

Steven L. Beshear
Governor

Leonard K. Peters, Secretary
Energy and Environment
Cabinet



Commonwealth of Kentucky
Public Service Commission
211 Sower Blvd.
P.O. Box 615
Frankfort, Kentucky 40602-0615
Telephone: (502) 564-3940
Fax: (502) 564-3460
psc.ky.gov

David L. Armstrong
Chairman

James W. Gardner
Vice Chairman

Charles R. Borders
Commissioner

NEWS RELEASE

Contact:
Andrew Melnykovich
502-564-3940, ext. 208
502-330-5981 (cell)

PSC Hearing Upcoming in KU and LG&E Environmental Compliance Cases

Can be viewed live at psc.ky.gov

FRANKFORT, Ky. (Nov. 3, 2011) – The Kentucky Public Service Commission (PSC) will hold a public evidentiary hearing next week on the environmental compliance plans and associated environmental surcharge requests submitted by Kentucky Utilities Co. (KU) and Louisville Gas & Electric Co. (LG&E).

The hearing will begin at 9 a.m. EST on Wednesday, Nov. 9 at the PSC offices at 211 Sower Blvd. in Frankfort. The hearing is scheduled to last two days, although, additional days may be added as necessary. The hearing will be open to the public and may be viewed live on the PSC website, psc.ky.gov.

There will be an opportunity for brief public comments at the start of the hearing. The PSC held public meetings to take comments in Henderson, Corbin, Lexington and Louisville.

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

KU and LG&E are seeking PSC authorization to spend a total of about \$2.5 billion to comply with new federal environmental requirements affecting utilities that burn coal to generate electricity. The utilities estimate that total electric bills for LG&E customers would increase by about 19.2 percent by 2016, while KU customers would see total bills increase by about 12.2 percent over that same time.

Since 1994, Kentucky laws and regulations have allowed electric utilities 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.

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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.

LG&E is proposing to spend \$1.4 billion for additional air emission control equipment at its Mill Creek generating plant in Jefferson County and its Trimble County generating plant. The utility estimates that an LG&E customer using 1,000 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 his or her monthly bill increase by \$16.33 by 2016.

KU is seeking authorization to spend \$1.1 billion for additional air emission controls at its Brown plant in Mercer County and its Ghent plant in Carroll County, as well as conversion of a coal ash pond to dry storage at the Ghent facility. KU estimates that a customer using 1,000 kilowatt-hours per month will see an increase of \$9.46 in his or her monthly bill by 2016.

In addition to proposing construction of new environmental controls, KU and LG&E have proposed to retire LG&E's Cane Run generating plant in Jefferson County, KU's Green River plant in Muhlenberg County and its Tyrone plant in Woodford County. The companies have proposed to replace the closed plants with a new natural gas-fired facility at the Cane Run site and by purchasing an existing gas-fired plant in Oldham County. Those plans are the subject of a separate PSC proceeding.

The KU and LG&E environmental applications and related documents are available on the PSC website, psc.ky.gov. The case numbers are 2011-00161 (KU) and 2011-00162 (LG&E).

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 100 employees.