advisor, financial consultant, etc.) to review, critique, or otherwise analyze the valuation or purchase price. If there was a request, then please provide details for each request and the response and include any documents relating to the request and response, including e-mails.
g. Were there any unsolicited requests for the purchase of E.ON U.S.? If yes, then please identify each unsolicited request and indicate the action taken regarding the request.

A-91. Joint Applicants object to the question and its subparts on the ground that they are irrelevant. Information concerning the identities of persons and entities who participated in bidding and/or negotiating prior to the PPL purchase agreement has nothing to do with the Commission’s inquiry in this matter which, as the Commission has held, must remain focused “upon the qualifications of the acquiring party and the potential effects of the transfer actually before us.”¹

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PPL CORPORATION, E.ON AG, E.ON US INVESTMENTS CORP.,
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CASE NO. 2010-00204

Joint Response to the Attorney General’s Initial Request for Information
Dated June 23, 2010

Question No. 92

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

Q-92. Reference: Joint Application (at pages 2 and, again, beginning at page 19). With regard to the statement that the transaction is “consistent with the public interest,” please provide and answer the following:

a. For the transaction through which E.ON AG obtained approval for the change of control and ownership of LG&E and KU, resulting from the acquisition by E.ON of Powergen (Ky PSC Case No. 2001-104), identify each factor, stated-reason, rationale provided by the Joint Applicants in that proceeding supporting an argument that approval of the acquisition by E.ON AG was consistent with the public interest within the meaning of KRS 278.020(5).

b. With regard to each factor, stated-reason, rationale provided by the Joint Applicants in Case No. 2001-104 in support of an argument that the acquisition by E.ON AG was consistent with the public interest, please indicate how the approval of the agreement presented in this proceeding impacts that factor, stated-reason, or rationale.

c. Please identify with specificity each factor, stated-reason, or rationale of the Joint Applicants offered in support of their argument that the PPL purchase is consistent with the public interest, within the meaning of KRS 278.020(5).

d. Is it the position of the Joint Applicants that “a financial investment by a global energy company” is inconsistent with (or otherwise not in) the public interest? If no, then please explain why the proposed acquisition provides any incremental public benefit. (For example, is the case that E.ON AG has no "incentive to operate LG&E and KU with the goal of sustainable long-term growth for the benefit of those companies and their customers, employees, managers and community stakeholders"?)

e. Is it the position of any of the Joint Applicants that continued ownership by E.ON AG is not in the public interest? If yes, then please identify the date on which any Joint Applicant made this determination.
A-92. Joint Applicants object to the question and its subparts on the grounds that they are argumentative, irrelevant, and/or cumulative and that any attempt to answer them would be unduly burdensome. The information sought by subpart a is of record in the case cited in the question, a case in which the Attorney General fully participated. The opinion sought in subpart b is wholly irrelevant to this proceeding, as it also concerns factors at issue in another case. The information sought in subpart c – Joint Applicants’ reasons for believing that the transfer of control proposed in this case is in the public interest – already appears in the Application. The argument and opinion invited by subparts d and e - whether Joint Applicants consider global energy company investments to be in the public interest, whether E.ON AG has incentive to operate LG&E and KU so as to sustain long term growth, and whether ownership by E.ON AG is in the public interest - have no relevance here because PPL, and not E.ON AG, is the proposed acquirer. Pursuant to KRS 278.020(5) and (6), the relevant issues concern “the qualifications of the acquiring party and the potential effects of the transfer actually before” the Commission.  

\(^{2}\) Id.
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July 26, 2010 Joint Supplemental Response to the Attorney General's Initial Request for Information Dated June 23, 2010

Question No. 92

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

Q-92. Reference: Joint Application (at pages 2 and, again, beginning at page 19). With regard to the statement that the transaction is “consistent with the public interest,” please provide and answer the following:

a. For the transaction through which E.ON AG obtained approval for the change of control and ownership of LG&E and KU, resulting from the acquisition by E.ON of Powergen (Ky PSC Case No. 2001-104), identify each factor, stated-reason, rationale provided by the Joint Applicants in that proceeding supporting an argument that approval of the acquisition by E.ON AG was consistent with the public interest within the meaning of KRS 278.020(5).

b. With regard to each factor, stated-reason, rationale provided by the Joint Applicants in Case No. 2001-104 in support of an argument that the acquisition by E.ON AG was consistent with the public interest, please indicate how the approval of the agreement presented in this proceeding impacts that factor, stated-reason, or rationale.

c. Please identify with specificity each factor, stated-reason, or rationale of the Joint Applicants offered in support of their argument that the PPL purchase is consistent with the public interest, within the meaning of KRS 278.020(5).

d. Is it the position of the Joint Applicants that “a financial investment by a global energy company” is inconsistent with (or otherwise not in) the public interest? If no, then please explain why the proposed acquisition provides any incremental public benefit. (For example, is the case that E.ON AG has no “incentive to operate LG&E and KU with the goal of sustainable long-term growth for the benefit of those companies and their customers, employees, managers and community stakeholders”?)

e. Is it the position of any of the Joint Applicants that continued ownership by E.ON AG is not in the public interest? If yes, then please identify the date on which any Joint Applicant made this determination.
A-92. a. In Case No. 2001-00104, the record showed numerous reasons why the acquisition was in the public interest pursuant to KRS 278.020(5), including, but not limited to: (1) E.ON decided to base its U.S. energy operations of the combined E.ON-Powergen-E.ON U.S. group in Louisville, which gave Kentucky an important opportunity resulting in national and international recognition; (2) the financial strength of LG&E and KU, which would benefit from E.ON’s financial strength and access to financial markets; (3) economic development for the benefit of Kentucky resulting from continuing reliable and low-cost energy, which would help to keep the region’s cost of living low and positively affect Kentucky’s ability to attract and retain population, human capital, and jobs; (4) E.ON’s adoption of Powergen’s commitments and the operation of LG&E’s and KU’s earning sharing mechanisms, which ensured that any savings that resulted from the acquisition were shared with LG&E and KU customers; (5) the continuance of best practices coupled with E.ON’s contribution to the same, leading to a focus on dynamic best practices; and (6) E.ON continuing LG&E’s and KU’s commitments to the communities they serve through charitable, civic, and educational investment and undertakings.

b. Approval of the proposed acquisition will impact the above referenced rationales as follows: (1) while E.ON will no longer base its U.S. energy operations here, Louisville will continue to be the headquarters of both PPL Kentucky and LG&E, and Lexington will continue to be the headquarters of KU for a period of 15 years following consummation of the proposed acquisition, thereby extending the time frame from E.ON’s commitment in Case No. 2001-104, and the economic benefit to Kentucky of these headquarters is not expected to change as a result of the proposed acquisition; (2) LG&E and KU continue to be financially strong, and will only benefit from PPL’s financial strength; (3) economic development for the benefit of Kentucky resulting from reliable and low-cost energy is not expected to change as a result of the proposed acquisition; (4) while the ESM that was committed to in Case No. 2001-104 is no longer in effect, Regulatory Commitment 39 ensures that LG&E’s and KU’s ratepayers continue to share in an appropriate amount of any potential future savings; (5) PPL, PPL Kentucky, LG&E, and KU will continue to focus on world-class best practices following consummation of the proposed acquisition; and (6) PPL has committed to maintaining or exceeding E.ON’s current levels of commitment to the communities served by LG&E and KU. Please also refer to the Joint Applicants’ Supplemental Response to the Attorney General’s Initial Request 1-103.

c. The proposed acquisition is consistent with the public interest because: (1) PPL, PPL Kentucky, LG&E, and KU will adhere to the conditions described in the Commission’s orders in Case Nos. 10296, 89-374, 97-300, 2000-095, and 2001-104, except to the extent expressly superseded by KRS 278.2201 through 278.2219, the jurisdiction of FERC or the findings and conditions of the Commission in response to the Joint Application; (2) PPL, PPL Kentucky, LG&E, and KU made commitments regarding the protection of utility resources; (3) PPL, PPL Kentucky, LG&E, and KU made commitments regarding the monitoring of the holding company and its subsidiaries; (4) PPL, PPL Kentucky, LG&E, and KU made commitments regarding
the adequacy of reporting; (5) PPL, PPL Kentucky, LG&E, and KU made commitments regarding the continuity of the Kentucky presence of LG&E and KU; (6) PPL, PPL Kentucky, LG&E, and KU made commitments regarding the continuity of quality service by LG&E and KU; and (7) PPL, PPL Kentucky, LG&E, and KU made commitments regarding the relationships of PPL and its Kentucky subsidiaries with government, the community, employees and other stakeholders. The evidence supporting the reasons why the proposed acquisition is consistent with the public interest is more fully set forth in the Joint Application and supporting testimony.

d. No. PPL, as the potential acquirer, however, aligns the ownership and control of LG&E and KU more fully with domestic interests and regulatory concerns. PPL's operations in the United Kingdom, more fully discussed on pages 11-12 of the Joint Application, make it a “global energy and utility holding company” as that phrase was used on and in the context of page 4 of the Joint Application, but it is also a domestically headquartered and operated company. PPL has made numerous regulatory commitments that ensure that LG&E’s and KU’s historical financial strength, quality of service, and commitments to the communities they serve will continue. Further, the Commission has held that, with the types of Regulatory Commitments that have been proposed in this transaction, it is in the public interest to approve the transfer of a utility from the ownership and control of a multinational entity that has chosen to focus its efforts on the European energy market. See In the Matter of: The Joint Petition of Kentucky-American Water Company, Thames Water Aqua Holdings GMBH, RWE Aktiengesellschaft, Thames Water US Holdings, Inc., and American Water Works Company, Inc. for Approval of a Change in Control of Kentucky-American Water Company, Case No. 2006-00197 at pg. 18 (Ky. PSC April 16, 2007).

e. No.
Question No. 98

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

Q-98. Reference: Joint Application (at page 18). With regard to the statement that PPL “is aware from its domestic operation of the importance and viability of coal as a fuel supply for the generation of electric power,” please answer the following:

a. Is it the Joint Applicants' position that E.ON AG is not aware of the “importance and viability of coal as a fuel supply for the generation of electric power”? If yes, then please fully explain.

b. Is it the Joint Applicants' position that PPL's alleged awareness represents an incremental improvement in awareness over that of E.ON AG (with regard to the importance and viability of coal as a fuel supply)? If yes, then please fully explain the basis for the position and include any analysis or documentation relating to the incremental improvement.

A-98. a. No.

b. No.
PPL CORPORATION, E.ON AG, E.ON US INVESTMENTS CORP.,
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Question No. 99

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

Q-99. Do the Joint Applicants anticipate, project, or otherwise forecast any additional
reorganizations, mergers, change of control, or other transactions (in the nature of
those in Ky PSC cases number 10296, 89-374, 97-300) involving KU or LG&E
for the thirty-six (36) month period following an approval and consummation of
this purchase agreement? If yes, then please describe in detail.

A-99. The Joint Applicants do not anticipate any corporate reorganizations involving
LG&E or KU for the period referenced in the question.
Question No. 103

Responding Witness: Lonnie E. Bellar

Q-103. For each commitment made by the Joint Applicants, please identify the aspect of the commitment that does not presently exist. (In other words: For each commitment indicate whether it is simply a continuation of a current commitment or whether it represents an incremental increase in an existing commitment or a wholly-new commitment.)

A-103. Please see the response to Question No. 55.
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

July 26, 2010 Joint Supplemental Response to the Attorney General’s Initial Request for Information Dated June 23, 2010

Question No. 103

Responding Witness: Lonnie E. Bellar

Q-103. For each commitment made by the Joint Applicants, please identify the aspect of the commitment that does not presently exist. (In other words: For each commitment indicate whether it is simply a continuation of a current commitment or whether it represents an incremental increase in an existing commitment or a wholly-new commitment.)

A-103. Please see the Attachment. Bolded text refers to text not present in the commitments from Case No. 2001-00104. Italicized text provides additional comments on the regulatory commitments. The Attachment also includes a list of commitments from Case No. 2001-00104 that were not made in Case No. 2010-00204. The Attachment is also responsive to the Attorney General’s Initial Requests 55 and 56 and Supplemental Requests 47 and 48.
RELATION OF REGULATORY COMMITMENTS MADE OFFERED BY JOINT APPLICANTS IN CASE NO. 2010-00204 TO PREVIOUS TRANSACTIONS

1. Except to the extent expressly superseded by KRS 278.2201 through 278.2219, the jurisdiction of the FERC or the findings and conditions set forth in this Order, Purchaser, the Company, Louisville Gas and Electric Company (“LG&E”), and Kentucky Utilities Company (“KU”) shall adhere to the conditions described in the Commission’s Orders in Case Nos. 10296, 89-374, 97-300, 2000-095, and 2001-104. The conditions, restated in Appendix B to the Commission’s May 15, 2000 Order in Case No. 2000-095 and incorporated by reference into the Commission’s August 6, 2001 Order in Case No. 2001-104, concern protection of utility resources, monitoring the holding company and the subsidiaries, and reporting requirements. (Same text in Appendix A No. 1 – Case No. 2001-00104)

2. Purchaser commits that the books and records of the Company, LG&E, and KU will be kept in Kentucky. (Same text in Appendix A No. 2 – Case No. 2001-00104)

3. (a) Purchaser, the Company, LG&E, and KU commit not to assert that the FERC’s jurisdiction under PUHCA 2005 legally preempts the Commission from disallowing recovery in retail rates for the cost of goods and services that LG&E or KU obtain from or transfer to an associate, affiliate, or subsidiary in the same holding-company system. However, LG&E and KU shall retain the right to assert that the charges are reasonable and appropriate. (Same text in Appendix A No. 3 – Case No. 2001-00104, except reference is to FERC instead of SEC and there is no reference to the Ohio vs. FERC decision)

(b) The Commission or its agents may audit the accounting records of Purchaser and its subsidiaries that are the bases for charges to LG&E or KU, to determine the reasonableness of allocation factors used by Purchaser to assign costs to LG&E or KU and amounts subject to allocation or direct charges. Purchaser agrees to cooperate fully with such Commission audits. (Not a specific commitment in Appendix A No. 3 – Case No. 2001-00104)

(c) Purchaser, the Company, LG&E and KU will comply with all applicable Commission statutes and regulations regarding affiliated transactions, including timely filing of applications and reports. (Not a specific commitment in Appendix A No. 3 – Case No. 2001-00104)

(d) Each of LG&E and KU will file on an annual basis an affiliated interest report including an organization chart, narrative description of each affiliate, revenue for each affiliate and transactions with each affiliate. (Not a specific commitment in Appendix A No. 3 – Case No. 2001-00104)

(e) Purchaser, the Company, LG&E and KU 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. *Not a specific commitment in Appendix A No. 3 – Case No. 2001-00104*)

Purchaser, the Company, LG&E and KU will provide the Commission access to all books of account, as well as all documents, data, and records of their affiliated interests, which pertain to transactions between LG&E or KU, on the one hand, and their affiliated interests, on the other hand, or which are otherwise relevant to the business of LG&E or KU, as the case may be. *Not a specific commitment in Appendix A No. 3 – Case No. 2001-00104*)

4. Purchaser, the Company, LG&E, and KU commit to provide the Commission with notice 30 days prior to any FERC filing that proposes new allocation factors. The notice need not be in precise form of the final filing but will include, to the extent information is available, a description of the proposed factors and the reasons supporting such factors. Purchaser, the Company, LG&E, and KU commit to make a good faith attempt to resolve differences, if any, with the Commission in advance of filing with the FERC. *Same text in Appendix A No. 5 – Case No. 2001-00104 except reference is to FERC instead of SEC*)

5. Purchaser, the Company, LG&E, and KU commit that the Purchase will have no impact on the base rates or the operation of the fuel adjustment clauses, environmental surcharges, gas supply clause, demand side management clause, of LG&E or KU. *Same text in Appendix A No. 7 – Case No. 2001-00104*)

6. Purchaser, the Company, LG&E, and KU commit to obtaining Commission approval prior to the transfer of any LG&E or KU Property, Plant and Equipment asset with an original book value in excess of $10 million. *Same text in Appendix A No. 8 – Case No. 2001-00104*)

7. Purchaser, the Company, LG&E, and KU commit that the Power Supply System Agreement and the Transmission Coordination Agreement between KU and LG&E shall remain in effect and that any proposed amendment thereto be submitted to the Commission for its review 30 days in advance of filing the amendment with the FERC. *Same text in Appendix A No. 9 – Case No. 2001-00104*)

8. Purchaser, the Company, LG&E, and KU commit that the Company, its subsidiaries, LG&E and KU, and their ratepayers, directly or indirectly, shall not incur any additional costs, liabilities, or obligations in conjunction with the Purchase (other than except in connection with the repayment and refinancing of Closing Indebtedness in accordance with its terms) including, but not limited to, the following: *Other than bolded text, same text in Appendix A No. 10 – Case No. 2001-00104*)

(a) The Company, LG&E, and KU shall not incur any additional indebtedness, issue any additional securities, or pledge any assets of LG&E or KU to finance any part of the purchase price paid by Purchaser for the Company equity interest; provided however that the Company, LG&E and KU shall be permitted to take any of the foregoing
actions in connection with the repayment and refinancing of Closing Indebtedness.  
(Other than bolded text, same text in Appendix A No. 10(a) – Case No. 2001-00104)

(b) The payment for the Company equity interest shall be recorded on Purchaser's 
books, not the books of the Company or its subsidiaries.  (Same text in Appendix A No. 
10(b) – Case No. 2001-00104)

(c) Neither (i) the premium paid by Purchaser for the Company equity interest, as 
well as any other associated costs, or (ii) losses from the unwind and termination of 
the lease agreement with Big Rivers shall be “pushed down” to LG&E or KU.  (Other 
than bolded text, same text in Appendix A No. 10(c) – Case No. 2001-00104)

(d) All transaction-related costs, including the cost of purchase and the premium paid 
for the Company's equity, shall be excluded for rate-making purposes and from the rates 
of LG&E and KU.  (Same text in Appendix A No. 10(d) – Case No. 2001-00104)

(e) In future rate cases LG&E and KU shall not seek a higher rate of return on equity 
than would have been sought if no acquisition had occurred.  (Same text in Appendix A 
No. 10(e) – Case No. 2001-00104)

(f) The accounting and rate-making treatments of LG&E's and KU's excess deferred 
income taxes shall not be affected by the Purchase.  (Same text in Appendix A No. 10(g) – 
Case No. 2001-00104)

(g) The Company, LG&E and KU will each maintain its own corporate credit 
rating as well as ratings for long-term debt from Moody's and S&P or their 
successor rating agencies.  (New commitment)

(h) No costs of the Company Advisory Board shall be borne by LG&E or KU.  (Same 
text in Appendix A No. 10(h) – Case No. 2001-00104)

(i) No change in control payments will be allocated to the ratepayers of LG&E and 
KU.  (Same text in Appendix A No. 10(i) – Case No. 2001-00104)

(j) If early termination costs are incurred for any senior management of the 
Company, none of these costs will be allocated to LG&E or KU.  (Same text in Appendix 
A No. 10(j) – Case No. 2001-00104)

No generation assets located within Kentucky will be sold to finance this or any 
subsequent merger or acquisition without prior Commission authorization.  (Same text in 
Appendix A No. 10(l) – Case No. 2001-00104)

9. Purchaser, the Company, LG&E and KU commit that the corporate officers of the 
Company, LG&E, and KU shall maintain their current titles and responsibilities as officers 
unless and until otherwise determined by either of their respective Boards of Directors. 
Purchaser, the Company, LG&E and KU will maintain the highest level of management
experience within the Company, LG&E, and KU, and will provide an opportunity to broaden that experience by exchanging positions with other managers in Purchaser’s organization. \textit{(Same text in Appendix A No. 11 – Case No. 2001-00104)}

10. Purchaser commits to taking an active and ongoing role in managing and operating LG&E and KU in the interests of customers, employees, and the Commonwealth of Kentucky, and to take the lead in enhancing LG&E’s and KU’s relationship with the Commission, with state and local government, and with other community interests, including, but not limited to, meetings between Purchaser’s chief executive and the Commission at least twice a year. \textit{(Same text in Appendix A No. 12 – Case No. 2001-00104)}

11. Purchaser commits to maintaining a sound and constructive relationship with those labor organizations that may represent certain employees of the Company, LG&E, and KU; to remain neutral respecting an individual’s right to choose whether or not to be a member of a trade union; to continue to recognize the unions that currently have collective bargaining agreements with LG&E; and to honor those agreements. \textit{(Same text in Appendix A No. 13 – Case No. 2001-00104)}

12. Purchaser, the Company, LG&E, and KU commit to advising the Commission at least annually on the adoption and implementation of best practices at both LG&E and KU following the consummation of the Purchase. \textit{(Same text in Appendix A No. 14 – Case No. 2001-00104)}

13. Purchaser, the Company, LG&E, and KU commit to provide such information as the Commission may request regarding the implementation of best practices, customer service, reliability, and safety. \textit{(Same text in Appendix A No. 15 – Case No. 2001-00104)}

14. LG&E and KU acknowledge that in any Commission proceeding involving safety violations by employees of independent contractors, LG&E and KU shall be responsible for the acts of the employees of the independent contractors to the same extent that LG&E and KU are responsible for the acts of their own employees. \textit{(Same text in Appendix A No. 16 – Case No. 2001-00104)}

15. Purchaser commits to develop, with the assistance of an external consultant, a retention and incentive program for the Company, LG&E, and KU managers, to be implemented following the consummation of the Purchase. The plan will be developed with the goal of being finalized within 120 days of the date of the Commission order approving the Purchase. \textit{(Same text in Appendix A No. 17 – Case No. 2001-00104)}

16. Purchaser commits that no planned workforce reductions in the Company’s, LG&E’s, or KU’s employees will be made as a result of the Purchase. \textit{(Same text in Appendix A No. 18 – Case No. 2001-00104)}

17. If new debt or equity in excess of $100 million is issued by the Company, the Company commits to notify the Commission as soon as practicable prior to the issuance. \textit{(Same text in Appendix A No. 19 – Case No. 2001-00104, except commitment in Case No. 2001-00104 required this at the E.ON AG level. This commitment is defined at the “E.ON U.S.” level.)}
18. Purchaser commits to notifying the Commission subsequent to its board approval and as soon as practicable following any public announcement of (a) any acquisition of a regulated or non-regulated business representing 5 percent or more of Purchaser's capitalization; or (b) the change in effective control or acquisition of any material part of or all of the Company, LG&E or KU, by any other firm, whether by merger, combination, transfer of stock or assets. *(Other than bolded text, same text in Appendix A No. 20 – Case No. 2001-00104)*

19. Purchaser commits to providing an annual report to the Commission detailing the Company's proportionate share of Purchaser's total assets, total operating revenues, operating and maintenance expenses, and number of employees. *(Same text in Appendix A No. 21 – Case No. 2001-00104)*

20. Purchaser commits to notifying the Commission 30 days prior to LG&E or KU, as the case may be, paying any dividend or transferring more than 5 percent of the retained earnings of LG&E or KU, respectively to the Company or Purchaser. *(Same text in Appendix A No. 22 – Case No. 2001-00104)*

21. Purchaser commits to filing with the Commission a copy of its annual reports and its quarterly interim reports on Form 10-K and Form 10-Q filed with the United States Securities and Exchange Commission. *(Same text in Appendix A No. 23 – Case No. 2001-00104)*

22. Purchaser commits to filing with the Commission such additional financial reports as the Commission, from time to time, reasonably determines to be necessary for it to effectively regulate the operation of LG&E and KU. *(Same text in Appendix A No. 24 – Case No. 2001-00104)*

23. LG&E and KU will file with the Commission for informational purposes copies of any applications that *(a) are filed with any other state public utility commission which has jurisdiction over Purchaser or any of its affiliates, and (b) relate to a money pool arrangement or capital contributions to LG&E or KU.* *(Other than bolded text, same text in Appendix A No. 25 – Case No. 2001-00104; Case No. 2001-00104 also referenced only the Virginia State Corporation Commission)*

24. Purchaser, the Company, LG&E, and KU commit to notifying the Commission 30 days prior to making any capital contribution to LG&E or KU and to provide the accounting entries reflecting the capital contribution within 60 days after the close of the month in which the contribution was made. *(Same text in Appendix A No. 26 – Case No. 2001-00104)*

25. Purchaser, the Company, LG&E, and KU commit that customers will experience no adverse change in utility service due to changes, if any, related to LG&E Services, Inc. *(Other than bolded text, same text in Appendix A No. 27 – Case No. 2001-00104)*

26. Purchaser, the Company, LG&E, and KU commit to: a) adequately funding and maintaining LG&E's and KU's transmission and distribution systems; b) complying with all Kentucky laws and all Commission regulations and statutes; and c) supplying LG&E and KU customers' service needs. *(Same text in Appendix A No. 28 – Case No. 2001-00104)*
27. When implementing best practices, Purchaser, the Company, LG&E, and KU commit to taking into full consideration the related impacts on the levels of customer service and customer satisfaction, including any negative impacts resulting from workforce reductions. (Same text in Appendix A No. 29 – Case No. 2001-00104)

28. Purchaser, the Company, LG&E, and KU commit that they will minimize, to the extent possible, any negative impacts on levels of customer service and customer satisfaction resulting from workforce reductions. (Same text in Appendix A No. 30 – Case No. 2001-00104)

29. LG&E and KU commit to periodically filing the various reliability and service quality measurements they currently maintain, to enable the Commission to monitor their commitment that reliability and service quality will not suffer as a result of the Purchase. (Same text in Appendix A No. 31 – Case No. 2001-00104)

30. The Company, LG&E, and KU commit to notifying the Commission in writing 30 days prior to any material changes in their participation in funding for research and development. Material changes include, but are not limited to, any change in funding equal to or greater than 5 percent of any individual company’s previous year’s budget for research and development. The written notification shall include an explanation and the reasons for the change in policy. This Commitment No. 30 does not apply to LG&E’s and KU’s participation in or commitments to FutureGen. (Other than bolded text, same text in Appendix A No. 32 – Case No. 2001-00104)

31. Purchaser commits to maintaining the Company’s level of commitment to high quality utility service, and will fully support maintaining the LG&E and KU track record for superior service quality. (Same text in Appendix A No. 33 – Case No. 2001-00104)

32. Purchaser, the Company, LG&E, and KU commit that LG&E and KU shall continue to operate through regional offices with local service personnel and field crews. (Same text in Appendix A No. 34 – Case No. 2001-00104)

33. Purchaser, the Company, LG&E, and KU commit that local customer service offices will not be closed as a result of the proposed transaction and that, if and when local customer service offices may be closed to achieve world class best practices, Purchaser, the Company LG&E and KU will take into account the impact of the closures on customer service. (Same text in Appendix A No. 35 – Case No. 2001-00104)

34. Purchaser, the Company, LG&E, and KU commit to maintaining the respective headquarters of each of the Company, LG&E and KU in Kentucky for a period of 15 years following the consummation of the Purchase. KU’s headquarters shall be maintained in Lexington, Kentucky; and the Company’s and LG&E’s headquarters shall be maintained in Louisville, Kentucky. (Extension of previous commitment. Same text in Appendix A No. 36 – Case No. 2001-00104, except this commitment is extended for 15 years from consummation instead of 10 years from E.ON acquisition which had been extended through June 30, 2017)
35. Purchaser, the Company, LG&E, and KU commit to dedicating LG&E’s and KU’s existing and future generating facilities to the requirements of LG&E’s and KU’s existing and future native load customers. *(Same text in Appendix A No. 37 – Case No. 2001-00104)*

36. Purchaser and the Company commit that LG&E and KU shall maintain a substantial level of involvement in community activities, through annual charitable and other contributions, on a level comparable to or greater than the participation levels experienced prior to the date of the merger. Purchaser commits to maintaining and supporting the relationship between LG&E and KU with the communities that each serves for a period of 10 years from the Purchase. *(Extension of previous commitment. Same text in Appendix A No. 38 – Case No. 2001-00104 except this commitment is extended for 10 years from consummation instead of 10 years from EON acquisition which would have expired June 30, 2012)*

37. Purchaser and the Company commit that the Purchase will have no effect or impact on KU’s contractual relationships with either its municipal customers or Berea College. *(Same text in Appendix A No. 39 – Case No. 2001-00104 except that reference to OMU was removed)*

38. Purchaser and the Company commit that the Purchase shall have no effect or impact on various agreements associated with the unwind and termination of the lease agreement with Big Rivers. *(New commitment)*

39. Purchaser, the Company, LG&E, and KU commit that within 60 days after the closing of the Purchase, the Applicants will file with the Commission a petition setting forth a formal analysis of any potential synergies and benefits from the Purchase and a proposed methodology for allotting an appropriate share of the potential synergies and benefits to LG&E’s and KU’s ratepayers. *(The text is similar to Appendix A No. 42 – Case No. 2001-00104, but is in actuality a broader commitment than that made in Case No. 2001-00104. In Case No. 2001-00104, in place of “the Purchase,” the language read “the closing of any utility merger or acquisition in the United States that is exempted under KRS 278.020(4) and 278.020(5)”)*

40. Purchaser commits to maintaining LG&E’s and KU’s pro-active stance on developing economic opportunities in Kentucky and supporting economic development, and social and charitable activities, throughout LG&E’s and KU’s service territories. *(Same text in Appendix A No. 43 – Case No. 2001-00104)*

41. Purchaser commits that for as long as it owns, controls, or manages LG&E or KU, Purchaser shall *endeavor to have an individual resident of Kentucky on Purchaser’s Board of Directors.* Purchaser shall commence a search for such director following the Purchase. Purchaser shall have sole discretion in selecting qualified candidates and determining which individual is the best qualified for nomination. *(The bolded text reflects new or revised language as compared to Appendix A No. 45 – Case No. 2001-00104)*

42. Purchaser commits that the Company’s Board of Managers (or similar body) shall consist of at least three members, one of whom shall be the then-current chief executive officer of the Company. *(Same text in Appendix A No. 46 – Case No. 2001-00104)*
Attachment to Joint Applicants Supplemental Response to AG 1-103

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Bellar

43. Purchaser commits to review with LG&E and KU management their current policies and practices with respect to low-income customers to determine whether policies and practices more sympathetic to the needs of such customers would be appropriate. In addition, Purchaser, the Company, LG&E, and KU commit that the current policies for low-income customers will not change as a result of the Purchase.  *(Same text in Appendix A No. 47 – Case No. 2001-00104)*

44. Purchaser, the Company, LG&E, and KU commit that the Company shall hold 100 percent of the common stock of LG&E and KU and that the Company shall not transfer any of that stock without prior Commission approval even if the transfer is pursuant to a corporate reorganization as defined in KRS 278.020(6)(b). *(Same text in Appendix A No. 52 – Case No. 2001-00104)*

45. KU will maintain a contact person in Lexington to respond to special needs in the Lexington area. *(Same text in Appendix A No. 53 – Case No. 2001-00104 except “designate” was replaced with “maintain”)*

46. Purchaser, the Company, LG&E, and KU commit that when budgets, investments, dividend policies, projects, and business plans are being considered by Purchaser’s Board for the Kentucky business, at a minimum, the CEOs of LG&E and KU or their designees must be present to offer a Kentucky perspective to the decision and be permitted to participate in any debates on the issues. *(Same text in Appendix A No. 55 – Case No. 2001-00104)*

47. Purchaser, the Company, LG&E and KU shall reside within Kentucky, including the Louisville metropolitan area, subject to a 2-month relocation allowance for newly appointed officers. This commitment will remain in effect for a period of 15 years following the consummation of the Purchase. *(Extension of previous commitment. Same text as in Appendix A No. 56 – Case No. 2001-00104, except this commitment is extended for 15 years from consummation instead of 10 years from E.ON acquisition, which would have expired June 30, 2012)*

48. As part of their commitment to maintaining the corporate headquarters of the Company in Louisville, Kentucky, Purchaser and the Company commit that these corporate headquarters will include the corporate management personnel of the Company. Further, Purchaser and the Company commit that the CEO and subordinate officers of the Company shall reside in Kentucky, including the Louisville metropolitan area. This commitment will remain in effect for a period of 15 years following the consummation of the Purchase. *(Extension of previous commitment. Same text in Appendix A No. 57 – Case No. 2001-00104 except this commitment is extended for 15 years from consummation instead of 10 years from E.ON acquisition which had been extended through June 30, 2017)*

49. Purchaser, the Company, LG&E and KU commit that if any of their subsidiaries or business units considers a potential renewable energy project in Kentucky, the subsidiary or business unit will inform KU and LG&E of the potential project and will allow KU and LG&E to make a reasonable business judgment on whether to pursue the project as a generation resource for their customers. *(Commitment from Case No. No. 2007-00466)*
50. Any diversified holdings and investments (e.g., non-utility business or foreign utilities) of Purchaser following the closing of the Purchase will not be held by LG&E or KU or a subsidiary of either LG&E or KU. (New commitment)

51. Purchaser, the Company, LG&E and KU will work with the Governor of the Commonwealth of Kentucky and state agencies designated by the Governor to promote economic development in Kentucky. (New commitment)

52. Purchaser, the Company, LG&E and KU agree to consult with the Governor of the Commonwealth of Kentucky and state agencies designated by the Governor regarding clean coal technologies and to consult on the development of programs by Kentucky that qualify for federal funding for research and development and projects utilizing clean coal technologies. (New commitment)

53. Purchaser agrees that it shall use its reasonable best efforts to address market power concerns of FERC, the DOJ and the FTC through mitigation measures that do not require (a) participation by LG&E or KU in an RTO, (b) divestiture of operating assets of LG&E or KU, or (c) LG&E or KU to decline to use or benefit from the use of their generating facilities for the purpose of serving their native load customers. (New commitment. This commitment states PPL’s agreement that it will address, in the manner set forth therein, potential issues that may arise in any proceeding before the Federal Energy Regulatory Commission.)

54. Purchaser acknowledges that wholesale customers should be held harmless. (New commitment. This commitment states PPL’s agreement that it will address, in the manner set forth therein, potential issues that may arise in any proceeding before the Federal Energy Regulatory Commission.)
COMMITMENTS MADE IN CASE NO. 2001-00104 THAT HAVE NOT BEEN MADE BY JOINT APPLICANTS IN CASE NO. 2010-00204

4. E.ON, PowerGen, LG&E Energy, LG&E, and KU shall commit not to assert in any proceeding before the Commission preemption by a United Kingdom, German, European Community, or other foreign regulator of the review of the reasonableness of a cost. However, LG&E and KU shall retain the right to assert that the charges are reasonable and appropriate. (This commitment no longer applicable after sale to PPL.)

6. E.ON, PowerGen, LG&E Energy, LG&E, and KU commit that the merger will not detract from the benefits customers currently receive as a result of the merger approved in Case No. 97-300. This commitment includes LG&E’s and KU’s merger surcredits, the merger dispatch savings, and lower fuel costs distributed through LG&E’s and KU’s fuel adjustment clauses. (Merger surcredits were terminated when rates went into effect per KPSC Order in Case Nos. 2008-00251 and 2008-00252.)

10(f) The current outstanding preferred stock of LG&E and KU shall not be changed, converted, or otherwise exchanged in conjunction with the merger. (LG&E – authorized to redeem preferred stock in Case No. 2006-00445, preferred stock was redeemed in April 2007. KU – preferred stock redeemed using short-term and long-term debt approved in prior filings, preferred stock was redeemed in October 2005.)

10(k) Any additional administrative costs incurred in order to comply with the financial and accounting standards of the United States, the United Kingdom, the Federal Republic of Germany, and the European Community will not be borne by LG&E and KU. (This commitment no longer applicable regarding United Kingdom, Germany, and Europe after sale to PPL.)

40. E.ON, PowerGen, and LG&E Energy commit that the acquisition of PowerGen shall have no effect or impact on various agreements associated with the resolution of Big Rivers’ bankruptcy proceeding. These agreements include, but are not limited to, the lease agreement and associated obligations between LG&E Energy’s affiliates and Big Rivers and the power purchase agreements between LG&E Energy Marketing, Kenergy, Alcan Aluminum Corp., and Century Aluminum Company. Any revisions to these agreements must be submitted for Commission approval prior to the effective date of the revision. (This commitment is no longer applicable due to March 6, 2009 order in Case No. 2007-00455.)

41. E.ON, PowerGen, and LG&E Energy commit that the acquisition of PowerGen shall have no effect upon the performance of LG&E Energy and its affiliates of their obligations under the Big Rivers and Kenergy Agreements. LG&E Energy and its affiliates shall continue to be bound by the terms of those agreements, including any guaranty agreements. (This commitment is no longer applicable due to March 6, 2009 order in Case No. 2007-00455)

44. E.ON and PowerGen shall meet with the senior management and the Board of Directors of Big Rivers on a regular basis. (This commitment is no longer applicable due to order in Case No. 2007-00455, issued on March 6, 2009.)
48. E.ON and PowerGen commit that, with respect to any state-wide legislation for a low-income universal fund, it shall adopt a neutral position regarding that portion of such legislation designed to create a line item charge on utility customers' bills for the purpose of assisting low-income customers so long as such legislation has no impact on shareholders.

49. E.ON and PowerGen commit that its present expectation is for LG&E and KU to remain members of the Midwest Independent System Operator. (LG&E and KU authorized to withdraw from MISO per KPSC Order issued on May 31, 2006 in Case No. 2003-00266. On July 6, 2006, the KPSC issued an Order in Case No. 2005-00471 granting authority to transfer functional control of their transmission facilities to TVA and SPP, subject to FERC's ruling on the Applicants' market-based rate authority. On February 2, 2010, the KPSC issued an Order in Case No. 2009-00427, that approved LG&E and KU's request to reacquire the functional control of their transmission facilities. Companies are still waiting for FERC approval of this request.)

50. The Applicants commit that, in conjunction with the Commission review of the performance-based rate-making method presently in effect for LG&E's purchased gas adjustment clause, LG&E shall propose an ESM or other alternative form of regulation that will provide LG&E with incentives to make improvements while providing a mechanism for sharing with customers the benefits realized from those improvements. (In June 2004, the KPSC issued an order accepting the Companies' and intervenors' ESM settlement agreement.)

51. Upon the expiration of the LG&E and KU ESM provided for in the Commission's January 7, 2000 Orders, the Applicants commit to propose extension of the ESM or some other method of regulation that will continue to provide LG&E and KU with incentives to make improvements while providing a mechanism to share with customers the benefits realized from those improvements. (In June 2004, the KPSC issued an order accepting the Companies' and intervenors' ESM settlement agreement.)

54. E.ON and PowerGen commit to meet with the LG&E Energy Advisory Board at least twice a year for input in connection with the oversight of PowerGen's management of LG&E and KU. (No longer necessary because of Regulatory Commitment No. 41 in Case No. 2010-000204)
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 the Attorney General’s Initial Request for Information
Dated June 23, 2010

Question No. 124

Responding Witness: Lonnie E. Bellar

Q-124. Will E.ON U.S., LG&E or KU be exposed to any additional generation,
transmission, or distribution requirements than otherwise if this acquisition is
approved?

A-124. There are no additional requirements contemplated or expected at this time.
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 the Attorney General’s Initial Request for Information
Dated June 23, 2010

Question No. 125

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

Q-125. Reference: Purchase and Sale Agreement (Section 5.18 - Rate Cases). Has the purchaser provided any written consent(s) as described in this Section? If yes, please identify the date of the consent.

A-125. The Purchaser’s formal consent was not required under Section 5.18. However, Purchaser was kept informed regarding settlement efforts and expressed their comfort with the settlement.
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 COMPANY AND KENTUCKY UTILITIES COMPANY
FOR APPROVAL OF AN ACQUISITION OF OWNERSHIP AND CONTROL OF UTILITIES

CASE NO. 2010-00204

JOINT RESPONSE OF
PPL CORPORATION, PPL RHODE ISLAND HOLDINGS, LLC
NATIONAL GRID USA, and THE NARRAGANSETT ELECTRONIC COMPANY
TO THE
ATTORNEY GENERAL’S SUPPLEMENTAL REQUEST FOR INFORMATION
DATED JULY 16, 2010

FILED: July 26, 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 the Attorney General’s Supplemental Request for Information
Dated July 16, 2010

Question No. 16

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

Q-16. Please reference the joint applicants’ response to AG 1-10. Provide a list of all documents which the joint applicants have filed and which are not currently of record in the instant proceeding.

A-16. The only filing that has been made with any other state or federal regulatory agency that is not currently of record in the instant proceeding is the Joint Applicants’ premerger notification filing pursuant to the Hart-Scott-Rodino Antitrust Improvements Act of 1976. The Joint Applicants are providing that filing to the Commission under a Petition for Confidential Treatment as soon as possible.
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

Supplemental Joint Response to the Attorney General’s Supplemental Request for Information
Dated July 16, 2010

Question No. 16

Responding Witness: Lonnie E. Bellar

Q-16. Please reference the joint applicants’ response to AG 1-10. Provide a list of all documents which the joint applicants have filed and which are not currently of record in the instant proceeding.

A-16. The only filing that has been made with any other state or federal regulatory agency that is not currently of record in the instant proceeding is the Application of Kentucky Utilities Company d/b/a Old Dominion Power Company for Approval of Affiliate Transactions in Connection with Transfer of Ownership and Control and Restructuring and Refinancing of Debt, Case No. PUE-2010-_______ (VSCC August 17, 2010). The Joint Applicants are providing this Application on the enclosed CD.
Response to Question No. 27
Page 1 of 6
Bellar / Farr

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 the Attorney General’s Supplemental Request for Information
Dated July 16, 2010

Question No. 27

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

Q-27. Please reference the joint applicants’ response to AG 1-28 which cross references
to the response to the KPSC at 1-2.

a. Please provide a copy of all the requested information as requested by the
   Attorney General as he has signed a confidentiality agreement and needs the
   material for meaningful participation in the instant matter.

b. BEGIN CONFIDENTIAL
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 the Attorney General’s Supplemental Request for Information
Dated July 16, 2010

Question No. 42

Responding Witness: Lonnie E. Bellar

Q-42. Please reference the joint applicants’ response to AG 1–36. Answer the question.
Will clear and conspicuous notice be given to Kentucky consumers or not?

A-42. Any changes to the Companies’ tariffs will comply with all notice requirements
required by Kentucky statutes or the Commission’s regulations.
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 the Attorney General's Supplemental Request for Information
Dated July 16, 2010

Question No. 47

Responding Witness: Lonnie E. Bellar / Counsel

Q-47. Please reference the joint applicants’ response to AG 1-55 and provide a responsive answer.

A-47. Please see the supplemental response to AG 1-103 for the information requested in AG 1-55.
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 the Attorney General's Supplemental Request for Information
Dated July 16, 2010

Question No. 48

Responding Witness: Lonnie E. Bellar / Counsel

Q-48. Please reference the joint applicants' response to AG 1-56 and provide a responsive answer.

A-48. Please see the supplemental response to AG 1-103 for the information requested in AG 1-56.
Joint Response to the Attorney General’s Supplemental Request for Information
Dated July 16, 2010

Question No. 51

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

Q-51. Please reference the joint applicants’ response to AG 1–63. Why are the joint applicants committing to having a contact person in Lexington for the KU territory but not willing to commit to having someone in Louisville for the LG&E territory?

A-51. The Companies have historically provided a specific contact in Lexington for the KU territory to address special needs in the Lexington area, including low-income related issues. The Companies have not heard any concerns from parties to this case about the need for a similar contact in Louisville. It is the Companies’ experience that low income agencies, the Attorney General and others have no problems using their existing contacts to address issues that may arise from time to time.
Joint Response to the Attorney General's Supplemental Request for Information
Dated July 16, 2010

Question No. 52

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

Q-52. Please reference the joint applicants' response to AG 1-67. Why is the hold harmless clause effective for only five years? Moreover, why is the hold harmless clause effective only to the extent that such costs exceed savings related to the transaction when the joint applicants claim that no quantification of savings has been calculated?

A-52. As stated in response to AG 1-67:

As PPL and E.ON explain in the Application to FERC, filed on June 28, 2010, PPL and E.ON have pledged to hold harmless all transmission and current wholesale customers from any costs associated with the transaction (e.g., transaction costs) for a period of five years to the extent that such costs exceed savings related to the transaction. In the past, FERC has found similar commitments by applicants sufficient to alleviate any concerns regarding the impact of a proposed transaction on rates.

Because FERC had previously found a five-year hold-harmless period to be sufficient to alleviate any concerns regarding the impact of a proposed transaction on rates, the Applicants did not believe it would be a prudent business decision to commit to a longer hold-harmless period. This is a commitment applicable only to FERC.

Concerning the second part of the AG's request, the point of the FERC hold-harmless provision is to ensure that the wholesale customer held harmless is no worse off in the future than the wholesale customer is today. It may be that there will be more savings than costs that eventuate from the acquisition, which would tend to reduce wholesale rates (all other things being equal). But the costs could exceed the savings for formulating wholesale rates, and therein lies the value of the Applicants' five-year hold-harmless commitment to their wholesale customers. Nothing about that commitment is inconsistent with uncertainty about what savings, if any, for formulating wholesale rates may result from the proposed acquisition.
Q-58. Please reference the joint applicants’ response to AG 1-84. The joint applicants refer to their response to AG 1-16, which then refers to the response to KIUC 1-10. However, that answer only states that the joint applicants have “no plans to request such an accounting order [to defer and subsequently recover the costs from the ratepayers].” Will the joint applicants commit to not seek recovery of the costs from the ratepayers?

A-58. The Joint Applicants committed in Regulatory Commitment Nos. 5 and 8 that the proposed acquisition will have no impact on the base rates of LG&E and KU and that the ratepayers of LG&E and KU shall not incur any additional costs in conjunction with the proposed acquisition. Consistent with this commitment, the Joint Applicants will not seek recovery of any incentive or retention program costs associated with the transaction from LG&E or KU ratepayers. However, cost recovery for incentive or retention costs incurred in the normal course of LG&E’s and KU’s operations will be consistent with past practice.
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 the Attorney General’s Supplemental Request for Information
Dated July 16, 2010

Question No. 60

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

Q-60. Please reference the joint applicants’ response to AG 1–91. Answer the questions. Objection on relevancy are misplaced because 1) the joint applicants in the petition for confidential treatment have placed the issues at play and 2) objections on relevancy in discovery are not allowed.

A-60. This request has been withdrawn by the AG pursuant to an agreement with counsel to submit a supplemental response to AG 1-91(c).
Responding Witness: Lonnie E. Bellar / William H. Spence

Q-61. Please reference the joint applicants’ response to AG 1–92. Please answer the question as it pertains to the public interest standard currently before the Commission and involved the evolution/metamorphosis of the surviving companies.

A-61. Please see the supplemental response to AG 1-92.
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 the Attorney General’s Supplemental Request for Information
Dated July 16, 2010

Question No. 67

Responding Witness: Lonnie E. Bellar

Q-67. Please reference the joint applicants’ response to AG 1–103 and provide a responsive answer.

A-67. Please see the supplemental response to AG 1-103.
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 the Attorney General’s Supplemental Request for Information
Dated July 16, 2010

Question No. 76

Responding Witness: Lonnie E. Bellar

Q-76. Please reference the joint applicants’ response to AG 1-124. Will the joint applicants commit that E.ON U.S., LG&E and KU will not be exposed to any additional generation, transmission, or distribution requirements than otherwise if the transaction is approved?

A-76. While there are no additional requirements contemplated or expected at this time, the Joint Applicants decline to make the requested commitment.
Joint Response to the Attorney General’s Supplemental Request for Information
Dated July 16, 2010

Question No. 77

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

Q-77. Please reference the joint applicants’ response to KIUC 1-11 and answer the question. Will the joint applicants commit that they will not seek Commission approval for any costs to achieve savings in the absence of a comprehensive plan to ensure that savings exceed costs to achieve?

A-77. In response to KIUC 1-11, the Joint Applicants stated that KU and LG&E do not expect significant savings or costs to achieve savings based on the regulatory commitments being made. The savings and the cost to achieve the savings, if any on either count, will be addressed in any proceeding to review the petition setting forth the formal analysis referenced in Commitment No. 39.
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 the Attorney General’s Supplemental Request for Information
Dated July 16, 2010

Question No. 79

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

Q-79. Please reference the joint applicants’ response to LFUCG 1-17. Is it the position
of the joint applicants that the only recourse available to the Commission for joint
applicants’ failure to abide by any condition approving this transaction is a
penalty under KRS 278.990? Moreover, and if so, do the joint applicants interpret
that statute to place a maximum penalty of $2,500? If not, why not?

A-79. The Joint Applicants object to this question on the grounds that it is overbroad
and speculative. Without waiving that objection, Joint Applicants state that, in
approving the proposed transaction, the Commission will likely impose as
conditions many or all of the dozens of Regulatory Commitments. If those
conditions are subsequently violated, the Commission’s recourse will be
determined by numerous factors, including but not limited to, which condition is
violated, when it is violated, who violates it, the mental state of the violator
(whether the violation was intentional, negligent, etc.), and the post-violation
conduct of the violator. As for the application of KRS 278.990, the statute is clear
and speaks for itself. However, the Joint Applicants note that the $2,500
maximum penalty set forth in the statute is per offense and that the statute
contains criminal penalties as well.
Response to Question No. 89
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Bellar / Spence / Counsel

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 the Attorney General’s Supplemental Request for Information
Dated July 16, 2010

Question No. 89

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

Q-89. Reference: Joint Applicants’ response to OAG 1-92. Without waiving or
defaulting on any issues regarding the Joint Applicants’ failure to fully-respond to
OAG 1-92 (and reserving the right to compel a complete response to OAG 1-92),
the Attorney General asks the following. The Application at page 4 identifies
PPL Corporation as “a Fortune 500 global energy and utility holding company
headquartered in Allentown Pennsylvania.” In Mr. Feldmann’s pre-filed
Testimony in support of the Application, he notes (at page 1 of his testimony) that
E.ON AG “provides power and natural gas services in different locations through
Europe and Russia, and operates renewable-source generating assets in North
America.” With regard to the statement in the Application (at page 19) that “[t]he
proposed acquisition will not be a financial investment by a global energy
company; it will be a strategic combination of two companies that have similar
business profiles and operating philosophies.” Please answer the following:

a. In that PPL Corporation, as a Joint Applicant, identifies itself as a global
energy and utility holding company, please explain what the Joint Applicants
mean when they convey that the application will not be a financial investment
by a global energy company.

b. Please indicate whether it is the position of the Joint Applicants that “a
financial investment by a global energy company” is inconsistent with (or
otherwise not in) the public interest. If the Joint Applicants believe that it is in
the public interest, then please explain why.

c. In terms of the phrase “global energy company,” is it the position of the Joint
Applicants that E.ON AG is properly characterized as falling within that
definition with regard to the use of that phrase in the pertinent text on page 19
of the Application? If no, then why not?

d. In terms of the phrase “global energy company,” is it the position of the Joint
Applicants that PPL Corporation is properly characterized as falling within
that definition with regard to the use of that phrase in the pertinent text on page 19 of the Application? If no, then why not?

e. Is it the position of the Joint Applicants that the statement in question on page 19 of the Application represents a change in the status quo, assuming approval of the transaction? If yes, then please explain the reason and identify the nature of the change. If no, then please explain why the statement is a factor bearing upon the issue of whether the proposed transaction is in the public interest.

A-89. a. PPL is a domestic company, headquartered in Allentown, Pennsylvania. Its operations in the United Kingdom make it a global energy and utility holding company, but its domestic base, business profile, and operating philosophies are closely aligned with those of E.ON U.S, making the proposed acquisition more of a strategic combination than a simply financial investment.

b. The Joint Applicants object to this subpart on the grounds that it is argumentative, irrelevant, and vague and ambiguous so as to not be susceptible to a reasonable response. Without waiving these objections, it is the position of the Joint Applicants that, depending on the proposed acquirer and the facts of a specific acquisition, a financial investment by a global energy company may or may not be consistent with the public interest. Whether or not a hypothetical financial investment by a global energy company unsupported by facts is consistent with the public interest is not relevant, however, to these proceedings before the Commission.

c. The Joint Applicants object to this subpart on the grounds that it is argumentative and irrelevant, and further object to the use of the term "definition." How the Joint Applicants might characterize E.ON AG has no relevance here because PPL is the proposed acquirer. Pursuant to KRS 278.020(5) and (6), the relevant issues here concern "the qualifications of the acquiring party and the potential effects of the transfer actually before" the Commission.

d. PPL’s operations in the United Kingdom, more fully discussed on pages 11-12 of the Joint Application, make it a "global energy and utility holding company" as that phrase was used on and in the context of page 4 of the Joint Application, but it is also a domestically headquartered and operated company. The Joint Applicants’ use of the phrase "global energy company" on and in the context of page 19 of the Joint Application was not in reference to PPL, and therefore it would be unfair and inaccurate to characterize PPL as a "global energy company" as used on and in the context of page 19 of the Joint Application.
Response to Question No. 89  
Page 3 of 3  
Bellar / Spence / Counsel

e. If the Joint Application is approved, it will represent a change in the status quo because PPL is a different company than E.ON AG. The Joint Applicants have not taken the position that the fact that E.ON AG seeks to sell E.ON U.S. and the necessary resultant change in the status quo is itself consistent or inconsistent with the public interest, but rather have shown, in the Joint Application and as is required by KRS 278-020(5) and (6), that because PPL is the proposed acquirer, the proposed acquisition is in the public interest.
Response to Question No. 90
Page 1 of 2
Bellar / Farr / Counsel

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 the Attorney General's Supplemental Request for Information
Dated July 16, 2010

Question No. 90

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

Q-90. Reference: Joint Applicants response to OAG 1-91 (c). Without waiving or
defaulting on any issues regarding the Joint Applicants' failure to fully-respond to
OAG 1-92 (and reserving the right to compel a complete response to OAG 1-92),
the Attorney General asks the following.

a. Did the “regimented negotiation process” include, utilize or otherwise
consider the “financial, technical, and managerial abilities to provide
reasonable service” (within their meaning per KRS 278.020 (5)) as part of the
criteria in selecting and negotiating with potential and actual bidders? If yes,
then please explain how. If no, then please explain why not.

b. Did the “regimented negotiation process” include, utilize or otherwise
consider information regarding the liquidity and investment credit profiles of
the potential and actual bidders? If yes, then please explain how. If no, then
please explain why not.

c. If the answer is yes to either or both of sub-parts a and b, then please explain,
with specificity, how the “regimented negotiation process” (i) distinguished
or, perhaps, scored the potential bidders or bidders with regard to the
consideration, and (ii) if any potential bidders or bidders were eliminated from
the process as a consequence of the consideration, then please explain how
and why.

A-90. Without waiver of the objections made by the Joint Applicants in response to AG
1-91, the Joint Applicants respond as follows.

a. Whether a person acquiring a utility has the financial, technical, and managerial
abilities to provide reasonable service under KRS 278.020(5) is a determination
to be made by the Commission upon application for approval of the proposed
acquisition. As stated in the supplemental response to AG 1-90, in evaluating
the bidders, E.ON AG considered each bidder’s strategic rationale for the
transaction and each bidder’s capability of completing a transaction, including
an evaluation of the financial capability and operational experience of each bidder.

b. As stated in the supplemental response to AG 1-90, in evaluating the bidders, E.ON AG considered each bidder's strategic rationale for the transaction, including an evaluation of the financial capability and operational experience of each bidder, and the strength of each bidder's balance sheet and its access to capital markets.

c. Bidders were compared, and as stated in the supplemental response to AG 1-90, no bidder was excluded from consideration as a consequence of the consideration offered by that bidder.
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 COMPANY AND KENTUCKY UTILITIES COMPANY FOR APPROVAL OF AN ACQUISITION OF OWNERSHIP AND CONTROL OF UTILITIES

Case No. 2010-00204

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 FIRST SET OF DATA REQUESTS OF KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.
DATED JUNE 23, 2010

FILED: July 6, 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

Supplemental Joint Response to First Set of Data Requests of Kentucky Industrial Utility Customers, Inc.
Dated June 23, 2010

Question No. 6

Responding Witness: Lonnie E. Bellar

Q-6. Please identify and describe all new intercompany agreements that will be implemented and that will affect the costs of KU and LG&E, including, but not limited to, a service company agreement, intercompany tax allocation agreement, and integration agreement.

A-6. The parties anticipate that new relevant intercompany agreements may be needed in the following areas:

- forms of services agreement(s) between E.ON U.S. Services Inc., PPL Services Corporation or other affiliates so as to allow for intra-company services within the PPL group of companies if such agreements would enhance operational effectiveness
- form of tax allocation agreement among E.ON U.S., LG&E, KU and relevant PPL-affiliates governing tax allocation and sharing matters

On August 17, 2010, KU filed with the Virginia State Corporation Commission, pursuant to Chapter 4 of Title 56 of the Virginia Code, an Application for approval of affiliate transactions. That application seeks approval of a new tax allocation agreement, of intercompany financing from PPL Investment Corp., a subsidiary of PPL Corp. and of insurance coverage from PPL Power Insurance, Ltd., also a subsidiary of PPL Corp. The details of these intercompany agreements are more fully set forth in the application, transaction summary and exhibits, all of which are being provided in response to the Joint Applicants’ Supplemental Response to the Attorney General’s Supplement Request for Information No. 16.
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 First Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated June 23, 2010

Question No. 10

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

Q-10. Please confirm that the Companies will not seek to obtain an accounting order
from the Commission to defer and subsequently recover the costs of an incentive
and retention program for KU and LG&E employees from ratepayers.

A-10. Currently the Companies have no plans to request such an accounting order.
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 First Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated June 23, 2010

Question No. 11

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

Q-11. Please confirm that the Companies will not seek to obtain an accounting order from the Commission to defer and subsequently recover the costs to achieve savings in the absence of a comprehensive plan to ensure that savings exceed the costs to achieve.

A-11. KU and LG&E do not expect significant savings or costs to achieve savings based on the regulatory commitments being made.
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 First Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated June 23, 2010

Question No. 13

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

Q-13. Refer to page 19 lines 3-9 of Mr. Miller's Direct Testimony regarding PPL's commitment to use its reasonable best efforts to avoid the imposition by the FERC, US DOJ or FTC of requirements to join an RTO, divest utility operating assets, or require KU and LG&E to decline to use their generating facilities to serve native load customers. Would the Applicants oppose the Commission conditioning its approval of the acquisition on the avoidance of such requirements? Please explain your response.

A-13. The Applicants do not believe such a requirement is necessary. The Applicants ran multiple market power screens to support their application to FERC for approval of the proposed transaction, all of which demonstrate that the transaction would not increase horizontal or vertical market power concentrations. The Applicants' FERC application further demonstrates that because access to LG&E's and KU's transmission systems will continue to be independently and impartially administered by a third party (Southwest Power Pool, Inc.), the transaction will not adversely impact transmission customers. Finally, the Applicants' applications to this Commission and the FERC demonstrate that the transaction will not create cross-subsidization issues between the utilities and non-utility affiliates. For all of these reasons, the Applicants believe it is unlikely FERC, the US DOJ, or the FTC will require any of the actions described in the question, and therefore believe a condition concerning such unlikely actions would be unnecessary in an order from this Commission.

Moreover, any such condition could create possible preemption issues that could have to be litigated in the event a federal regulatory agency did require the Applicants to take such an action. The Applicants do not think it is advisable to risk creating such preemption concerns when facing unlikely actions by federal regulators.
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 First Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated June 23, 2010

Question No. 14

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

Q-14. Refer to pages 24-25 of Mr. Miller’s Direct Testimony wherein he concludes that the acquisition is in the “public interest.”

a. Please explain why the Companies neither discussed nor made any commitments that will ensure that ratepayers are not harmed from the transaction through increases in rates due to the acquisition.

b. Please confirm that the Companies agrees as a matter of principle that ratepayers should not be harmed from the transaction through increases in rates due to the acquisition. Please explain your response

A-14. a. PPL, E.ON U.S., LG&E and KU in fact made such commitments in Regulatory Commitment Nos. 5 and 8. In Regulatory Commitment No. 5, they committed that “the Purchase will have no impact on the base rates [. . .] of LG&E or KU.” In Regulatory Commitment No. 8, they committed that the “ratepayers, directly or indirectly, shall not incur any additional costs, liabilities, or obligations in conjunction with the Purchase. . .”

b. Please see the above response to Question No. 14(a).
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 First Set of Data Requests of Kentucky Industrial Utility Customers, Inc.
Dated June 23, 2010

Question No. 16

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

Q-16. Refer to page 2 lines 7-12 of Mr. Bellar’s Direct Testimony.

a. Please provide all documents in support of the statement that E.ON Services will continue to provide services to KU and LG&E and PPL will continue to provide services to its “other subsidiaries.”

b. Do the Companies have any plans now or in the future to combine any functions of the two service companies or for one service company to provide services to another or for one service company to provide services to the other’s former affiliates? If so, then please provide a detailed description of such plans, whether draft or final, and a copy of all source documents that describe and/or quantify the effects of combining or restructuring the provision of such services.

A-16. a. Please see the applications filed with the Virginia State Corporation Commission, Tennessee Regulatory Authority and Federal Energy Regulatory Commission. Each contains the same representation E.ON Services will continue to provide services to KU and LG&E and PPL will continue to provide services to its “other subsidiaries.” After closing, PPL is expected to provide some services to KU and LG&E.

b. PPL and E.ON U.S. currently do not have plans to combine E.ON Services with PPL’s service company.
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 COMPANY AND KENTUCKY UTILITIES COMPANY FOR APPROVAL OF AN ACQUISITION OF OWNERSHIP AND CONTROL OF UTILITIES CASE NO. 2010-00204

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 SECOND SET OF DATA REQUESTS OF KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC. DATED JULY 16, 2010

FILED: July 26, 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 the Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated July 16, 2010

Question No. 2-4

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

Q2-4. Refer to the Applicants’ response to KIUC 1-10. The request seeks a
commitment from the Applicants, not a statement as to the Applicants’ current
plans. Please respond to the question as it was posed. If the Applicants are
unable or unwilling to make this commitment, then please identify all
circumstances under which the Applicants could and/or would seek to obtain an
accounting order.

A2-4. Please see the response to AG 2-58.
Q2-5. Refer to the Applicants' response to KIUC 1-11. The request seeks a commitment from the Applicants, not a statement as to whether the Applicants expect to incur savings or costs to achieve. Please respond to the question as it was posed. If the Applicants are unable or unwilling to make this commitment, then please identify all circumstances under which the Applicants could and/or would seek to obtain an accounting order.

A2-5. In response to KIUC 1-11, KU and LG&E stated that they do not expect significant savings or costs to achieve savings based on the regulatory commitments being made. However, because the formal analysis referenced in Regulatory Commitment No. 39 has not yet been performed, the Joint Applicants decline to make the commitment requested in KIUC 1-11. KU and LG&E could and/or would seek to obtain such an accounting order depending on the results of the formal analysis referenced in Regulatory Commitment No. 39.
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 the Second Set of Data Requests of Kentucky Industrial Utility Customers, Inc.
Dated July 16, 2010

Question No. 2-6

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

Q2-6. Refer to the Applicants’ response to KIUC 1-13. The request asks if the Applicants would oppose the Commission conditioning its approval of the acquisition on the avoidance of such requirements, not whether the Applicants consider it “unnecessary” or not “advisable.”

   a. Please respond “yes” or “no” to the question as it was originally posed.

   b. Are the Applicants willing to hold ratepayers harmless from any increased costs or reductions in revenues resulting from the imposition by the FERC, US DOJ or the FTC of requirements to join an RTO, divest utility operating assets, or require KU and LG&E to decline to use their generating facilities to serve native load customers? If not, please explain and provide all reasons why the Applicants are unwilling to make this commitment.

A2-6. a. Yes, the Joint Applicants would oppose such a condition upon the Commission’s approval of the proposed acquisition. The Joint Applicants believe any such condition would create significant preemption concerns, and could ultimately prove to be unenforceable. For the reasons the Joint Applicants provided in response to KIUC 1-13, the Joint Applicants believe it is unlikely that FERC will impose any of the conditions described in the request because there is no evidence of market power or other relevant concerns to support imposing any such conditions.

   b. No. Costs resulting from the requirements of federal law are recoverable through rates, and the Joint Applicants will not agree in the hypothetical to forego that recovery; again, for the reasons given in response to KIUC 1-13, it is not likely that FERC will require any of the actions this question contemplates. However, to the extent the imposition of any such requirements could result in higher or lower costs of service that the utilities would recover through base rates, customers would in fact not pay for such changes until the Commission approved new base rates for the utilities. To the extent facilities would not be used to serve native load customers, the utilities could not seek to recover the costs thereof through rates.
Joint Response to the Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated July 16, 2010

Question No. 2-7
Responding Witness: Lonnie E. Bellar / William H. Spence

Q2-7. Refer to the Applicants' response to KIUC 1-14(b). Please respond to the question posed with a “yes” or “no.” The question asks for an agreement as a matter of principle. If the Applicants are unable or unwilling to confirm their agreement with this principle, then please explain and provide all reasons for your position.

A2-7. The Joint Applicants respectfully assert that their response to KIUC 1-14(b) was responsive to the request for information. In response to KIUC 1-14(a), the Joint Applicants stated:

PPL, E.ON U.S., LG&E and KU in fact made such commitments in Regulatory Commitment Nos. 5 and 8. In Regulatory Commitment No. 5, they committed that “the Purchase will have no impact on the base rates ... of LG&E or KU.” In Regulatory Commitment No. 8, they committed that the “ratepayers, directly or indirectly, shall not incur any additional costs, liabilities, or obligations in conjunction with the Purchase ....”

The Joint Applicants referred to their response to KIUC 1-14(a) as their response to KIUC 1-14(b). The Joint Applicants did so because assertions of adherence to generic, abstract principles are not helpful to the Commission because they can be interpreted to mean whatever a particular party wants in subsequent litigation or disputes. On the other hand, commitments like those the Joint Applicants have made, which are quoted above in relevant part, are much more useful to the Commission because they are clear and unequivocal, and therefore more easily enforceable.
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 COMPANY AND KENTUCKY UTILITIES COMPANY FOR APPROVAL OF AN ACQUISITION OF OWNERSHIP AND CONTROL OF UTILITIES

CASE NO. 2010-00204

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 TENDERED FIRST DATA REQUEST FOR INFORMATION OF ASSOCIATION OF COMMUNITY MINISTRIES DATED JUNE 17, 2010

FILED: July 6, 2010
Response to Question No. 2
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Bellar / Spence

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 Tendered First Data Request for Information of
Association of Community Ministries
Dated June 17, 2010

Question No. 2

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

Q-2. Please refer to Exhibit D to the Joint Application, Regulatory Commitment No. 36.

a) Please describe the “date of the merger” referred to in the first sentence and explain the significance of this date as a reference point for measurement of the level of involvement in community activities.

b) Please describe how the Purchaser and the Company plan to carry out this commitment.

c) Please describe how Purchaser and Company will measure that their activities will be conducted on a level comparable to or greater than the participation levels experienced prior to the date of the merger, including what kinds of baselines for measurement will be used.

d) Please describe how the activities described in the second sentence relate to the activities described in the first sentence. Are both sentences referring to the same activities or do the activities listed in the second sentence differ from the activities listed in the first sentence? Please explain fully.

e) Is it the Joint Applicants’ intention that the ten year commitment applies to all activities described in both sentences of Regulatory Commitment No. 36?

A-2. a) The “date of the merger” referred to in the first sentence will be the date of the closing under the Purchase and Sale Agreement by and between E.ON US Investments Corp., PPL Corporation and, solely for purposes of Article VI, Article IX and Article X thereof, E.ON AG dated as of April 28, 2010 (the “PSA”). On the date of the closing under the PSA, PPL will acquire from E.ON US Investments all of the limited liability interests of E.ON U.S. LLC. Thus, that date will be the first day on which PPL will control E.ON U.S. and its subsidiaries, including LG&E and KU.
b) The current involvement of LG&E and KU in community activities, including charitable and other contributions, is based on decisions made by LG&E's and KU's local management. PPL has made other commitments relating to the continuity of LG&E's and KU's local management. See Regulatory Commitments Nos. 9 and 15. PPL intends that local management in LG&E's and KU's communities will, in the first instance, make decisions regarding involvement in community activities. Further, PPL intends that LG&E's and KU's local managers will carry out Regulatory Commitment No. 36 in the same manner as they carried out the similar commitments that were made in KPSC Case Nos. 2000-00095 and 2001-00104. See the responses to Question No. 3(a).

c) PPL intends that the activities conducted in compliance with Regulatory Commitment No. 36 will be measured in the same manner as the activities that were conducted in compliance with similar commitments that were made in KPSC Case Nos. 2000-00095 and 2001-00104. See the responses to Question No. 3(b).

d) The commitment that is set forth in Regulatory Commitment No. 36 was first imposed by the KPSC in Case No. 2000-00095, and it was repeated in KPSC Case No. 2001-00104. LG&E and KU have historically interpreted this commitment to mean that "involvement in community activities" and "the relationship between LG&E and KU with the communities that each serves" describe the same activities on the part of LG&E and KU.

e) Yes.
Response to Question No. 3
Page 1 of 2
Bellar

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 Tendered First Data Request for Information of
Association of Community Ministries
Dated June 17, 2010

Question No. 3

Responding Witness: Lonnie E. Bellar

Q-3. Regulatory Commitment No. 36 is similar to a commitment made previously in
PSC Case No. 2000-095, Order dated May 15, 2000, Appendix A, (Other
Commitments and Assurances No. 3).

a) Please explain how the applicable parties carried out the previous similar
commitment of PSC Case No. 2000-095.

b) Describe how compliance with such previous commitment was measured,
such as through reports, evaluations or other means.

c) Provide copies of any such reports, evaluations or other means of
measurement relating to this previous commitment.

A-3. a) The Final Order in KPSC Case No. 2000-00095 contains the following
commitment: PowerGen and LG&E Energy commit that LG&E and KU shall
maintain a substantial level of involvement in community activities, through
annual charitable and other contributions, on a level comparable to or greater
than the participation levels experienced prior to the date of the merger.
PowerGen commits to maintaining and supporting the relationship between
LG&E and KU with the communities that each serves for a period of 10 years.

Similarly, the Final Order in KPSC case No. 2001-00104 contains the
following commitment: E.ON, PowerGen, and LG&E Energy commit that
LG&E and KU shall maintain a substantial level of involvement in
community activities, through annual charitable and other contributions, on a
level comparable to or greater than the participation levels experienced prior
to the date of the merger. E.ON and PowerGen commit to maintaining and
supporting the relationship between LG&E and KU with the communities that
each serves for a period of 10 years from the acquisition of PowerGen by
E.ON.
Response to Question No. 3
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Bellar

LG&E Energy, its successor, E.ON U.S. and its two utilities, LG&E and KU, carried out their responsibilities under these commitments by doing the following: partnering with the communities where their customers are located to attract new companies and further economic opportunities; providing leadership in regional and statewide business/economic development organizations; organizing employee volunteer activities and facilitating the efforts of employees interested in participating in independent third party volunteer efforts; establishing a unified employee and company charitable giving campaign to benefit non-profit human services organizations throughout the service territory; contributing company matching funds to an Associated Community Ministries and local government effort aimed at raising funds to assist low income families with their winter heating bills, and making financial contributions to strengthen non-profits throughout the service territory whose efforts focus on environmental issues, education and workforce readiness.

b) Compliance with such previous commitments was measured through the submittal of annual filings by E.ON U.S., LG&E and KU to the KPSC beginning in 1997 which filings detailed the nature of certain economic, civic and charitable activities required by the subject commitments.

c) Please see attachment to Question No. 5(e) for prior merger commitment reports provided to the Commission.
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 Tendered First Data Request for Information of
Association of Community Ministries
Dated June 17, 2010

Question No. 4

Responding Witness: Lonnie E. Bellar

Q-4. Regulatory Commitment No. 36 is also similar to a commitment made previously
in PSC Case No. 2001-104, Order dated August 6, 2001, Appendix A, (Other
Commitments and Assurances No. 38).

a) Please explain how the applicable parties carried out the previous similar
commitment of PSC Case No. 2001-104.

b) Describe how compliance with such previous commitment was measured,
such as through reports, evaluations or other means.

c) Provide copies of any such reports, evaluations or other means of
measurement relating to this previous commitment.

A-4. a) Please see response to Question No. 3.

b) Please see response to Question No. 3.

c) Please see response to Question No. 3.
Response to Question No. 5
Page 1 of 2
Bellar / Spence

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 Tendered First Data Request for Information of
Association of Community Ministries
Dated June 17, 2010

Question No. 5

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

Q-5. Refer to Regulatory Commitment No. 40.

a) Please describe how Purchaser plans to carry out this commitment.

b) How do the activities described in Commitment No. 40 relate to the activities
described in Commitment No. 36?

c) Commitment No. 40 is similar to a commitment made in PSC Case No. 2001-
104, Order dated August 6, 2001, Appendix A (Other Commitments and
Assurances, No. 43). Please explain how the applicable parties carried out the
previous similar commitment of PSC Case No. 2001-104.

d) Describe how compliance with such previous commitment was measured,
such as through reports, evaluations or other means.

e) Provide copies of any such reports, evaluations or other means of
measurement relating to this previous commitment.

A-5. a) Regulatory Commitment No. 40 clarifies the current economic development
activities and partnerships and commits to the continuation of current
practices. LG&E and KU carry out these practices as an ordinary course of
business and therefore no additional business measures are required to meet
and/or exceed this commitment.

b) Commitment No. 40 highlights economic development initiatives and
partnerships while Commitment No. 36 focuses on community contributions
that are either charitable or civic, without specifically being economic
development.

c) KU/LG&E maintain an active and visible leadership position in State,
regional and local communities in which they serve. The Companies work in
tandem with Kentucky Association for Economic Development (KAED) and other local, regional and statewide officials to ensure adequate electric and natural gas facilities are available to support new developments and to retain/expand existing businesses.

d) A yearly report is maintained and provided to the Commission describing project interaction, association participation, infrastructure investment, community involvement as well as civic and charitable contributions.

e) Please see the enclosed CD in folder titled Question No. 5 for the prior merger commitment reports regarding economic development that were provided to the Commission.
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 Tendered First Data Request for Information of
Association of Community Ministries
Dated June 17, 2010

Question No. 6

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

Q-6. Please refer to Regulatory Commitment No. 43. Please describe how the Purchaser, LG&E and KU plan to carry out this commitment, including what policies and practices it expects to include in such review.

A-6. As stated in Regulatory Commitment No. 43, no existing Low Income Assistance practice or policy will change unless after review we determine ways to enhance these programs for the benefit of the customer.

The Companies continuously review ongoing or emerging low income programs. This process remains a part of our ordinary business practices. The Customer Commitment division within E.ON U.S. has primary responsibility to provide low income program oversight, review, and new program development while supporting low-income customers and their advocate support groups.
Response to Question No. 7

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 Tendered First Data Request for Information of
Association of Community Ministries
Dated June 17, 2010

Question No. 7

Responding Witness: Lonnie E. Bellar

Q-7. Regulatory Commitment No. 43 is similar to a commitment made previously in
PSC Case No. 2000-095 (Order dated May 15, 2000, Appendix A, (Other
Commitments and Assurances No. 13). Please describe how the applicable parties
carried out this previous similar commitment including:

a) The name, title and company affiliation of all persons involved in such
review;

b) A complete description of the steps taken in such review process;

c) A description of the specific policies and practices reviewed;

d) A description of any resulting changes to such policies or practices or other
outcomes;

e) Provide copies of any documents, data and other information generated in
such review.

f) Were results of this review communicated to the Commission or any other
parties? If so, please provide copies of such communications.

A-7. a) As indicated in response to Question No. 6, the Customer Commitment
division at E.ON U.S. continuously reviews the Companies programs for low
income customers. Their primary role is to provide low income program
oversight, review and new program development while supporting low-
income customers and their advocate support groups. This daily
responsibility is a part of the ordinary course of business. The Customer
Commitment division works in conjunction with the low income advocate
group’s leadership teams to ensure programs align with the needs of the
customers. Additionally, a Customer Commitment Advisory Forum, a public
and transparent meeting, is held quarterly to provide information between and
Response to Question No. 7
Page 2 of 2
Bellar

to have open discussions among Company representatives and Low Income Advocacy groups. The Customer Commitment Advisory Forum charter is provided as an attachment.

b) See response to a).
c) See response to a).
d) See response to a).
e) See response to a).
f) See response to a).
E.ON U.S. Customer Commitment Advisory Forum
Charter
August 10, 2007

Vision

The E.ON U.S. Customer Commitment Advisory Forum (“CCAF”) will provide a forum for discussion for E.ON U.S. (on behalf of the regulated utilities Louisville Gas and Electric Company (“LG&E”) and Kentucky Utilities Company (“KU”)) and its low income advocate stakeholders. The forum is intended to promote open, meaningful dialogue and to ultimately provide input and guidance to E.ON U.S. regarding strategies, policies and practices that relate to the provision of electric and gas service to customers in need and their families.

Organization

The CCAF is chartered by E.ON U.S. The group will initially be comprised of representatives from entities invited by E.ON U.S. The group will be open to participation, at the discretion of E.ON U.S, by any interested participants that legitimately represent the applicable customer segment. Membership will consist of a cross-section of community action or advocacy organization representatives from throughout LG&E and KU service territories. Participants should be from diverse geographical locations and represent both rural and urban customers.

E.ON U.S. will initially invite participation by the appropriate entities and will then entertain suggestions by existing participants or others for additional invitees. E.ON U.S. will also consider inviting a member of the community at large to participate.

The Customer Commitment Department at E.ON U.S. shall serve as the group coordinator and shall be responsible for conducting the meetings and logistics of the CCAF.

Meetings

The CCAF expects to meet a minimum of four times a year, on a quarterly basis. The CCAF will also meet on an ad-hoc basis as requested by any participant or by E.ON U.S. E.ON U.S. will provide the proposed agenda for each meeting to all participants in advance of the meeting.

Record of Meetings
A record of meetings held, dates, attendees and general feedback will be recorded and retained by the Customer Commitment Department of E.ON U.S., located at 820 West Broadway, Louisville, Kentucky.

E.ON U.S. Community Action Forum

Potential Participants
(A representative from each of the following agencies)

Louisville Metro Department of Human Services
Louisville Metro Community Action Partnership
Urban League of Louisville
Urban League of Lexington
LexLinc
Association for Community Ministries ("ACM")
Legal Aid
Homeless Family Prevention Program
Kentucky Association of Community Action Agencies ("KACA")
Community Action Council ("CAC")
Lexington Fair Housing Council
Affordable Energy Corporation ("AEC")
Project WARM
Louisville Association of Community Organizations for Reform Now ("ACORN")
Metro Housing Coalition
Multi-Purpose Community Action Agency ("MPCAA")
Tri-County Community Action Agency ("MPCAA")
St. Vincent DePaul Council of Louisville, Inc
E.ON US We Care Program Manager
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 Tendered First Data Request for Information of
Association of Community Ministries
Dated June 17, 2010

Question No. 8

Responding Witness: Lonnie B. Bellar

Q-8. Regulatory Commitment No. 43 is similar to a commitment made previously in
Case No. 2001-104, Order dated August 6, 2001, Appendix A (Other
Commitments and Assurances No. 47). Please describe how the applicable parties
carried out this previous similar commitment including:

a) The name, title and company affiliation of all persons involved in such
review;

b) A complete description of the steps taken in such review process;

c) A description of the specific policies and practices reviewed;

d) A description of any resulting changes to such policies or practices or other
outcomes;

e) Provide copies of any documents, data and other information generated in
such review.

f) Were results of this review communicated to the Commission or any other
parties? If so, please provide copies of such communications.

A-8. Please see the response to Question No. 7.
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 Tendered First Data Request for Information of
Association of Community Ministries
Dated June 17, 2010

Question No. 9

Responding Witness: Lonnie E. Bellar

Q-9. Do the Joint Applicants plan to continue the Customer Commitment Advisory Forum?

A-9. At this time, the Companies plan to continue the Customer Commitment Advisory Forum. However, as the development of new low income and energy efficiency programs move into operations, the format of this forum may change. The Companies will continue to use the most effective mechanisms possible to educate customers and to evaluate the effectiveness of assistance programs.
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 COMPANY AND KENTUCKY UTILITIES COMPANY FOR APPROVAL OF AN ACQUISITION OF OWNERSHIP AND CONTROL OF UTILITIES

CASE NO. 2010-00204

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 TENDERED SECOND REQUEST FOR INFORMATION OF ASSOCIATION OF COMMUNITY MINISTRIES DATED JULY 16, 2010

FILED: July 26, 2010
Response to Question No. 2
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Bellar

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 Tendered Second Request for Information of
Association of Community Ministries
Dated July 16, 2010

Question No. 2

Responding Witness: Lonnie E. Bellar

Q-2. Please refer to Response to ACM A-3(a).

a) How did “partnering with the communities where their customers are located to
attract new companies and further economic opportunities” and “providing
leadership in regional and statewide business/economic development
organizations” further the commitments referenced in the Final Orders of KPSC
Case Nos. 2000-00095 and 2001-00104 to maintain a substantial level of
involvement in community activities through annual charitable and other
contributions?

b) Were amounts expended in the above described activities to attract new
companies and engage in other economic efforts included in the amounts
reported to the PSC on the Schedule of Charitable Contributions, December 31,
2009 Submitted pursuant to the Commission’s Order in Case No. 2000-0095
attached to Response to ACM A-5(e)?

c) If the response to 2(b) above is yes, please provide a breakdown of how much of
the amounts listed in the Schedule of Charitable Contributions are attributable to
the above described activities to attract new companies and engage in other
economic efforts.

d) Did LG&E Energy, E.ON U.S., LG&E and KU count the contributions of the
E.ON U.S. LLC Foundation (formerly LG&E Energy Foundation) towards
meeting the commitments to maintain a substantial level of involvement in
community activities through annual charitable and other contributions, on a
level comparable to or greater than the participation levels experienced prior to
the date of the merger as expressed in the Final Orders of KPSC Case Nos.
2000-00095 and 2001-00104?

A-2. a) In this regard, our “other contributions,” while not direct monetary contributions,
focus on our specific economic development initiatives rather than on
community contributions that are either charitable or civic. LG&E and KU have furthered the commitments referenced in the Final Orders of KPSC Case Nos. 2000-00095 and 2001-00104 through the following activities: providing resources to regional and statewide business/economic development organizations, assisting with community preparedness, affording strategic marketing/outreach opportunities, strategic planning guidance, offering project management assistance and supporting/developing educational opportunities.

b) No.

c) Not applicable.

d) Yes. LG&E Energy, E.ON U.S., LG&E and KU counted contributions made by the E.ON U.S. LLC Foundation (formerly LG&E Energy Foundation) when assessing its commitment to maintain a substantial level of involvement in community activities through annual charitable and other contributions, on a level comparable to or greater than the participation levels experienced prior to the date of the merger as expressed in the Final Orders of KPSC Case Nos. 2000-00095 and 2001-00104.
Response to Question No. 3
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Bellar

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 Tendered Second Request for Information of
Association of Community Ministries
Dated July 16, 2010

Question No. 3

Responding Witness: Lonnie E. Bellar

Q-3. Please refer to the Schedule of Charitable Contributions, December 31, 2009
Submitted pursuant to the Commission’s Order in Case No. 2000-0095 attached to
Response to ACM A - 5(e).

a) Please describe how each entity listed decides on the recipients of its
contributions, the amounts contributed and the total amount contributed.

b) Please provide copies of any written guidelines that each entity utilizes in
making decisions on contributions and copies of any applications utilized.

c) Please explain why each entity’s level of giving dropped below pre-merger
levels at various times including:

- LG&E in 2002;
- KU in 2000, 2001 and 2003;

d) Please explain why collectively, the level of giving for all three entities
combined dropped below pre-merger levels in 2003.

e) For each amount listed, please provide a breakdown of the name of the recipient
and amount of the contribution.

A-3.  a) E.ON U.S. has a Community Investment and Sponsorship Policy which governs
how LG&E and KU make donations to nonprofit organizations located within
the communities served by its subsidiaries. The policy provides, in part, that
organizations receiving support must focus on education, the environment,
diversity initiatives, safety, and programs benefiting low income customers.
In addition, per the Community Investment and Sponsorship Policy, such
organizations must also enhance the Company’s image as a concerned,
reasonable, and compassionate member of the community; benefit a
substantial segment of customers and/or employees; or contribute to the service area’s ability to attract new or retain existing employment opportunities or other economic development activities.

E.ON U.S.’s community investment process is managed by the Corporate Responsibility and Community Affairs Department.

Organizations seeking community investment funding must complete an application form available online. Final awards are based upon the amount requested, the compatibility of the request with the targeted funding categories, the anticipated community impact, and the total amount of funds budgeted for awards. Community investments and sponsorship funds are not given to any activity intended to further a particular religion, political organization, or candidate for public office.

The Community Investment and Sponsorship Policy requires quarterly meetings of The Community Investment Team, the body responsible for making funding decisions. The team is composed of representatives from each line of business. It is chaired by the Vice President, Corporate Responsibility and Community Affairs. A copy of the Community Investment and Sponsorship Policy is attached. A copy of the Community Investment and Sponsorship funding application is attached.

Since its inception in 1994, the E.ON U.S. Foundation (“Foundation”) has been a philanthropic organization focused on charitable giving in the areas served by E.ON U.S. LLC and its subsidiaries — Louisville Gas and Electric Company (LG&E), Kentucky Utilities Company (KU) and Old Dominion Power Company (ODP). The Foundation supports nonprofit organizations in the communities where E.ON U.S.’s subsidiaries operate with the intention of improving the quality of life. The Foundation’s funding focus is education, the environment, and health and human services — through grants to the United Way organizations within the LG&E, KU and ODP service territories and locals where the company’s employees reside. An application is available online for organizations seeking E.ON U.S. Foundation support. Typically, applications are due in November of each year, the Foundation’s Board makes funding decisions each December, and applicants are notified in January. Funding decisions are based upon the amount requested by each applicant, Foundation funds earned through investment, and the anticipated community impact of the requested gift.

The Foundation maintains a separate competitive scholarship award process for graduating seniors who are children of E.ON U.S. employees and its subsidiary companies. The application and award process is managed by an independent third party vendor. In addition, the Foundation also operates a
matching gift program which provides matching gifts, up to $2,000 per gift annually, for individual employee gifts given to educational institutions.

b) E.ON U.S.'s Community Investment and Sponsorship Policy describes the guidelines and process for awarding community investment and sponsorship funds. A copy of the guidelines describing the process for requesting funds from the E.ON U.S. Foundation is available via E.ON U.S.'s internet webpage, http://www.eon-us.com/foundation/default.asp. A copy of those guidelines has been attached. A copy of the E.ON U.S. Foundation’s funding application is attached.

c) Since its inception, the Foundation has made grants to nonprofit organizations based upon the amount of money earned from investments, existing multi-year award obligations, and the level of funding requests received from the community which are responsive to the Foundation’s stated funding focus. There have been years during which the amount of funds available for grants has been significantly impacted by investment performance. Thus, grants made during such years may not have equaled the level of grants made during years when investment performance was more robust.

All budgets are subject to a drafting, review and adoption process which takes the company’s overall financial and operating exigencies into account. Thus, the amount available each year for community investment grants is a function of overall business necessities and community requests.

d) Please see the response to Question No. 3(c) above.

e) The information requested is not readily available in the form requested.
E.ON U.S. LLC Policy

Revision Dates 05/16/01, 05/14/08

Community Investments (Non-Foundation) and Sponsorships (formerly Contributions/Charitable Contributions)

Policy
The purpose of the Community Investment and Sponsorship Policy is to define the process by which all contributions and sponsorships will be processed and approved throughout all E.ON US LLC (E.ON U.S.) business units. Contributions and sponsorships under the scope of this policy may include but are not limited to: contributions to non-profit organizations, table purchases or participation in celebrations, levels of named sponsorships, and volunteer labor.

E.ON U.S. (Company) will make reasonable community investments and sponsorships in the communities in which it does business in support of, education, the environment, diversity initiatives, safety, and programs benefiting our low income customers.

Community investments and sponsorships will not be made to further any particular religion, political organization, or candidate for public office. In general, community investments and sponsorships will be limited to organizations which achieve one or more of the following objectives:

a) enhance the Company’s image as a concerned, reasonable, and compassionate member of the community;
b) benefit a substantial segment of customers and/or employees; or
c) contribute to the service area’s ability to attract new or retain existing employment opportunities or other economic activities.

A community investment request seeks operating funds, table purchases, or other discreet financial support for a specific program. A sponsorship seeks use of the Company’s name for fund raising or advertising purposes, employee volunteer involvement, or other joint partnership.

Scope
This policy applies to all E.ON U.S. and subsidiary (Company) employees at all business locations. This policy does not apply to the activities of the E.ON US Foundation.

General Requirements
1. This policy establishes the guidelines under which a Company community investment and/or sponsorship will be received, processed and approved.
2. Each Line of Business will assign a representative to the E.ON U.S. Community Investment Team. This Team will operate under the purview of Corporate Responsibility and
E.ON U.S. LLC Policy

Community Investments (Non Foundation) and Sponsorships (formerly Contributions/Charitable Contributions)

Community Affairs and will meet at least quarterly to review community investment requests and the guidelines under which such requests are approved.

3. The Corporate Contribution Payment Request Form will be used to document ALL contribution requests.

4. The Corporate Contribution Payment Request Form will be completed by any employee who receives a community investment request. The form will be sent electronically to the "Charitable Contributions" mailbox maintained by Corporate Responsibility and Community Affairs. See General Requirement 8 for additional details.

5. All community investment requests of any amount must first be forwarded to the Community Investment Team via the VP, Corporate Responsibility and Community Affairs for review and approval if payment through community investment funds is contemplated. In addition, contribution requests of any amount which will be paid from departmental funds must first be forwarded to Corporate Responsibility and Community Affairs for record keeping purposes prior to submittal to Accounts Payable for payment. See General requirement 8 for additional details.

6. All contributions and community investments must be processed using the Corporate Contribution Payment Request Form and must include the appropriate accounting information. (The respective area’s Budget Coordinator should be consulted for the appropriate accounting information).

7. All contributions, community investments, and sponsorship expenditures must be approved consistent with the Corporate Authority Matrix.

8. The Corporate Contribution Payment Request Form must be forwarded to Accounts Payable for processing.
   a. For Contributions approved by the Community Investment Team, an administrator within Corporate Responsibility and Community Affairs will authorize approval and forward it to the Manager - Accounts Payable for processing.
   b. For Contributions not requiring approval by the Community Investment Team, (contributions paid from departmental funds) the local Business person receiving the contribution request will complete the Corporate Contribution Payment Request Form, send an electronic copy to the Charitable Contribution mailbox per step 4 above and forward original to the Manager-Accounts Payable for processing.
   c. The administrator within Corporate Responsibility and Community Affairs will maintain all contribution documentation in a central location for audit purposes for 7 years

9. The Communications Department is responsible for all Company sponsorships. Decisions regarding the appropriateness or inappropriateness of a requested sponsorship will be made by the Communications Department.

10. The Business person who receives the initial contribution or sponsorship request is responsible for notifying all applicants of whether or not their request was approved or denied.
E.ON U.S. LLC Policy

Community Investments (Non Foundation) and Sponsorships (formerly Contributions/Charitable Contributions)

11. Annually, but no later than February 28th for the previous calendar year, the administrator in Corporate Responsibility and Community Affairs will prepare and submit a written report documenting all community investment and contribution expenditures. The report should be addressed to the E.ON U.S. Chief Executive Officer and a copy provided to the Director of Corporate Tax, Vice President of Corporate Responsibility and Community Affairs, and the Chief Financial Officer.

Guidelines to be used in approving (and reporting) a corporate contribution or sponsorship include the following:
- Type of activity (Does it fit with the Company image? Respectable, good corporate citizen?)
- Purpose (Does it fit the Company’s goals of education, safety, environmental excellence, etc.?)
- Diversity opportunities
- Contribution/sponsorship amount
- Media coverage potential
- Exposure opportunities (advertising, signage, booth space, etc.)
- Budget impact (is the amount of the contribution covered in the current approved budget?)

The following activities will not be considered for any type of Company contribution:
- Direct support of raffles or prizes
- Sports events or advertising, unless they support broad socioeconomic, welfare or civic needs of the community. (Any sports sponsorship or advertising requests should be forwarded to Corporate Communications.)
- Religious organizations, unless the program benefits the overall community
- Any political, fraternal or labor organization
- Any medical sponsorships should be directed to Corporate Responsibility and Community Affairs and will be evaluated on a case by case basis
- Activities associated with Company campaigns or company sponsored campaigns, such as Power of One, etc (unless the prior written approval of the Business Unit’s Senior Officer is obtained)

Penalties for Noncompliance
Failure to comply with this policy may result in disciplinary action, up to and including discharge.

Reference: E.ON U.S. Community Involvement Guidelines, Corporate Contribution Payment Request Form, Authority Limit Matrices.
E.ON U.S. LLC Policy

Community Investments (Non Foundation) and Sponsorships (formerly Contributions/Charitable Contributions)

**Key Contacts:** Corporate Tax Department; Division Contribution Administrator; Accounts Payable.

**Administrative Responsibility:** Chief Financial Officer, Vice President Corporate Responsibility and Community Affairs, Vice President Corporate Communications.
2010 Community Investment Funding Application

Applications will be accepted from December 1 to 23, 2009. Applicants receiving funding will be selected in the first quarter of 2010. E.ON U.S. supports non-profit activities which focus on education, the environment, diversity and activities benefiting our low-income customers. We invite you to submit an application if your project is consistent with this emphasis.

- Required Information

Organization Name: ____________________________ Web address: ____________________________
Street address: _______________________________________________________
City: ______________________ State: __________ ZIP: __________
President/executive director: ____________________________
Application contact person: ____________________________ Telephone: ____________________________
Contact e-mail: ____________________________
Current total operating budget: ____________________________ Number of paid staff: ____________________________

Brief statement describing organization's purpose/mission and goals:

Please provide the following additional information to describe your organization:

1. This organization □ is □ is not a membership organization.
2. This organization □ is □ is not a tax exempt organization.
3. This organization's tax exempt status derives from:
   □ Section 501(c)(3) of the Internal Revenue Code
   □ Section 501(c)(4) of the Internal Revenue Code
4. This organization □ is □ is not affiliated with a national organization.
   If affiliated with a national organization, is paid annually to such organization.
5. This organization receives funding from the following sources:
   a. □ Federal □ State and/or □ Local Government
   b. □ Fund for the Arts
   c. □ United Way
6. My organization has worked with the following E.ON U.S. employee(s) in the past:

7. This organization □ does □ does not have a newsletter.

The funding requested via this application will be dedicated to:

□ General operating support □ Support of a special event □ Support of an individual program

If requested funding will support a special event, please provide the following information:

Name of event: ____________________________ Location in which event will occur: ____________________________
Date of event: ____________________________ Total cost of event: ____________________________
Describe the event: ____________________________

Continued on next page
Bellar

Describe how the community will benefit from this event:

If requested funding will support an individual program, please describe the program:

These companies have supported our organization in the past:

Amount requested from E.ON U.S.: [ ]

In order to complete this application and be considered for funding, the following documents must be mailed along with the Community Investment Funding Application Form to the address indicated below:

1. A copy of your organization's 501(c)(3) or 501(c)(4) (whichever is applicable) IRS determination letter, and
2. A list showing your current board of directors.

The signature of your organization's authorized representative below obligates your organization to spend all funds awarded as a result of this application only for the purpose(s) described within this application. Funds spent for any other purpose will be forfeited, and your organization will be obligated to return any such funds immediately. E.ON U.S. reserves the right to revoke any award and demand the return of all funds spent for any purpose other than that described in this application or for any other material misrepresentation.

Verified and submitted by authorized representative:

Signature __________________________ Date: __________

Print/type name _______________ Print/type title

Application will not be considered unless signed by an authorized representative.
(Electronic copies of this application and any supporting material will not be accepted.)

Print this form  Save form data  Clear form; start over

Mail completed application and all required information to:

E.ON U.S.
Corporate Responsibility and Community Affairs
220 West Main Street, 11th Floor
Louisville, Ky. 40202
For questions, call (502) 627-3225

For sponsorship requests, please contact:

E.ON U.S.
Communications Department
220 West Main Street
Louisville, Ky. 40202
Or, call (502) 627-2520.

This section for E.ON U.S. use only

Funding category:
- Diversity Initiatives
- Health and Human Services
- Education
- Environmental
- Safety
- Low income Customers
- Other
E.ON U.S. Foundation

Since its inception in 1994, the E.ON U.S. Foundation has represented E.ON U.S. LLC and its subsidiaries — Louisville Gas & Electric (LG&E), Kentucky Utilities (KU) and Old Dominion Power (ODP) — as the philanthropic arm for charitable giving.

Committed to social responsibility, the E.ON U.S. Foundation proactively supports many philanthropic initiatives with the intent to improve the quality of life in communities where the Company provides service. Through Foundation giving, E.ON U.S. LLC and its subsidiaries are able to play a definitive role in strengthening the communities where they have a presence.

For over a decade of charitable giving, the E.ON U.S. Foundation is proud of its contributions to improve the quality of life for people who live in the communities served by the Company.

Our Mission

To contribute to the communities in which we do business by supporting Education, Diversity, Environmental, and Health and Human Services initiatives.

Our Focus Areas

- **Education** - Education is the Foundation's primary emphasis and includes innovative educational programs within public elementary, middle and secondary schools and public and private post-secondary schools. Programs involving math, science and technology are priority. This emphasis also includes educational programs that are conducted through other qualifying organizations (see grant information).
Attachment 1 to Response to ACM Question No. 3(b)

Page 2 of 3

Bellar

- Diversity - In order to strengthen our communities, we believe in a strong commitment to programs that support diversity and strive to embrace and encourage the inclusion of diverse backgrounds, experiences, and perspectives.

- Environment - Supporting environmental excellence is inherent and vital for the protection of our communities in which we live and play and helps promote economic growth.

- Health and Human Services - Health and Human Services are programs whose goals better the health and welfare of our society. Grantmaking in this area will be made only to United Way.

E.ON U.S. Foundation - Grant Information

Not sure if your organization meets the criteria? Take our Eligibility Quiz.

Criteria for Application

- Organizations must be recognized as tax-exempt under section 501(c)(3) of the Internal Revenue Code.
- Organizations may submit a "Contribution Request Form" no more than once a calendar year.
- Requests should have a clear statement of purpose and have no avoidable duplication of services of other organizations in the same general area.
- Requests should fulfill specific needs within the four areas of focus and generally do not include capital campaigns.
- Grantmaking in the area of Health and Human Services will be made only to United Way.
- Requests may not involve direct support of raffles or prizes.
- The Foundation cannot receive any benefit from the donations it makes. Tables, honorary or celebratory programs/events, and other outings may be considered on a case-by-case basis from funds unrelated to the Foundation.
- Organizations should not be affiliated with religious organizations, unless the program benefits the overall community and does not solely support a specific religious doctrine.
- Organizations should not be affiliated with political, fraternal, or labor organizations.

Exclusions

- Individuals, pageants or travel expenses
- Organizations without an IRS 501(c)(3) designation
- United Way and Fund for the Arts agencies
- Political, fraternal, labor, or religious organizations/endeavors
Attachment 1 to Response to ACM Question No. 3(b)
Page 3 of 3

Bellar

- Capital campaigns
- Medical research or disease campaigns/walks
- Requests outside the Company's service territory
- Athletic sponsorships
Please do not staple materials.

The application period for 2009 grants ended November 30, 2008. If you would like to seek funding for 2010, applications will be received only between November 1-20, 2009. Please ensure your mailing is postmarked no later than November 16, 2009.

Corporate Contributions Request Form

<table>
<thead>
<tr>
<th>Organization Name:</th>
<th>Website:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Street Address:</td>
<td>City:</td>
</tr>
<tr>
<td>State:</td>
<td>Zip:</td>
</tr>
<tr>
<td>President or Executive Director:</td>
<td></td>
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<tr>
<td>Organization's Contact Person:</td>
<td>E-Mail Address:</td>
</tr>
<tr>
<td>E.ON U.S. Employee Making Request:</td>
<td></td>
</tr>
<tr>
<td>Current Operating Budget:</td>
<td>Number of Paid Staff:</td>
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<tr>
<td>Brief statement of purpose/mission and goals of your organization:</td>
<td></td>
</tr>
</tbody>
</table>

IS YOUR ORGANIZATION...

- A membership organization? ☑ YES ☐ NO
  - If yes, how many members?
- A tax-exempt organization? ☑ YES ☐ NO
  - If yes, under what section of the internal revenue code?
- Affiliated with a national organization? ☑ YES ☐ NO
  - If yes, what organization?
  - Amount of dues or fee to organization?
- A recipient of:
  - ☐ Government funding
  - ☐ Fund for the Arts Agency
  - ☐ United Way Agency

PROJECT INFORMATION...

- Please mark appropriate locale of project

<table>
<thead>
<tr>
<th>☐ LG&amp;E Service Area</th>
<th>☐ WKE Service Area</th>
<th>☐ KU Service Area</th>
<th>☐ Combined Service Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>Location in which project will occur:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Project Name:</td>
<td>Project Date:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Cost of Project:</td>
<td>Amount requested from E.ON U.S. Foundation:</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Category of funding:

- ☐ Operating Funds
- ☐ Special fundraising event or sponsorship
- ☐ Other

Category of Request:

- ☐ Education
- ☐ Diversity
- ☐ Health & Human Services
- ☐ Environment
Describe the project:

Describe how the community will benefit from your project and who will benefit:

List 5 companies/businesses contributing to this project & the amount contributed (if applicable):

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Contribution</th>
</tr>
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<tbody>
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</table>

In order to be considered for funding, you must send the foundation the following with this Contribution Request Form:
1. A copy of your organization's most recent 501(c)(3) tax-exempt IRS determination letter
2. A copy of your organization's current budget
3. A list of your Board of Directors
4. Any other information your organization believes to be pertinent to this request

An organization may apply for an E.ON U.S. Foundation grant no more than once a year

Date your organization last applied: __/__/____

Your signature below indicates your understanding that this grant is made on the condition that funds disbursed pursuant to a Foundation grant will be used only for the purpose(s) described in this request. If these grant funds are used for any purpose other than as described in this application, a like amount of funds shall be returned to the Foundation immediately. E.ON U.S. Foundation reserves the right to terminate, revoke and/or request the return of funds for the grounds referred to in this paragraph.

Verified and submitted by:

Name
Title
Date

Authorized signature
Phone Number

Category of funding:
☐ Education
☐ Diversity
☐ Health & Human Services
☐ Environment

Initial Review Date: __/__/____
Amount Requested: ____________________________ Amount Approved: ____________________________
Contributions Committee Review Date: __/__/____
Comments: ____________________________

☐ Approved
☐ Denied
☐ Modified
☐ $___________ for $___________ Challenge Grant

Signatures:
Proposal Reviewed by Corporate Contributions Committee:
Grants Administrator ____________________________ Date __/__/____
Tax Department ____________________________ Date __/__/____

Previous Support by E.ON U.S. Foundation:

<table>
<thead>
<tr>
<th>YEAR</th>
<th>PROGRAM</th>
<th>AMOUNT</th>
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</tbody>
</table>
Educational Matching Gifts Program

To support higher education, E.ON U.S. Foundation offers an educational matching gift program. Employees may contribute and have their gift matched by the Company.

Who can participate:
- Regular, full-time salaried employees of E.ON U.S. and its subsidiaries
- Directors of E.ON U.S. who are not employees of the company

The program
- E.ON U.S. Foundation will match personal contributions to a maximum of $2,000 per individual, per calendar year. Each single gift to be matched must be at least $25.

- Match is toward gifts to colleges and universities granting a two or four-year degree, undergraduate or graduate, private or tax-supported, located in the U.S. or its possessions, and are accredited by a national or professional accrediting association. Qualifying gifts may be through a foundation or other tax-exempt association for the sole benefits of the scholastic purposes of the institution.

For an Educational Matching Gift form, or for further information, contact the E.ON U.S. Foundation at (502) 627-3337 or check the guidelines.
E.ON U.S. Foundation Scholarship Program

Children of E.ON U.S. employees have a resource to assist with their college education. All dependent children of regular, full-time employees of E.ON U.S. LLC and its subsidiaries are eligible to apply for a scholarship, with the exception of children of employees who are classified as officers or senior managers of E.ON U.S. LLC and its subsidiaries.

In 2006, the Foundation plans to award up to 10 four-year scholarships worth $1,200. In order to qualify, students must currently be enrolled or plan to enroll full-time in an undergraduate degree program at an accredited college or university. Students must have a cumulative GPA of 3.0 and must maintain a 3.0 GPA while attending a college or university. This program does not limit the type of courses that students can take.

Scholarship application and scholarship guidelines

ReScholarship Management Services (SMS) will continue to administer the scholarship program. If you have any questions about the program, call Marlene Johnson at 1-800-537-4180 ext. 453.
Response to Question No. 4
Page 1 of 2
Bellar

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 Tendered Second Request for Information of
Association of Community Ministries
Dated July 16, 2010

Question No. 4

Responding Witness: Lonnie E. Bellar

Q-4. Please see the attached E.ON U.S. Foundation, Inc. Form 990-PFs, Part XV(a) and
(b) Attachments for tax years 2006, 2007 and 2008 obtained from Guidestart.

a) Please confirm that these attached Form 990 documents are correct copies of the
actual documents filed by E.ON U.S. Foundation Inc. with the IRS for the years
in question, and that such attachments have not been amended.

b) Please confirm that the amounts listed on the attached Form 990 documents
form the basis for the amounts listed on the Schedule of Charitable Contributions
provided by the Joint Applicants in the attachment to Response to ACM A - 5(e)
for years 2006 through 2008 under the “Foundation” column.

c) The following contributions appear to have been made to organizations located
outside of the LG&E/KU service territory:

2006: Roanoke Valley United Way Inc., Roanoke Rapid, NC

2007 and 2008:

Jefferson County United Fund Inc., Madison, IN

United Way of Perry County, Inc. Tell City, KY

United Way of Southwestern Indiana, Evansville, IN

Please confirm that the above organizations are located outside of the LG&E/KU
service territory and identify any other contributions made to organizations
located outside of the LG&E/KU service territory.

d) Please describe whether, and if so how, the above contributions and any other
contributions made to organizations located outside of the service territory
Response to Question No. 4
Page 2 of 2
Bellar

support the relationship between LG&E and KU and the communities they serve, as stated in the prior Regulatory Commitments as expressed in the Final Orders of KPSC Case Nos. 2000-00095 and 2001-00104.

A-4. a) The attached Form 990 documents are correct copies of the actual documents filed by the E.ON U.S. Foundation Inc. with the IRS for the years in question, and such attachments have not been amended.

b) The amounts listed on the attached Form 990 documents form the basis for the amounts listed on the Schedule of Charitable Contributions provided by the Joint Applicants in the attachment to Response to ACM 1- 5(e) for years 2006 through 2008 under the “Foundation” column.

c) The contributions listed are associated with the “Power of One Campaign,” a voluntary E.ON U.S. employee giving program. In 2006, E.ON U.S. owned a plant, ROVA, located in Roanoke Rapids, North Carolina. The other locations, Madison, Indiana, Evansville, Indiana, and Tell City, Indiana, are locations where several E.ON U.S. employees including those who worked for Western Kentucky Energy, which was a subsidiary of the company at that time, lived. Through the “Power of One” employee voluntary charitable giving campaign, employees are able to target their financial gift to a United Way organization in the area where they live. The E.ON U.S. Foundation then matched that employee gift. The contributions described in Question No. 4(c) represent matching funds paid by the Foundation to support employee contributions to Metro United Way organizations in the communities where they lived.

d) Please see the response Question No. 4(c) above.
Q-5. Please see the attached E.ON U.S. Foundation, Inc. Form 990-PFs, Part XV(a) and (b) Attachments for tax years 2006, 2007 and 2008. Each of the attached Form 990 documents lists a contribution to the LG&E Energy or E.ON US Foundation Matching Gift Program.

a) Please describe this program, including its purpose and eligibility criteria and attach any written guidelines, applications and reports.

b) Please confirm that all recipients are located in the LG&E/KU service territory and if not, describe how such contributions support the relationship between LG&E and KU and the communities they serve.

A-5. a) The Matching Gift Program provides for a Foundation match of up to $2,000 per year for any gift made by an employee to an educational institution. Many employees choose to request a Foundation match for a gift to their alma mater. This may result in a Foundation gift to an educational institution which is outside of LG&E and KU’s service territory.

The attached further describes the Matching Gift Program.

b) Please see the response to Question No. 5(a) above.
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 Tendered Second Request for Information of
Association of Community Ministries
Dated July 16, 2010

Question No. 6

Responding Witness: Lonnie E. Bellar

Q-6. Please see the attached E.ON U.S. Foundation, Inc. Form 990-PFs, Part XV(a) and
(b) Attachments for tax years 2006, 2007 and 2008. Each of the attached Form 990
documents lists a contribution to the LG&E Energy or E.ON US Foundation
Scholarship Program.

   a) Please describe this program including its purpose and eligibility criteria and
   attach any written guidelines, applications and reports.

   b) Please confirm that all recipients are located in the LG&E/KU service territory
   and if not, describe how such contributions support the relationship between
   LG&E and KU and the communities they serve.

A-6. a) The E.ON U.S. Foundation Scholarship Program is a competitive scholarship
program which provides up to $1,200 per year in financial assistance to
college going dependent children of E.ON U.S. full time employees – with the
exception of employees who are ranked at the senior manager or above level.
To be eligible for award, students must have a minimum high school GPA of
3.0 and must maintain a 3.0 post award. The scholarship application and
award process is managed by an independent, third party vendor. Additional
information regarding the scholarship program is attached.

   b) Eligibility for award is based upon the full time employment status of the
applicant’s parent not place of residence. It is possible that some awardees may
reside outside the service territory.
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 Tendered Second Request for Information of
Association of Community Ministries
Dated July 16, 2010

Question No. 7

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


a) Is it the Joint Applicants’ position that Regulatory Commitment 43 requires
nothing more than the ordinary business practices currently carried out by the
Customer Commitment division as described in this response?

b) In carrying out Regulatory Commitment 43 would the Joint Applicants commit
to including one or more meetings in which ACM and other low-income
advocates could participate in a review along with Purchaser, LG&E and KU of
current policies and practices with respect to low-income customers to determine
whether policies and practices more sympathetic to the needs of such customers
would be appropriate?

c) Would Joint Applicants commit to reporting to the Commission on the results of
its review pursuant to Regulatory Commitment 43?

A-7. a) No. Following the purchase, PPL will review LG&E and KU’s policies and
practices with respect to low-income customers.

b) It is the Joint Applicants’ view the current Customer Commitment Advisory
Forum provides a meeting venue for ACM and other low-income advocates to
have open, meaningful dialogue about the policies and practices of LG&E and
KU with respect to low-income customers. Further, this Forum provides such
participants the opportunity to provide input and guidance as to whether
policies and practices more sympathetic to such customers would be
appropriate.

c) LG&E and KU will provide an update to the Commission along with other
reporting requirements included in the 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 Tendered Second Request for Information of
Association of Community Ministries
Dated July 16, 2010

Question No. 8

Responding Witness: Lonnie E. Bellar

   a) Please describe the new low income and energy efficiency programs referred to
      in the response.
   b) Please describe the status of any plans or discussions to change the format of the
      Forum.
   c) Will the Companies seek input from participants of the Forum before making a
      decision on any such change?

A-8. a) Presently there are no new low income and energy efficiency programs to
      identify.
   b) Presently there are no plans or discussions to change the format of the Forum.
   c) Although there presently are no plans or discussions to change the format of the
      Forum, the Companies would envision that if there is a desire to change the
      format of the Forum in the future, it would seek input from Forum participants.
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 COMPANY AND KENTUCKY UTILITIES COMPANY FOR APPROVAL OF AN ACQUISITION OF OWNERSHIP AND CONTROL OF UTILITIES

CASE NO. 2010-00204

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 FIRST DATA REQUESTS OF BIG RIVERS ELECTRIC CORPORATION DATED JUNE 22, 2010

FILED: July 6, 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 First Data Request of Big Rivers Electric Corporation
Dated June 22, 2010

Question No. 1

Responding Witness: Lonnie E. Bellar

Q-1. Please provide Sections 3.10, 3.15, 3.16, and 3.25 of the Company Disclosure Schedules to the Purchase and Sale Agreement with the following information not redacted: Information that concerns, references or relates to (i) the WKE Documents, (ii) the WKE matters, (iii) the “unwind transaction” with Big Rivers or (iv) any of the rights or obligations under the WKE Documents of a party to a WKE Document.

A-1. The Joint Applicants are providing unredacted versions of Sections 3.10, 3.15, 3.16, and 3.25 of the Company Disclosure Schedule to the Purchase and Sale Agreement to Big Rivers Electric Corporation pursuant to the Confidentiality Agreement entered into between the Joint Applicants and Big Rivers Electric Corporation.
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 First Data Request of Big Rivers Electric Corporation
Dated June 22, 2010

Question No. 5

Responding Witness: Lonnie E. Bellar

Q-5. Mr. Bellar states in his testimony at page 4 that Louisville Gas & Electric Company and Kentucky Utilities Company (collectively, the “Companies”) have no plans to become members of an RTO after the closing of the transaction contemplated in the Purchase and Sale Agreement. The Companies expect to continue to operate independently from a RTO, but may retain Southwest Power Pool, Inc. (“SPP”) as the Companies’ independent transmission operator. Big Rivers has been negatively impacted by the response of SPP to certain Big Rivers requests for transmission service, system impact studies and transmission facility studies. SPP is apparently not knowledgeable about its obligations under the terms of the Companies’ respective open access transmission tariffs. Will E.ON U.S. (PPL Kentucky) commit to cause the Companies to monitor the performance of SPP on behalf of the Companies, and to insist that SPP correct deficiencies in its performance on behalf of the Companies?

A-5. Under the agreement (the “ITO Agreement”) with Southwest Power Pool, Inc. (“SPP”), the Companies have a wide range of rights and remedies to ensure that SPP satisfactorily performs its ITO functions. Such rights include the right to services that are in accordance with the OATT, and in accordance with Good Utility Practice (as defined in the OATT). If SPP materially fails to provide such services or shows a pattern of failure, such failures may give rise to a basis for a termination for cause under the ITO Agreement. The Companies fully intend to monitor SPP’s performance, and work cooperatively with SPP as required by the ITO Agreement, to enable and encourage SPP to provide exceptional service to the Companies’ OATT customers. The Companies believe such a focused and cooperative approach with SPP will result in satisfactory service to customers.
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
INITIAL REQUEST FOR INFORMATION ON BEHALF OF
COMMUNITY ACTION COUNCIL FOR LEXINGTON-FAYETTE, BOURBON,
HARRISON AND NICHOLAS COUNTIES, INC.
DATED JUNE 23, 2010

FILED: July 6, 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 Initial Request for Information on Behalf of the Community Action Council for Lexington-Fayette, Bourbon, Harrison and Nicholas Counties, Inc.
Dated June 23, 2010

Question No. 2
Responding Witness: Lonnie E. Bellar / William H. Spence

Q-2. Please state PPL Corporation’s position on each of the following charitable and regulatory low-income programs including whether they will be maintained and/or enhanced. Identify whether PPL Corporation anticipates any changes to these programs or if it, or its associated companies or subsidiaries, operate any similar programs in their current service areas, and ways in which those programs may differ: WinterCare Energy Fund (shareholder match); Home Energy Assistance Program; WeCare; Winterblitz; E.On. U.S. Foundation.

A-2. The Combined Companies, including PPL, do not anticipate changes to the aforementioned programs due to this transaction. PPL maintains similar programs in areas in which it operates. PPL Electric Utilities Corporation (“PPL Electric”) offers four programs for low-income customers: 1) OnTrack, which provides reduced payments and arrearage forgiveness; 2) WRAP, which stands for “winter relief assistance program” and provides in-home weatherization services; 3) Operation HELP, which provides bill payment assistance and; 4) CARES, which provides a referral service for temporary hardship assistance. Please see the response to ACM 1-1.
Joint Response to Initial Request for Information on Behalf of the Community Action Council for Lexington-Fayette, Bourbon, Harrison and Nicholas Counties, Inc.
Dated June 23, 2010

Question No. 5

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

Q-5. Please provide total, annual charitable giving amounts for E.ON U.S., LLC, E.ON U.S. Investments Corp., and the E.On U.S. Foundation for each of the past 5 years, and provide the charitable giving amounts broken down by the individual recipients. Also provide PPL Corporation’s and any associated company’s foundation’s total, annual charitable giving amounts and the name of the recipient for each gift for each of the past 5 years. Please state whether PPL Corporation intends to maintain, increase, or decrease these amounts.

A-5. The amounts for E.ON U.S. and its affiliates are set forth in the enclosed CD. The amounts for PPL Corporation and its affiliates are set forth in the enclosed CD. PPL Corporation interprets the question to refer to the charitable giving amounts in the communities served by LG&E and KU, after the closing of the transactions under the Purchase and Sale Agreement by and between E.ON US Investments Corp., PPL Corporation and, solely for purposes of Article VI, Article IX and Article X thereof, E.ON AG dated as of April 28, 2010 (the “PSA”). Pursuant to Regulatory Commitment No. 36 “Purchaser and the Company commit that LG&E and KU shall maintain a substantial level of involvement in community activities, through annual charitable and other contributions, on a level comparable to or greater than the participation levels experienced prior to the date of the transaction. Purchaser commits to maintaining and supporting the relationship between LG&E and KU with the communities that each serves for a period of 10 years from the Purchase.”
Q-11. Louisville Gas & Electric serves a predominantly urban area while Kentucky Utilities serves a mostly rural area. Please discuss how PPL Corporation plans to balance these interests and ensure the interests of Kentucky Utilities customers are represented in Company decision-making, especially considering the small and dwindling administrative staff presence in the Kentucky Utilities service area.

A-11. PPL expects LG&E and KU to be managed and run as provided in the Regulatory Commitments. As such, LG&E and KU management will continue to manage the urban and rural aspects of their business as they have since 1998. PPL has experience balancing the interests of urban and rural customers, and will bring this experience to its Kentucky customers.
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 COMPANY AND KENTUCKY UTILITIES COMPANY FOR APPROVAL OF AN ACQUISITION OF OWNERSHIP AND CONTROL OF UTILITIES

CASE NO. 2010-00204

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
IBEW, LOCAL 2100 REQUEST FOR INFORMATION
DATED JUNE 23, 2010

FILED: July 6, 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 IBEW, Local 2100 Request for Information
Dated June 23, 2010

Question No. 21

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

Q-21. Identify specifically which of the commitments undertaken by LG&E at the time
would be acceptable. For any commitment not acceptable to PPL, state why not.

A-21. The Joint Applicants assume that this question refers back to the Trimble County
2 issues raised in Question No. 20. In its TC2 Order, the only condition the
Commission placed was:

The Commission, therefore, will require the Companies to
monitor the accuracy of their forecasts and advise us
immediately if they notice any material divergence between
their energy and peak forecasts and actual usage that could
call into question the advisability of further pursuit of
construction of TC2. Upon such a report, any party to this
case, or the Commission on its own motion, may reopen
this case to determine if further action is warranted.

TC2 Order at 6. LG&E and KU have complied with this condition throughout the
construction of Trimble County 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 IBEW, Local 2100 Request for Information
Dated June 23, 2010

Question No. 22

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

Q-22. Does LG&E have a written plan outlining a projected timetable for hiring employees as either (1) new hires for newly created positions and (2) new hires to fill vacancies from anticipated retirements in an aging workforce? If so, has PPL undertaken a review of this plan as a part of its acquisition discussions?

A-22. Yes, LG&E has such a written plan. No, PPL has not undertaken a review of the plan at this time. Production of this information to requesting party would place LG&E at a competitive disadvantage in future contract negotiations. The request therefore does not seek information relevant to the proposed transaction, but commercially sensitive information for the financial advantage of the party requesting the information. The Commission has previously held that these proceedings should not be used as a vehicle for discovery of other possible proceedings.
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 IBEW, Local 2100 Request for Information
Dated June 23, 2010

Question No. 23

Responding Witness: William H. Spence

Q-23. Has PPL undertaken any review of LG&E safety practices for operational employees? If so, has PPL had any discussion with LG&E about the possible best practices or other changes that may be implemented to the safety program for operational employees?

Produce any documents related to PPL’s review or analysis of existing LG&E safety practices.

A-23. PPL is aware of the LG&E/KU’s excellent safety record as evidenced by the RIIR of 1.76 and 1.09 in 2008 and 2009. PPL has not had any discussions about possible best practices or other changes that may be implemented to the safety program for operational employees.
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
IBEW, LOCAL 2100 SUPPLEMENTAL DATA REQUESTS
DATED JULY 14, 2010

FILED: July 26, 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

September 2, 2010 Joint Supplemental Response to IBEW, Local 2100 Supplemental Data Requests
Dated July 14, 2010

Question No. 1

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

Q-1. With respect to PPL’s answer to Attorney General Question No. 64, if there is no current plan for workforce reductions, and no current plan to develop a workforce reduction, and LG&E already has implemented all best practices of which it has considered, and no best practices are being considered for implementation, and PPL is planning to keep the same management team in place, and the acquisition is not based upon assumptions of synergies being achieved that would result in workforce reduction, please articulate the business justification for PPL’s refusal to enter into a commitment that there will be no workforce reductions as a direct consequence of the acquisition?

A-1. PPL’s answer to AG 1-64 refers to Regulatory Commitment No. 16 and provides that (a) PPL has no current plan to reduce the workforce of E.ON US., LG&E or KU as a result of the proposed acquisition, and (b) PPL has no current plan to develop a workforce reduction plan after the closing of the proposed acquisition.

PPL must reserve the flexibility to modify its business operations and those of LG&E and KU, including without limitation decreases or increases in workforce levels, to the extent modifications are warranted by future events that cannot now be foreseen. On a post-closing basis, PPL will continue to monitor the operations and customer service of LG&E and KU and adjust their operations if in PPL’s business judgment such adjustments are necessary.

Based upon the Company’s WFP, the staffing levels for Local 2100 will remain approximately flat over the three year period following the transaction.
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

September 2, 2010 Joint Supplemental Response to IBEW, Local 2100 Supplemental Data Requests
Dated July 14, 2010

Question No. 2

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

Q-2. With regard to the applicant’s answer to IBEW Question 5, if no workforce reductions are planned, and there is no plan to develop a plan of workforce reductions based upon anticipated synergies, why is it necessary for the company to make commitments No. 27 and 28 which both offer assurances for continued quality of service if workforce reductions are implemented?

A-2. Regulatory Commitments No. 27 and 28 are substantially similar to commitments that were adopted by the Commission in the two previous cases involving the acquisition of ownership and control of LG&E and KU, Case Nos. 2000 – 095 and 2001 - 104. The Joint Applicants believed that it would be consistent with the public interest to offer those commitments in this case as well. However, the Joint Applicants refer to their response to IBEW 2-1, which confirms that there are no current plans to implement or develop a workforce reduction plan, and that based upon the Company’s WFP, the staffing levels for Local 2100 will remain approximately flat over the three year period following the transaction.
Question No. 6

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

Q-6. With regard to the applicant’s response to IBEW Question 20, will the applicant agree that for any future capital construction projects, practices consistent with those used in the RFP for the Trimble County 2 construction, related to conditions for hiring local workers, will be maintained to include:

A. Efforts to maximize the use of local direct hire union and non-union contractors;

B. A requirement to define and utilize processes to maximize the use of local union and non-union MBE and WBE labor, goods and services;

C. First preference for the hiring of Kentucky residents for construction jobs; and

D. A requirement that local workers be utilized whenever practical and possible, consistent with previous orders of the Kentucky PSC.

A-6. A. – D.

The Joint Applicants are aware of the Commission’s encouragement in the Trimble County 2 case that LG&E and KU “provide as many jobs as possible to Kentucky citizens.” In the Matter of: Joint Application of Louisville Gas and Electric Company and Kentucky Utilities Company for a Certificate of Public Convenience and Necessity, and a Site Compatibility Certificate, for the Expansion of the Trimble County Generating Station, Case No. 2004-00507 (Ky. PSC November 1, 2005) (“TC2 Order”). However, the Commission expressly recognized the competing concerns of hiring local workers while complying with a statutory mandate to maintain low rates for customers. Going forward, PPL, E.ON U.S., LG&E and KU will continue to be aware of and sensitive to the appropriate balancing of these concerns.
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 IBEW, Local 2100 Supplemental Data Requests
Dated July 14, 2010

Question No. 7

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

Q-7. With regard to the applicant’s answer to IBEW Question 22:

A. Explain why disclosure of plans for staffing levels of operational employees
will place the company at a competitive disadvantage for future contract
negotiations;

B. Does not LG&E retain the exclusive management prerogative to determine the
number of employees it will utilize and retain the management prerogative to
increase and decrease that number without regard to the labor agreement with
IBEW 2100?

C. If PPL has no present plans for employee reductions, no plans to plan for
reduction after the acquisition and no expectation of synergies to be achieved
as a result of the acquisition, explain why disclosure of LG&E’s current
projected staffing needs will impair the Company’s future rights to make
staffing decisions?

A-7. A. To prudently operate the business, it is imperative that management retain
maximum flexibility to adjust to a myriad of situations, many of which cannot
be anticipated. This would include, by way of example, new or different
regulatory requirements. For these reasons, specification of a specific target or
projection around staffing levels could place the company at a competitive
disadvantage.

B. Yes, in coordination with PPL.

C. Please see response to 7(A).
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 IBEW, Local 2100 Supplemental Data Requests
Dated July 14, 2010

Question No. 8

Responding Witness: Lonnie E. Bellar

Q-8. State the number of employees currently employed at LG&E as of June 30, 2010. For each of the last 10 years, list the total number of employees at the start of each year, segregated by union operational employees, covered by the IBEW 2100 contract, and all other employees.

A-8. There were 1,023 employees employed at LG&E on June 30, 2010. Noted below for each of the last 10 years are the number of employees currently employed at LG&E at the start of each year, segregated by IBEW 2100 union and all other employees.

<table>
<thead>
<tr>
<th>Year</th>
<th>Co</th>
<th>Total</th>
<th>IBEW Employee</th>
<th>All Other Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>LG&amp;E</td>
<td>1472</td>
<td>1186</td>
<td>286</td>
</tr>
<tr>
<td>2002</td>
<td>LG&amp;E</td>
<td>863</td>
<td>609</td>
<td>254</td>
</tr>
<tr>
<td>2003</td>
<td>LG&amp;E</td>
<td>900</td>
<td>631</td>
<td>269</td>
</tr>
<tr>
<td>2004</td>
<td>LG&amp;E</td>
<td>904</td>
<td>636</td>
<td>268</td>
</tr>
<tr>
<td>2005</td>
<td>LG&amp;E</td>
<td>905</td>
<td>633</td>
<td>272</td>
</tr>
<tr>
<td>2006</td>
<td>LG&amp;E</td>
<td>910</td>
<td>625</td>
<td>285</td>
</tr>
<tr>
<td>2007</td>
<td>LG&amp;E</td>
<td>917</td>
<td>628</td>
<td>289</td>
</tr>
<tr>
<td>2008</td>
<td>LG&amp;E</td>
<td>959</td>
<td>653</td>
<td>306</td>
</tr>
<tr>
<td>2009</td>
<td>LG&amp;E</td>
<td>989</td>
<td>677</td>
<td>312</td>
</tr>
<tr>
<td>2010</td>
<td>LG&amp;E</td>
<td>1001</td>
<td>669</td>
<td>332</td>
</tr>
</tbody>
</table>
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 COMPANY AND KENTUCKY UTILITIES COMPANY FOR APPROVAL OF AN ACQUISITION OF OWNERSHIP AND CONTROL OF UTILITIES

CASE NO. 2010-00204

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
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.
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.

<table>
<thead>
<tr>
<th>Year</th>
<th># Employees at the Start of Each Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>965</td>
</tr>
<tr>
<td>2009</td>
<td>977</td>
</tr>
<tr>
<td>2008</td>
<td>954</td>
</tr>
<tr>
<td>2007</td>
<td>940</td>
</tr>
<tr>
<td>2006</td>
<td>929</td>
</tr>
<tr>
<td>2005</td>
<td>948</td>
</tr>
<tr>
<td>2004</td>
<td>941</td>
</tr>
<tr>
<td>2003</td>
<td>948</td>
</tr>
<tr>
<td>2002</td>
<td>1,015</td>
</tr>
<tr>
<td>2001</td>
<td>Data not available</td>
</tr>
</tbody>
</table>
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.
<table>
<thead>
<tr>
<th>Job Category</th>
<th>Description of Duties</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative Assistant</td>
<td>Provides a variety of administrative and staff support services. Core work processes include administrative and technical support for various systems.</td>
<td>19</td>
</tr>
<tr>
<td>Arborist</td>
<td>Provides oversight of contract work planners, tree clearing and herbicide crews.</td>
<td>6</td>
</tr>
<tr>
<td>Billing Analysis Associate</td>
<td>Ensures accuracy of customer billing records by analyzing identified customer billing exceptions and researching customer billing complaints.</td>
<td>15</td>
</tr>
<tr>
<td>Billing Information Support Analyst</td>
<td>Assists the Department Manager and Team Leader in the operations of the Customer Accounting Department, ensuring adherence to Company practices and performance standards.</td>
<td>1</td>
</tr>
<tr>
<td>Budget Analyst</td>
<td>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.</td>
<td>2</td>
</tr>
<tr>
<td>Chemist</td>
<td>Carries out analytical or developmental assignments which usually required 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.</td>
<td>3</td>
</tr>
<tr>
<td>Clerk</td>
<td>Responsible for various clerical duties.</td>
<td>8</td>
</tr>
<tr>
<td>Coal Equipment Operator</td>
<td>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.</td>
<td>16</td>
</tr>
<tr>
<td>Coal Yard Supervisor</td>
<td>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.</td>
<td>9</td>
</tr>
<tr>
<td>Contract Administrator</td>
<td>Responsible for the acquisition of materials, equipment, and services.</td>
<td>2</td>
</tr>
<tr>
<td>Coop/Intern Student I (Eng)</td>
<td>Performs a variety of projects that have specific instructions and expected results relative to providing a meaningful coop/intern experience.</td>
<td>1</td>
</tr>
<tr>
<td>Customer Order Technician</td>
<td>Coordinates the daily completion of customer and company requested service orders.</td>
<td>22</td>
</tr>
<tr>
<td>Customer Representative</td>
<td>Handles customer requests.</td>
<td>75</td>
</tr>
<tr>
<td>Data Retrieval/Fld Ops Mgr</td>
<td>Responsible for data acquisition for billing of all customers and completion of all customer requests.</td>
<td>1</td>
</tr>
<tr>
<td>Electrician</td>
<td>Performs, and/or provide day-to-day hands on technical oversight for the work of others requiring electrical expertise.</td>
<td>11</td>
</tr>
<tr>
<td>Engineer</td>
<td>Performs and/or provide day-to-day hands on technical oversight for the work of others requiring mechanical and technical expertise.</td>
<td>8</td>
</tr>
<tr>
<td>Engineering Design Technician</td>
<td>This position performs engineering work which supports various functions and requires application of standard engineering techniques, procedures, and criteria.</td>
<td>29</td>
</tr>
<tr>
<td>Facility Records Technician</td>
<td>Performs and directs others in a variety of complex and technical office and/or field duties in connection with Asset Information.</td>
<td>9</td>
</tr>
<tr>
<td>Field Business Office Mgr</td>
<td>Directs, coordinates and provides leadership to multiple Business Offices.</td>
<td>8</td>
</tr>
<tr>
<td>Field Services Coordinator</td>
<td>Performs material and logistics services.</td>
<td>4</td>
</tr>
<tr>
<td>Group Leader</td>
<td>Reconciles customer issues while supervising the restoration of interrupted service.</td>
<td>1</td>
</tr>
<tr>
<td>Health/Safety Specialist</td>
<td>Applies health and safety principles to provide consultative support to management and safety committees.</td>
<td>3</td>
</tr>
<tr>
<td>Inspector</td>
<td>Oversees the work contractors perform for Line Construction &amp; Maintenance. Plut, coordinate, and administer all aspects of contractor utilization.</td>
<td>5</td>
</tr>
<tr>
<td>Job Category</td>
<td>Description of Duties</td>
<td>Total</td>
</tr>
<tr>
<td>---------------------------</td>
<td>-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>-------</td>
</tr>
<tr>
<td>Laboratory Technician</td>
<td>Responsible for collection, analysis, and monitoring of power plant system samples in order to maintain proper chemical control necessary for efficient steam production.</td>
<td>8</td>
</tr>
<tr>
<td>Laborer</td>
<td>Assists the construction and service crews in providing service to customers.</td>
<td>1</td>
</tr>
<tr>
<td>Line or Service Supervisor</td>
<td>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.</td>
<td>5</td>
</tr>
<tr>
<td>Line Technician</td>
<td>Perform routine construction, maintenance and repair work on electric distribution lines and equipment.</td>
<td>120</td>
</tr>
<tr>
<td>Line Technician Supervisor</td>
<td>Supervises crews to ensure service is provided to customers, maintains existing services, upgrade facilities as requested and to help restore service during outages.</td>
<td>31</td>
</tr>
<tr>
<td>Maintenance Coordinator</td>
<td>This position is responsible for planning, organizing, and scheduling all activities pertaining to the maintenance department.</td>
<td>1</td>
</tr>
<tr>
<td>Maintenance Planner</td>
<td>This position is responsible for analyzing, processing, coordinating, performing, and recording maintenance planning and scheduling.</td>
<td>4</td>
</tr>
<tr>
<td>Maintenance Technician</td>
<td>Perform skilled work to maintain, repair, inspect, install, rebuild, and construct all types of power plant electric and control equipment.</td>
<td>116</td>
</tr>
<tr>
<td>Manager Maintenance</td>
<td>This position is responsible for managing I/E and Mechanical Maintenance services to the generating facilities.</td>
<td>2</td>
</tr>
<tr>
<td>Manager Operations</td>
<td>This position is responsible for managing the commercial activities of the generating station related to budgeting, accounting, purchasing, materials management, contract administration and office administration.</td>
<td>2</td>
</tr>
<tr>
<td>Manager Production</td>
<td>This position is 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.</td>
<td>4</td>
</tr>
<tr>
<td>Manager Production</td>
<td>This position is responsible for managing production capabilities of the Tyrone Generating Station.</td>
<td>1</td>
</tr>
<tr>
<td>Materials Specialist</td>
<td>To provide accurate and efficient ordering, receiving, storing, controlling, and issuing of materials used to support T&amp;D operations.</td>
<td>7</td>
</tr>
<tr>
<td>Materials Supervisor</td>
<td>This position is responsible for supervising the ordering, receiving, storing and distribution of materials and equipment at all Distribution Operations warehouses and storerooms.</td>
<td>1</td>
</tr>
<tr>
<td>Mechanic</td>
<td>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.</td>
<td>8</td>
</tr>
<tr>
<td>Meter Department Coordinator</td>
<td>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.</td>
<td>3</td>
</tr>
<tr>
<td>Meter Reader</td>
<td>Ensure accurate meter readings are recorded, change out meters as needed for testing, repairs, etc.</td>
<td>2</td>
</tr>
<tr>
<td>Meter Reading Clerk</td>
<td>This position assists Senior Meter Reading Clerks in daily Meter Reading operations, is responsible for maintaining and updating Meter Reading information in proper systems.</td>
<td>1</td>
</tr>
<tr>
<td>Meter Reading Systems Operator</td>
<td>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.</td>
<td>1</td>
</tr>
<tr>
<td>Meter Technician</td>
<td>Install, test, reading, repair and maintain electric meters and auxiliary equipment.</td>
<td>12</td>
</tr>
<tr>
<td>Order Specialist</td>
<td>Operate customer service to all customers, assist customers who have delinquent accounts, perform account turn-on and turn-offs, investigate customer complaints.</td>
<td>21</td>
</tr>
<tr>
<td>Job Category</td>
<td>Description of Duties</td>
<td>Total</td>
</tr>
<tr>
<td>----------------------------------</td>
<td>------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>-------</td>
</tr>
<tr>
<td>Outage Coordinator</td>
<td>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.</td>
<td>1</td>
</tr>
<tr>
<td>P.P. Results Coordinator</td>
<td>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.</td>
<td>1</td>
</tr>
<tr>
<td>P.P. Shift Supervisor</td>
<td>This position is responsible for directing and coordinating operating personnel and daily production capabilities of the generating assets.</td>
<td>32</td>
</tr>
<tr>
<td>Patroller</td>
<td>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.</td>
<td>2</td>
</tr>
<tr>
<td>Plant General Manager</td>
<td>This position is responsible for directing all aspects of plant operations, maintenance, engineering, and administration activities.</td>
<td>3</td>
</tr>
<tr>
<td>Production Mtls Supvr.</td>
<td>This position is responsible for planning, coordinating, and administering all facets of the generating station's purchasing and inventory management activities.</td>
<td>3</td>
</tr>
<tr>
<td>Production Support Leader</td>
<td>This position is responsible for providing support for the daily production capabilities of the generating assets.</td>
<td>1</td>
</tr>
<tr>
<td>Resource Planner</td>
<td>This position is responsible for providing maintenance and investment support resource planning, forecasting, and coordinating maintenance work management systems for the generating facilities.</td>
<td>2</td>
</tr>
<tr>
<td>Restoration Coordinator</td>
<td>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.</td>
<td>16</td>
</tr>
<tr>
<td>Revenue Collection Representative</td>
<td>Responsible for completing tasks and/or administering specific revenue collection processes.</td>
<td>9</td>
</tr>
<tr>
<td>Revenue Protection Investigtor</td>
<td>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.</td>
<td>2</td>
</tr>
<tr>
<td>Scientist</td>
<td>Performs environmental assessments and develops pollution control programs for facilities and operations.</td>
<td>1</td>
</tr>
<tr>
<td>Secretary</td>
<td>This position is responsible for handling administrative and secretarial duties.</td>
<td>2</td>
</tr>
<tr>
<td>Service Center Attendant</td>
<td>Perform a variety of duties in connection with storeroom operations.</td>
<td>2</td>
</tr>
<tr>
<td>Service Dispatcher</td>
<td>Responsible for the scheduling of daily service orders for Field Service technicians.</td>
<td>1</td>
</tr>
<tr>
<td>Service Technician</td>
<td>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.</td>
<td>56</td>
</tr>
<tr>
<td>Storeroom Technician</td>
<td>Perform with limited supervision/oversight, all functions necessary for stocking, receiving, issuing, documenting, and handling materials for plant maintenance &amp; operations.</td>
<td>7</td>
</tr>
<tr>
<td>Substation Supervisor</td>
<td>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.</td>
<td>24</td>
</tr>
<tr>
<td>Substation Technician</td>
<td>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. To assist the construction and service crews in providing service to all customers.</td>
<td>9</td>
</tr>
<tr>
<td>Supervisor - Production</td>
<td>This position is responsible for leading, planning, scheduling and coordinating the daily production capabilities of the generating assets.</td>
<td>5</td>
</tr>
<tr>
<td>Supervisor Maintenance</td>
<td>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 EI maintenance activities.</td>
<td>8</td>
</tr>
<tr>
<td>Supvr. Building And Grounds</td>
<td>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.</td>
<td>1</td>
</tr>
<tr>
<td>Team Leader</td>
<td>Direct supervision of employees and contractor personnel for the installation, testing and maintenance of all primary substation equipment.</td>
<td>2</td>
</tr>
<tr>
<td>Job Category</td>
<td>Description of Duties</td>
<td>Total</td>
</tr>
<tr>
<td>---------------------</td>
<td>------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>-------</td>
</tr>
<tr>
<td>Telecom Technician</td>
<td>Direct field supervision of construction and maintenance crews during the construction and maintenance of overhead and underground electric transmission and distribution lines and facilities.</td>
<td>14</td>
</tr>
<tr>
<td></td>
<td>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.</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Supervising and coordinating all activities within the Revenue Collection department.</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>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.</td>
<td>9</td>
</tr>
<tr>
<td>Trainee</td>
<td>Power plant instrument maintenance position perform duties to clean, check, inspect, repair, maintain, and install station instrumentation and controls equipment and systems.</td>
<td>5</td>
</tr>
<tr>
<td>Unit Operator</td>
<td>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.</td>
<td>121</td>
</tr>
</tbody>
</table>

970
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.
April 28, 2010

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

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.
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.

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

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

**Combined Utilities Operations**

[Diagram showing service territories and generating assets for PPL and E.ON U.S.]
PPL Corporation

A Strong Partner, Committed to Kentucky
PPL: A Strong Partner for LG&E & KU

**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, officers, and responsibilities at LG&E and KU as a result of this transaction.

- **No Downsizing**
  - There are no planned workforce 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.
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 proactive 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

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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

WESTERN POWER DISTRIBUTION

- 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

KU

- 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
**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
- Corette
- Hauser
- Holter
- Kerr

Pennsylvania
Generating capacity – 9,583 MW
- Brunner Island
- Conemaugh
- Lake Wallenpaupack
- Lower Mount Bethel
- Martins Creek
- Montour

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

Diverse and Balanced Fleet
# 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
- 6,295 acres of lakes and rivers managed at PPL-maintained environmental preserves for public recreation and habitat preservation

**A Leader in Investor Returns**
- PPL’s 6-year cumulative total return is 44% compared to 34% for EEI 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 its 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 2009 by CRO magazine.

- 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.
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.

<table>
<thead>
<tr>
<th>Union</th>
<th>Term</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Union No. 2100, International Brotherhood of Electrical Workers, AFL-CIO</td>
<td>August 1, 2009 to August 1, 2012</td>
</tr>
<tr>
<td>The United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union</td>
<td>August 1, 2008 to August 1, 2011</td>
</tr>
</tbody>
</table>
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.
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 conditioned, 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 conditioned, 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.
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.
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.
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. 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.