

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

October 21, 2010

IN RE:

**JOINT PETITION OF PPL CORPORATION,
E.ON AG, E.ON US INVESTMENTS CORP.,
E.ON U.S LLC AND KENTUCKY UTILITIES
COMPANY FOR APPROVAL OF A TRANSFER OF
CONTROL OF KENTUCKY UTILITIES COMPANY**

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**DOCKET NO.
10-00118**

ORDER APPROVING TRANSFER OF CONTROL

This matter came before Chairman Mary W. Freeman, Director Kenneth C. Hill and Director Sara Kyle of the Tennessee Regulatory Authority (“Authority” or “TRA”) the voting panel assigned to this docket, at a regularly scheduled Authority Conference held on October 18, 2010, for consideration of the Joint Petition of PPL Corporation (“PPL”), E.ON AG (“E.ON”), E.ON US Investments Corp. (“E.ON US Investments”), E.ON U.S. LLC (“E.ON US”) and Kentucky Utilities Company (“KU”) (collectively, the “Petitioners”) filed pursuant to Tenn. Code Ann. §65-4-113 and, to the extent applicable §65-4-112, for approval of the transfer of control of KU, which holds a Certificate of Public Convenience and Necessity to provide retail electric utility services in Claiborne County, Tennessee. The transfer will be part of a corporate restructuring in which E.ON’s ultimate control over KU and its authority to provide utility services in Tennessee will be transferred to PPL.

Background

The Joint Petition states that E.ON is the ultimate parent of KU, a public utility authorized to provide electric service in Tennessee. E.ON US directly owns KU. Pursuant to the Purchase and Sale Agreement dated as of April 28, 2010 by and between PPL, E.ON US Investments and, solely for the purposes of Articles VI, IX and X thereof, E.ON (“PSA”), E.ON US Investments will sell

100% of its interests in E.ON US, the parent company of KU, to PPL. Upon the completion of the proposed acquisition, E.ON U.S. will be a wholly owned direct subsidiary of PPL. According to the Joint Petition, E.ON US will continue to own KU, although E.ON US's name will be changed. The post acquisition name of E.ON US had not been determined at the time of filing the Joint Petition. For purposes of the Joint Petition, the Petitioners refer to E.ON US as "PPL Kentucky" after completion of the proposed acquisition. The Joint Petition states that KU's corporate existence and name will not be changed as part of the transaction and it will continue to operate as a utility in Tennessee.

According to the Joint Petition, PPL is a Fortune 500 global energy and utility holding company headquartered in Allentown, Pennsylvania. The Joint Petition states that PPL's direct subsidiary, PPL Electric Utilities Corporation ("PPL Electric"), traces its origins to the merger in 1920 of eight utilities, which operated a combined total of 62 electric generating plants in and around central eastern Pennsylvania, into a single corporate entity named Pennsylvania Power & Light Company. Since that time, PPL has grown from a regional utility company to one of the 10 largest utility companies in the United States. PPL owns or controls nearly 12,000 megawatts of electrical generating capacity in the United States, supplies or delivers electricity to about four million customers in the northeastern United States and in the United Kingdom, and employs about 10,000 people on two continents.

PPL is a publicly owned corporation. The Joint Petition states that at current trading prices as of the date of this Joint Petition, PPL's market capitalization was about \$9.36 billion. In 2009, PPL reported total operating revenues of about \$7.56 billion.

The Joint Petition

The Joint Petition was filed on June 15, 2010 and requests that the Authority approve a transfer of control of KU from its current ultimate parent company E.ON, to its prospective ultimate parent company, PPL. The Joint Petition states that KU will continue to hold its certificate of

convenience and necessity in Tennessee upon its acquisition by PPL and there will be no change in the corporate structure of KU.

Requirement of Approval by the Authority

Authority approval of a transfer of control involving public utilities holding certificates of public convenience and necessity is required under Tenn. Code Ann. §65-4-113(a) which provides as follows:

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

Public Interest

According to the Joint Petition, KU currently has five (5) residential customers in Tennessee served from a single distribution line that extends from KU's distribution system in Kentucky across the Tennessee boundary line and returns to Kentucky.

The Joint Petition indicated that the proposed transfer of ownership will have no effect on the company name, rates or terms and conditions of service for these customers. The Joint Petition further stated that because local management, operations and systems will remain intact, the transfer will be transparent for customers.

After the acquisition of ownership and control of E.ON by PPL, KU will continue to have the financial, technical and managerial abilities necessary to perform efficiently the utility services to be transferred. PPL has been an industry leader in providing reliable electric service in Pennsylvania and the United Kingdom. The transfer of authority will benefit the consuming public because the transfer will allow KU to benefit from PPL's strong financial position and continue to provide its Tennessee customers efficient service at reasonable rates.

Findings of Fact and Conclusions of Law

Based upon careful consideration of the Joint Petition and the entire record in this matter, the Authority finds and concludes as follows:

1. The Authority has jurisdiction over the subject matter in this Joint Petition pursuant to Tenn. Code Ann. §65-4-113.

2. KU has authority to provide public utility services in Tennessee.

3. PPL is a suitable entity to control the authority of KU and has sufficient financial responsibility and capability to cause KU to continue to perform efficiently the utility services to be transferred and the transfer of ultimate control of KU to PPL will benefit the consuming public and will further the public interest.

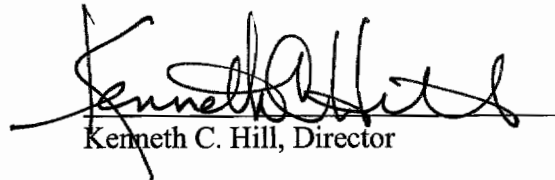
IT IS THEREFORE ORDERED THAT:

1. The Joint Petition of PPL Corporation, E.ON AG, E.ON US Investments Corp., E.ON U.S. LLC and Kentucky Utilities Company for approval of a transfer of control of Kentucky Utilities Company, including its authority to provide utility services deriving from its Certificate of Public Convenience and Necessity, as required by Tenn. Code Ann. §65-4-113, through the acquisition of ownership and control of E.ON U.S. by PPL, is hereby approved, contingent upon approval of the proposed transfer by the Virginia State Corporation Commission ("VSCC").¹

2. KU shall file with the Authority the order of the VSCC approving the transfer in Virginia.



Mary W. Freeman, Chairman



Kenneth C. Hill, Director



Sara Kyle, Director

¹ On September 30, 2010, the Kentucky Public Service Commission ("KPSC") issued an Order approving the transfer of control of KU to PPL. Case No. 2010-00204, *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* (KPSC Sept. 30, 2010). On October 1, 2010, the KPSC's Order was filed with the TRA.