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NEWS RELEASE

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PSC Sets Public Meeting in LG&E Cane Run Plant Case *Jefferson County generating facility proposed to burn natural gas instead of coal*

FRANKFORT, Ky. (Feb. 23, 2012) – The Kentucky Public Service Commission (PSC) will hold a public meeting next month in Louisville to receive public comments on the application by Kentucky Utilities Co. (KU) and Louisville Gas & Electric Co. (LG&E) to construct a natural gas-fired generating facility at LG&E's Cane Run plant in Jefferson County.

Comments also will be taken on a proposal by the companies to purchase an existing natural gas-fired plant in Oldham County.

The public comment meeting will be preceded by an information session during which PSC staff will explain the legal basis, criteria and review process for the commission's consideration of applications for new generating capacity. The presentation will include an overview of the KU-LG&E application.

The information session also will explain which aspects of current and future operations at Cane Run are within the PSC's jurisdiction, and will conclude with a question-and-answer period with PSC staff.

The meeting is being held on Thursday, March 8, in the cafeteria at Shacklette Elementary School, 5310 Mercury Drive. The information session will begin at 5:30 p.m., with the public comment portion of the meeting beginning at 6:30 p.m.

KU and LG&E are seeking PSC authorization to construct a 640-megawatt combined cycle generating plant at Cane Run. Combined cycle plants are designed for baseload generation, meaning that they operate most of the time.

The companies are also proposing to purchase the 495-megawatt Bluegrass Generation simple cycle power plant in LaGrange. It is designed to run only at times of peak demand.

Construction of the new plant at Cane Run will cost about \$583 million, the companies say in their application. That figure includes a new natural gas pipeline to the site. The purchase price of the Bluegrass Generation plant is \$110 million.

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In their application, KU and LG&E say that the additional generating capacity is needed to replace the coal-fired units at Cane Run and at KU's Green River plant in Muhlenberg County and Tyrone plant in Woodford County. Those facilities are being retired as part of a broader plan to comply with new and stricter federal air quality regulations.

Both LG&E and KU are subsidiaries of PPL Corp. Kentucky Utilities has about 506,000 electric customers in 77 counties across Kentucky. Louisville Gas & Electric has about 401,000 electric customers in nine counties in the Louisville area. LG&E's 312,000 natural gas customers are not affected by this case.

Based on the need for replacement power, a majority of the cost and ownership of the new Cane Run plant would be allocated to KU. Most of the Oldham County plant would be allocated to LG&E.

The companies say they do not expect the project to affect rates for LG&E customers, while KU customers would see rates rise by about 4 percent once the new plant is in operation.

The KU-LG&E application and related documents are available on the PSC website, psc.ky.gov. The case number is 2011-00375. For those unable to attend the public meeting, the informational presentation will be available on the PSC website beginning March 9.

The formal evidentiary hearing in the case is scheduled to begin at 10 a.m. on March 20, at the PSC offices at 211 Sower Boulevard in Frankfort. It may last several days. The hearing will be open to the public and may be viewed live on the PSC website.

Written comments will be accepted through the conclusion of the evidentiary hearing. They may be mailed to the PSC at P.O. Box 615, Frankfort, KY 40602, faxed to 502-564-9625, e-mailed from the PSC website or submitted in person at the public meeting or at the PSC offices.

The PSC is an independent agency attached for administrative purposes to the Energy and Environment Cabinet. It regulates more than 1,500 gas, water, sewer, electric and telecommunication utilities operating in Kentucky and has approximately 90 employees.

NOTE: Shacklette Elementary School is off Lower Hunters Trace, about three miles from the Cane Run power plant. From Lower Hunters Trace, turn south on Gabriel Drive. Mercury Drive and the entrance to the school will be the first right.