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October 17, 2017

VIA FEDERAL EXPRESS

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

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

Dear Chairman Jones:

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

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

Please contact me if you have any questions.

Very truly yours,

A blue ink signature of Timothy J. Eifler, written in a cursive style.

Timothy J. Eifler

TJE:ec

Chairman David Jones

October 17, 2017

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Enclosures

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

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

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

BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION

NASHVILLE, TENNESSEE

**THE JOINT PETITION OF PPL CORPORATION,)
PPL SUBSIDIARY HOLDINGS, LLC, PPL)
ENERGY HOLDINGS, LLC, LG&E AND KU)
ENERGY LLC, AND KENTUCKY UTILITIES)
COMPANY FOR APPROVAL OF AN INDIRECT)
CHANGE OF CONTROL OF KENTUCKY)
UTILITIES COMPANY)**

Docket No.

17-00115

JOINT PETITION

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

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

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

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

Introduction

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Proposed Restructuring

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

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

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

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

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

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

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

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

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

Commission Approval of the Proposed Restructuring

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

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

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

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

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

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

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

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

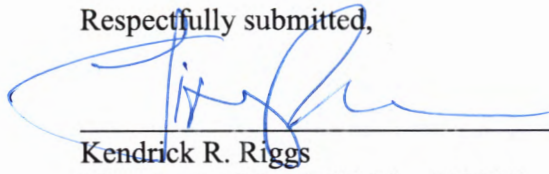
Conclusion

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

1. Finding that, NEWCO1 and NEWCO2 through their ownership and control of KU have the suitability, financial responsibility, and the capability to perform efficiently the utility services to be transferred, and that the indirect transfer of control will benefit the consuming public and further the public interest;
2. Approving, pursuant to T.C.A. § 65-4-113, the proposed acquisition of indirect control of KU by NEWCO1 and NEWCO2 by February 1, 2018; and
3. Granting all other relief to which the Petitioners may be entitled.

Dated: October 17, 2017

Respectfully submitted,



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


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

Counsel for Joint Petitioners

CERTIFICATE OF COMPLIANCE


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

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



Counsel for the Joint Applicants

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)


Robert M. Conroy

Jeddy Schouler (SEAL)
Notary Public

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

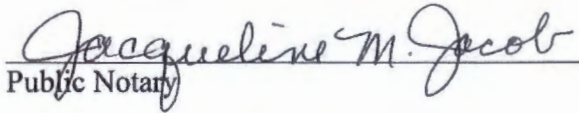
VERIFICATION

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

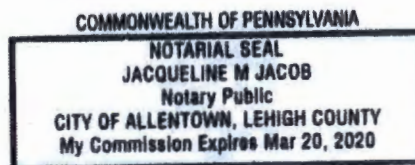
Date: October 13, 2017



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


Public Notary

My Commission Expires: 3-20-20



Delaware

The First State

Page 1

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




Jeffrey W. Bullock, Secretary of State

6575607 8100
SR# 20176575878

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

Authentication: 203385116
Date: 10-12-17

CERTIFICATE OF FORMATION
OF
PPL SUBSIDIARY HOLDINGS, LLC

1. The name of the limited liability company is PPL Subsidiary Holdings, LLC.
2. The address of its registered office in the State of Delaware is 1105 North Market Street, Suite 1300, in the City of Wilmington, Delaware, 19801. The name of its registered agent at such address is Wilmington Trust SP Services, Inc.
3. This Certificate of Formation shall be effective upon filing with the State of Delaware.

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

By: _____

Arden A. Leyden,
an Authorized Person

Delaware

The First State

Page 1

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




Jeffrey W. Bullock, Secretary of State

6575603 8100
SR# 20176575874

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

Authentication: 203385130
Date: 10-12-17

CERTIFICATE OF FORMATION
OF
PPL ENERGY HOLDINGS, LLC

1. The name of the limited liability company is PPL Energy Holdings, LLC.
2. The address of its registered office in the State of Delaware is 1105 North Market Street, Suite 1300, in the City of Wilmington, Delaware, 19801. The name of its registered agent at such address is Wilmington Trust SP Services, Inc.
3. This Certificate of Formation shall be effective upon filing with the State of Delaware.

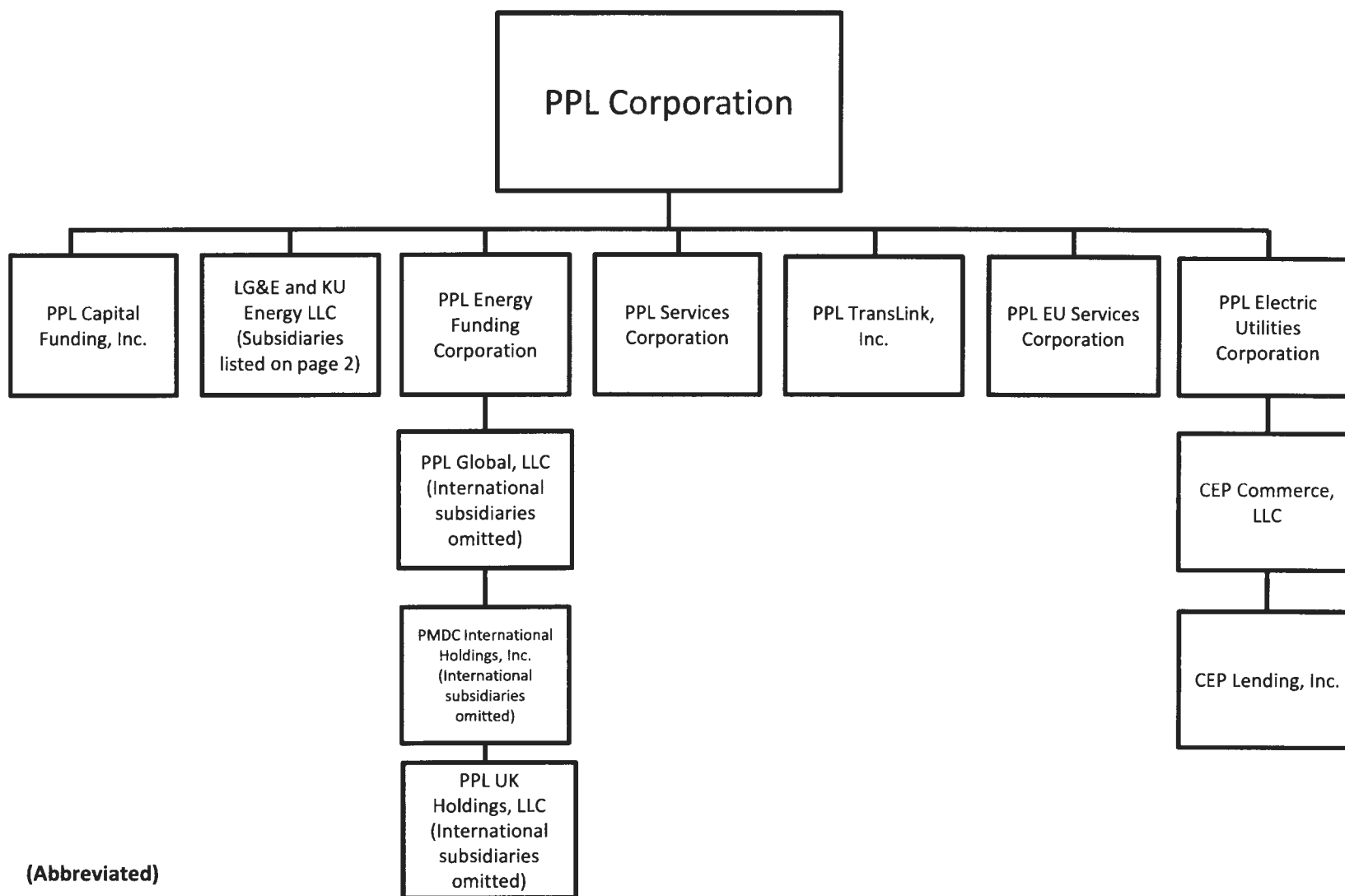
IN WITNESS WHEREOF, the undersigned has executed this Certificate of Formation of PPL Energy Holdings, LLC this 11th day of October, 2017.

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

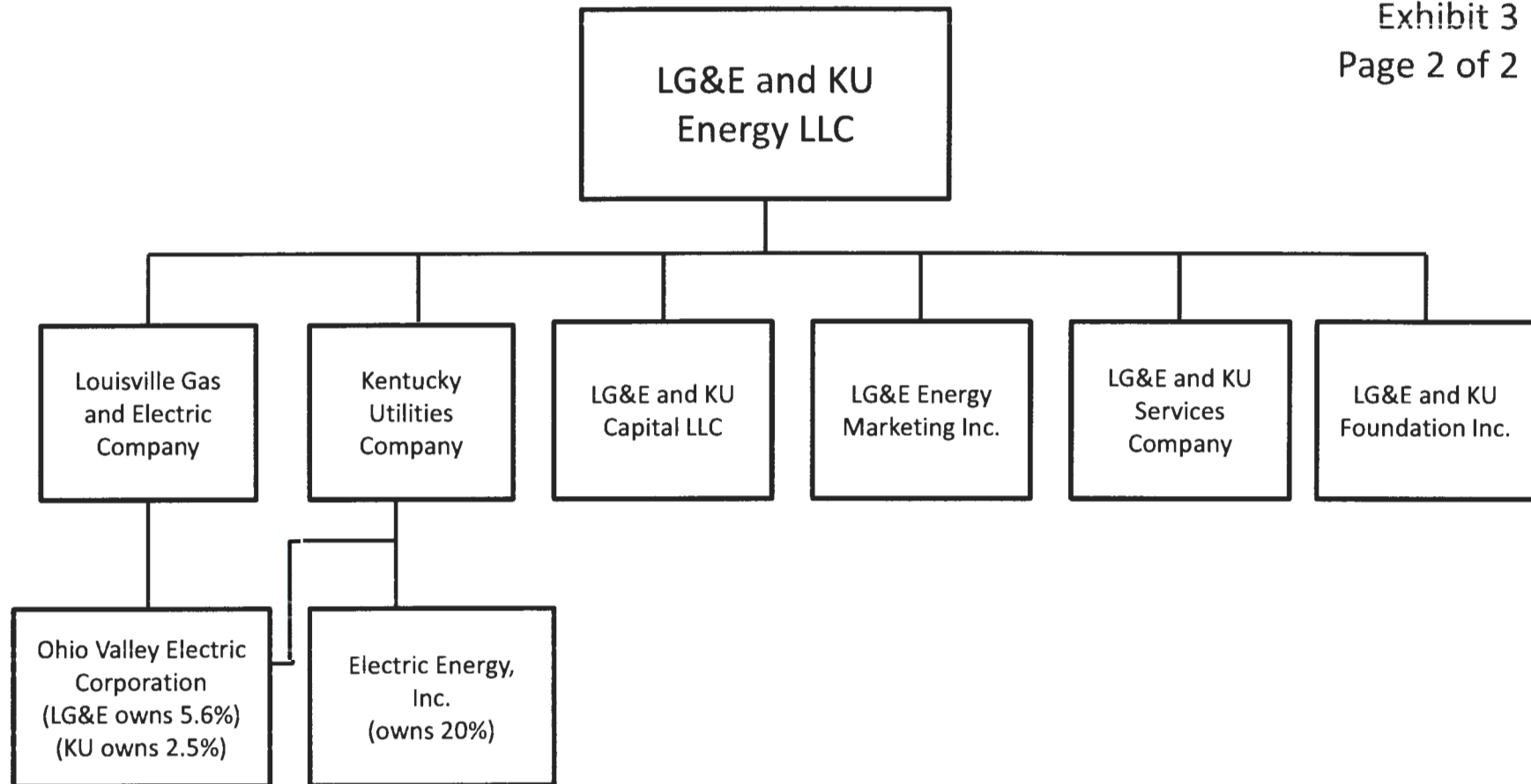
Current Corporate Organizational Structure

October 2017

Exhibit 3
Page 1 of 2



(Abbreviated)

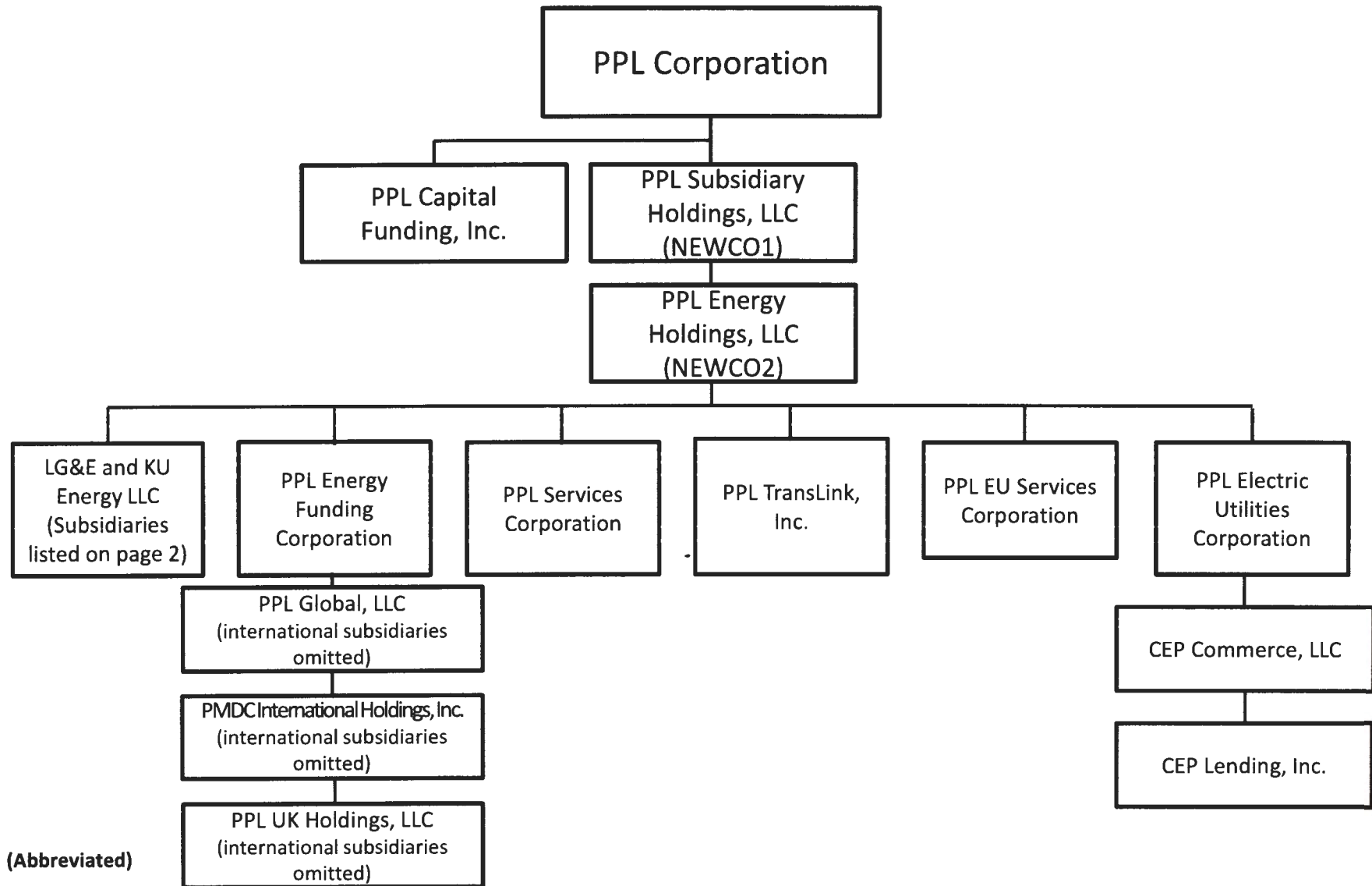


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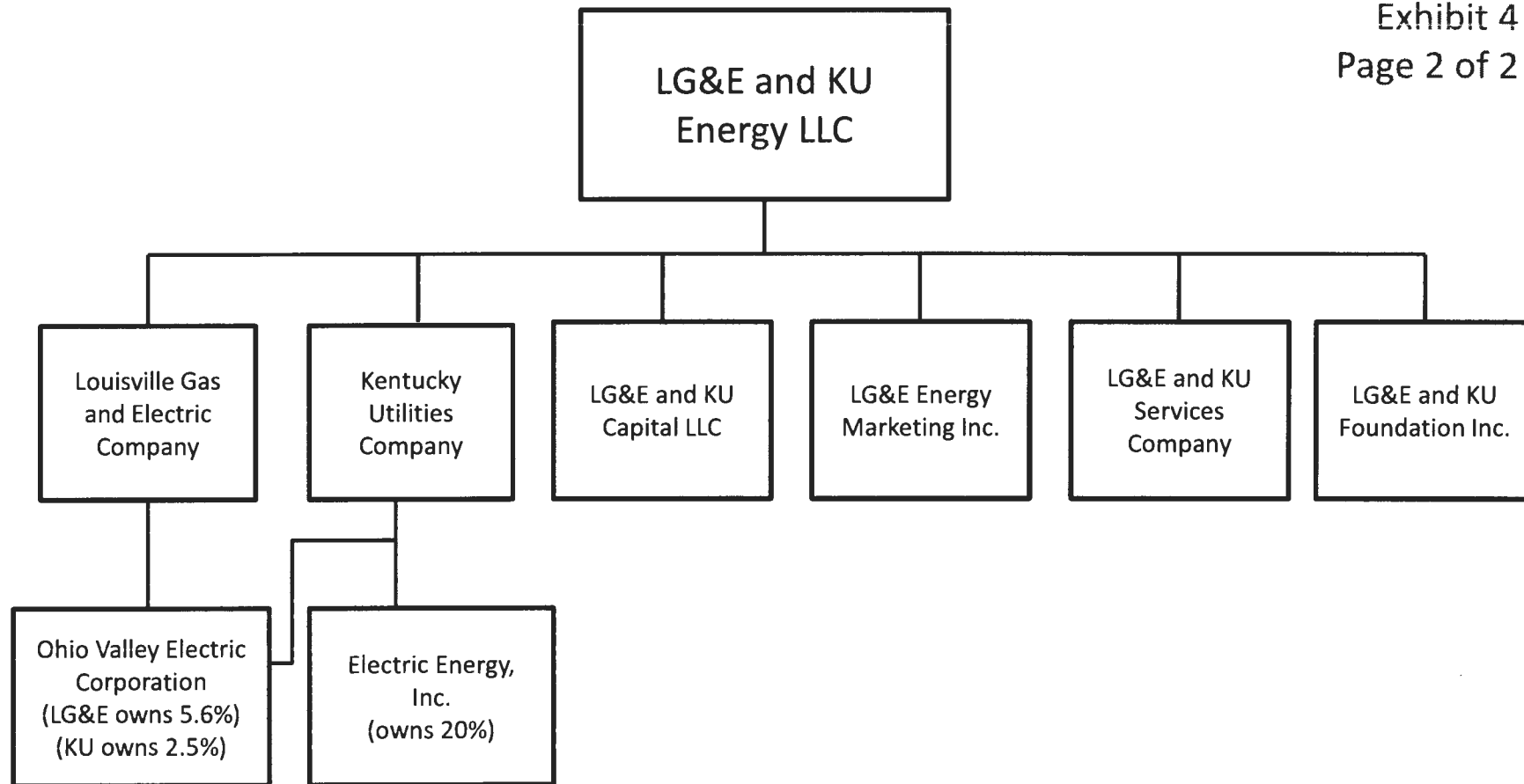
Proposed Corporate Organizational Structure

October 2017

Exhibit 4
Page 1 of 2



(Abbreviated)



(Abbreviated)