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NEWS RELEASE

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PSC Sets Public Meetings in KU and LG&E Environmental Compliance Cases

Comments taken in Louisville and Lexington

FRANKFORT, Ky. (May 4, 2016) – The Kentucky Public Service Commission (PSC) will hold public meetings later this month in Louisville and Lexington to receive public comments on environmental compliance plans and associated environmental surcharge requests submitted by Kentucky Utilities Co. (KU) and Louisville Gas & Electric Co. (LG&E).

The public comment meetings will be preceded by an information session during which PSC staff will explain the environmental compliance review process and the legal basis for the surcharge, which applies only to electric rates. The presentation will include an overview of the KU and LG&E applications.

KU and LG&E are seeking PSC authorization to spend a total of about \$994 million to comply with new federal environmental requirements regarding the storage of coal ash and other combustion byproducts at coal-fired power plants, as well as stricter rules governing emissions of mercury and other toxic air emissions.

If the proposals are approved, the utilities estimate that total electric bills for LG&E customers would increase by about 2.5 percent by 2020, while KU customers would see total bills increase by about 3.4 percent by 2019. The bill impacts then decline through 2024 for both utilities.

Since 1994, Kentucky laws and regulations have allowed utilities such as KU and LG&E to recover environmental compliance costs separately from their general rates. The costs are recovered through a surcharge that appears as a separate item on electric bills.

“The environmental surcharge mechanism affects the majority of electric customers in Kentucky,” PSC Vice Chairman Daniel Logsdon said. “The meetings are an opportunity for the public to learn more about this important matter and for the PSC to hear directly from the ratepayers.”

The information sessions will begin at 5:30 p.m. EDT. They will last an hour and will include a presentation by PSC staff and a question-and-answer period focusing on the PSC process. For those unable to attend, the presentation will be available on the PSC website, psc.ky.gov, beginning May 23.

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The public comment portion of each meeting will begin at 6:30 p.m. EDT. The meetings are scheduled for:

Louisville

Monday, May 23, 5:30 p.m. EDT
Auditorium, Valley High School
10200 Dixie Highway

Lexington

Thursday, May 26, 5:30 p.m. EDT
Conference Center, Bluegrass Community and Technical College, Leestown Road Campus
164 Opportunity Way

The Louisville meeting is being held primarily to take public comments regarding the LG&E case, but comments also will be taken from KU customers. The Lexington meeting is intended primarily for KU customers.

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 400,000 electric customers in nine counties in the Louisville area. LG&E's 321,000 natural gas customers are not affected by this case.

LG&E is proposing to spend \$311 million to close and cap ash ponds at its Mill Creek generating plant in Jefferson County and its Trimble County generating plant and to construct new facilities to handle water that can no longer be discharged to ash ponds. LG&E also is planning \$5 million in improvements to air emission controls.

The utility estimates that an average LG&E residential customer using 976 kilowatt-hours of electricity per month (a kilowatt-hour is the amount of electricity used by a 100-watt light bulb in 10 hours) will see the monthly bill increase by 73 cents this year, with a peak monthly rate impact of \$2.26 in 2020.

KU is seeking authorization to spend a total of \$678 million for new environmental compliance projects. They include closures of ash ponds at its Ghent plant in Carroll County and at three closed generating plants: Green River in Muhlenberg County, Tyrone in Woodford County and Pineville in Bell County.

The KU plan also includes new water handling systems at the Ghent plant and at its Brown plant in Mercer County. Expansion of an ash landfill at the Brown plant also is included, as are air emission control improvements at the Brown and Ghent plants. Finally, KU will share the cost of improvements at the Trimble County plant, which produces power for both it and LG&E.

The utility estimates that an average KU residential customer using 1,146 kilowatt-hours of electricity per month will see the monthly bill increase by \$2.16 this year, with a peak monthly rate impact of \$3.54 in 2019.

The KU and LG&E applications and related documents are available on the PSC website, psc.ky.gov. The case numbers are 2016-00026 (KU) and 2016-00027 (LG&E).

A narrated slideshow explaining the environmental surcharge mechanism and environmental compliance plans is available on YouTube at www.youtube.com/watch?v=lvGmPHRtdNk.

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In addition to the public meetings, the PSC will conduct a combined formal evidentiary hearing in the cases on June 14, beginning at 10 a.m. EDT. The hearing will be held at the PSC offices at 211 Sower Boulevard in Frankfort, and may last several days. It 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 meetings 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 85 employees.

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