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NEWS RELEASE

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PSC Sets Public Meetings in KU, LG&E Rate Cases *Comments taken in Harlan, Lexington and Louisville*

FRANKFORT, Ky. (Nov. 1, 2012) – The Kentucky Public Service Commission (PSC) will hold public meetings in Harlan, Louisville and Lexington to present information and receive comments on the requests for rate increases by the Kentucky Utilities Co. (KU) and the Louisville Gas & Electric Co. (LG&E).

“These meetings will allow the public to learn about the PSC’s ratemaking process and to present their views directly to members of the Commission as it prepares to consider whether the proposed new rates are fair, just and reasonable,” PSC Chairman David Armstrong said.

The meetings are scheduled for:

Harlan

Thursday, Nov. 8, 2012, 5:30 p.m. EST

Auditorium, Southeast Kentucky Community and Technical College
164 Ball Park Road

Lexington

Thursday, Nov. 15, 2012, 6:30 p.m. EST

Farish Theatre, Lexington Public Library
140 East Main St.

Louisville

Tuesday, Nov. 20, 2012, 5:30 p.m. EST

Durrett Auditorium, Louisville Male High School
4409 Preston Highway

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The meetings will begin with an information session during which PSC staff will explain how rates are set and the PSC's review process. The presentation will include an overview of the utility applications. Public comments will follow the information session.

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 other two meetings are intended primarily for KU customers.

Both LG&E and KU are subsidiaries of the PPL Corp. Kentucky Utilities has about 546,000 electric customers in 77 counties across Kentucky. Louisville Gas & Electric has about 397,000 electric customers in nine counties in the Louisville area and 321,000 natural gas customers in 17 counties.

Kentucky Utilities has proposed to increase its electric rates across all classes of customers in order to generate an additional \$82.4 million in revenue per year – an increase of about 6.5 percent. The company estimates that the average monthly bill for residential customers would rise by \$7.41 to \$99.71, an increase of about 8 percent from the current monthly average bill of \$92.30.

Most of the proposed increase would come through raising the monthly service charge to \$13 from the current \$8.50. The charge per kilowatt-hour (a kilowatt-hour is the amount of electricity used by a 100-watt light bulb in 10 hours) would rise from 6.987 cents to 7.235 cents.

LG&E has proposed to increase its electric rates across all classes of customers in order to generate an additional \$62.1 million in revenue per year – an increase of about 6.9 percent. The company estimates that the average monthly bill for residential customers would rise by \$7.25 to \$91.46, an increase of about 8.6 percent from the current average of \$84.22.

Most of the proposed increase would come through raising the monthly service charge to \$13 from the current \$8.50. The charge per kilowatt-hour would rise from 7.242 cents to 7.513 cents.

The monthly natural gas bill for an average LG&E residential customer would rise by \$5.77, with \$3.42 of that increase coming through higher base rates. The company is proposing to increase the monthly fee per meter from \$12.50 to \$15.50, and to raise the current delivery charge per 1,000 cubic feet of gas from \$2.24 to \$2.31. The base rates do not include the cost of the gas itself.

LG&E estimates that the base rate changes would increase its annual revenue from natural gas operations by \$17.2 million, or about 7 percent.

The remaining \$2.35 of the monthly increase would be the result of a proposed surcharge to pay for replacement of aging natural gas infrastructure, including old and potentially unsafe connections between customer service lines and gas meters. Repair of those connections is currently a customer's responsibility.

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LG&E is proposing to take ownership of both the connections and the service lines, as well as responsibility for any necessary repairs or replacement. The surcharge would fund that program as well as LG&E's ongoing replacement of older natural gas distribution lines.

KU and LG&E say the base rate increases are needed to pay for upgrades to electric transmission and distribution systems, improvements at electric generating facilities and the hiring of additional employees, particularly in its customer service operation. The companies also cited increased costs to comply with tighter federal cyber security standards.

The KU and LG&E applications and related documents are available on the PSC website, psc.ky.gov. The case numbers are 2012-00221 (KU) and 2012-00222 (LG&E).

Persons wishing to comment on the proposed rate increase may do so at the public meetings. The time allotted to each speaker may be limited in order to accommodate everyone who wishes to comment.

Written comments will be accepted at the meeting. Written comments also may be mailed to the PSC at P.O. Box 615, Frankfort, KY 40602, faxed to 502-564-9625 or e-mailed from the PSC website.

The evidentiary hearing in the cases will be combined into a single proceeding, to be held at the PSC offices at 211 Sower Boulevard in Frankfort. KU and LG&E will appear before the PSC on Tuesday, Nov. 27, beginning at 10 a.m. EST. The hearing, which may last several days, will be open to the public. Written comments will be accepted through the conclusion of the hearing.

The evidentiary hearing may be viewed live on the PSC website.

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.