PPL companies

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MAR 18 2011

PUBLIC SERVICE COMMISSION

LG&E and KU Energy LLC
State Regulation and Rates
220 West Main Street
PO Box 32010
Louisville, Kentucky 40232
www.lge-ku.com

F. Howard Bush
Manager - Tariffs/Special Contracts
T 859-367-5636 (Lexington)
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howard.bush@lge-ku.com

Mr. Jeff Derouen
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40601

March 18, 2011

RE: ***In the Matter of: The Application of Louisville Gas and Electric Company and Kentucky Utilities Company to Modify and Rename the Brownfield Development Rider as the Economic Development Rider Case No. 2011-00____***

Dear Mr. DeRouen:

Enclosed please find and accept for filing the original and ten copies of Louisville Gas and Electric Company's and Kentucky Utilities Company's Application in the above-referenced matter.

Should you have any questions, please do not hesitate to contact me.

Sincerely,

F. Howard Bush

F. Howard Bush

cc: Dennis G. Howard, Assistant Attorney General
Michael L. Kurtz, Boehm, Kurtz & Lowry

COMMONWEALTH OF KENTUCKY

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MAR 18 2011

PUBLIC SERVICE COMMISSION

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF LOUISVILLE GAS AND	)	
ELECTRIC COMPANY AND KENTUCKY	)	
UTILITIES COMPANY TO MODIFY AND	)	**CASE NO.**
RENAME THE BROWNFIELD DEVELOPMENT	)	**2011 - _______**
RIDER AS THE ECONOMIC DEVELOPMENT	)	
RIDER	)	

APPLICATION

Pursuant to 807 KAR 5:011 § 6(3)(a), Louisville Gas and Electric Company ("LG&E") and Kentucky Utilities Company ("KU") (collectively, "Companies") hereby petition the Kentucky Public Service Commission ("Commission") to issue an Order approving their revised rate schedules, which modify and expand the availability of the Companies' current Brownfield Development Tariff Riders and rename them "Economic Development Riders."

In support of this Application, the Companies respectfully state:

1. Addresses: Applicant LG&E's full name and post office address is: Louisville Gas and Electric Company, 220 West Main Street, Post Office Box 32010, Louisville, Kentucky 40202.

Applicant KU's full name and business address is: Kentucky Utilities Company, One Quality Street, Lexington, Kentucky 40507. KU's mailing address is Kentucky Utilities Company c/o Louisville Gas and Electric Company, 220 West Main Street, Post Office Box 32010, Louisville, Kentucky 40202.

2. Articles of Incorporation: A certified copy of LG&E's Articles of Incorporation is on file with the Commission in Case No. 2010-00204, *In the Matter of: The Joint Application of PPL Corporation, E.ON AG, E.ON U.S. Investments Corp., E.ON U.S. LLC, Louisville Gas &*

Electric Company and Kentucky Utilities Company for Approval of an Acquisition of Ownership and Control of Utilities and is incorporated by reference herein pursuant to 807 KAR 5:001, Section 8(3).

Likewise, a certified copy of KU's current Articles of Incorporation is on file with the Commission in Case No. 2010-00204, *In the Matter of: The Joint Application of PPL Corporation, E.ON AG, E.ON U.S. Investments Corp., E.ON U.S. LLC, Louisville Gas and Electric Company and Kentucky Utilities Company for Approval of an Acquisition of Ownership and Control of Utilities* and is incorporated by reference herein pursuant to 807 KAR 5:001, Section 8(3).

3. LG&E is a public utility, as defined in KRS 278.010(3) (a), engaged in the electric and gas business. LG&E generates and purchases electricity, and distributes and sells electricity at retail in Jefferson County and portions of Bullitt, Hardin, Henry, Meade, Oldham, Shelby, Spencer, and Trimble Counties. LG&E also purchases, stores and transports natural gas and distributes and sells natural gas at retail in Jefferson County and portions of Barren, Bullitt, Green, Hardin, Hart, Henry, Larue, Marion, Meade, Metcalfe, Nelson, Oldham, Shelby, Spencer, Trimble, and Washington Counties.

4. KU is a public utility, as defined in KRS 278.010(3) (a), engaged in the electric business. KU generates and purchases electricity, and distributes and sells electricity at retail in the following counties in Central, Northern, Southeastern and Western Kentucky:

Adair	Edmonson	Jessamine	Ohio
Anderson	Estill	Knox	Oldham
Ballard	Fayette	Larue	Owen
Barren	Fleming	Laurel	Pendleton
Bath	Franklin	Lee	Pulaski
Bell	Fulton	Lincoln	Robertson
Bourbon	Gallatin	Livingston	Rockcastle

Boyle	Garrard	Lyon	Rowan
Bracken	Grant	Madison	Russell
Bullitt	Grayson	Marion	Scott
Caldwell	Green	Mason	Shelby
Campbell	Hardin	McCracken	Spencer
Carlisle	Harlan	McCreary	Taylor
Carroll	Harrison	McLean	Trimble
Casey	Hart	Mercer	Union
Christian	Henderson	Montgomery	Washington
Clark	Henry	Muhlenberg	Webster
Clay	Hickman	Nelson	Whitley
Crittenden	Hopkins	Nicholas	Woodford
Daviess			

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

Lonnie Bellar
Vice President, State Regulation and Rates
LG&E and KU Services Company
220 West Main Street
Louisville, Kentucky 40202
(502) 627-4830

Allyson K. Sturgeon
Senior Corporate Attorney
LG&E and KU Services Company
220 West Main Street
Louisville, Kentucky 40202
(502) 627-2088

Kendrick R. Riggs
W. Duncan Crosby III
Stoll Keenon Ogden PLLC
2000 PNC Plaza
500 West Jefferson Street
Louisville, Kentucky 40202
(502) 333-6000

6. In its Final Order in Administrative Case 327, the Commission established generally applicable criteria for utilities to use when creating economic development rates.[1] In

[1] *In the Matter of an Investigation into the Implementation of Economic Development Rates by Electric and Gas Utilities*, Admin. Case No. 327, Order (Sept. 24, 1990).

its Order, the Commission recognized the value of such rates: "EDRs will provide important incentives to new large commercial and industrial customers to locate facilities in Kentucky and to existing large commercial and industrial customers to expand their operations, thereby bringing much needed jobs and capital investment into Kentucky."[2]

7. Although the Commission's Final Order in Administrative Case 327 stated that economic development rates should be established exclusively through Commission-approved special contracts rather than standing tariff offerings, on April 19, 2005, the Commission approved Duke Energy Kentucky's Brownfield Rider and Development Incentive Rider.[3] The Commission stated that Duke's riders conformed to the requirements established in Administrative Case 327 because no customer could enjoy the riders' benefits without first receiving Commission approval of a special contract.[4]

8. On March 7, 2008, the Commission issued its Final Order approving the Companies' current Brownfield Development Riders ("BDRs") as complying with the requirements the Commission established in Administrative Case 327.[5] The Companies' BDRs were modeled on the Duke Brownfield Rider, and provide for five years of decreasing demand charge discounts for customers who locate at least 500 kW of load at sites the Commonwealth of Kentucky has deemed to be "brownfield" sites. As is true of Duke's rider, the Companies' current BDRs require an eight-year special contract, which contract must be approved by the Commission before it can take effect.

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[2] *In the Matter of an Investigation into the Implementation of Economic Development Rates by Electric and Gas Utilities*, Admin. Case No. 327, Order at 25 (Sept. 24, 1990).

[3] *In the Matter of Application of the Union Light, Heat, and Power Company for Approval of Its Proposed Economic Development Riders*, Case No. 2004-00253, Order (Apr. 19, 2005)

[4] *Id.* at 6.

[5] *In the Matter of Application of Louisville Gas and Electric Company and Kentucky Utilities Company for a New Tariff – Brownfield Development Rider*, Case No. 2007-00192, Order (Mar. 7, 2008).

9. Until recently, there was some question concerning the legal ability of utilities to implement, and the Commission to approve, economic development and brownfield riders. Less that a year ago, though, the Supreme Court of Kentucky held that economic development rates do not violate KRS 278.170, and that the Commission has the authority to approve such rates under KRS 278.030: "The PSC properly construed its enabling statutes, most particularly KRS 278.030 and KRS 278.170, as allowing for the use of economic development rates to be offered by utilities to qualifying customers subject to specific approval of those EDRs by the PSC."[6]

10. The Companies now seek to modify and expand their BDRs to encourage economic development not just at brownfield sites, but at locations across their service territories. To that end, the Companies propose to extend the current set of BDR demand charge discounts to customers locating at least 1,000 kW (or kVA) of new load in the Companies' service territories, provided that any such customer has been qualified by the Commonwealth of Kentucky for benefits under the Kentucky Business Investment Program and is willing to enter into a special contract for a term of at least ten years with the supplying Company. This new Rider availability would be in addition to the current offering of demand discounts to customers locating at least 500 kW (or kVA) at Kentucky-certified brownfield sites (though the Companies also propose to have the ten-year contract term requirement apply to brownfield-locating customers, a change from the current eight-year requirement).

11. The proposed Riders would be available to KU customers proposing to take or currently taking service under Standard Rate Schedules TODS, TODP, and RTS; likewise, they will be available to LG&E customers proposing to take or currently taking service under Standard Rate Schedules ITODS, ITODP, CTODS, CTODP, and RTS.

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[6] *Public Service Commission of Kentucky v. Commonwealth*, 320 S.W.3d 660, 669 (Ky. 2010).

12. The Companies are proposing two other changes to the current Riders to help customers to control their initial costs and maximize the financial value of the Riders. First, a customer may request an effective date of the Rider up to twelve months after the Company first provides service to the contracted load, which will enable a participating customer to avail itself of the full benefits of the EDR Rider. Second, a customer of whom the Companies would ordinarily require a refundable deposit to cover part of the cost of facilities necessary to serve the customer would not have to pay such a deposit up front, but rather would pay for the cost of any revenue-unjustified facilities at the end of 15 years. This latter provision will help minimize potential businesses' start-up costs and encourage them to locate in the Companies' service territories.

13. The Companies have drafted their proposed Rider modifications to comply in all respects with the requirements the Commission established in Administrative Case 327. More specifically, the Companies believe that the changes they are proposing, which will result in their current Brownfield Development Riders becoming Economic Development Riders, will result in benefits for the Companies' customers, the Companies, and the Commonwealth by attracting businesses and other economic development projects, all at no cost to the Companies' customers. Indeed, the Companies' customers will benefit because the proposed EDRs will ensure that participating customers bear all the marginal costs they create and contribute to fixed costs, and non-participating customers will not bear any costs of the customer-specific facilities necessary to serve EDR participants.

14. The Companies are supporting this application with the following testimony:

- Testimony of Cheryl E. Bruner, Director, Customer Service & Marketing for LG&E and KU Services Company. Ms. Bruner's testimony addresses the reasons the

Companies are proposing to change their current BDRs and how the Companies' customers, the Companies, and the Commonwealth will benefit from the proposed changes.

- F. Howard Bush, Jr., Manager, Tariffs/Special Contracts for LG&E and KU Services Company. Mr. Bush sponsors the revised tariff sheets (which are attached to his testimony), and explains the proposed changes, as well as why the proposed changes meet the requirements the Commission established in Administrative Case 327. Mr. Bush also sponsors as exhibits: (1) a copy of the template special contract each Company proposes to use under their new Economic Development Riders; and (2) sample billing calculations for hypothetical customers taking service under the revised Riders as compared to hypothetical customers who do not take service under the revised Riders.

WHEREFORE, Louisville Gas and Electric Company and Kentucky Utilities Company respectfully ask the Commission to enter an order approving their proposed revisions to modify and expand the availability of the Companies' current Brownfield Development Tariff Riders and rename them "Economic Development Riders."

Dated: March 18, 2011

Respectfully submitted,

Kendrick R. Riggs
W. Duncan Crosby III
Stoll Keenon Ogden PLLC
2000 PNC Plaza
500 West Jefferson Street
Louisville, Kentucky 40202
Telephone: (502) 333-6000

Allyson K. Sturgeon
Senior Corporate Attorney
LG&E and KU Services Company
220 West Main Street
Louisville, KY 40202
Telephone: (502) 627-2088

Counsel for Louisville Gas and Electric Company and Kentucky Utilities Company

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing Application was served on the following persons on the 18th day of March, 2011, U.S. mail, postage prepaid:

Dennis G. Howard II
Lawrence W. Cook
Assistant Attorneys General
Office of the Attorney General
Office of Rate Intervention
1024 Capital Center Drive, Suite 200
Frankfort, KY 40601-8204

Michael L. Kurtz
Boehm, Kurtz & Lowry
36 East Seventh Street, Suite 1510
Cincinnati, OH 45202

Counsel for Louisville Gas and Electric Company and Kentucky Utilities Company

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF LOUISVILLE GAS AND	)	
ELECTRIC COMPANY AND KENTUCKY	)	
UTILITIES COMPANY TO MODIFY AND	)	**CASE NO.**
RENAME THE BROWNFIELD DEVELOPMENT	)	**2011 - ________**
RIDER AS THE ECONOMIC DEVELOPMENT	)	
RIDER	)	

TESTIMONY OF
CHERYL E. BRUNER
DIRECTOR – CUSTOMER SERVICE & MARKETING
LG&E AND KU SERVICES COMPANY

Filed: March 18, 2011

Q. Please state your name and business address.

A. My name is Cheryl E. Bruner. I am currently employed as Director, Customer Service & Marketing for LG&E and KU Services Company. LG&E and KU Services Company provides services to Louisville Gas and Electric Company ("LG&E") and Kentucky Utilities Company ("KU") (collectively, the "Companies"), the applicants in this proceeding. My business address is 820 W. Broadway, Louisville, Kentucky 40202. A statement of my education and work experience is attached to this testimony as Appendix A.

Q. Have you previously testified before this Commission?

A. No. This is the first time I have appeared before the Commission.

Q. What is the purpose of your testimony in this proceeding?

A. The purposes of my testimony are: (1) to summarize the Companies' proposal to modify and expand the availability of their existing Brownfield Development Riders ("BDRs"), and to rename them the Economic Development Riders ("EDRs"); (2) to state why the Companies are proposing these changes; and (3) to explain why the Companies are proposing these changes now.

Summary of the Companies' Proposal

Q. What changes do the Companies propose to make to their existing Brownfield Development Riders?

A. As F. Howard Bush, Jr. explains more fully in his testimony, the Companies propose to make a number of changes to their current Brownfield Development Riders, the main goal of which is to expand the Riders' availability to other types of economic development projects, not just those locating at brownfield sites. The Companies propose to make the current Riders' demand charge discounts available to non-brownfield-located or –locating customers, whether new or existing, who are planning to add at least 1,000 kVA (or kW as is appropriate) of new average monthly billing load to one of the Companies' systems, and who have been qualified by the Commonwealth of Kentucky for benefits under the Kentucky Business Investment Program. The minimum qualifying new load for customers locating in brownfield sites will be 500 kVA (or kW as is appropriate). (The current Riders are available to 500 kW or greater loads.) As is true of the Companies' current Riders, a customer will not be able to take service under the proposed Economic Development Riders unless and until the Commission approves a special contract between the customer and the supplying Company. The proposed Economic Development Riders will be available to KU customers proposing to take or currently taking service under Standard Rate Schedules TODS, TODP, and RTS; likewise, they will be available to LG&E customers proposing to take or currently taking service under Standard Rate Schedules ITODS, ITODP, CTODS, CTODP, and RTS.

Two other changes to the current Riders will help customers control their start-up costs and maximize the Riders' financial value. First, a customer may request an effective date of the Rider up to twelve months after the Company first provides service to the contracted load, which will enable a participating customer to avail itself of the full benefits of the EDR Rider. Second, a customer of whom the Companies would ordinarily require a refundable deposit for customer-specific facilities would not have to pay such a deposit up front, but would pay for the cost of any revenue-unjustified facilities at the end of 15 years. This will help minimize businesses' start-up costs and encourage them to locate in the Companies' service territories.

Finally, because of the proposed Riders' greater availability, the Companies propose to rename them "Economic Development Riders."

Why the Companies Are Proposing to Change the Riders

Q. What is the main reason the Companies are proposing the Economic Development Riders?

A. The main reason the Companies are proposing the Economic Development Riders is that economic development benefits everyone: current customers benefit by having additional customers to help pay the fixed costs of providing electric service; the Companies benefit by gaining new customers; and the Commonwealth benefits by gaining new jobs, capital investment, and tax revenues. The Commission acknowledged these benefits in its Final Order in Administrative Case 327: "EDRs will provide important incentives to new large commercial and industrial customers to locate facilities in Kentucky and to existing large commercial and industrial customers to expand their operations, thereby bringing much needed jobs and capital investment into Kentucky."[1]

Q. Why else are the Companies proposing the Economic Development Riders?

A. Other reasons for proposing the Economic Development Riders include: (1) businesses trying to determine where to place new operations (or to expand current operations) are asking whether the utilities serving candidate sites have such riders or other incentives; (2) several of the Companies' neighboring utilities already have such riders in their tariffs, including one approved by this Commission; and (3) the Companies recently committed to work with the Governor and state agencies to promote economic development in Kentucky.

[1] *In the Matter of an Investigation into the Implementation of Economic Development Rates by Electric and Gas Utilities*, Admin. Case No. 327, Order at 25 (Sept. 24, 1990).

Q. Do businesses seeking to locate new or expanded operations express interest in riders such as the Companies' proposed Economic Development Riders?

A. Businesses explicitly ask about such riders and incentives. Attached to my testimony as Exhibit CEB-1 is a small sample of requests for information the Companies have received in recent years that ask about such riders and incentives. Representatives for virtually every potential project or business, including high tech, research, data centers, healthcare, and large to medium manufacturers, inquire about the availability of economic incentive rates when submitting a request for information or a request for proposal. The reason businesses ask is that energy costs are routinely among the top factors recognized by corporations and site consultants as site-selection drivers.

I am also aware that businesses are increasingly using Web research in their initial site selection decisions. These businesses or their consultants look online for economic development incentives and follow up with communities and utilities from there. Without visible Economic Development Riders in place, sites throughout the Companies' Kentucky service territories risk being eliminated from businesses' consideration.

Q. Has the Commission previously acknowledged these changes and approved economic development riders?

A. Yes. Although the Commission stated in Administrative Case 327 that utilities should establish such rates exclusively by special contracts,[2] the Commission has more recently approved economic development riders as a means of attracting additional economic

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[2] *In the Matter of an Investigation into the Implementation of Economic Development Rates by Electric and Gas Utilities*, Admin. Case No. 327, Order at 15 (Sept. 24, 1990) ("EDRs should now be implemented solely through special contracts negotiated with individual large commercial and industrial customers.").

development opportunities.[3] But the Commission has noted that such riders are not really rate and service offerings, but are essentially offers to enter into special contracts on particular terms: "In other words, ULH&P's EDRs could be fairly characterized as mere offers to contract with qualifying customers."[4] The same is true of the Companies' proposed Economic Development Riders: a customer may take service under one of the proposed riders only if the Commission approves a special contract approving the discounted service.

Q. Do the Companies' neighboring utilities offer economic development rates or riders?

A. Yes. Most notably, the Commission approved Duke Energy Kentucky's Development Incentive Rider in 2005.[5] Also, Duke Energy in Indiana and Ohio, Ameren (Missouri), AEP in Indiana, and Dominion Virginia Power all offer economic development rates. Additionally, TVA, a frequent competitor, designs individual economic development rates to meet projects' specific needs. Therefore, there is significant competition in this arena from the Companies' neighboring utilities, placing the Companies, their customers, and the locations in their service territories at a relative disadvantage for attracting economic development opportunities. The Companies' proposed Economic Development Riders should help to remedy that.

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[3] *In the Matter of Application of the Union Light, Heat, and Power Company for Approval of Its Proposed Economic Development Riders*, Case No. 2004-00253, Order (Apr. 19, 2005); *In the Matter of Application of Louisville Gas and Electric Company and Kentucky Utilities Company for a New Tariff – Brownfield Development Rider*, Case No. 2007-00192, Order (Mar. 7, 2008).

[4] *In the Matter of Application of Louisville Gas and Electric Company and Kentucky Utilities Company for a New Tariff – Brownfield Development Rider*, Case No. 2007-00192, Order at 3 (Mar. 7, 2008).

[5] *In the Matter of Application of the Union Light, Heat, and Power Company for Approval of Its Proposed Economic Development Riders*, Case No. 2004-00253, Order (Apr. 19, 2005).

Q. What commitment did the Companies make recently to help advance economic development in Kentucky, and how do the proposed Economic Development Riders relate to it?

A. In the recent proceeding in which the Commission approved PPL Corporation's acquisition of the Companies' parent company, the Companies made the following commitment: "PPL, E.ON US, LG&E and KU commit to work with the Governor of the Commonwealth of Kentucky and state agencies designated by the Governor to promote economic development in Kentucky."[6] The Companies' proposed Economic Development Riders are in line with that commitment. Moreover, the Companies informed the Kentucky Cabinet for Economic Development, Greater Louisville, Inc., Commerce Lexington, and the Kentucky Association for Economic Development about the Companies' intent to file this Application. All of those entities expressed their support for the filing.

Why the Companies Are Proposing these Changes Now

Q. What market-related factors are motivating the Companies to seek these changes now?

A. Historically, LG&E's and KU's rates have not been a barrier to project attraction. Their rates were sufficiently low to be competitive with neighboring utilities in the Midwest for project attraction. However, because a number of competing utilities now have economic development tariffs, those utilities and states are viewed by site consultants as being "proactive" in their efforts to attract and retain business and, consequently, remain in

[6] *In the Matter of: Joint Application of PPL Corporation, E.ON AG, E.ON US Investments Corp., E.ON U.S. LLC, Louisville Gas and Electric Company, and Kentucky Utilities Company for Approval of an Acquisition of Ownership and Control of Utilities*, Case No. 2010-00204, Order at Appx. C ¶ 49 (Sept. 30, 2010).

contention for future projects. This filing should be viewed by the business world as a significant move on our part to reinforce Kentucky's efforts to attract and expand business.

Recommendation

Q. What is your recommendation?

A. I recommend the Commission approve the Companies' proposed Economic Development Riders. Although the Companies are proposing to expand the availability of the current Riders, there are really no other significant substantive changes to the Riders the Commission approved three years ago. The proposed Riders can only help to encourage economic development efforts in the Companies' service territories, and the Companies' customers stand only to benefit, not to be harmed. And because no customer would be able to take service under the Riders until the Commission approved a special contract setting out the terms of service in detail, the Commission can be sure no unqualified customer will take service under the Riders, and there will be another check to ensure that the Companies' other customers will benefit from anyone taking service under the Riders. Finally, these Riders could only benefit the Companies' customers, the Companies themselves, and the Commonwealth. I therefore ask the Commission to approve them.

Q. Does this conclude your testimony?

A. Yes.

VERIFICATION

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The undersigned, **Cheryl E. Bruner**, being duly sworn, deposes and says that she is the Director of Customer Service and Marketing for LG&E and KU Services Company, that she has personal knowledge of the matters set forth in the foregoing testimony and that the answers contained therein are true and correct to the best of her information, knowledge and belief.

Cheryl E. Bruner

CHERYL E. BRUNER

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 17th day of March, 2011.

Kimberly C. Brock

Notary Public

My Commission Expires:

10-16-2012

APPENDIX A

Cheryl E. Bruner
Director, Customer Service and Marketing
LG&E and KU Services Company
820 West Broadway
Louisville, Kentucky 40202
Telephone: (502) 627-3945

Education

Transylvania University, Bachelors in Business Administration, 1992
Brandeis School of Law at the University of Louisville, Juris Doctorate, 1995

Positions Held

LG&E and KU Services Company, Louisville, Kentucky

Director, Customer Service & Marketing	February 2010 – present
Director, Customer Energy Efficiency	August 2008 – February 2010
Senior Corporate Attorney	February 2003 – August 2008

Dinsmore & Shohl LLP

Attorney	September 1996 – February 2003

Vencor, Inc. (n/k/a Kindred Healthcare)

Human Resources Attorney	February 1994 – August 1996

Professional Memberships

Leadership Louisville Center
Kentucky Bar Association
Louisville Bar Association

C. Quality of Life

Please provide a detailed description of the area's quality of life for attracting expats and other management, engineering, and technical talent, including:

- International Schools

School	Location	Enrollment	Type

D. Economic Development Incentives

Please provide program descriptions and qualifying criteria (budgets, program timing, administrative body, clawbacks, etc.) for statutory and incentive programs for which this project is likely to qualify, including but not limited to the following:

- Tax abatements & Tax credits (National, State/Province, Local)
- Cash Grants
- Financial assistance or low-cost financing including development bonds
- Accelerated depreciation on M&E/Building
- Infrastructure improvements (extended and improved utilities, roads, and site)
- Utility rate incentives
- Recruiting & Training
- Expatriates and management relocation assistance

TAXES/INCENTIVES

<u>Taxes, Assessments, and Utilities</u> – Please respond below

1. Ad Valorem Tax Rates and basis for assessment (per $100) for real and personal property (if different) **separated by applicable taxing jurisdiction**

2. Income/Franchise Tax Rates (Corporate and Personal)

3. Local Business Tax Rates

4. Sales/Use Tax **separated by applicable taxing unit**

5. Unemployment Tax Rates

6. Workers Compensation Tax Rates

7. Any other state or local taxes that would apply for this operation

8. Describe any proposed legislation that may have a positive or negative impact on the business community. For example, change in tax rates, regulatory environment, tort reform, new economic development incentives, etc.

9. Detail the legislative calendar for your state including session dates for 2011.

10. Estimated Utility Rate ($/kWh)

Utility Reductions

1. Provide a list of the utility providers available in the area under consideration.

2. Provide the name of the program that would generate a benefit to Project Hulk based on the estimated energy usage at the site. Please also provide the statute or policy number if applicable.

3. Provide a description of this incentive program including key eligibility requirements.

4. Describe program clawbacks, if applicable.

5. Detail the calculation and estimated benefit this incentive will have for Project Hulk. Are there certain load factors that must be achieved prior to earning first benefit? (Include the estimated incentive value by year and when the incentive payments begin and end).

6. What are the available start dates for this program? For example, can the start date of this incentive program be delayed to coincide with production start dates, or a later date?

Project Columbus

3. Economic Development Incentives

Please provide general program descriptions and qualifying criteria for statutory and discretionary incentive programs for which this project may qualify. As appropriate, please consider the following types of programs:

- Grants
- Tax abatements (income, property, sales and use, etc.)
- Tax credits (for job creation, capital investment, research, energy, etc.)
- Loans and special financial assistance;
- Tax increment financing (TIF);
- Accelerated depreciation of equipment;
- Infrastructure improvement assistance;
- Land cost reduction;
- Utility rate and tax incentives;
- Waiver of municipal fees, charges, and levies;
- Recruitment and workforce training/development assistance/funding;
- Relocation assistance;
- Ombudsman or incentives coordinator and application assistance;
- Facilitation of permit application processing and approvals;
- Programs with awards specifically targeted to R&D activities; and
- Special, unique programs targeting investment and industry growth in solar and alternative/sustainable energy operations.

Project Pearl

For review purposes below is electric power information necessary to complete the analysis for each service provider for the initial and future operations:

1. Non-incentive bill assuming primary service
2. Incentive bill assuming primary service
3. Non-incentive bill assuming secondary service
4. Incentive bill assuming secondary service

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF LOUISVILLE GAS AND	)	
ELECTRIC COMPANY AND KENTUCKY	)	
UTILITIES COMPANY TO MODIFY AND	)	**CASE NO.**
RENAME THE BROWNFIELD DEVELOPMENT	)	**2011 - ________**
RIDER AS THE ECONOMIC DEVELOPMENT	)	
RIDER	)	

TESTIMONY OF
FRED HOWARD BUSH, JR.
MANAGER, TARIFFS/SPECIAL CONTRACTS
LG&E AND KU SERVICES COMPANY

Filed: March 18, 2011

Q. Please state your name and business address.

A. My name is Fred Howard Bush, Jr. I am currently employed as Manager, Tariffs/Special Contracts for LG&E and KU Services Company, which provides services to Louisville Gas and Electric Company ("LG&E") and Kentucky Utilities Company ("KU") (collectively "the Companies"). My business address is 220 W. Main St, Louisville, Kentucky 40202. A complete statement of my education and work experience is attached to this testimony as Appendix A.

Q. Have you previously testified before this Commission?

A. Yes. I have testified in various Fuel Adjustment Clause proceedings, in Case No. 2002-00232, PrePaid Metering, and Case No. 2007-00192, Brownfield Development Rider, and I have supported various data responses in several previously filed proceedings.

Q. What is the purpose of your testimony in this proceeding?

A. The purpose of my testimony is to describe the changes the Companies propose to make to their existing Brownfield Development Riders ("BDRs"), including renaming them "Economic Development Riders" ("EDRs"), and to explain why those changes are consistent with the Commission's orders in Administrative Case 327 and subsequent proceedings concerning economic development rates.[1] Copies of the Companies' proposed Electric Standard Rate Riders EDR are attached hereto as Exhibits FHB-1 (for LG&E) and FHB-2 (for KU).

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[1] *In the Matter of an Investigation into the Implementation of Economic Development Rates by Electric and Gas Utilities*, Admin. Case No. 327, Order (Sept. 24, 1990); *In the Matter of Application of the Union Light, Heat, and Power Company for Approval of Its Proposed Economic Development Riders*, Case No. 2004-00253, Order (Apr. 19, 2005); *In the Matter of Application of Louisville Gas and Electric Company and Kentucky Utilities Company for a New Tariff – Brownfield Development Rider*, Case No. 2007-00192, Order (Mar. 7, 2008).

Q. Why are the Companies proposing to modify and expand the availability of their current BDRs?

A. As Cheryl E. Bruner discusses more fully in her testimony, the Companies propose to modify and expand the availability of their current BDRs to assist in economic development efforts within the Commonwealth of Kentucky. Rate schedules similar to the proposed EDRs are offered by other utilities.

<u>The Companies' Current Brownfield Development Riders</u>

Q. Please describe the Companies' existing BDRs.

A. Each Company's current BDR is a companion schedule to any of its power rate schedules, schedules with a separate demand charge as a part of the billing charges. BDR offers a reduction to the demand component of such billings: 50% during each of the first 12 months, 40% during each of the next 12 months, and continuing on a declining scale of 10% for each 12 month period of the first 60 months of the customer's contract. All billings after the first 60 months of the contract period would be at the normal rate.

Q. Is BDR available to any customer being billed on a power rate schedule?

A. No. There are specific parameters which must be met for BDR to be applicable. First, BDR is available only to billing loads of 500 kW or greater where the Companies have facilities in place to serve the proposed customer. Secondly, the service location must have been idle for two years and been designated by the Commonwealth of Kentucky as a "brownfield" site.

Q. What is a "brownfield" site?

A. The working definition used by the Commonwealth of Kentucky is, "a property that is abandoned or underutilized due to real or perceived contamination." The

Companies do not perform any evaluations of qualifying properties. A third party, in this case the Commonwealth of Kentucky, determines whether the property qualifies as a "brownfield" site. These sites are often not viewed as desirable operating locations by prospective customers because of the investment necessary to remove contamination or because of liability issues.

<u>The Companies' Proposal to Modify and Expand their BDRs to Become EDRs</u>

Q. How are the Companies proposing to modify their BDRs?

A. Most obviously, the name is proposed to be changed to Economic Development Rider to reflect a wider application. Where the current BDRs are available only to customers locating at brownfield sites, the Companies propose to expand the availability of their new EDRs to be available to any qualifying new load, thereby enhancing the economic climate in the Commonwealth. The proposed Economic Development Riders will be available to KU customers proposing to take or currently taking service under Standard Rate Schedules TODS, TODP, and RTS; likewise, they will be available to LG&E customers proposing to take or currently taking service under Standard Rate Schedules ITODS, ITODP, CTODS, CTODP, and RTS.

Q. Does the proposed EDR change how BDR would have been applied to brownfield sites?

A. Yes, but only to a minor degree. In keeping with the Commission's findings in Administrative Case 327, service under this schedule is rendered only after the Commission approves a special contract between one of the Companies and a prospective customer. The existing BDR sets the term of contract for such a special contract at eight years. However, in keeping with the Commission's directive that the term of contract for economic development tariffs should be for twice the term of the discount period, the Companies proposed to lengthen the term of contract for their EDRs to a minimum of ten years for both Brownfield Redevelopment and Economic Development customers.

Another change the Companies are proposing is to eliminate the current requirement that a brownfield site must have been vacant for two years to qualify for BDR. There has been at least one potential customer who sought to locate at a brownfield location but did not qualify for BDR due to the two-year vacancy requirement, which was part of the reason the customer chose not to locate at the site. To avoid similar problems in the future, the Companies propose to eliminate this requirement from their new EDRs.

Finally, the Companies propose to make their EDRs for Brownfield Development available to loads of 500 kW or 500 kVA or more, as is appropriate (the current BDRs are available to loads of 500 kW or more). This change is consistent with recent changes wherein many of the standard power rates schedules now utilize kVA for billing purposes.

Q. How would the proposed EDRs expand the riders' availability as compared to the Companies' current BDRs?

A. The Companies propose that the current riders' billing demand five-year credit schedule remain the same but to expand their application to Economic Development loads of 1,000 kW or 1,000 kVA or more (as is appropriate) that the Commonwealth of Kentucky qualifies for financial incentives or tax benefits under the Kentucky Business Investment Program. Having the Commonwealth of Kentucky, not the Companies, "pre-qualify" customers for service under EDR will help to minimize, if not eliminate entirely, any potential "free rider" problem that offering demand discounts under EDR could create. Finally, the Companies believe that continuing to require a Commission-approved special contract to take service under the new EDRs will ensure compliance with all facets of the Commission's Final Order in Administrative Case 327, not just the potential "free rider" problem. (A copy of the template special contract to be used for service under the LG&E EDR is attached hereto as Exhibit FHB-3, and KU's is attached hereto as Exhibit FHB-4.)

Q. What other changes do the Companies propose to make?

A. Under the current BDRs, a customer must take service from the Companies' facilities already at the brownfield site. The Companies do not propose to change this requirement for customers taking service under the new EDR for Brownfield Development; however, new loads of the kind that would qualify for service under EDR for Economic Development could require the construction of lines and or substations with substantial capital investment. The Companies often require refundable contributions toward the costs of such facilities because these customers' projected loads can be speculative, and such refundable contributions protect the Companies' other customers from bearing the burden of unused plant. Though such contributions protect the Companies' other customers, they increase new customers' start-up costs. To help businesses that qualify for EDR to minimize such costs, the Companies propose to allow payment of any capital investment for facilities to serve a customer that are not justified by the customer's revenue stream at the end of 15 years (i.e., five years after the EDR contract terminates). This longer time frame would not penalize the customer for the five years when the customer's revenue stream to the Companies would be reduced by the EDR demand charge discounts and still protects the Companies' other customers. The contribution provision, including the 15-year term I have just discussed, will be included in the customer's service contract with the providing Company (which the Commission will also have the opportunity to review and approve), not the EDR contract.

The other change the Companies propose is to permit the demand charge discounts to begin up to 12 months after the Company first provides service to the contracted load. This should allow most customers to have their operations fully up and running before entering the discount period, allowing them to enjoy greater financial benefits than they would have had if the discounts had begun on the first day of the contract term. During the up-to-12-month delay of the EDR discounts' taking effect, an EDR customer would take service under the normally applicable rate.

Q. Would there be any revenue impact from implementing the EDRs?

A. No, there are currently no customers on the Companies' BDRs to be affected by the proposed changes. Nonetheless, attached for the Commission's review are schedules for each of LG&E (Exhibit FHB-5) and KU (Exhibit FHB-6) showing sample monthly billings for customers taking service under EDR. Eight examples are offered at loads of either 1,500 kVA or 3,000 kVA. One is at a 50% load factor and the other at a 70% load factor both with and without CSR30 (Curtailable Service Rider 30). This demonstrates that the level of energy consumption is irrelevant to the benefit a customer would receive under EDR. Only the demand component is impacted and the level of the impact varies with the magnitude of the load and the use of other optional demand riders.

__**Compliance with the Commission's Final Order in Administrative Case 327**__

Q. Do the Companies' proposed EDRs comply with the requirements the Commission established in its Final Order in Administrative Case 327?

A. Yes. The proposed EDRs are really just the Companies' current BDRs made more generally available. The Commission approved the Companies' BDRs just three years ago as complying with the requirements of its Final Order in Administrative Case 327.[2] Moreover, the Commission approved economic development rider tariffs for Duke Energy Kentucky in 2005,[3] the brownfield rider of which was the model for the Companies' current BDRs. Briefly, though, here are the applicable requirements of Administrative Case 327 Final Order and how the Companies' proposed EDRs comply with them:

> 2. Utilities should have the flexibility to design EDRs according to the needs of their customers and service areas and to offer EDRs to those new and existing customers who require such an incentive to locate now facilities in the state and to expand existing ones.[4]
>
> *The Companies' proposed EDRs provide that flexibility. They provide starting points for contract negotiations, but they do not in any way limit the Companies' ability to negotiate other terms with a particular customer for the Commission's approval.*
>
> 3. EDRs should be implemented by special contracts negotiated between the utilities and their large commercial and industrial customers.[5]
>
> *No customer will be able to take service under the proposed EDRs or under any other economic development rate without*

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[2] *In the Matter of Application of Louisville Gas and Electric Company and Kentucky Utilities Company for a New Tariff – Brownfield Development Rider*, Case No. 2007-00192, Order (Mar. 7, 2008).
[3] *In the Matter of Application of the Union Light, Heat, and Power Company for Approval of Its Proposed Economic Development Riders*, Case No. 2004-00253, Order (Apr. 19, 2005).
[4] *In the Matter of an Investigation into the Implementation of Economic Development Rates by Electric and Gas Utilities*, Admin. Case No. 327, Order at 25 (Sept. 24, 1990).
[5] *Id.*

first entering into a special contract with one of the Companies, which special contract the Commission will evaluate and approve or reject. The Commission has twice held that riders of the kind the Companies already have and are proposing in this proceeding comply with this requirement.[6]

4. An EDR contract should specify all terms and conditions of service including, but not limited to, the applicable rate discount and other discount provisions, the number of jobs and capital investment to be created as a result of the EDR, customer-specific fixed costs associated with serving the customer, minimum bill, estimated load, estimated load factor, and length of contract.[7]

Each special contract the Companies enter into will contain the required information.

5. EDRs should only be offered during periods of excess capacity. Utilities should demonstrate, upon submission of each EDR contract, that the load expected to be served during each year of the contract period will not cause them to fall below a reserve margin that is considered essential for system reliability. Such a reserve margin should be identified and justified with each EDR contract filing.[8]

The Companies will offer special contracts under EDR only when discounted rates would apply during times of excess capacity, and they will make the required showing when filing each special contract.

6. Upon submission of each EDR contract, a utility should demonstrate that the discounted rate exceeds the marginal cost associated with serving the customer. Marginal cost includes both the marginal cost of capacity as well as the marginal cost of energy. In order to demonstrate marginal cost recovery, a utility should submit, with each EDR contract, a current marginal cost-of-service study. A current study is one

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[6] *In the Matter of Application of the Union Light, Heat, and Power Company for Approval of Its Proposed Economic Development Riders*, Case No. 2004-00253, Order (Apr. 19, 2005); *In the Matter of Application of Louisville Gas and Electric Company and Kentucky Utilities Company for a New Tariff – Brownfield Development Rider*, Case No. 2007-00192, Order (Mar. 7, 2008).

[7] *In the Matter of an Investigation into the Implementation of Economic Development Rates by Electric and Gas Utilities*, Admin. Case No. 327, Order at 25 (Sept. 24, 1990).

[8] *Id.*

conducted no more than one year prior to the date of the contract.[9]

The Companies will so demonstrate with each special contract filing. Also, please note that the discounts offered under the proposed EDRs are solely demand charge discounts, not energy or other cost discounts. As I testified in the Companies' BDR proceedings, the Companies' demand charges are made up of approximately 50% generation and transmission costs, and approximately 50% distribution or customer-specific costs.[10] Thus, any customer taking service under a Commission-approved special contract for EDR would necessarily be covering all marginal costs and would be making a contribution to fixed costs.

7. Utilities with active EDRs should file an annual report with the Commission detailing revenue received from individual EDR customers and the marginal costs associated with serving those individual customers.[11]

The Companies will file the required report if and when customers take service under economic development rates.

8. During rate proceedings, utilities with active EDR contracts should demonstrate through detailed cost-of-service analysis that nonparticipating ratepayers are not adversely affected by these EDR customers.[12]

The Companies will make the required showing during their base rate proceedings if any customers are then taking service under economic development rates.

9. All EDR contracts should include a provision providing for the recovery of EDR customer-specific fixed costs over the life of the contract.[13]

Please note that the proposed EDRs explicitly state that customers who ordinarily would have to provide refundable contributions toward the capital cost of facilities to serve them will still have to make such contributions, albeit at the end of 15 years (i.e., five years after the EDR contract terminates).

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[9] *Id.* at 26.
[10] *In the Matter of Application of Louisville Gas and Electric Company and Kentucky Utilities Company for a New Tariff – Brownfield Development Rider*, Case No. 2007-00192, Response to Request for Information Posed by the Attorney General Dated June 15,2007, Response to DR No. 8 (June 29, 2007).
[11] *Id.*
[12] *Id.*
[13] *Id.*

10. The major objectives of EDRs are job creation and capital investment. However, specific job creation and capital investment requirements should not be imposed on EDR customers.[14]

The Companies' proposed EDRs do not impose such requirements, and therefore comply with this requirement.

11. All utilities with active EDR contracts should file an annual report to the Commission providing the information as shown in Appendix A, which is attached hereto and incorporated herein.[15]

The Companies will file the required report when customers are taking service under economic development rates.

12. For new industrial customers, an EDR should apply only to load which exceeds a minimum base level. For existing industrial customers, an EDR shall apply only to new load which exceeds an incremental usage level above a normalized base load. At the time an EDR contract is filed, a utility should identify and justify the minimum incremental usage level and normalized base load required for an existing customer or the minimum usage level required for a new customer.[16]

The proposed EDRs comply with this requirement. Only loads in excess of 1,000 kW (or kVA) can qualify as new or newly added loads. For existing customers, the base load is the average of their prior three years' average monthly billing loads, subject to any mutually agreed-upon adjustments.

14. The term of an EDR contract should be for a period twice the length of the discount period, with the discount period not exceeding five years. During the second half of an EDR contract, the rates charged to the customer should be identical to those contained in a standard rate schedule that is applicable to the customer's rate class and usage characteristics.[17]

The proposed EDRs comply with this requirement.

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[14] *Id.*
[15] *Id.*
[16] *Id.* at 26-27.
[17] *Id.* at 27.

Recommendation

Q. Is it your recommendation that the Commission approve the Companies' proposed EDRs?

A. Yes, I believe that the Commission should approve the Companies' proposed EDRs as being fully compliant with the requirements the Commission has established for economic development rates and as being beneficial for the Companies' customers, the Companies, and the Commonwealth.

Q. Does this conclude your testimony?

A. Yes.

VERIFICATION

COMMONWEALTH OF KENTUCKY)
)**SS:**
COUNTY OF JEFFERSON)

The undersigned, **Fred Howard Bush, Jr.**, being duly sworn, deposes and says that he is a Manager Tariffs/Special Contracts for LG&E and KU Services Company, that he has personal knowledge of the matters set forth in the foregoing testimony, and the answers contained therein are true and correct to the best of his information, knowledge and belief.

Fred Howard Bush Jr

FRED HOWARD BUSH, JR.

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 17th day of March, 2011.

Kimberly M Walters (SEAL)
Notary Public

My Commission Expires:
9/11/2012

APPENDIX A

Fred Howard Bush Jr.

Manager Rates/Special Contracts
LG&E and KU Services Company
220 West Main Street
Louisville, Kentucky 40202

Education

University of Kentucky – BS in Electrical Engineering - 1974

Professional Experience

Manager, Tariffs/Special Contracts	2004 -Current
Manager, Regulatory Compliance	2001-2004
Senior Rate & Regulatory Financial Analyst	1998-2001
Senior Financial Analyst	1992-1998
Manager, Load Research	1983 -1992
Rate Engineer	1974-1983

Civic Activities

KUE Federal Credit Union Board of Directors
Kentucky Mountain Laurel Festival Board of Directors and Past President
Kentucky Mountain Laurel Festival Foundation Board of Directors
Ordained deacon Southern Baptist Church

Louisville Gas and Electric Company

P.S.C. Electric No. 8, First Revision of Original Sheet No. 71
Cancelling P.S.C. Electric No. 8, Original Sheet No. 71

Standard Rate Rider **EDR**

Economic Development Rider

APPLICABLE

In all territory served.

AVAILABILITY OF SERVICE

Available as a rider to customers to be served or being served under Company's Standard Rate Schedules ITODS, ITODP, CTODS, CTODP, and RTS to encourage Brownfield Development or Economic Development (as defined herein). Service under EDR is conditional on approval of a special contract for such service filed with and approved by the Public Service Commission of Kentucky.

RATE

A customer taking service under EDR shall be served according to all of the rates, terms, and conditions of the normally applicable rate schedule subject to the following:

a) for the twelve consecutive monthly billings of the first contract year, the Total Demand Charge shall be reduced by 50%;
b) for the twelve consecutive monthly billings of the second contract year, the Total Demand Charge shall be reduced by 40%;
c) for the twelve consecutive monthly billings of the third contract year, the Total Demand Charge shall be reduced by 30%;
d) for the twelve consecutive monthly billings of the fourth contract year, the Total Demand Charge shall be reduced by 20%;
e) for the twelve consecutive monthly billings of the fifth contract year, the Total Demand Charge shall be reduced by 10%; and
f) all subsequent billing shall be at the full charges stated in the applicable rate schedule.

"Total Demand Charge" is the sum of all demand charges, including any credits provided under any other demand applicable rider, before the EDR discounts described above are applied.

TERMS AND CONDITIONS

Brownfield Development

a) Service under EDR for Brownfield Development is available to customers locating at sites that have been submitted to, approved by, and added to the Brownfield Inventory maintained by the Kentucky Energy and Environment Cabinet (or by any successor entity created and authorized by the Commonwealth of Kentucky).
b) EDR for Brownfield Development is available only to billing loads of 500 kVA (or kW as is appropriate) or greater where the customer takes service from existing Company facilities.

Economic Development

c) Service under EDR for Economic Development is available to:
   1) new customers contracting for a minimum annual average of monthly billing load of 1,000 kVA (or kW as is appropriate); and
   2) existing customers contracting for a minimum annual average of monthly billing load of 1,000 kVA (or kW as is appropriate) above their Existing Base Load, to be determined as follows:

Date of Issue: March 18, 2011
Date Effective: February 6, 2009
Issued By: Lonnie E. Bellar, Vice President, State Regulation and Rates, Louisville, Kentucky

Lonnie E. Bellar

Issued by Authority of an Order of the KPSC in Case No. 2011-00___ dated _____ __, 2011

Louisville Gas and Electric Company

P.S.C. Electric No. 8, Original Sheet No. 71.1

Standard Rate Rider **EDR**

Economic Development Rider

TERMS AND CONDITIONS, Economic Development c) 2) (continued)

i. Company and the existing customer will determine Customer's Existing Base Load by averaging Customer's previous three years' monthly billing loads, subject to any mutually agreed upon adjustments thereto.

ii. Company and the existing customer must agree upon the Existing Base Load, which shall be an explicit term of the special contract submitted to the Commission for approval before the customer can take service under EDR. Once the Existing Base Load's value is thus established, it will not be subject to variation or eligible for service under EDR.

iii. This provision is not intended to reduce or diminish in any way EDR service already being provided to all or a portion of a customer's Existing Base Load. Such EDR service would continue under the terms of the contract already existing between the Company and the customer concerning the affected portion of the customer's Existing Base Load.

d) A customer desiring service under EDR for Economic Development must submit an application for service that includes:
   1) a description of the new load to be served;
   2) the number of new employees, if any, Customer anticipates employing associated with the new load;
   3) the capital investment Customer anticipates making associated with the EDR load;
   4) a certification that Customer has been qualified by the Commonwealth of Kentucky for benefits under the Kentucky Business Investment Program.

e) Should Company determine a refundable contribution for the capital investment in Customer-specific facilities required by Company to serve the EDR load would ordinarily be required as set out under Company's Line Extension Plan, I. Special Cases, that amount shall be determined over a fifteen (15) year period and payable at the end of the fifteen (15) year period.

<u>General</u>

f) Company may offer EDR to qualifying new load only when Company has generating capacity available and the new load will not accelerate Company's plans for additional generating capacity over the life of the EDR contract.

g) Customer may request an EDR effective initial billing date that is no later than twelve (12) months after the date on which Company initiates service to Customer.

h) Neither the demand charge reduction nor any unjustified capital investment in facilities will be borne by Company's other customers during the term of the EDR contract.

i) Company may offer differing terms, as appropriate, under special contract to which this rider is a part depending on the circumstances associated with providing service to a particular customer and subject to approval by the Public Service Commission of Kentucky.

TERM OF CONTRACT

Service will be furnished under the applicable standard rate schedule and this rider, filed as a special contract with the Commission for a fixed term of not less than ten (10) years and for such time thereafter under the terms stated in the standard rate schedule. A greater term of contract or termination notice may be required because of conditions associated with a Customer's requirements for service. Service will be continued under conditions provided for under the rate schedule to which this Rider is attached after the original term of contract.

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Lonnie E. Bellar

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Kentucky Utilities Company

P.S.C. No. 15, First Revision of Original Sheet No. 71
Cancelling P.S.C. No. 15, Original Sheet No. 71

Standard Rate Rider **EDR**

Economic Development Rider

APPLICABLE

In all territory served.

AVAILABILITY OF SERVICE

Available as a rider to customers to be served or being served under Company's Standard Rate Schedules TODS, TODP, and RTS to encourage Brownfield Development or Economic Development (as defined herein). Service under EDR is conditional on approval of a special contract for such service filed with and approved by the Public Service Commission of Kentucky.

RATE

A customer taking service under EDR shall be served according to all of the rates, terms, and conditions of the normally applicable rate schedule subject to the following:

a) for the twelve consecutive monthly billings of the first contract year, the Total Demand Charge shall be reduced by 50%;
b) for the twelve consecutive monthly billings of the second contract year, the Total Demand Charge shall be reduced by 40%;
c) for the twelve consecutive monthly billings of the third contract year, the Total Demand Charge shall be reduced by 30%;
d) for the twelve consecutive monthly billings of the fourth contract year, the Total Demand Charge shall be reduced by 20%;
e) for the twelve consecutive monthly billings of the fifth contract year, the Total Demand Charge shall be reduced by 10%; and
f) all subsequent billing shall be at the full charges stated in the applicable rate schedule.

"Total Demand Charge" is the sum of all demand charges, including any credits provided under any other demand applicable rider, before the EDR discounts described above are applied.

TERMS AND CONDITIONS

Brownfield Development

a) Service under EDR for Brownfield Development is available to customers locating at sites that have been submitted to, approved by, and added to the Brownfield Inventory maintained by the Kentucky Energy and Environment Cabinet (or by any successor entity created and authorized by the Commonwealth of Kentucky).
b) EDR for Brownfield Development is available only to billing loads of 500 kVA or greater where the customer takes service from existing Company facilities.

Economic Development

c) Service under EDR for Economic Development is available to:
    1) new customers contracting for a minimum annual average of monthly billing load of 1,000 kVA; and
    2) existing customers contracting for a minimum annual average of monthly billing load of 1,000 kVA above their Existing Base Load, to be determined as follows:

Date of Issue: March 18, 2011
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Kentucky Utilities Company

P.S.C. Electric No. 8, Original Sheet No. 71.1

Standard Rate Rider **EDR**

Economic Development Rider

TERMS AND CONDITIONS, Economic Development c) 2) (continued)

i. Company and the existing customer will determine Customer's Existing Base Load by averaging Customer's previous three years' monthly billing loads, subject to any mutually agreed upon adjustments thereto.

ii. Company and the existing customer must agree upon the Existing Base Load, which shall be an explicit term of the special contract submitted to the Commission for approval before the customer can take service under EDR. Once the Existing Base Load's value is thus established, it will not be subject to variation or eligible for service under EDR.

iii. This provision is not intended to reduce or diminish in any way EDR service already being provided to all or a portion of a customer's Existing Base Load. Such EDR service would continue under the terms of the contract already existing between the Company and the customer concerning the affected portion of the customer's Existing Base Load.

d) A customer desiring service under EDR for Economic Development must submit an application for service that includes:
   1) a description of the new load to be served;
   2) the number of new employees, if any, Customer anticipates employing associated with the new load;
   3) the capital investment Customer anticipates making associated with the EDR load;
   4) a certification that Customer has been qualified by the Commonwealth of Kentucky for benefits under the Kentucky Business Investment Program.

e) Should Company determine a refundable contribution for the capital investment in Customer-specific facilities required by Company to serve the EDR load would ordinarily be required as set out under Company's Line Extension Plan, I. Special Cases, that amount shall be determined over a fifteen (15) year period and payable at the end of the fifteen (15) year period.

General

f) Company may offer EDR to qualifying new load only when Company has generating capacity available and the new load will not accelerate Company's plans for additional generating capacity over the life of the EDR contract.

g) Customer may request an EDR effective initial billing date that is no later than twelve (12) months after the date on which Company initiates service to Customer.

h) Neither the demand charge reduction nor any unjustified capital investment in facilities will be borne by Company's other customers during the term of the EDR contract.

i) Company may offer differing terms, as appropriate, under special contract to which this rider is a part depending on the circumstances associated with providing service to a particular customer and subject to approval by the Public Service Commission of Kentucky.

TERM OF CONTRACT

Service will be furnished under the applicable standard rate schedule and this rider, filed as a special contract with the Commission for a fixed term of not less than ten (10) years and for such time thereafter under the terms stated in the standard rate schedule. A greater term of contract or termination notice may be required because of conditions associated with a Customer's requirements for service. Service will be continued under conditions provided for under the rate schedule to which this Rider is attached after the original term of contract.

Date of Issue: March 18, 2011
Date Effective: February 6, 2009
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Lonnie E. Bellar

Issued by Authority of an Order of the KPSC in Case No. 2011-00___ dated _____ __, 2011

SPECIAL CONTRACT FOR ECONOMIC DEVELOPMENT RIDER SERVICE

This special contract for Economic Development Rider service ("EDR Contract") is made and entered into this ______ day of ______________, ______, by and between ____ ("Customer") and Louisville Gas and Electric Company ("Company").

WITNESSETH:

WHEREAS, Company is in the business of providing retail electric service in the Commonwealth of Kentucky;

WHEREAS, Customer has applied for and/or is receiving retail electric service from Company pursuant to a Contract for Electric Service dated ______________________ ("Electric Service Contract") under Standard Rate Schedule _____; and

WHEREAS, Customer requests EDR Total Demand Charge discounts on the basis that Customer's proposed billing load ("EDR Contracted Load") meets the requirements outlined in Appendix A for (check appropriate space):

___ Brownfield Development load of ______ kVA (or kW as is appropriate)

___ Economic Development new load of ______ kVA (or kW as is appropriate)

___ Economic Development new load of ______ kVA (or kW as is appropriate) above an Existing Base Load as defined in the aforementioned Appendix A.

The EDR Total Demand Charge discounts shall be incorporated with the bill for electric service issued pursuant to the Electric Service Contract and will be subject to the same payment provisions as the Electric Service Contract.

NOW, THEREFORE, in consideration of the mutual agreements made herein, the parties agree as follows:

Company's rates, terms, and conditions for the provision of electric service to Customer, and Customer's obligations, rights, and responsibilities to the Company for the supply of electric service, are specified in and determined by the Standard Rate Schedule specified above and other applicable schedules, terms, and conditions of service set forth in the Company's tariffs on file with and approved by the Kentucky Public Service Commission ("PSC"), and by the terms of the Electric Service Contract. The Company's Rates, Terms and Conditions for Furnishing Electric Service, as filed with and approved by the PSC, both in effect now and in the future, are incorporated by reference and made a part of this EDR Contract as if fully set forth herein.

This EDR Contract is supplemental to, and by agreement made a part of, the Electric Service Contract for the purpose of applying provisions of the Company's Economic Development Rider, Standard Rate Rider EDR ("EDR"), to Customer.

Company agrees to furnish, and Customer agrees to take, EDR service pursuant to the terms and conditions of Standard Rate Rider EDR, as currently approved by the PSC or as may be modified in the future and approved by the PSC.

The initial term of this EDR Contract shall be ten (10) years beginning and including the first full billing month that is [insert number no greater than twelve (12)] months following the date electric service is first delivered to the EDR Contracted Load. The Total Demand Charge discounts will be applied to sixty (60) consecutive billing months as specified by EDR and followed by sixty (60) consecutive billing months at the standard rate. Upon termination of the ten-year (10) term, service will continue in accordance with the terms of the then-applicable Standard Rate Schedule.

Company may terminate this EDR Contract at any time for Customer's failure to comply with the terms and conditions of Standard Rate Rider EDR or this EDR Contract. Such termination will only affect the application of, and Customer's service under, the Standard Rate Rider EDR and this EDR Contract, and shall not affect the application of, or Customer's service under, the Electric Service Contract.

Customer agrees to provide all information necessary to satisfy the PSC initial filing requirements and successive annual reports for the duration of this EDR Contract.

This EDR Contract shall inure to the benefit of, and shall bind the successors and assigns of, the parties hereto. However, no assignment of any rights, duties, or obligations hereunder by Customer shall have any effect whatsoever unless approved in writing by Company in advance of such assignment.

Nothing herein shall be construed to confer a benefit on any person not a signatory hereto or the successor to a signatory hereto.

All disputes arising between Customer and Company hereunder shall be finally decided by the PSC in accordance with its applicable rules and procedures. Nothing in the foregoing sentence is intended to limit or waive any statutorily provided rights of appeal from a PSC decision concerning a dispute between Customer and Company hereunder.

This EDR Contract shall be construed and enforced in accordance with the laws of the Commonwealth of Kentucky.

IN WITNESS WHEREOF, Customer and Company have executed this EDR Contract on the day and year first above written.

______________________________	Louisville Gas and Electric Company
Customer By:______________________________	By:______________________________
Title:______________________________	Title:______________________________

SPECIAL CONTRACT FOR ECONOMIC DEVELOPMENT

APPENDIX A

- Company's current capacity reserve margin is _______ MVA, which is _______ MVA in excess of a reserve margin considered essential for system reliability of _______ MVA. For each year in which Customer will receive demand charge discounts under the EDR Contract, the Company's projected reserve margins are expected to be:

  Year 1 ______ MVA; Year 2 ______ MVA;
  Year 3 ______ MVA; Year 4 ______ MVA; and
  Year 5 ______ MVA.

- Company estimates investing $____________ in new facilities to serve the EDR Contracted Load.

- Company estimates Customer's minimum monthly billing under Standard Rate Schedule ________ will be $____________.

- Customer anticipates investing $______________ in facilities associated with the EDR Contracted Load.

- Customer anticipates creating _____________ new jobs associated with the EDR Contracted Load.

- Customer estimates the EDR Contracted Load to be ________ kW or kVA, as is appropriate, at a _______ % load factor.

- If the new load is in addition to an existing load, Company and Customer agree that the Existing Base Load is:

January	______	kW or kVA, as is appropriate;
February	______	kW or kVA, as is appropriate;
March	______	kW or kVA, as is appropriate;
April	______	kW or kVA, as is appropriate;
May	______	kW or kVA, as is appropriate;
June	______	kW or kVA, as is appropriate;
July	______	kW or kVA, as is appropriate;
August	______	kW or kVA, as is appropriate;
September	______	kW or kVA, as is appropriate;
October	______	kW or kVA, as is appropriate;
November	______	kW or kVA, as is appropriate; and
December	______	kW or kVA, as is appropriate.

Seen and agreed: For Company: ________________ For Customer: ________________
Date: _________________ Date: _________________

SPECIAL CONTRACT FOR ECONOMIC DEVELOPMENT RIDER SERVICE

This special contract for Economic Development Rider service ("EDR Contract") is made and entered into this ______ day of ______________, ______, by and between ____ ("Customer") and Kentucky Utilities Company ("Company").

WITNESSETH:

WHEREAS, Company is in the business of providing retail electric service in the Commonwealth of Kentucky;

WHEREAS, Customer has applied for and/or is receiving retail electric service from Company pursuant to a Contract for Electric Service dated ____________________ ("Electric Service Contract") under Standard Rate Schedule _____; and

WHEREAS, Customer requests EDR Total Demand Charge discounts on the basis that Customer's proposed billing load ("EDR Contracted Load") meets the requirements outlined in Appendix A for (check appropriate space):

___ Brownfield Development load of ______ kVA

___ Economic Development new load of ______ kVA

___ Economic Development new load of ______ kVA above an Existing Base Load as defined in the aforementioned Appendix A.

The EDR Total Demand Charge discounts shall be incorporated with the bill for electric service issued pursuant to the Electric Service Contract and will be subject to the same payment provisions as the Electric Service Contract.

NOW, THEREFORE, in consideration of the mutual agreements made herein, the parties agree as follows:

Company's rates, terms, and conditions for the provision of electric service to Customer, and Customer's obligations, rights, and responsibilities to the Company for the supply of electric service, are specified in and determined by the Standard Rate Schedule specified above and other applicable schedules, terms, and conditions of service set forth in the Company's tariffs on file with and approved by the Kentucky Public Service Commission ("PSC"), and by the terms of the Electric Service Contract. The Company's Rates, Terms and Conditions for Furnishing Electric Service, as filed with and approved by the PSC, both in effect now and in the future, are incorporated by reference and made a part of this EDR Contract as if fully set forth herein.

This EDR Contract is supplemental to, and by agreement made a part of, the Electric Service Contract for the purpose of applying provisions of the Company's Economic Development Rider, Standard Rate Rider EDR ("EDR"), to Customer.

Company agrees to furnish, and Customer agrees to take, EDR service pursuant to the terms and conditions of Standard Rate Rider EDR, as currently approved by the PSC or as may be modified in the future and approved by the PSC.

The initial term of this EDR Contract shall be ten (10) years beginning and including the first full billing month that is [insert number no greater than twelve (12)] months following the date electric service is first delivered to the EDR Contracted Load. The Total Demand Charge discounts will be applied to sixty (60) consecutive billing months as specified by EDR and followed by sixty (60) consecutive billing months at the standard rate. Upon termination of the ten-year (10) term, service will continue in accordance with the terms of the then-applicable Standard Rate Schedule.

Company may terminate this EDR Contract at any time for Customer's failure to comply with the terms and conditions of Standard Rate Rider EDR or this EDR Contract. Such termination will only affect the application of, and Customer's service under, the Standard Rate Rider EDR and this EDR Contract, and shall not affect the application of, or Customer's service under, the Electric Service Contract.

Customer agrees to provide all information necessary to satisfy the PSC initial filing requirements and successive annual reports for the duration of this EDR Contract.

This EDR Contract shall inure to the benefit of, and shall bind the successors and assigns of, the parties hereto. However, no assignment of any rights, duties, or obligations hereunder by Customer shall have any effect whatsoever unless approved in writing by Company in advance of such assignment.

Nothing herein shall be construed to confer a benefit on any person not a signatory hereto or the successor to a signatory hereto.

All disputes arising between Customer and Company hereunder shall be finally decided by the PSC in accordance with its applicable rules and procedures. Nothing in the foregoing sentence is intended to limit or waive any statutorily provided rights of appeal from a PSC decision concerning a dispute between Customer and Company hereunder.

This EDR Contract shall be construed and enforced in accordance with the laws of the Commonwealth of Kentucky.

IN WITNESS WHEREOF, Customer and Company have executed this EDR Contract on the day and year first above written.

______________________________	Kentucky Utilities Company
Customer By:______________________________	By:______________________________
Title:______________________________	Title:______________________________

SPECIAL CONTRACT FOR ECONOMIC DEVELOPMENT

APPENDIX A

- Company's current capacity reserve margin is _______ MVA, which is _______ MVA in excess of a reserve margin considered essential for system reliability of _______ MVA. For each year in which Customer will receive demand charge discounts under the EDR Contract, the Company's projected reserve margins are expected to be:

  Year 1 ______ MVA; Year 2 ______ MVA;
  Year 3 ______ MVA; Year 4 ______ MVA; and
  Year 5 ______ MVA.

- Company estimates investing $____________ in new facilities to serve the EDR Contracted Load.

- Company estimates Customer's minimum monthly billing under Standard Rate Schedule ________ will be $_____________.

- Customer anticipates investing $_______________ in facilities associated with the EDR Contracted Load.

- Customer anticipates creating _____________ new jobs associated with the EDR Contracted Load.

- Customer estimates the EDR Contracted Load to be ________ kW or kVA, as is appropriate, at a _______ % load factor.

- If the new load is in addition to an existing load, Company and Customer agree that the Existing Base Load is:

January	______	kW or kVA, as is appropriate;
February	______	kW or kVA, as is appropriate;
March	______	kW or kVA, as is appropriate;
April	______	kW or kVA, as is appropriate;
May	______	kW or kVA, as is appropriate;
June	______	kW or kVA, as is appropriate;
July	______	kW or kVA, as is appropriate;
August	______	kW or kVA, as is appropriate;
September	______	kW or kVA, as is appropriate;
October	______	kW or kVA, as is appropriate;
November	______	kW or kVA, as is appropriate; and
December	______	kW or kVA, as is appropriate.

Seen and agreed: For Company: ________________ For Customer: ________________
Date: _________________ Date: _________________

LOUISVILLE GAS AND ELECTRIC COMPANY

Economic Development Rider Monthly Billing Examples

	Billing Determinants	Rate CTOD-Pri	Monthly Billing	Billing Determinants	Rate CTOD-Pri	Monthly Billing
Primary Delivery						
90% Power factor						
50% Load Fctor						
	Example A			**Example B**		
Basic Service Charge		$200.00	$200.00		$200.00	$200.00
Energy Charge	492,750 kWh	$0.03226	$15,896.12	492,750 kWh	$0.03226	$15,896.12
Demand Charge						
Peak Period	1,500 kVA	$5.70	$8,550.00	1,500 kVA	$5.70	$8,550.00
Intermediate Period	1,500 kVA	$4.20	$6,300.00	1,500 kVA	$4.20	$6,300.00
Base Period	1,500 kVA	$2.64	$3,960.00	1,500 kVA	$2.64	$3,960.00
CSR30	0 kVA	$4.40	$0.00	1,000 kVA	$4.40	($4,400.00)
Total Demand Charge			$18,810.00			$14,410.00
EDR 1st Year Discount			($9,405.00)			($7,205.00)
Total Base Rate Billing			$25,501.12			$23,301.12
Adjustments (Mar '11)						
Fuel Adjustment Charge		$0.00053	$261.16		$0.00053	$261.16
Demand-Side Management		$0.00041	$202.03		$0.00041	$202.03
Environmental Surcharge		1.09%	$385.53		1.09%	$385.53
School Tax		3.00%	$790.50		3.00%	$724.50
Total Billing			$27,140.34			$24,874.34

	Billing Determinants	Rate CTOD-Pri	Monthly Billing	Billing Determinants	Rate CTOD-Pri	Monthly Billing
	Example C			**Example D**		
Basic Service Charge		$200.00	$200.00		$200.00	$200.00
Energy Charge	985,500 kWh	$0.03226	$31,792.23	985,500 kWh	$0.03226	$31,792.23
Demand Charge						
Peak Period	3,000 kVA	$5.70	$17,100.00	3,000 kVA	$5.70	$17,100.00
Intermediate Period	3,000 kVA	$4.20	$12,600.00	3,000 kVA	$4.20	$12,600.00
Base Period	3,000 kVA	$2.64	$7,920.00	3,000 kVA	$2.64	$7,920.00
CSR30	0 kVA	$4.40	$0.00	1,000 kVA	$4.40	($4,400.00)
Total Demand Charge			$37,620.00			$33,220.00
EDR 1st Year Discount			($18,810.00)			($16,610.00)
Total Base Rate Billing			$50,802.23			$48,602.23
Adjustments (Mar '11)						
Fuel Adjustment Charge		$0.00053	$261.16		$0.00053	$261.16
Demand-Side Management		$0.00041	$202.03		$0.00041	$202.03
Environmental Surcharge		1.09%	$763.82		1.09%	$763.82
School Tax		3.00%	$1,560.88		3.00%	$1,494.88
Total Billing			$53,590.12			$51,324.12

LOUISVILLE GAS AND ELECTRIC COMPANY

Economic Development Monthly Billing Examples

	Billing Determinants		Rate CTOD-Pri	Monthly Billing	Billing Determinants		Rate CTOD-Pri	Monthly Billing
Primary Delivery								
90% Power factor								
70% Load Fctor								
	Example E				**Example F**			
Basic Service Charge			$200.00	$200.00			$200.00	$200.00
Energy Charge	689,850	kWh	$0.03226	$22,254.56	689,850	kWh	$0.03226	$22,254.56
Demand Charge								
Peak Period	1,500	kVA	$5.70	$8,550.00	1,500	kVA	$5.70	$8,550.00
Intermediate Period	1,500	kVA	$4.20	$6,300.00	1,500	kVA	$4.20	$6,300.00
Base Period	1,500	kVA	$2.64	$3,960.00	1,500	kVA	$2.64	$3,960.00
CSR30	0	kVA	$4.40	$0.00	1,000	kVA	$4.40	($4,400.00)
Total Demand Charge				$18,810.00				$14,410.00
EDR 1st Year Discount				($9,405.00)				($7,205.00)
Total Base Rate Billing				$31,859.56				$29,659.56
Adjustments (Mar '11)								
Fuel Adjustment Charge			$0.00053	$365.62			$0.00053	$365.62
Demand-Side Management			$0.00041	$282.84			$0.00041	$282.84
Environmental Surcharge			1.09%	$456.85			1.09%	$456.85
School Tax			3.00%	$988.95			3.00%	$922.95
Total Billing				$33,953.82				$31,687.82

	Billing Determinants		Rate CTOD-Pri	Monthly Billing	Billing Determinants		Rate CTOD-Pri	Monthly Billing
	Example G				**Example H**			
Basic Service Charge			$200.00	$200.00			$200.00	$200.00
Energy Charge	1,379,700	kWh	$0.03226	$44,509.12	1,379,700	kWh	$0.03226	$44,509.12
Demand Charge								
Peak Period	3,000	kVA	$5.70	$17,100.00	3,000	kVA	$5.70	$17,100.00
Intermediate Period	3,000	kVA	$4.20	$12,600.00	3,000	kVA	$4.20	$12,600.00
Base Period	3,000	kVA	$2.64	$7,920.00	3,000	kVA	$2.64	$7,920.00
CSR30	0	kVA	$4.40	$0.00	1,000	kVA	$4.40	($4,400.00)
Total Demand Charge				$37,620.00				$33,220.00
EDR 1st Year Discount				($18,810.00)				($16,610.00)
Total Base Rate Billing				$63,519.12				$61,319.12
Adjustments (Mar '11)								
Fuel Adjustment Charge			$0.00053	$365.62			$0.00053	$365.62
Demand-Side Management			$0.00041	$282.84			$0.00041	$282.84
Environmental Surcharge			1.09%	$904.46			1.09%	$904.46
School Tax			3.00%	$1,952.16			3.00%	$1,886.16
Total Billing				$67,024.20				$64,758.20

LOUISVILLE GAS AND ELECTRIC COMPANY

Economic Development Billing Example Summary

CTOD Primary Delivery

	Example A	Example B	Example C	Example D	Example E	Example F	Example G	Example H
kVA	1,500	1,500	3,000	3,000	1,500	1,500	3,000	3,000
Power Factor	90%	90%	90%	90%	90%	90%	90%	90%
CSR30 kVA		1,000		1,000		1,000		1,000
Load Factor	50%	50%	50%	50%	70%	70%	70%	70%
kWh	492,750	492,750	985,500	985,500	689,850	689,850	1,379,700	1,379,700

Annual Revenue Stream Over Ten Year Period Excluding Monthly Adjustment Factors Impacts

	A	B	C	D	E	F	G	H
Year 1	$306,013.44	$279,613.44	$609,626.76	$583,226.76	$382,314.72	$355,914.72	$762,229.44	$735,829.44
Year 2	$328,585.44	$296,905.44	$654,770.76	$623,090.76	$404,886.72	$373,206.72	$807,373.44	$775,693.44
Year 3	$351,157.44	$314,197.44	$699,914.76	$662,954.76	$427,458.72	$390,498.72	$852,517.44	$815,557.44
Year 4	$373,729.44	$331,489.44	$745,058.76	$702,818.76	$450,030.72	$407,790.72	$897,661.44	$855,421.44
Year 5	$396,301.44	$348,781.44	$790,202.76	$742,682.76	$472,602.72	$425,082.72	$942,805.44	$895,285.44
Year 6	$418,873.44	$366,073.44	$835,346.76	$782,546.76	$495,174.72	$442,374.72	$987,949.44	$935,149.44
Year 7	$418,873.44	$366,073.44	$835,346.76	$782,546.76	$495,174.72	$442,374.72	$987,949.44	$935,149.44
Year 8	$418,873.44	$366,073.44	$835,346.76	$782,546.76	$495,174.72	$442,374.72	$987,949.44	$935,149.44
Year 9	$418,873.44	$366,073.44	$835,346.76	$782,546.76	$495,174.72	$442,374.72	$987,949.44	$935,149.44
Year 10	$418,873.44	$366,073.44	$835,346.76	$782,546.76	$495,174.72	$442,374.72	$987,949.44	$935,149.44

Annual Savings to Customer Over Discount Period Excluding Monthly Adjustment Impacts

	A	B	C	D	E	F	G	H
Year 1	$112,860.00	$86,460.00	$225,720.00	$199,320.00	$112,860.00	$86,460.00	$225,720.00	$199,320.00
Year 2	$90,288.00	$69,168.00	$180,576.00	$159,456.00	$90,288.00	$69,168.00	$180,576.00	$159,456.00
Year 3	$67,716.00	$51,876.00	$135,432.00	$119,592.00	$67,716.00	$51,876.00	$135,432.00	$119,592.00
Year 4	$45,144.00	$34,584.00	$90,288.00	$79,728.00	$45,144.00	$34,584.00	$90,288.00	$79,728.00
Year 5	$22,572.00	$17,292.00	$45,144.00	$39,864.00	$22,572.00	$17,292.00	$45,144.00	$39,864.00
Total	$338,580.00	$259,380.00	$677,160.00	$597,960.00	$338,580.00	$259,380.00	$677,160.00	$597,960.00

KENTUCKY UILITIES COMPANY

Economic Development Rider Monthly Billing Examples

Primary Delivery
90% Power factor
50% Load Fctor

Example A

	Billing Determinants		Rate TOD-Pri	Monthly Billing
Basic Service Charge			$300.00	$300.00
Energy Charge	492,750	kWh	$0.03608	$17,778.42
Demand Charge				
Peak Period	1,500	kVA	$4.09	$6,135.00
Intermediate Period	1,500	kVA	$2.73	$4,095.00
Base Period	1,500	kVA	$1.70	$2,550.00
CSR30	0	kVA	$4.40	$0.00
Total Demand Charge				$12,780.00
EDR 1st Year Discount				($6,390.00)
Total Base Rate Billing				$24,468.42
Adjustments (Mar '11)				
Fuel Adjustment Charge			($0.00002)	($9.86)
Demand-Side Management			$0.00021	$103.48
Environmental Surcharge			0.08%	$24.76
Franchise Fee			2.00%	$491.74
School Tax			3.00%	$737.60
Total Billing				$25,816.14

Example B

	Billing Determinants		Rate TOD-Pri	Monthly Billing
Basic Service Charge			$300.00	$300.00
Energy Charge	492,750	kWh	$0.03608	$17,778.42
Demand Charge				
Peak Period	1,500	kVA	$4.09	$6,135.00
Intermediate Period	1,500	kVA	$2.73	$4,095.00
Base Period	1,500	kVA	$1.70	$2,550.00
CSR30	1,000	kVA	$4.40	($4,400.00)
Total Demand Charge				$8,380.00
EDR 1st Year Discount				($4,190.00)
Total Base Rate Billing				$22,268.42
Adjustments (Mar '11)				
Fuel Adjustment Charge			($0.00002)	($9.86)
Demand-Side Management			$0.00021	$103.48
Environmental Surcharge			0.08%	$24.76
Franchise Fee			2.00%	$447.74
School Tax			3.00%	$671.60
Total Billing				$23,506.14

Example C

	Billing Determinants		Rate TOD-Pri	Monthly Billing
Basic Service Charge			$300.00	$300.00
Energy Charge	985,500	kWh	$0.03608	$35,556.84
Demand Charge				
Peak Period	3,000	kVA	$4.09	$12,270.00
Intermediate Period	3,000	kVA	$2.73	$8,190.00
Base Period	3,000	kVA	$1.70	$5,100.00
CSR30	0	kVA	$4.40	$0.00
Total Demand Charge				$25,560.00
EDR 1st Year Discount				($12,780.00)
Total Base Rate Billing				$48,636.84
Adjustments (Mar '11)				
Fuel Adjustment Charge			($0.00002)	($9.86)
Demand-Side Management			$0.00021	$103.48
Environmental Surcharge			0.08%	$49.21
Franchise Fee			2.00%	$975.59
School Tax			3.00%	$1,463.39
Total Billing				$51,218.65

Example D

	Billing Determinants		Rate TOD-Pri	Monthly Billing
Basic Service Charge			$300.00	$300.00
Energy Charge	985,500	kWh	$0.03608	$35,556.84
Demand Charge				
Peak Period	3,000	kVA	$4.09	$12,270.00
Intermediate Period	3,000	kVA	$2.73	$8,190.00
Base Period	3,000	kVA	$1.70	$5,100.00
CSR30	1,000	kVA	$4.40	($4,400.00)
Total Demand Charge				$21,160.00
EDR 1st Year Discount				($10,580.00)
Total Base Rate Billing				$46,436.84
Adjustments (Mar '11)				
Fuel Adjustment Charge			($0.00002)	($9.86)
Demand-Side Management			$0.00021	$103.48
Environmental Surcharge			0.08%	$49.21
Franchise Fee			2.00%	$931.59
School Tax			3.00%	$1,397.39
Total Billing				$48,908.65

KENTUCKY UTILITIES COMPANY

Economic Development Monthly Billing Examples

Primary Delivery
90% Power factor
70% Load Fctor

	Billing Determinants		Rate TOD-Pri	Monthly Billing	Billing Determinants		Rate TOD-Pri	Monthly Billing
	Example E				**Example F**			
Basic Service Charge			$300.00	$300.00			$300.00	$300.00
Energy Charge	689,850	kWh	$0.03608	$24,889.79	689,850	kWh	$0.03608	$24,889.79
Demand Charge								
Peak Period	1,500	kVA	$4.09	$6,135.00	1,500	kVA	$4.09	$6,135.00
Intermediate Period	1,500	kVA	$2.73	$4,095.00	1,500	kVA	$2.73	$4,095.00
Base Period	1,500	kVA	$1.70	$2,550.00	1,500	kVA	$1.70	$2,550.00
CSR30	0	kVA	$4.40	$0.00	1,000	kVA	$4.40	($4,400.00)
Total Demand Charge				$12,780.00				$8,380.00
EDR 1st Year Discount				($6,390.00)				($4,190.00)
Total Base Rate Billing				$31,579.79				$29,379.79
Adjustments (Mar '11)								
Fuel Adjustment Charge			($0.00002)	($13.80)			($0.00002)	($13.80)
Demand-Side Management			$0.00021	$144.87			$0.00021	$144.87
Environmental Surcharge			0.08%	$30.48			0.08%	$30.48
Franchise Fee			2.00%	$634.83			2.00%	$590.83
School Tax			3.00%	$952.24			3.00%	$886.24
Total Billing				$33,328.41				$31,018.41

	Billing Determinants		Rate TOD-Pri	Monthly Billing	Billing Determinants		Rate TOD-Pri	Monthly Billing
	Example G				**Example H**			
Basic Service Charge			$300.00	$300.00			$300.00	$300.00
Energy Charge	1,379,700	kWh	$0.03608	$49,779.58	1,379,700	kWh	$0.03608	$49,779.58
Demand Charge								
Peak Period	3,000	kVA	$4.09	$12,270.00	3,000	kVA	$4.09	$12,270.00
Intermediate Period	3,000	kVA	$2.73	$8,190.00	3,000	kVA	$2.73	$8,190.00
Base Period	3,000	kVA	$1.70	$5,100.00	3,000	kVA	$1.70	$5,100.00
CSR30	0	kVA	$4.40	$0.00	1,000	kVA	$4.40	($4,400.00)
Total Demand Charge				$25,560.00				$21,160.00
EDR 1st Year Discount				($12,780.00)				($10,580.00)
Total Base Rate Billing				$62,859.58				$60,659.58
Adjustments (Mar '11)								
Fuel Adjustment Charge			($0.00002)	($13.80)			($0.00002)	($13.80)
Demand-Side Management			$0.00021	$144.87			$0.00021	$144.87
Environmental Surcharge			0.08%	$60.62			0.08%	$60.62
Franchise Fee			2.00%	$1,261.03			2.00%	$1,217.03
School Tax			3.00%	$1,891.54			3.00%	$1,825.54
Total Billing				$66,203.84				$63,893.84

KENTUCKY UTILITIES COMPANY

Economic Development Billing Example Summary

TOD Primary Delivery

	Example A	Example B	Example C	Example D	Example E	Example F	Example G	Example H
kVA	1,500	1,500	3,000	3,000	1,500	1,500	3,000	3,000
Power Factor	90%	90%	90%	90%	90%	90%	90%	90%
CSR30 kVA		1,000		1,000		1,000		1,000
Load Factor	50%	50%	50%	50%	70%	70%	70%	70%
kWh	492,750	492,750	985,500	985,500	689,850	689,850	1,379,700	1,379,700

Annual Revenue Stream Over Ten Year Period Excluding Monthly Adjustment Factors Impacts

	A	B	C	D	E	F	G	H
Year 1	$293,621.04	$267,221.04	$583,642.08	$557,242.08	$378,957.48	$352,557.48	$754,314.96	$727,914.96
Year 2	$308,957.04	$277,277.04	$614,314.08	$582,634.08	$394,293.48	$362,613.48	$784,986.96	$753,306.96
Year 3	$324,293.04	$287,333.04	$644,986.08	$608,026.08	$409,629.48	$372,669.48	$815,658.96	$778,698.96
Year 4	$339,629.04	$297,389.04	$675,658.08	$633,418.08	$424,965.48	$382,725.48	$846,330.96	$804,090.96
Year 5	$354,965.04	$307,445.04	$706,330.08	$658,810.08	$440,301.48	$392,781.48	$877,002.96	$829,482.96
Year 6	$370,301.04	$317,501.04	$737,002.08	$684,202.08	$455,637.48	$402,837.48	$907,674.96	$854,874.96
Year 7	$370,301.04	$317,501.04	$737,002.08	$684,202.08	$455,637.48	$402,837.48	$907,674.96	$854,874.96
Year 8	$370,301.04	$317,501.04	$737,002.08	$684,202.08	$455,637.48	$402,837.48	$907,674.96	$854,874.96
Year 9	$370,301.04	$317,501.04	$737,002.08	$684,202.08	$455,637.48	$402,837.48	$907,674.96	$854,874.96
Year 10	$370,301.04	$317,501.04	$737,002.08	$684,202.08	$455,637.48	$402,837.48	$907,674.96	$854,874.96

Annual Savings to Customer Over Discount Period Excluding Monthly Adjustment Impacts

	A	B	C	D	E	F	G	H
Year 1	$76,680.00	$50,280.00	$153,360.00	$126,960.00	$76,680.00	$50,280.00	$153,360.00	$126,960.00
Year 2	$61,344.00	$40,224.00	$122,688.00	$101,568.00	$61,344.00	$40,224.00	$122,688.00	$101,568.00
Year 3	$46,008.00	$30,168.00	$92,016.00	$76,176.00	$46,008.00	$30,168.00	$92,016.00	$76,176.00
Year 4	$30,672.00	$20,112.00	$61,344.00	$50,784.00	$30,672.00	$20,112.00	$61,344.00	$50,784.00
Year 5	$15,336.00	$10,056.00	$30,672.00	$25,392.00	$15,336.00	$10,056.00	$30,672.00	$25,392.00
Total	$230,040.00	$150,840.00	$460,080.00	$380,880.00	$230,040.00	$150,840.00	$460,080.00	$380,880.00