PPL companies

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)
T 502-627-4136 (Louisville)
F 502-627-3213
howard.bush@lge-ku.com

Mr. Jeff Derouen
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, KY 40602

April 29, 2011

RE: ***APPLICATION OF LOUISVILLE GAS AND ELECTRIC COMPANY AND KENTUCKY UTILITIES COMPANY TO MODIFY AND RENAME THE BROWNFIELD DEVELOPMENT RIDER AS THE ECONOMIC DELELOPMENT RIDER***
CASE NO. *2011-00103*

Dear Mr. Derouen:

Please find enclosed and accept for filing the original and seven (7) copies of the Response of Louisville Gas and Electric Company and Kentucky Utilities Company to the Commission Staff's First Information Request dated April 14, 2011, in the above-referenced matter.

Should you have any questions concerning the enclosed, please contact me at your convenience.

Sincerely,

F. Howard Bush

F. Howard Bush

Enclosures

cc: Parties of Record

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF LOUISVILLE GAS AND ELECTRIC	)
COMPANY AND KENTUCKY UTILITIES COMPANY	) CASE NO.
TO MODIFY AND RENAME THE BROWNFIELD	) 2011-00103
DEVELOPMENT RIDER AS THE ECONOMIC	)
DEVELOPMENT RIDER	)

RESPONSE OF
LOUISVILLE GAS AND ELECTRIC COMPANY
AND
KENTUCKY UTILITIES COMPANY
TO THE COMMISSION STAFF'S FIRST INFORMATION REQUEST
DATED APRIL 14, 2011

FILED: April 29, 2011

VERIFICATION

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

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

F Howard Bush
F. Howard Bush

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 29th day of April 2011.

Victoria B Harper (SEAL)
Notary Public

My Commission Expires:

Sept 22, 2014

VERIFICATION

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The undersigned, **Cheryl E. Bruner**, being duly sworn, deposes and says that she is Director – Customer Service & Marketing for LG&E and KU Services Company, and that she has personal knowledge of the matters set forth in the responses for which she is identified as the witness, and 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 29th day of April 2011.

Kimberly C Brock (SEAL)

Notary Public

My Commission Expires:

10-16-2012

LOUISVILLE GAS AND ELECTRIC COMPANY
KENTUCKY UTILITIES COMPANY

Response to the Commission Staff's First Information Request
Dated April 14, 2011

Case No. 2011-00103

Question No. 1

Witness: F. Howard Bush

Q-1. Refer to the testimony of Fred Howard Bush, Jr. ("Bush Testimony") at page 2, lines 5-6, which states that "[r]ate schedules similar to the Economic Development Riders ("EDR") are offered by other utilities." Provide the significant terms and provisions of EDRs offered by neighboring utilities.

A-1. Please see attached economic development riders from tariffs of neighboring utilities.

APPALACHIAN POWER COMPANY — Sheet No. 32-1

VA. S.C.C. TARIFF NO. 23

SCHEDULE E.D.R.
(Economic Development Rider)

AVAILABILITY OF SERVICE

In order to encourage economic development in the Company's service area, limited-term reductions in billing demands described herein are offered to qualifying new and existing retail customers who make application for service under this Rider prior to January 1, 2012.

Service under this Rider is intended for specific types of commercial and industrial customers whose operations, by their nature, will promote sustained economic development based on plant and facilities investment and job creation. Availability is limited to customers on a first-come, first-served basis for loads aggregating 250 MW. This Rider is available to commercial and industrial customers served under Standard Tariff L.P.S. who meet the following requirements:

(1) A new customer must have a billing demand of 1,000 kW or more. An existing customer must increase billing demand by 1,000 kW or more over the maximum billing demand during the 24 months prior to the date of the application by the customer for service under this Rider (Base Maximum Billing Demand).

(2) A new customer, or the expansion by an existing customer, must result in the creation of new jobs maintained over the contract term at the service location. Company reserves the right to verify job counts. Failure to demonstrate the creation of new employment positions and to maintain the employment during the contract term will result in the termination of the contract or agreement addendum for service under this Rider.

(3) The customer must demonstrate to the Company's satisfaction that, absent the availability of this Rider, the qualifying new or increased demand would be located outside of the Company's service territory or would not be placed in service due to poor operating economics.

TERMS AND CONDITIONS

(1) To receive service under this Rider, the customer shall make written application to the Company with sufficient information contained therein to determine the customer's eligibility for service.

(2) For new customers, billing demands for which deductions will be applicable under this Rider shall be for service at a new service location and not merely the result of a change of ownership. Relocation of the delivery point of the Company's service, moving existing equipment from another AEP-served location or load transfers from another AEP-served location do not qualify as a new service location.

(3) For existing customers, billing demands for which deductions will be applicable under this Rider shall be the result of an increase in business activity and not merely the result of resumption of normal operations following a force majeure, strike, equipment failure, renovation or refurbishment, or other such abnormal operating condition. In the event that such an occurrence has taken place during the 24-month period prior to the date of the application by the customer for service under this Rider, the monthly billing demands during the 24-month period shall be adjusted as appropriate to eliminate the effects of such occurrence.

(4) All demand adjustments offered under this Rider shall terminate no later than December 31, 2015.

(5) The existing local facilities of the Company must be deemed adequate, in the judgment of the Company, to supply the new or expanded electrical capacity requirements of the customer. If construction of new or expanded local facilities by the Company are required; the customer may be required to make a contribution-in-aid of construction for the installed cost of such facilities pursuant to the provisions of the Company's Terms and Conditions of Service.

SCHEDULE E.D.R.
(Economic Development Rider)
(continued)

DETERMINATION OF MONTHLY ADJUSTED BILLING DEMAND

The qualifying incremental billing demand shall be determined as the amount by which the billing demand, as determined according to Tariff L.P.S. for the current billing period without this Rider, exceeds the Base Maximum Billing Demand. Such incremental billing demand shall be considered to be zero, however, unless it is at least 1,000 kW for new customers or existing customers.

The monthly adjusted billing demand under this Rider shall be the billing demand as determined according to Tariff L.P.S. for the current billing period without this Rider less the product of the qualifying incremental billing demand and the applicable Adjustment Factor.

No Adjustment Factors shall be applied to any portion of minimum billing demands as calculated under Tariff L.P.S.

DETERMINATION OF ADJUSTMENT FACTOR

Standard New Development Customers – customers meeting all availability and terms and conditions above shall contract for service for a period of three (3) years with an Adjustment Factor of fifteen percent (15%)

Urban Redevelopment Customers – customers meeting all availability and terms and conditions above, and that (1) are locating a new business in an existing building that has been unoccupied and/or has remained dormant for two or more years as determined by the Company, and (2) taking delivery at one point that does not require significant distribution or transmission system investment, other than the connection of service, shall contract for service for a period of three (3) years with an Adjustment Factor of seventeen and one-half percent (17.5%).

Brownfield Redevelopment Customers – customers meeting all availability and terms and conditions above, and that (1) are locating a new business in qualifying Brownfield redevelopment areas, as defined under Virginia or Federal law, (2) are served by existing APCo service lines, and (3) have been vacant for more than two years, shall contract for service for a period of three (3) years with an Adjustment Factor of twenty percent (20%).

The appropriate adjustment factor shall be applicable over a period of 36 consecutive billing months beginning with the first such month following the end of the start-up period. The start-up period shall commence with the effective date of the contract addendum for service under this Rider and shall terminate by mutual agreement between the Company and the customer.
In no event shall the start-up period exceed 12 months.

TERMS OF CONTRACT

A contract or agreement addendum for service under this Rider, in addition to service under Tariff L.P.S., shall be executed by the customer and the Company for the time period which includes the start-up period and the three-year period immediately following the end of the start-up period. The contract addendum shall specify the Base Maximum Billing Demand, the anticipated total demand, the Adjustment Factor and related provisions to be applicable under this Rider, and the effective date for the contract addendum.
The customer may discontinue service under this Rider before the end of the contract or agreement addendum only by reimbursing the Company for any demand adjustments received under this Rider billed at the applicable rate.

SPECIAL TERMS AND CONDITIONS

Except as otherwise provided in this Rider, written agreements shall remain subject to all of the provisions of the applicable tariff. This Rider is subject to the Company's Terms and Conditions of Service.

INDEPENDENCE POWER & LIGHT DEPARTMENT
Independence, Missouri

Schedule EDR-3
Economic Development Rider

PURPOSE

The purpose of this Economic Development Rider is to encourage industrial development in the Department's service territory. These activities will diversify the Department's customer base, create jobs and serve to improve the utilization efficiency of existing Department facilities.

AVAILABLE

Electric service under this Rider is only available to industrial customers otherwise qualified for service under the Department's Large Power Service (LP-2) rate schedule or Large General Service (LGS-1) rate schedule and who make application for service after the effective date of this Rider Schedule EDR-3.

For purposes of this Rider, an industrial customer is defined as any business that is primarily engaged in the manufacturing or processing of a product for sale or resale or any other similar industrial related activities as may be determined by the Department from time to time. This Rider is not applicable to any Customer who is directly engaged in the retail trade of rendering goods and services to the general public.

Electric service under this Rider is not available in conjunction with service provided pursuant to any other special contract agreements.

APPLICABILITY

Upon the written request of the customer and acceptance by the Department, the provisions of this Rider will be applicable to customers who qualify as:

(1) New industrial customers and load expansion existing industrial customers whose electric load characteristics qualify under provisions 2 and 3 of this Rider.

(2) The peak demand of the new customer is reasonably projected to be at least 200 KW within two years of the new customer first receiving service from the Department. The incremental peak load expansion of an existing customer is reasonably projected to be at least 200 KW and not less than 20 percent of the combined existing load and incremental load expansion within two years of existing customer first receiving service for load expansion.

(3) The annual load factor of the new customer or incremental load expansion of an existing customer is reasonably projected to equal or exceed an annual load factor of 50% within two years of the new customer or incremental load expansion first receiving service from the Department. The projected annual customer load factor shall be determined using the following relationship:

> Projected Annual Energy (KWH) of new customer or load expansion DIVIDED BY 8,760 (Hours in year) DIVIDED BY Projected New Customer Demand or Incremental Customer Demand Load Expansion, Coincident with Department's Peak Demand.

INDEPENDENCE POWER & LIGHT DEPARTMENT
Independence, Missouri

Schedule EDR-3
Economic Development Rider
(Continued)

(4) If as determined by the Department, the actual new customer load or existing customer incremental expansion load fails to qualify under the terms of Applicability Provisions (2) and (3) at the end of the two-year (2) projection period starting with the first month's application of the Incentive Discount Provisions, the Department shall terminate the further application of the Incentive Discount Provisions for the remaining years of the discount period.

(5) Unless otherwise expressed in writing, the Customer agrees that the Department shall be the sole source of electricity used at the facility and to purchase, during the five-year term of the Agreement, all of its electric power requirements from the Department.

(6) The base or existing demand of an existing customer load will be based on the average of the two highest monthly metered peak loads established during the most recent 24-month period prior to load expansion. The percent load expansion will be determined by dividing the projected incremental load expansion by the sum of the base demand (prior to load expansion) and the incremental load expansion.

(7) If incremental load expansion of an existing customer is separately metered (at the Customer's option with Department Agreement) then the separately metered incremental load expansion will be treated as a new customer for the purpose of administering the provisions of this Rider, including applicable billing provisions.

Written requests for service under this Rider shall be accompanied by sufficiently detailed information to enable the Department to determine whether the new customer or incremental load expansion meet the above criteria including items (1), (2), (3), (6) and (7). All written requests for service under this Rider will be considered by the Department; however, requests which do not conform to the purpose and availability of this Rider, as stated above, will not be approved.

INCENTIVE DISCOUNT PROVISIONS

1. Billing Determination: The billed amounts under this Rider shall be determined by reducing otherwise applicable billing charges, including fuel adjustment, associated with the Large Power Service (LP-2) rate schedule or Large General Service (LGS-1) rate schedule, by the following percentage amounts:

	New Industrial Customers	Single Metered Existing Industrial Customers
First Contract Year	35.0%	14.0%
Second Contract Year	30.0%	12.0%
Third Contract Year	25.0%	10.0%
Fourth Contract Year	20.0%	8.0%
Fifth Contract Year	10.0%	4.0%
Sixth Contract Year and thereafter	0.0%	0.0%

* Discount provision applies to one metered service of combined existing load and incremental load expansion.

INDEPENDENCE POWER & LIGHT DEPARTMENT
Independence, Missouri

Schedule EDR-3
Economic Development Rider
(Continued)

All other billing, operational and related provisions of the aforementioned rate schedule shall remain in effect.

Bills for separately-metered service to existing customers pursuant to the provisions of this Rider, will be calculated independently of any other service rendered the customer.

2. Local Service Facilities: The Department will not require a contribution-in-aid-of-construction for primary voltage local facilities installed to serve the customer under rate Schedule LP-2 or LGS-1 (primary voltage delivery) and primary and secondary voltage local facilities installed to serve the Customer under Rate Schedule LGS-1 (secondary voltage delivery).

TERM OF SCHEDULE EDR-3

The Department may freeze the availability of this Rider with respect to an additional new customer or existing customer expanded incremental loads at any time following one year after the Rider's January 1, 2005 effective date. This Incentive Discount Provisions of this Rider will not be available to new customer loads or existing customer incremental expansion loads applications that are received subsequent to September 1, 2006. Any customers receiving discount billing service under this Rider on the date it is frozen, or alternatively on or before September 1, 2006, will continue to receive the benefits of the Incentive Discount Provisions contained herein.

Southern Indiana Gas and Electric Company D/B/A
Vectren Energy Delivery of Indiana, Inc. (Vectren South)
Tariff for Electric Service
I.U.R.C. No. E-12

Sheet No. 58
Original Page 1 of 3

RIDER ED
ECONOMIC DEVELOPMENT RIDER

AVAILABILITY

This Rider shall be available throughout Company's Service Area, subject to the availability of adequate facilities and supplies, which determinations shall be within Company's reasonable discretion.

APPLICABILITY

The Economic Development Rider shall be applicable to any new Non-Residential Customer who establishes initial permanent service in a new or existing establishment, and to any existing Non-Residential Customer who expands an existing establishment, who:

1. Receives service under Rate LP or HLF,
2. Makes application to Company for service under this Rider,
3. Has applied for and received economic development assistance from State or local government or other public agency,
4. Affirms that without this Rider, it would not be financially advantageous for the Customer to expand the existing or build the proposed new establishment.

Customers meeting all Applicability criteria above are eligible for incentives under the Rider at two levels:

Level 1 Incentives – Customer's new electric load addition must meet all of the following minimum criteria:

1. Expected monthly load factor of 50% or higher
2. Expected load addition of 500 kVa or more at one delivery point.
3. Result in the creation of 25 new full-time equivalent jobs at the same location.

Level 2 Incentives – Customer's new electric load must meet 2 out of 4 of the following minimum criteria:

1. Expected monthly load factor of 65%, or higher.
2. Expected load addition of 1500 kVa or more at one delivery point.
3. Result in the creation of 100 new full-time equivalent jobs at the same location.
4. Result in capital investment at the Customer's establishment of one million dollars ($1,000,000) or more for each 1000kVa of new load.

The Company may also apply this Rider to an existing customer who, but for economic incentives being provided from the State and/or local government or public agency, would leave or not expand facilities within the Company's service area. In this event, the Customer must agree, at a minimum, to retain the current number of full-time equivalent jobs at the existing location.

For new Customers, application for service hereunder must be made at the time of initial application for electric service.

RIDER ED
ECONOMIC DEVELOPMENT RIDER
(Continued)

This Rider is not available:

1. To a Customer who is a "new" Customer as a result of a change in ownership of an existing establishment, unless the prior owner was a customer hereunder or the ownership change is accompanied by State, local governmental or other public agency economic assistance.
2. To a new Customer who has relocated to Company's Service Area from another location within the State.
3. For renewal of service following service interruptions related to, but not limited to, equipment failure, temporary plant shutdown, work stoppage, or economic conditions.

EVIDENCE OF CONTINUING APPLICABILITY

Customer shall make available to Company, at its reasonable request, evidence of full-time employment levels and capital investments used as the basis for applicability for receiving service hereunder.

RATES AND CHARGES

Customer receiving service under this Rider:

1. Shall receive a credit to the Monthly Billing Demand Charge due per month under the applicable tariff rate schedule for a period of twenty-four (24) consecutive months, as follows:
   a. for all Level 1 demand additions, the credit is $2.25 per kVA
   b. for all Level 2 demand additions, the credit is $4.50 per kVA

   The monthly base period kVA demand shall be specified in the contract and will be the average of the demand actually used during the 12 months preceding the new demand addition or parts thereof. Any demand served greater than the monthly base period will be considered new electric demand additions and shall qualify for the credit.
2. Shall designate the date on which the Billing Demand credits shall commence, said date not to be later than twelve (12) months after Company's approval of Customer's application.
3. Shall continue to be billed the full amount all other Monthly Rates and Charges applicable to the Rate Schedule under which Customer is receiving service.
4. Shall resume being billed the full Monthly Rates and Charges under the applicable Rate Schedule after receiving service under this Rider for twenty-four (24) months.

RIDER ED
ECONOMIC DEVELOPMENT RIDER
(Continued)

CONTRACT

Upon approval of application by Company, Customer must enter into a Contract under this Rider for a contract period of six (6) years. Employment additions must occur no later than six months following Company's approval of the Contract and initiation of service hereunder.
The Contract shall also include such other terms and conditions which Company determines in its reasonable discretion to be necessary or advisable in connection with offering service under this Rider, including, but not limited to, the requirement for Customer to pay to Company the difference between the total charges under this Rider and the otherwise applicable Rate Schedule charges if during the term of the Contract Customer fails to meet the employment additions / retentions specified at the beginning of the service relationship.

Establishments for which a change in ownership occurs after Customer enters into a Contract under this Rider shall continue to receive service hereunder for the balance of the term of the Contract, as long as all other conditions of the Contract and this Rider are upheld by Customer.

Company reserves the right to immediately terminate service under this Rider, if Company determines that Customer has failed to comply with the terms of Applicability at any time during the term of the Contract.

EXPIRATION

This Rider shall expire on December 31, 2012. Customers making application for service hereunder prior to this date shall be eligible for the full twenty-four (24) months of Billing Demand credit described herein.

Duke Energy Indiana, Inc.
1000 East Main Street
Plainfield. Indiana 46168

STANDARD CONTRACT RIDER NO. 59

URBAN REDEVELOPMENT RIDER

AVAILABILITY

Applicable to new customers locating in an existing building of 25,000 square feet or more, which has been unoccupied and/or remained dormant for a period of two years or more, as determined by the Company. The new customer load must be a minimum of 500 kW demand at one delivery point. In addition, the requested service necessary to serve the new load must not result in additional investment in distribution or transmission facilities by the Company, excepting that minor alterations in the service supplied that can be accomplished feasibly and economically may be allowed. This Rider will apply only to customers served under Rate HLF – Schedule for High Load Factor Service.

This Rider is not available for renewal of service following interruptions such as equipment failure, temporary plant shutdown, strike, or economic conditions. This Rider is also not available for load shifted from one establishment to another in the Company's service area. However, if a change of ownership occurs after the customer enters into a Service Agreement under this Rider, the successor customer may be allowed to fulfill the balance of the Service Agreement under this Rider.

CHARACTER OF SERVICE

The service provided shall be 60Hz alternating current provided at the Company's standard distribution or transmission voltage.

NET MONTHLY BILLING

The customer shall comply with all terms of the standard Rate HLF under which the customer takes service excepting that the customer's maximum load charge (demand charge) for the new load shall be reduced by sixty (60) percent for a period of 12 months. The customer will pay the full amount of the energy charges, kVAr charges, connection charges, and riders so indicated. The customer may request an effective date of the Service Agreement that is no later than twelve (12) months after Company's approval of the Service Agreement with the customer. All subsequent billings shall be at the appropriate full standard service tariff rate.

TERMS AND CONDITIONS

The customer shall enter into a Service Agreement with the Company that shall specify, among other things, the voltage at which the customer will be served, the amount and nature of the new load and the basis under which the customer will qualify for this Rider. The customer must also affirm that this Rider was a factor in the customer's decision to locate the new load in the Company's service area.

Following the effective date of the Service Agreement, the customer must maintain a minimum demand in accordance with the Service Agreement and maintain a monthly average of 300 hours use for the twelve (12) month incentive period. Failure to do so will result in the customer's Service Agreement being terminated.

The Company is not obligated to extend, expand or rearrange its facilities if it determines that existing distribution/transmission facilities are of adequate capacity to serve the customer's load.

The supplying of, and billing for, service and all conditions applying thereto, are subject to the jurisdiction of the Indiana Utility Regulatory Commission, and to the Company's General Terms and Conditions currently in effect, as filed with the Indiana Utility Regulatory Commission.

Duke Energy Indiana, Inc.
1000 East Main Street
Plainfield. Indiana 46168

STANDARD CONTRACT RIDER NO. 54
BROWNFIELD REDEVELOPMENT RIDER

AVAILABILITY

Applicable to customers locating in a qualified "brownfield" redevelopment area as defined by Indiana or federal law located adjacent to an electric transmission or distribution line of Company that is adequate and suitable for supplying the service requested.

CHARACTER OF SERVICE

The service provided shall be 60Hz alternating current provided at the Company's standard distribution or transmission voltage.

NET MONTHLY BILLING

The customer shall comply with all terms of the standard tariff rate under which the customer takes service except as contravened by the following.

> For the first 12 month period, the maximum load charge (demand charge) shall be reduced by 50 percent;
> For the second 12 month period, the maximum load charge shall be reduced by 40 percent;
> For the third 12 month period, the maximum load charge shall be reduced by 30 percent;
> For the fourth 12 month period, the maximum load charge shall be reduced by 20 percent;
> For the fifth 12 month period, the maximum load charge shall be reduced by 10 percent.

All subsequent billings shall be at the appropriate full standard service tariff rate.

TERMS AND CONDITIONS

The customer shall enter into a Service Agreement with the Company that shall specify, among other things, the voltage at which the customer will be served.

The Company is not obligated to extend, expand or rearrange its facilities if it determines that existing distribution/transmission facilities are of adequate capacity to serve the customer's load.

The supplying of, and billing for, service and all conditions applying thereto, are subject to the jurisdiction of the Indiana Utility Regulatory Commission, and to the Company's General Terms and Conditions currently in effect, as filed with the Indiana Utility Regulatory Commission.

RIDER ERR
ECONOMIC RE-DEVELOPMENT RIDER*

PURPOSE

The purpose of this Economic Re-Development Rider is to encourage re-development of certain sites in the Company's service territory. Projects eligible for service under this Rider shall provide socio-economic benefits to the areas in which they locate as well as provide the Company with more efficient utilization of Company's existing infrastructure.

AVAILABILITY

Available, only at Company's option, to customers locating to previously vacant sites within the City of St. Louis and applying for electric service otherwise qualified for service under the Company's Service Classification 3(M) Large General Service Rate, 4(M) Small Primary Service Rate, or 11(M) Large Primary Service Rate. All Terms and Conditions of Company's tariffs shall apply to the service supplied to Customer, except as modified by this Rider.

Availability of this Rider is subject to the following limitations:

1. Project shall have an estimated average monthly peak demand of at least 500 kW during each contract year under this rider.

2. The Rider is available only for projects on sites that are within the designated areas of the City of St. Louis and defined on maps contained in this Rider.

3. This Rider is available for eligible load associated with an existing premises served or previously served by Company, provided the premises is either unoccupied or otherwise dormant (e.g. vacant land and/or buildings) for a minimum period of one hundred-eighty (180) days.

4. Electric service under this rider is only available in conjunction with Federal, State, Regional or Local governmental economic development activities such as, but not limited to, Tax Increment Financing ("TIF"), Empowerment and Enterprise Zone incentives, brownfield tax credits, new market tax credits, etc., where these incentives have been offered and accepted by customer who is requesting service to locate new or expanding facilities within the aforementioned sites.

5. Service under this Rider is limited to loads, which in the Company's sole judgment, utilize existing infrastructure in a manner which is beneficial to the local electric service delivery system.

6. This Rider is not available to a successor customer that results merely from load shifted from one location on Company's system to a qualifying site, unless approved by Company.

*Indicates Addition.

RIDER ERR
ECONOMIC RE-DEVELOPMENT RIDER (cont.)

INCENTIVE PROVISIONS

1. Facilities and Relocation Charges. - In the presence of physical conflicts associated with any new construction or expansion of customer's premises or electrical load, Company may, at its sole discretion, upon customer's request, relocate any distribution facilities to a right-of-way acceptable to Company on or off customer's premises, following the payment by customer of the Company's estimated net cost of relocating its distribution facilities. The net relocation cost chargeable to customer may be offset in part by an amount not to exceed 50 percent (50%) of any net annual revenue estimated to be derived from customer's premises, and not utilized in meeting the Company's tariff provisions governing extensions to non-residential customers.

2. Discount from Standard Tariff. - The customer shall enter into a contract with the Company specifying the character of the service to be provided and such other terms and conditions of service as are mutually agreeable. Customers meeting the criteria established in this tariff shall be eligible for a 15% discount from otherwise applicable base rate tariff charges, before application of taxes. Application of this discount provision is limited to customers whose average annual peak demand is at least 500 kW and whose annual load factor exceeds 55%. The discount shall remain in effect for up to 60 months and is not available for customers which are residential or retail in nature.

TERMS AND CONDITIONS

1. Customers participating in this rider will be ineligible for participation in any other economic development, economic retention, or similar tariff of the Company.

2. Maps showing the locations qualifying for consideration under this Rider, subject to Company approval, are attached and part of this Rider.

3. Notwithstanding the above, this rider shall immediately become void, and the Company shall have no further obligations or liabilities hereunder, if any term or terms of this rider are determined to be discriminatory or otherwise unlawful by a court of competent jurisdiction.

UNION ELECTRIC COMPANY ELECTRIC SERVICE

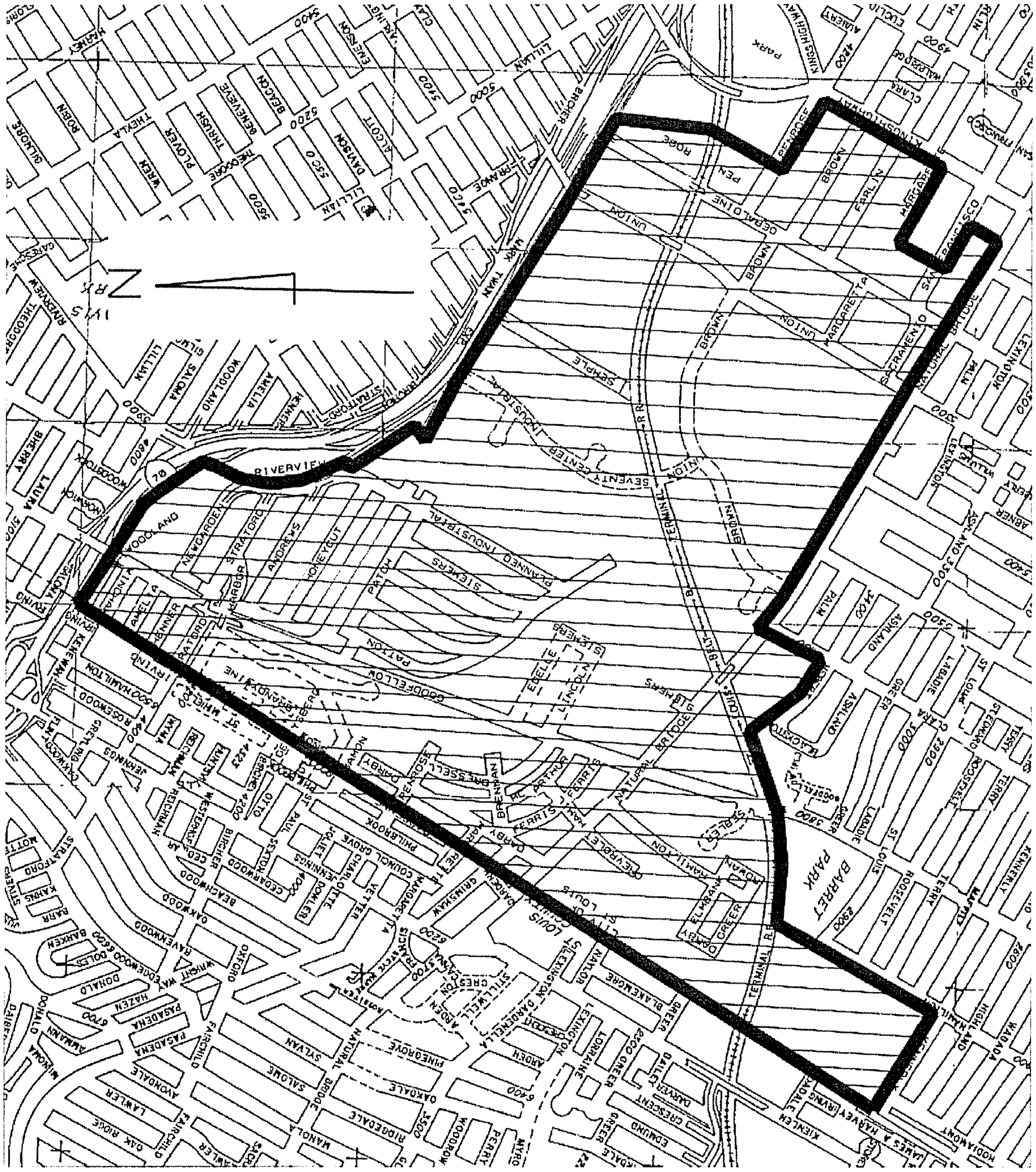
P. S. C. MO., ILL. C. C., IA. ST. C. C. SCHEDULE NO. 5 Original SHEET NO. 122.10

CANCELLING SCHEDULE NO. ______ SHEET NO. ______

APPLYING TO MISSOURI SERVICE AREA

RIDER ERR
ECONOMIC RE-DEVELOPMENT RIDER (cont.)

City of St. Louis, Missouri:



Issued Pursuant to the Order of the Mo. P.S.C. in Case No. ER-2007-0002.

P.S.C. Mo. DATE OF ISSUE May 25, 2007 DATE EFFECTIVE June 4, 2007

ISSUED BY T. R. Voss President & CEO St. Louis, Missouri
NAME OF OFFICER TITLE ADDRESS

UNION ELECTRIC COMPANY ELECTRIC SERVICE

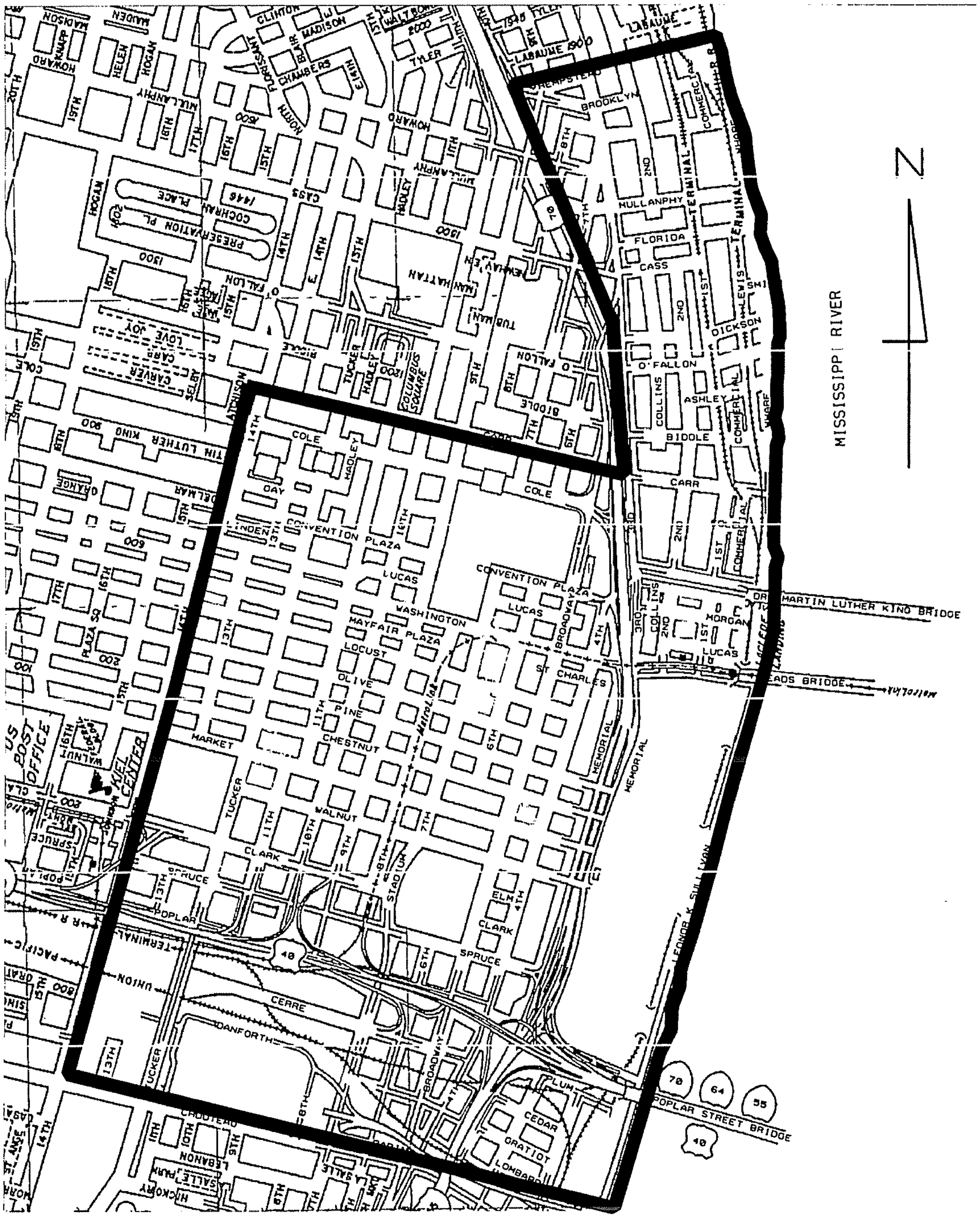
P. S. C. MO., ILL. C. C., IA. ST. C. C. SCHEDULE NO 5 Original SHEET NO. 122.11

CANCELLING SCHEDULE NO. ______ SHEET NO. ______

APPLYING TO MISSOURI SERVICE AREA

RIDER ERR
ECONOMIC RE-DEVELOPMENT RIDER (cont.)

City of St. Louis, Missouri:



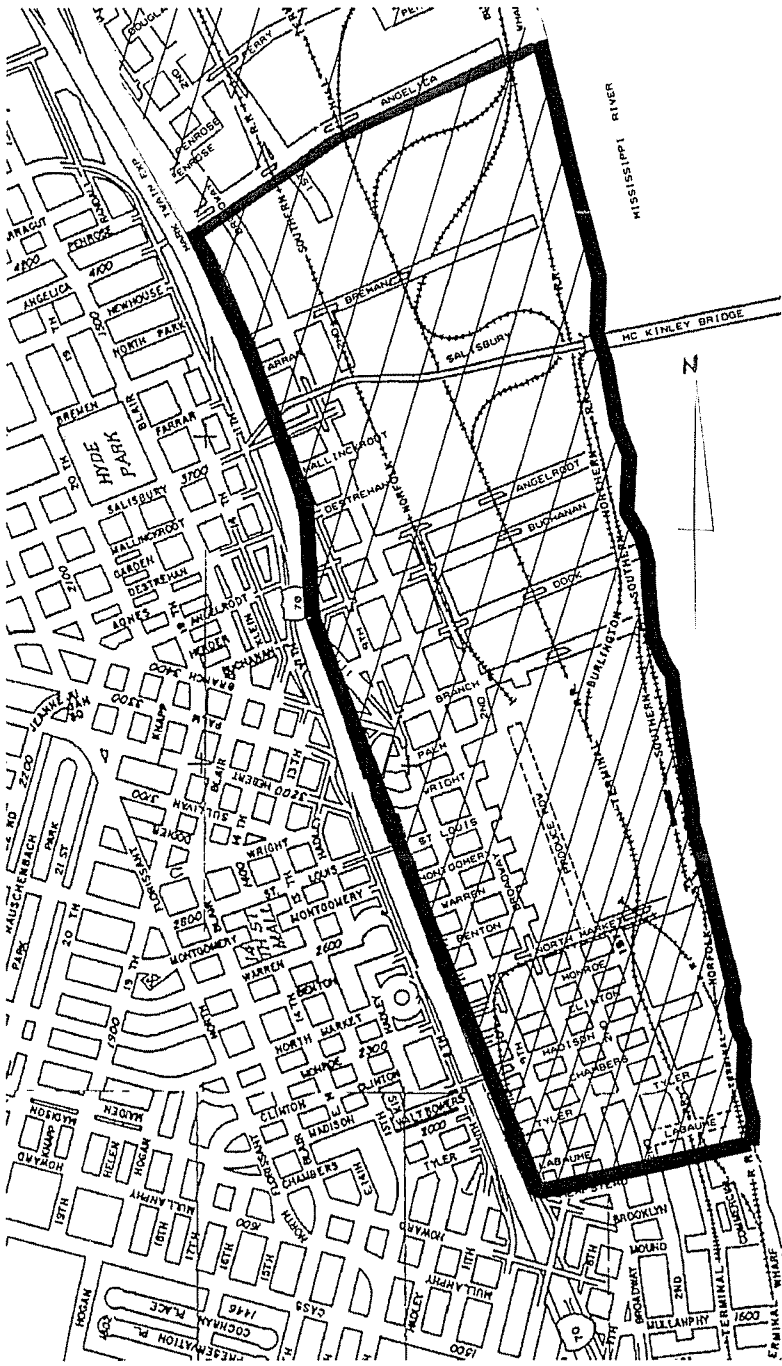
Issued Pursuant to the Order of the Mo. P.S.C. in Case No. ER-2007-0002.

P.S.C. Mo. DATE OF ISSUE May 25, 2007 DATE EFFECTIVE June 4, 2007

ISSUED BY T. R. Voss President & CEO St. Louis, Missouri
NAME OF OFFICER TITLE ADDRESS

RIDER ERR
ECONOMIC RE-DEVELOPMENT RIDER (cont.)

City of St. Louis, Missouri:



RIDER ERR
ECONOMIC RE-DEVELOPMENT RIDER (cont.)

City of St. Louis, Missouri:

RIDER EDRR
ECONOMIC DEVELOPMENT & RETENTION RIDER*

PURPOSE
The purpose of this Economic Development & Retention Rider is to encourage new industrial and commercial development in Company's service territory and to retain existing load where possible.

AVAILABILITY
Electric service under this Rider is only available, at Company's option, to customers currently served by or considering service from the Company where other viable electric supply options outside of Company's service area have been offered. Customer must be currently served, or qualify for service, under the Company's Service Schedule 3(M) Large General Service Rate, 4(M) Small Primary Service Rate, or 11(M) Large Primary Service Rate. Electric service under this Rider is only available in conjunction with local, regional, or state governmental economic development activities where incentives have been offered and accepted by customer who is requesting service to locate new or expanding facilities in the Company's service area or whose exit from the Company's service area is imminent.

APPLICABILITY
The qualifying load under this Rider shall be the entire load of a new customer, the incremental new load of an existing customer, or the portion of an existing customer's load for which exit from the Company's service area is imminent. In addition, the qualified load must meet the following criteria for consideration under this Rider:

1) The annual load factor of the customer's qualifying load is reasonably projected to equal or exceed fifty-five percent (55%) during the entire term of application of this Rider.

2) The average monthly peak demand of the customer's qualifying load is, or is reasonably projected to be, at least 500 kW during each contract year under this Rider.

3) The availability of this Rider shall be limited to industrial and commercial facilities not involved in selling or providing goods and/or services directly to the general public.

As a condition for service under this Rider, customer must furnish to Company such documentation as deemed necessary by Company to verify customer's intent to select a viable electric supply option outside of Company's service area, including an affidavit stating Customer's intent.

*Indicates Addition.

RIDER EDRR
ECONOMIC DEVELOPMENT & RETENTION RIDER(cont.)*

The Company, at its sole discretion, shall determine whether an applicant or customer meets the requirements of this Rider and the acceptability of the information provided.

Service under this Rider shall be evidenced by a contract between the customer and the Company, which shall be submitted within ten days of execution to the Commission for informational purposes. The terms of the contract shall be held in confidence by the Commission, the customer or its agent, and the Company.

INCENTIVE PROVISIONS

The Customer shall enter into a contract with the Company specifying the nature of the service to be provided, the discounts from standard tariffs to be applied, the term of the contract, and such other terms and conditions of service as are lawful and mutually agreeable. Revenues to be received from customer over the term of the contract shall be greater than the applicable incremental cost to provide electric service, as determined by the Company, ensuring a positive contribution to fixed costs. In no case shall the terms of the contract represent more than a 15% discount from otherwise applicable tariffs, before tax additions, nor shall the term of the contract extend more than five (5) years. If customer fails to fulfill the entire term of the contract, any agreed upon discounts shall become void and shall be repaid by customer.

TERM

This Rider shall immediately become void, and the Company shall have no further obligations or liabilities hereunder, if any term or terms of this Rider are determined to be discriminatory or otherwise unlawful by a court of competent jurisdiction.

*Indicates Addition.

FORM NO. 13 P. S. C. MO. No. 7 { Original ~~Revised~~ } SHEET No. 32

Cancelling P. S. C. MO. No. 6 All previous sheets { Original Revised } SHEET No.

KANSAS CITY POWER & LIGHT COMPANY
Name of Issuing Corporation or Municipality

For Missouri Retail Service Area
Community, Town or City

RECEIVED
JUL 5 1996
MISSOURI
Public Service Commission

ECONOMIC DEVELOPMENT RIDER
Schedule EDR

PURPOSE:

The purpose of this Economic Development Rider is to encourage industrial and commercial business development in Missouri.

AVAILABILITY:

Electric service under this Rider is only available in conjunction with local, regional and state governmental economic development activities where incentives have been offered and accepted by the Customer to locate new facilities or expand existing facilities in the Company's Missouri service area. For purposes of this Rider, a new facility shall be defined as a Customer's facility that has not received electric service in the Company's combined service area within the last twelve (12) months. Electric service under this Rider is only available to a Customer otherwise qualified for service under the Company's SGS, MGS, LGS, LPS, SGA, MGA or LGA rate schedules. Electric service under this Rider is not available in conjunction with service provided pursuant to any other special contract agreements.

The availability of this Rider shall be limited to industrial and commercial facilities not involved in selling or providing goods and services directly to the general public. Customers receiving service under this Rider must qualify under the criteria of this Rider or have been served under the superseded Rider on December 31, 1991.

APPLICABILITY:

The Rider is applicable to new facilities or the additional separately metered facilities meeting the above availability criteria and the following two applicability criteria:

1. The annual load factor of the new Customer or additional facility is reasonably projected to equal or exceed the Company's annual system load factor within two (2) years of the date the Customer first receives service under this Rider. The projected annual Customer load factor shall be determined by the following relationship:

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DATE OF ISSUE July 5, 1996 (month day year) DATE EFFECTIVE July 9, 1996 (month day year)

ISSUED BY S. W. Cattron (name of officer) Vice President (title) 1201 Walnut, Kansas City, Mo. (address)

FORM NO. 13 P. S. C. MO. No. 7 { Original ~~Revised~~ } SHEET No. 32A Bush

Cancelling P. S. C. MO. No. 6 All previous sheets { Original Revised } SHEET No.

KANSAS CITY POWER & LIGHT COMPANY
Name of Issuing Corporation or Municipality

For Missouri Retail Service Area
Community, Town or City

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MISSOURI
Public Service Commission

ECONOMIC DEVELOPMENT RIDER
Schedule EDR (continued)

APPLICABILITY: (Continued)

$$\frac{PAE}{PCD * HRS}$$

where:

PAE = Projected Annual Energy (kWh)
HRS = Hours in year (8760)
PCD = Projected Customer Demand coincident with Company System Peak Demand.

If the above load factor criterion is not met, the Company may consider the following other factors when determining qualification for the Rider:

a. The creation of 100 or more new permanent full-time jobs;
b. Capital investment of $500,000 or more.

2. The peak demand of the new or additional facility is reasonably projected to be at least two-hundred (200) kW within two years of the date the Customer first receives service under this Rider.

All requests for service under this Rider will be considered by the Company. Sufficiently detailed information shall be provided, by the Customer, to enable the Company to determine whether a facility is qualified for the Rider. Service under this Rider shall be evidenced by a contract between the Customer and the Company, which shall be submitted to the Commission.

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FORM NO. 13 P. S. C. MO. No. 7 { Original ~~Revised~~ } SHEET No. 32B

Cancelling P. S. C. MO. No. 6 All previous sheets { Original Revised } SHEET No.

KANSAS CITY POWER & LIGHT COMPANY
Name of Issuing Corporation or Municipality

For Missouri Retail Service Area
Community, Town or City

RECEIVED JUL 5 1996
MISSOURI
Public Service Commission

ECONOMIC DEVELOPMENT RIDER
Schedule EDR

(continued)

INCENTIVE PROVISIONS:

1. Revenue Determination:
The pre-tax revenues under this Rider shall be determined by reducing otherwise applicable charges, associated with the SGS, MGS, LGS, LPS, SGA, MGA, or LGA rate schedules, by 30% during the first contract year, 25% during the second contract year, 20% during the third contract year, 15% during the fourth contract year and 10% during the fifth contract year. After the fifth contract year, this incentive provision shall cease. All other billing, operational and related provisions of the aforementioned rate schedules shall remain in effect. The reductions under this Rider shall not apply to service rendered to the Customer during the three (3) months beginning with the first regular meter reading occurring on or after June 1 of each year.

Bills for separately metered service to existing Customers, pursuant to the provisions of this Rider, will be calculated independently of any other service rendered to the Customer at the same or other locations.

2. Shifting of Existing Load:
For Customers with existing facilities at one or more locations in the Company's combined service area, this Rider shall not be applicable to service provided at any other delivery point prior to receiving service under this Rider. Failure to comply with this provision may result in termination of service under this Rider.

3. Local Service Facilities:
The Company will not require a contribution in aid of construction for standard facilities installed to serve the Customer if the expected revenues from the new load are determined to be sufficient to justify the required investment in the facilities.

TERMINATION:

Failure of the Customer to meet any of the applicability criteria of this Rider, used to qualify the Customer for acceptance on the Rider, within two (2) years of the date service under this Rider begins, may lead to termination of service under this Rider.

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DATE OF ISSUE July 5, 1996 (month day year) DATE EFFECTIVE July 9, 1996 (month day year)

ISSUED BY S. W. Cattron, Vice President, 1201 Walnut, Kansas City, Mo.
(name of officer, title, address)

KANSAS CITY POWER & LIGHT COMPANY

P.S.C. MO. No.	7	First	☐ Original	☒ Revised	Sheet No.	32C
Cancelling P.S.C. MO. No.	7	Original	☒ Original	☐ Revised	Sheet No.	32C

For Missouri Retail Service Area

ECONOMIC DEVELOPMENT RIDER
Schedule EDR **(continued)**

FORM OF CONTRACT

This Agreement is entered into as of this _____ day of _________, 200_, by and between Kansas City Power & Light Company (Company) and ______________________________________ (Customer).

WITNESSETH:

Whereas, Company has on file with the Public Service Commission of the State of Missouri (Commission) a certain Economic Development Rider (Rider), and;

Whereas, Customer is a new Customer, or has acquired additional separately metered facilities within the Company's service territory, and;

Whereas, Customer has furnished sufficient information to the Company to demonstrate that its new facilities or additional separately metered facilities (Facilities) satisfied the Availability and Applicability provisions of the Rider, and;

Whereas, Customer wishes to take electric service from the Company, and the Company agrees to furnish electric service to the Customer under this Rider and pursuant to all other applicable tariffs of the Company;

The Company and Customer agree as follows:

1. Service to the Customer's Facilities located at (address) ________________________________, (city) ____________________, (state) _______________, (county) _______________ shall be pursuant to the Rider, all other applicable tariffs, and the Company's General Rules and Regulations Applying to Electric Service, as may be in effect from time to time and filed with the Commission.

2. Customer acknowledges that the rate reductions provided by the Rider do not apply to service rendered to the customer during the three (3) months beginning with the first regular meter reading occurring on or after June 1 of each year.

3. Customer further acknowledges that this Agreement is not assignable voluntarily by Customer, but shall nevertheless inure to the benefit of and be binding upon the Customer's successors by operation of law.

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DATE OF ISSUE:	March 15, 2003	DATE EFFECTIVE:	April 15, 2003
ISSUED BY:	William H. Downey President		1201 Walnut, Kansas City, Mo. 64106

FORM NO. 13 P. S. C. MO. No. 7 { Original ~~Revised~~ } SHEET No. 32D

Cancelling P. S. C. MO. No. 6 All previous sheets { Original Revised } SHEET No.

KANSAS CITY POWER & LIGHT COMPANY
Name of Issuing Corporation or Municipality

For Missouri Retail Service Area
Community, Town or City

RECEIVED
JUL 5 1996
MISSOURI
Public Service Commission

ECONOMIC DEVELOPMENT RIDER
Schedule EDR
(continued)

FORM OF CONTRACT (continued)

4. Customer acknowledges that all information provided to the Company for the purpose of determining whether the Customer is eligible for service under the Rider shall be retained by the Company, and shall be subject to inspection and disclosure under Chapters 386 and 393, RSMo 1986, as amended from time to time. Should the Customer designate any of such information as proprietary or confidential, Company shall notify Customer of any request for inspection or disclosure, and shall use good faith efforts to secure an agreement or Commission order protecting the proprietary or confidential nature of such information.

5. This Agreement shall be governed in all respects by the laws of the State of Missouri (regardless of conflict of laws provisions), and by the orders, rules and regulations of the Commission as they may exist from time to time. Nothing contained herein shall be construed as divesting, or attempting to divest, the Commission of any rights jurisdiction, power or authority vested in it by law.

In witness whereof, the parties have signed this Agreement as of the date first above written.

Kansas City Power & Light Company

By ______________________

____
Customer

By ______________________

KCPL Form 661H002 (Rev 6/94)

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JUL 9 1996

DATE OF ISSUE July 5, 1996 (month day year)

DATE EFFECTIVE July 9, 1996 (month day year)

MO. PUBLIC SERVICE COMM

ISSUED BY S. W. Cattron (name of officer), Vice President (title), 1201 Walnut, Kansas City, Mo. (address)

RIDER DIR

DEVELOPMENT INCENTIVE RIDER

GENERAL

Under the terms of this Rider, qualifying customers are required to enter into a Service Agreement with the Company. The Development Incentive Rider consists of three separate programs designed to encourage development and/or redevelopment within the Company's service territory. These three programs are 1. the Economic Development Program 2. the Urban Redevelopment Program and 3. the Brownfield Incentive Program. Requirements of these programs are described below.

PROGRAM DESCRIPTIONS

Economic Development Program

Available, at the Company's option, to non-residential customers receiving service under the provisions of one of the Company's non-residential tariff schedules. This Rider is available for load associated with initial permanent service to new establishments, expansion of existing establishments, or new customers in existing establishments who make application to the Company for service under this Rider and the Company approves such application. The new load applicable under this Rider must be a minimum of 1,000 kW at one delivery point. To qualify for service under this Rider, the customer must meet the qualifications as set forth below. Further, the customer must have applied for and received economic assistance from the State or local government or other public agency before the Company will approve a Service Agreement under this Rider. Where the customer is new to the Company's service area or is an existing customer expanding:

1) the customer must employ an additional workforce in the Company's service area of a minimum of twenty-five (25) full-time equivalent (FTE) employees. Employment additions must occur following the Company's approval for service under this Rider, and;
2) the customer's new load must result in minimum customer capital investment of one million dollars ($1,000,000) at the customers' facility within the Company's service area. This capital investment must occur following the Company's approval for service under this Rider. (Item #1 above may be waived where an existing customers capital investment exceeds $10 million.)

The Company may also consider applying this Rider to an existing customer who, but for economic incentives being provided by the State and/or local government or public agency, would leave the Company's service area. In this event, the following provision applies:

1) The customer must agree, at a minimum, to retain the current number of FTE employees.

Urban Redevelopment Program

Applicable to new customers locating in an existing building of 50,000 square feet or more, which has been unoccupied and/or remained dormant for a period of two years or more, as determined by the Company. The new customer load must be a minimum of 500 kW at one delivery point. In addition, the requested service necessary to serve the new load must not result in additional investment in distribution or transmission facilities by the Company, excepting that minor alterations in the service supplied which can be accomplished feasibly and economically may be allowed.

PROGRAM DESCRIPTIONS (Contd.)

Brownfield Redevelopment Program
Applicable to customers locating in a qualified "brownfield" redevelopment area so designated by the Ohio Environmental Protection Agency and served by existing service lines. Additionally, customers are required to take service under the provisions of one of the Company's non-residential tariff schedules.

TERMS AND CONDITIONS

These Riders are not available to a new customer which results from a change in ownership of an existing establishment. However, if a change in ownership occurs after the customer enters into a Service Agreement for service under this Rider, the successor customer may be allowed to fulfill the balance of the Service Agreement under this Rider. This Rider is also not available for renewal of service following interruptions such as equipment failure, temporary plant shutdown, strike, or economic conditions. This Rider is not available for load shifted from one customer to another within the Company's service area.

The customer must enter into a Service Agreement with the Company which shall specify, among other things, the voltage at which the customer will be served, a description of the amount and nature of the new load and the basis on which the customer requests qualification for this Rider.

For customers entering into a Service Agreement under this Rider due to expansion, the Company may, at the customer's expense, install metering equipment necessary to measure the new load to be billed under the provisions of this Rider separate from the customer's existing load which shall be billed under the applicable standard tariff schedule.

Following the effective date of the Service Agreement, the customer must maintain a minimum demand in accordance with the Service Agreement and maintain a monthly average of 300 hours use of demand. Failure to do so will result in the customer's Service Agreement being terminated.

The Company is not obligated to extend, expand or rearrange its facilities if it determines that existing distribution/transmission facilities are of adequate capacity to serve the customer's load.

NET MONTHLY BILLING

The customer shall comply with all terms of the standard distribution tariff rate under which the customer takes service except the customers' monthly distribution demand charge shall be reduced by up to fifty (50) percent for a period of twenty-four (24) months. The customer will pay the full amount of all riders and the entirety of the applicable market-based standard service offer.

The customer may request an effective date of the Service Agreement which is no later than twelve (12) months after Company's approval of the Service Agreement with the customer. A Service Agreement must be fully executed within 30 days of taking the subject new service from the Company. All subsequent billings shall be at the appropriate full standard service tariff rate.

TYPE OF SERVICE

The service provided shall be 60Hz alternating current provided at the Company's standard distribution or transmission voltage.

SERVICE REGULATIONS

The supplying of, and billing for, service and all conditions applying thereto, are subject to the jurisdiction of the Public Utilities Commission of Ohio, and to the Company's Service Regulations currently in effect, as filed with the Public Utilities Commission of Ohio.

RIDER EDR
ECONOMIC DEVELOPMENT

I. APPLICABILITY & AVAILABILITY

A. This Rider is applicable to the Incremental Load, as defined in Paragraph II., of Customers who meet the following requirements:

1. The Customer contracts for full requirements service, as designated in Paragraph IV, under Schedule GS-3 or Schedule GS-4 (the Companion Schedule) for the Incremental Load at the facility being served under this Rider (the Facility) for a minimum term of ten (10) years, and

2. the Facility is not classified as Retail Trade or Public Administration by the Standard Industrial Classification Manual, or successor document or documents that may supersede this manual as a reference, as published by the U.S. Government, and

3. the Incremental Load meets the applicable Energy Efficiency standards as published in the American Society of Heating, Refrigeration, and Air Conditioning Engineers (ASHRAE) Standard 90.1-1989, or its successor, and

4. the Customer's Incremental Load will result in either
   a. an employment increase at the Facility of a minimum of .07 full-time equivalent (FTE) employees per kW of Incremental Load, rounded to the nearest whole number, or

   b. a minimum capital investment of $2,000 per kW of Incremental Load.

B. This Rider is not applicable to a new customer which is the result of a change in ownership of an existing facility which, at the time of the change in ownership, was not being served under this Rider. However, in the event of a change in ownership of a Facility which, at the time of the change in ownership, is being served under this Rider, the new Customer may complete the balance of service under this Rider provided that the new Customer contracts for full requirements service for, at a minimum, the original Customer's initial term of contract. This Rider is also not applicable to load shifted from one facility or delivery point to another within the Company's service territory, nor is it applicable for renewal of service following interruptions such as equipment failure, temporary plant shutdown, strike, or economic conditions.

I. APPLICABILITY & AVAILABILITY (Continued)

C. Service under this Rider will become effective at the time when the Facility is fully operational (the Operational Date) as designated by the Customer but in no case more than eighteen (18) months from the effective date of the contract.

D. In the event the Customer is no longer served under Schedule GS-3 or Schedule GS-4, Rider EDR will no longer be applicable.

E. Service under this Rider will be dependant upon the Customer completing, and the Company approving, an application which will:

1. provide information regarding the number of full-time employees and capital investment which will be a direct result of the Customer's addition of Incremental Load, and

2. describe the actions taken by the Customer to install energy efficient electrical equipment, and

3. affirm, by means of a signed affidavit, that this Rider was instrumental in the Customer's decision to locate or expand its Facility in the Company's service territory.

F. Service under this Rider will be terminated in the event the Customer violates or no longer meets any of the terms and conditions associated with this Rider during the term of contract, at which time the discounts will no longer be applicable.

G. The availability of Rider EDR is limited to a maximum of 25 customers or 25,000 kW of Incremental Load.

SCHEDULE EDR
ECONOMIC DEVELOPMENT RIDER

(Continued)

II. INCREMENTAL LOAD

A. Incremental Load is defined as a new, permanent load addition at the Customer's Facility of at least 500 kW, but not more than 5,000 kW, that occurs after (i) July 1, 1998, or (ii) March 31, 1997, and where the Company had engaged in written communications with a customer prior to July 1, 1998, about receiving service under this Rider at its Facility, due to

1. expansion of the Customer's existing Facility, or

2. development of a new Facility not previously served by the Company.

B. In cases where the Customer's Incremental Load is the result of an expansion of an existing Facility, Incremental Load will be defined as the load in excess of the load which existed prior to the Customer taking service under this Rider. In this case, twelve (12) monthly demands applicable to the Customer's pre-expansion load will be established in the contract to designate Historical On-Peak Power Supply Demand levels, which will not be subject to discounted rates. Incremental Load will be determined as the maximum on-peak demand, using the criteria found in Paragraph IV. of the Customer's Companion Schedule, less the applicable monthly Historical On-Peak Power Supply Demand contracted for by the Customer, but in no case shall this value exceed 5,000 kW.

III. APPLICABLE DISCOUNTS

Beginning with the Operational Date and for the appropriate months of service under this Rider, a discount based upon the percentages found below will be applied to the Customer's monthly On-Peak Power Supply Demand Charge, found in companion Schedule GS-3 or GS-4, as applicable, and applied to the Customer's Incremental Load. The discounted percentage rate will be:

Months 1 - 12	25%
Months 13 - 24	20%
Months 25 - 36	15%
Months 37 - 48	10%
Months 49 - 60	5%
After Month 60	0%

IV. CONTRACT TERM REQUIREMENTS

A. The term of contract shall be such as may be mutually agreed upon, but for not less than ten (10) years. In the event of early termination, the Customer will be required to pay the Company any costs due to such early termination, including any discounts received by the Customer prior to termination. Contractual requirements for service will include, but not be limited to, the Customer's obligation to purchase all generation, transmission and distribution services from the Company for the Incremental Load during the term of contract.

B. Notwithstanding Paragraph A. above, if, during the term of contract (i) legislative or regulatory action provides for retail electric competition on a non-pilot basis for the supply of electricity in the Commonwealth of Virginia, and (ii) retail electric competition is applicable to the Customer at the Facility served under this Rider, then the Customer will no longer be obligated to purchase from the Company, and the Company will no longer be obligated to sell to the Customer, generation and/or supply services for the Incremental Load at the Facility for the remainder of the term of contract.

RIDER EDR – ENERGY EFFICIENCY AND DEMAND-RESPONSE COST RECOVERY

APPLICABILITY

Rider EDR – Energy Efficiency and Demand-Response Cost Recovery (Rider EDR) is applicable to all Customers taking service under this Electric Service Schedule as authorized by Section 8-103 of the Public Utilities Act (Act), 220 ILCS 5/8-103. The charges calculated pursuant to this Rider shall be applicable to all kilowatt-hours (kWhs) delivered by the Company.

PURPOSE

The purpose of this Rider is to provide for the recovery of costs, fees and charges for approved Energy Efficiency and Demand-Response (EDR) measures implemented in compliance with Section 8-103 of the Act. Moreover, pursuant to the provisions of Section 16-111.7 of the Act, any EDR Charge applicable to Residential Retail Customers computed by the Company shall provide for the recovery of all costs prudently incurred by the Company in association with any on-bill financing program described in Section 16-111.7.

DEFINITIONS

Effective Period
Effective Period means the period during which the EDR Charge, the recovery mechanism for Incremental Costs, is applied to delivered kWhs. The Effective Period begins with the first monthly Billing Period after the EDR Charge is filed.

EDR Measures or Measures
EDR Measures (Measures) mean activities and programs that are developed, implemented, or administered by or for the Company, or the Illinois Department of Commerce and Economic Opportunity (DCEO), related to energy efficiency and demand-response plans approved by the Illinois Commerce Commission (ICC) pursuant to Section 8-103 of the Act.

RIDER EDR – ENERGY EFFICIENCY AND DEMAND-RESPONSE COST RECOVERY

Incremental Costs
Incremental Costs means costs incurred by or for the Company or recovered on behalf of DCEO in association with the Measures, incurred after the effective date of Section 8-103 of the Act, to be recovered pursuant to this Rider, and include, but are not limited to (a) fees, charges, billings, or assessments related to the Measures; (b) costs or expenses associated with equipment, devices, or services that are purchased, provided, installed, operated, maintained, or monitored for the Measures; (c) the revenue requirement equivalent of the return of and on a capital investment associated with the Measures, based upon the most recent rate of return approved by the ICC; and (d) all legal and consultant costs.

Incremental Costs also includes incremental expenses for wages, salaries, and benefits of Company employees, including direct and indirect incremental costs associated with such Company employees who are hired for positions specifically related to the Measures and that were created after the effective date of Section 8-103 of the Act.

Incremental Costs do not include any expenses for wages, salaries, and benefits of Company employees, employed either before or after the effective date of Section 8-103 of the Act, which are otherwise recovered pursuant to other approved tariffs.

Incremental Costs may also include joint costs common to both gas and electric energy efficiency programs. The proportion of joint costs allocated and recovered through this Rider will be based on the proportion of electric program expenses to total electric and gas program expenses.

Incremental Costs also include costs incurred after July 10, 2009, by the Company in association with on-bill financing programs approved by the ICC and provided in accordance with the provisions of Section 16-111.7 of the Act and include, but are not limited to (a) all start-up and administrative costs associated with any such program; (b) evaluation costs associated with any such program; (c) the revenue requirement equivalent of the return of and on a capital investment associated with any such program, based on the most recent rate of return approved by the ICC; and (d) all legal and consultant costs associated with any such program. Such costs may not include bad debt expense related to costs incurred by the Company as described in Section 16-111.7(c)(6) of the Act.

RIDER EDR – ENERGY EFFICIENCY AND DEMAND-RESPONSE COST RECOVERY

Incremental Costs also include incremental expenses for wages, salaries, and benefits of Company employees, including direct and indirect incremental costs associated with Company employees, who are hired for positions related to any on-bill financing program approved by the ICC and provided in accordance with the provisions of Section 16-111.7 of the Act, and incurred after July 10, 2009. Incremental Costs may not include any expenses for wages, salaries, and benefits of Company employees in positions related to any on-bill financing program approved by the ICC pursuant to Section 16-111.7 of the Act, employed either before or after July 10, 2009, that are otherwise recovered under other effective tariffs.

Incremental Costs may also include joint costs common to both gas and electric on-bill financing programs. The proportion of joint costs allocated and recovered through this Rider will be based on the proportion of maximum on-bill financing permitted for a electric utility to maximum electric on-bill financing and maximum gas utility on-bill financing, permitted pursuant to Section 16-111.7(c)(7) of the Act and Section 19-140(c)(7) of the Act, respectively.

Program Year
Program Year means the period of June 1 through May 31 of the next year for which the EDR Charge is generally determined.

CALCULATION OF THE EDR CHARGE

A separate EDR Charge (or EDRC) shall be calculated for each of the following Customer classes:

Residential – Rate DS-1
Small Commercial and Industrial - Rate DS-2, DS-3 and DS-5
Large Commercial and Industrial - Rate DS-4

The calculation and application of the applicable EDRC shall be applied to all kWhs delivered to the Customer class and shall be computed in accordance with the following formula:

RIDER EDR – ENERGY EFFICIENCY AND DEMAND-RESPONSE COST RECOVERY

EDRC =	$\frac{PC + RIC + ARA + ORA}{PE} \times UF \times \frac{100\ ¢}{\$ 1}$
Where:	
EDRC =	EDR Charge, in cents/kWh rounded to the thousandths of a cent, applied as a charge or credit to kWhs delivered for Retail Customers, as applicable, during the Program Year as specified in this Rider.

PC =	Projected Costs, in dollars, are equal to the projected Incremental Costs associated with the applicable Program Year or in the case of a revised EDR Charge, are equal to adjustments for projected Incremental Costs for the remaining Effective Periods of the Program Year. Such Projected Costs to be recovered during the Program Year may include adjustments for (a) costs incurred after the effective date of Section 8-103 of the Act that are related to the planning and development of plans approved by the ICC for energy efficiency and demand-response programs amortized over a period of three years or other such costs related to annual reporting requirements and (b) ICC-approved adjustments to Incremental Costs, if any. In computing the EDRC, Projected Costs also include projected Incremental Costs associated with any on-bill financing program approved by the ICC and provided in accordance with the provisions of Section 16-111.7 of the Act during the applicable twelve (12) month period beginning in June following the date that the EDRC is filed with the ICC, or in the case of a revised EDRC, beginning with the month following the date that such revised EDRC is filed with the ICC for informational purposes and extending through the following May.

RIDER EDR – ENERGY EFFICIENCY AND DEMAND-RESPONSE COST RECOVERY

RIC =	Reimbursement of Incremental Costs, in dollars, that are equal to funds from any source other than the application of EDRC that the Company expects to receive that are associated with the applicable twelve (12) month period of an ICC approved energy efficiency and demand response plan, if any, directly related to the implementation of programs and not otherwise credited. In addition to not including funds that the Company expects to receive from the application of EDRCs, Reimbursements of Incremental Costs do not include funds that the Company expects to receive through the application of Rider EUA – Electric Uncollectible Adjustment (Rider EUA) to recover costs incurred by the Company as described in Section 16-111.7(c)(6) of the Act.

ARA =	Automatic Reconciliation Adjustment, in dollars, is equal to the cumulative over- or under-collection of Incremental Costs, pursuant to the plans approved by the ICC, resulting from the application of the applicable EDRC through the Program Year (which will reflect projections through the end of the Program Year due to timing of adjustments).

ORA =	Ordered Reconciliation Adjustment, in dollars, is equal to an amount ordered by the ICC to be refunded to or collected from Retail Customers. Such amounts include interest charged at the rate established by the ICC in accordance with 83 Ill. Adm. Code 280.70(e)(1).

UF =	Uncollectible Factor to adjust for applicable uncollectibles related to this Rider based upon the historical uncollectible experiences of the Company. The first factor will be based upon the collective uncollectible experience for the Company in the consolidated Docket Nos. 06-0070/06-0071/06-0072 in the Company Delivery Services rate cases. The factor shall be revised after subsequent Delivery Services rate cases. Notwithstanding the above, UF shall be equal to 1.0 effective with the May 2010 Billing Period and thereafter.

RIDER EDR – ENERGY EFFICIENCY AND DEMAND-RESPONSE COST RECOVERY

PE =	Projected Energy, in kWh, forecasted to be delivered to the applicable Retail Customers during the applicable Effective Period(s).

ANNUAL REPORTING AND REVIEW

Annual Audit Report

Annually, subsequent to completion of a Program Year, the Company must conduct an internal audit of its costs and recoveries of such costs pursuant to this Rider. The internal audit shall determine if and to what extent Incremental Costs recovered through this Rider are: 1) wages, salaries, and benefits of Company employees, including direct and indirect incremental costs associated with such employees for positions that were created after August 28, 2007 for energy efficiency measures or after July 10, 2009 for on-bill financing programs; 2) associated with the Measures or applicable on-bill financing programs, as appropriate; 3) not recovered through other approved tariffs. The internal audit should also determine whether; 4) Rider EDR is being properly billed to Customers; 5) Rider EDR revenues are recorded in appropriate accounts; and 6) any reimbursements of costs are identified and recorded properly for calculating rates and reconciliation. The above list of determinations does not limit the scope of the audit.

The Company must also prepare a report each year summarizing the results of such audit. Such report must be submitted to the ICC in an informational filing, with copies of such report provided to the Manager of the Staff's Accounting Department and the Director of the Staff's Financial Analysis Division by September 30, beginning in 2009. Such report must be verified by an officer of the Company.

Annual Energy Efficiency and Demand-Response Charge Report

The Company will prepare an annual report summarizing the operation of the automatic adjustment mechanism for Measures and applicable on-bill financing programs, as appropriate, for the previous year. Such report will be submitted to the ICC in an informational filing, with copies of such report provided to the Manager of the Staff's Accounting Department and the Director of the Staff's Financial Analysis Division by September 30, beginning in 2009. Such report must be verified by an officer of the Company.

RIDER EDR – ENERGY EFFICIENCY AND DEMAND-RESPONSE COST RECOVERY

TERMS OF PAYMENT

Customer bills for service under this tariff shall be rendered and payments shall be due in accordance with the Payment of Bills and Late Payments section of the Customer Terms and Conditions.

TERMS AND CONDITIONS

Informational Filing
The amount of the EDR Charges shall be shown on an informational filing supplemental to this Rider and filed with the ICC at least once annually, prior to the Program Year. Such filing and any subsequent informational filings shall not be filed later than the 20th day of the month immediately preceding the Effective Period. The informational filing postmarked after that date but prior to the first day of the Effective Period will be accepted only if it corrects an error or errors for a timely filed report for the same Effective Period. Any other informational filing postmarked after that date will be accepted only if submitted as a special permission request under the provision of Section 9-201 (a) of the Act. The informational filing shall be accompanied by work papers showing the calculation of the EDR Charges. Unless otherwise required as indicated in the succeeding paragraph, each EDR Charge shall become effective as indicated on the informational filing and shall remain in effect for all kWh delivered during the Program Year.

General
Service hereunder is subject to the Customer Terms and Conditions, Standards and Qualifications for Electric Service, Tax Additions, and Supplemental Customer Charge Tariffs of this Schedule, as well as any other applicable Rates, Riders, taxes, adjustments, fees or charges that may be approved by the ICC from time to time and are in effect.

STANDARD CONTRACT RIDER NO. 58

ECONOMIC DEVELOPMENT RIDER

AVAILABILITY

Available, at the Company's option, to non-residential customers receiving service under the provisions of one of the Company's non-residential tariff schedules. This Rider is available for load associated with initial permanent service to new establishments, expansion of existing establishments, or new customers in existing establishments who make application to the Company for service under this Rider and the Company approves such application. This Rider will apply only to customers served under Rate HLF – Schedule for High Load Factor Service. The new load applicable under this Rider must be a minimum of 1,000 kW demand at one delivery point. The maximum load to qualify for this Rider is 10,000 kW. To qualify for service under this Rider, the customer must meet the qualifications as set forth below. Further, the customer must have applied for and received economic assistance from the State or local government or other public agency before the Company will approve a Service Agreement under this Rider. Where the customer is new to the Company's service area or is an existing customer expanding, the customer must meet the qualifications under 1) or 2) below:

1) the customer must employ an additional workforce in the Company's service area of a minimum of twenty-five (25) full-time equivalent (FTE) employees per 1,000 kW demand of new load. Also, the customer's new or expanded load must result in capital investment of at least one million dollars ($1,000,000) per 1,000 kW demand of new or expanded load. The employment additions and capital investment must occur following the Company's approval for service under this Rider.
2) the customer's new or expanded load must result in capital investment of ten (10) million dollars ($10,000,000) per 1,000 kW demand of new or expanded load. This capital investment must occur following the Company's approval for service under this Rider.

The Company may also consider applying this Rider to an existing customer who, but for economic incentives being provided by the State and/or local government or public agency, would leave the Company's service area. In this event, the following provision applies:

1) The customer must agree, at a minimum, to retain the current number of FTE employees.

This Rider is not available to a new customer which results from a change in ownership of an existing establishment. However, if a change in ownership occurs after the customer enters into a Service Agreement for service under this Rider, the successor customer may be allowed to fulfill the balance of the Service Agreement under this Rider. This Rider is also not available for renewal of service following interruptions such as equipment failure, temporary plant shutdown, strike, or economic conditions. This Rider is not available for load shifted from one customer to another within the Company's service area.

CHARACTER OF SERVICE

The service provided shall be 60Hz alternating current provided at the Company's standard distribution or transmission voltage.

NET MONTHLY BILLING

The customer shall comply with all terms of the standard Rate HLF under which the customer takes service except that the customer's existing maximum load charge (demand charge) or the maximum load charge (demand charge) for the new load, whichever is applicable, shall be reduced by sixty (60) percent for a period of twelve (12) months. The customer will pay the full amount of the energy charges, kVAr charges, connection charges, and riders so indicated. The customer may request an effective date of the

Duke Energy Indiana, Inc.
1000 East Main Street
Plainfield. Indiana 46168

Rider which is no later than twelve (12) months after the Service Agreement is approved and signed by the Company. All subsequent billings shall be at the appropriate full standard service tariff rate.

TERMS AND CONDITIONS

The customer must enter into a Service Agreement with the Company which shall specify, among other things, the voltage at which the customer will be served, a description of the amount and nature of the new load and the basis on which the customer requests qualification for this Rider. The customer must affirm that the availability of this Rider was a factor in the customer's decision to locate the new load or retain current load in the Company's service area.

For customers entering into a Service Agreement under this Rider due to expansion, the Company may install, at customer's expense, metering equipment necessary to measure the new load to be billed under the provisions of this Rider separate from the customer's existing load which shall be billed under the applicable standard tariff schedule.

Following the effective date of the Service Agreement, the customer must maintain a minimum demand in accordance with the Service Agreement and maintain a monthly average of 300 hours use of demand. Failure to do so will result in the customer's Service Agreement being terminated.

The Company is not obligated to extend, expand or rearrange its facilities if it determines that existing distribution/transmission facilities are of adequate capacity to serve the customer's load.

The maximum annual load permitted under this Rider shall be 50,000 kW.

The supplying of, and billing for, service and all conditions applying thereto, are subject to the jurisdiction of the Indiana Utility Regulatory Commission, and to the Company's General Terms and Conditions currently in effect, as filed with the Indiana Utility Regulatory Commission.

Duke Energy Kentucky, Inc.
4580 Olympic Blvd.
Erlanger, Kentucky 41018

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DEVELOPMENT INCENTIVE RIDER

GENERAL

Under the terms of this Rider, qualifying customers are required to enter into a Special Contract with the Company which Special Contract shall be subject to approval by the Kentucky Public Service Commission. The Development Incentive Rider consists of two separate programs designed to encourage development and/or redevelopment within the Company's service territory. These two programs are the Economic Development Program and the Urban Redevelopment Program. Each of these programs is described below.

PROGRAM DESCRIPTIONS

Economic Development (ED) Program

Available, at the Company's option, to non-residential customers receiving service under the provisions of one of the Company's non-residential tariff schedules. The ED Program is available for load associated with initial permanent service to new establishments, expansion of existing establishments, or new customers in existing establishments who make application to the Company for service under the ED Program of this Rider and the Company approves such application. The new load applicable under the ED Program must be a minimum of 1,000 kW at one delivery point. To qualify for service under the ED Program, the customer must meet the qualifications as set forth below. Further, the customer must have applied for and received economic assistance from the State or local government or other public agency before the Company will approve a Service Agreement under the ED Program. Where the customer is new to the Company's service area or is an existing customer expanding:

1) the Company would expect the customer employ an additional workforce in the Company's service area of a minimum of twenty-five (25) full-time equivalent (FTE) employees per 1,000 kW of new load. Employment additions must occur following the Company's approval for service under this Rider, and;
2) the Company would expect that the customer's new load would result in capital investment of one million dollars ($1,000,000) per 1,000 kW of new load, provided that such investment is accompanied by a net increase in FTE employees employed by the customer in the Company's service area. This capital investment must occur following the Company's approval for service under this Rider.

The Company may also consider applying the ED Program to an existing customer who, but for economic incentives being provided by the State and/or local government or public agency, would leave the Company's service area. In this event, the customer must agree, at a minimum, to retain the current number of FTE employees.

The ED Program is not available to a new customer which results from a change in ownership of an existing establishment. However, if a change in ownership occurs after the customer enters into a Special Contract for service under the ED Program, the successor customer may be allowed to fulfill the balance of the Special Contract under the ED Program. The ED Program is also not available for renewal of service following interruptions such as equipment failure, temporary plant shutdown, strike, or economic conditions. The ED Program is not available for load shifted from one customer to another within the Company's service area.

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4580 Olympic Blvd.
Erlanger, Kentucky 41018

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4580 Olympic Blvd.
Erlanger, Kentucky 41018

PROGRAM DESCRIPTIONS (Contd.)

Urban Redevelopment (UR) Program

Applicable to new customers locating in an existing building of 25,000 square feet or more, which has been unoccupied and/or remained dormant for a period of two years or more, as determined by the Company. The new customer load must be a minimum of 500 kW at one delivery point. In addition, the requested service necessary to serve the new load must not result in additional investment in distribution or transmission facilities by the Company, excepting that minor alterations in the service supplied which can be accomplished feasibly and economically may be allowed.

The UR Program is not available for renewal of service following interruptions such as equipment failure, temporary plant shutdown, strike, or economic conditions. The UR Program is also not available for load shifted from one establishment to another in the Company's service area. However, if a change of ownership occurs after the customer enters into a Special Contract under the UR Program, the successor customer may be allowed to fulfill the balance of the Special Contract under the UR Program.

NET MONTHLY BILLING

The customer shall comply with all terms of the standard tariff rate under which the customer takes service except that the customer's total bill for electric service, less any rate adjustment rider amounts as shown on the standard service tariff, shall be reduced by up to fifty (50) percent for a period of twelve (12) months. The customer will pay the full amount of the riders so indicated. The customer may request an effective date of the Rider which is no later than twelve (12) months after the Special Contract is approved and signed by the Company. All subsequent billings shall be at the appropriate full standard service tariff rate.

TERMS AND CONDITIONS

The Service Agreement shall specify, among other things, the voltage at which the customer will be served, a description of the amount and nature of the new load and the basis on which the customer requests qualification under this Rider. The customer must affirm that the availability of this Rider was a factor in the customer's decision to locate the new load or retain current load in the Company's service area.

For customers entering into a Service Agreement under this Rider due to expansion, the Company may install, at customer's expense, metering equipment necessary to measure the new load to be billed under the provisions of this Rider separate from the customer's existing load which shall be billed under the applicable standard tariff schedule.

Following the effective date of the Special Contract, the customer must maintain a minimum demand in accordance with the Service Agreement and maintain a monthly average load factor of 40 percent. Failure to do so will result in the customer being billed a minimum bill based on the minimum demand specified in the Service Agreement and a monthly average load factor of 40 percent.

The customer shall continue to take service from the Company at the same or greater demand and usage levels for a period of at least two (2) years following the twelve (12) month incentive period. The customer shall be billed monthly for two (2) years following the twelve (12) month incentive period based on the greater of: (a) its actual monthly demand and usage levels; or (b) its average demand and usage levels during the twelve (12) month incentive period.

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4580 Olympic Blvd.
Erlanger, Kentucky 41018

TERMS AND CONDITIONS (Contd.)

The terms of this rider do not prevent the Company from offering different terms under a special contract if the Company deems it appropriate. The Company is not obligated to extend, expand or rearrange its facilities if it determines that existing distribution/transmission facilities are of adequate capacity to serve the customer's load.

The supplying of, and billing for, service and all conditions applying thereto, are subject to the jurisdiction of the Kentucky Public Service Commission, and to the Company's General Terms and Conditions currently in effect, as filed with the Kentucky Public Service Commission.

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4580 Olympic Blvd.
Erlanger, Kentucky 41018

RIDER BR

BROWNFIELD REDEVELOPMENT RIDER

AVAILABILITY

Available to customers locating in a qualified "brownfield" redevelopment area as defined by Kentucky or federal law and served by existing primary service lines. Customers qualifying for service under this rider must enter into a Service Agreement and special contract with the Company. In order to receive service under this rider the special contract must be approved by the Kentucky Public Service Commission.

NET MONTHLY BILLING

The customer shall comply with all terms of the standard tariff rate under which the customer takes service except as contravened by the following.

For the first 12 month period, the demand charge shall be reduced by 50 percent;
For the second 12 month period, the demand charge shall be reduced by 40 percent;
For the third 12 month period, the demand charge shall be reduced by 30 percent;
For the fourth 12 month period, the demand charge shall be reduced by 20 percent;
For the fifth 12 month period, the demand charge shall be reduced by 10 percent.

All subsequent billings shall be at the appropriate full standard service tariff rate.

TERMS AND CONDITIONS

The customer shall enter into a Service Agreement with the Company which shall specify, among other things, the voltage at which the customer will be served and monthly minimum levels of demand and usage.

The Special Contract shall be in effect for a minimum term of eight (8) years and the customer shall be billed monthly based on the greater of: (a) its actual monthly demand and usage levels; or (b) the minimum monthly demand and usage levels specified in its Service Agreement and Special Contract.

The terms of this rider do not preclude the Company from offering different terms under a special contract if the Company deems it appropriate. The Company is not obligated to extend, expand or rearrange its facilities if it determines that existing distribution/transmission facilities are of adequate capacity to serve the customer's load.

The supplying of, and billing for, service and all conditions applying thereto, are subject to the jurisdiction of the Kentucky Public Service Commission, and to the Company's General Terms and Conditions currently in effect, as filed with the Kentucky Public Service Commission.

Issued by authority of an Order of the Kentucky Public Service Commission dated December 21, 2006 in Case No. 2006-00172.

Issued: September 29, 2010 Effective: September 30, 2010

Issued by Julie Janson, President

LOUISVILLE GAS AND ELECTRIC COMPANY
KENTUCKY UTILITIES COMPANY

Response to the Commission Staff's First Information Request Dated April 14, 2011

Case No. 2011-00103

Question No. 2

Witness: Cheryl E. Bruner / F. Howard Bush

Q-2. Refer to Bush Testimony at page 4, lines 18-23.

a. Explain the reasoning behind the 1,000 kW/kVA as the threshold load for eligibility under the economic development rates.

b. Explain why the load necessary to qualify for the brownfield development schedule is 500 kW/kVA, while eligibility under the economic development schedule requires a minimum load of 1,000 kW/kVA.

c. Provide a description and purpose of the Kentucky Business Investment Program. Include in this explanation the types of financial incentives and tax benefits provided by this program as well as the eligibility for such incentives and benefits.

d. Explain how the "pre-qualification" of potential customers via the Kentucky Business Investment Program would help to minimize any potential free rider issues.

A-2. a. The 1,000 kW/kVA eligibility threshold was initially selected based on the Commission's discussion under LOAD ELIGIBILITY on pages 17 and 18 of the Order dated September 24, 1990, in Administrative Case No. 327 and the Order dated April 19, 2005, in Case No. 2004-00253 approving Duke of Kentucky's Development Incentive Rider which is set at 1,000 kW.

b. The lower 500 kW/kVA eligibility threshold for a brownfield (re-development) application (as compared to the 1,000 kW/kVA threshold for other economic development projects) is appropriate because the Companies have existing facilities at brownfield locations that are not being used. It is in the Companies' and their customers' best interests to see that such unused facilities begin to generate revenue again, hence the lower eligibility threshold. Moreover, the Commission has already approved this eligibility threshold for brownfield development riders for the Companies and for Duke Energy Kentucky's Urban Redevelopment Rider.

c. The Kentucky Business Investment Program "provides income tax credits and wage assessments to new and existing agribusinesses, regional and national headquarters, manufacturing companies, and non-retail service or technology related companies that locate or expand operations in Kentucky." A complete description of the types of financial incentives and tax benefits provided by this program, as well as the eligibility for such incentives and benefits, is attached.

d. In part, qualification for Kentucky Business Investment Program incentives for new or expanding economic development projects is predicated on such projects likely locating in other states but for the incentive program: "For proposed economic development projects new to the Commonwealth, certification by the eligible company that the economic development project could reasonably and efficiently locate outside of the Commonwealth and, without the incentives offered by the authority, the eligible company would likely locate outside the Commonwealth; For eligible companies with an existing location in the Commonwealth considering an expansion, certification that the tax incentives are necessary for the expansion to occur." *See* KRS 154.32.030. The "pre-qualification" undertaken by the Kentucky Cabinet for Economic Development helps ensure projects eligible for the EDR are competitive projects that likely would have located in other states absent our investment. This arrangement will serve to strengthen efforts by Kentucky to increase business investment.

Kentucky
UNBRIDLED SPIRIT
Cabinet for Economic Development

Kentucky Economic Development Finance Authority (KEDFA)

Kentucky Business Investment (KBI) Program

This fact sheet provides an overview of the Kentucky Business Investment (KBI) Program. For a full discussion of the program requirements, please see KRS 154.32. As with all state administered tax incentive programs, any inducements offered to an eligible company under the KBI program are negotiated by Cabinet for Economic Development officials and subject to approval by the Kentucky Economic Development Finance Authority (KEDFA).

Eligible Companies

Any business entity engaged in one or more of the following activities:
- Manufacturing
- Agribusiness
- Regional and national headquarters (regardless of the underlying business activity)
- Nonretail service or technology activities must be:
  - Designed to serve a multistate, national or international market;
  - Provided to a customer base that includes more than 50% non-residents; and
  - May Include, but are not limited to, call centers, centralized administrative or processing centers, telephone or internet sales order or processing centers, distribution or fulfillment centers, data processing centers, research and development facilities and other similar activities.

Eligible company does not include companies where the primary activity to be conducted within the Commonwealth is forestry, fishing, mining, coal or mineral processing, the provision of utilities, construction, wholesale trade, retail trade, real estate, rental and leasing, educational services, accommodation and food services or public administration services.

Enhanced Incentive Counties

Kentucky counties are designated “enhanced incentive” eligible by meeting at least one of the three following criteria: (1) counties with an average annual unemployment rate exceeding the state average annual unemployment rate in the five preceding calendar years; (2) counties with an unemployment rate greater than 200 percent of the statewide unemployment rate for the preceding year; and (3) counties identified as one of the sixty most distressed counties based on a three part test (three-year unemployment, education attainment and road quality). Once a company enters into a tax incentive agreement, the company maintains its enhanced benefits for the term of the agreement regardless of any change in the county's status. Any project located in an enhanced incentive county that has been decertified shall have until July 1 of the third year following the decertification to obtain final approval.

If an “industrial park”, as outlined in the criteria in KRS 154.32, is located in two or more counties, one of which is an enhanced incentive county, projects undertaken in the industrial park may be approved for enhanced incentive county incentives.

Kentucky UNBRIDLED SPIRIT
Cabinet for Economic Development

Kentucky Economic Development Finance Authority (KEDFA)
Kentucky Business Investment (KBI) Program

Minimum Requirements for Eligible Projects

Requirements to qualify for the incentives:

- Employment minimum requirement
  - Create a minimum of 10 new, full-time jobs for Kentucky residents.
  - Maintain an annual average of at least 10 new, full-time jobs for Kentucky residents.
- Investment minimum requirement
  - Incur eligible costs of at least $100,000.
- Wage minimum requirement
  - For enhanced incentive counties, at least 90 percent of the new, full-time, Kentucky resident employees must receive hourly wages of at least $9.06 (125 percent of the federal minimum wage).
  - For other counties, at least 90 percent of the new, full-time Kentucky resident employees must receive hourly wages of at least $10.88 (150 percent of the federal minimum wage).
- Employee benefit minimum requirement
  - The term "employee benefits" is defined as "non-mandated payments by an approved company for its full-time employees for health insurance, life insurance, dental insurance, vision insurance, defined benefits, 401(k), or similar plans."
  - Any company participating in this program is required to provide its new, full-time Kentucky resident employees with employee benefits equal to 15 percent of the required minimum hourly wage.
  - If employee benefits are less than 15 percent of the required minimum hourly wage, a company may utilize a combination of wages and employee benefits equivalent to 115 percent of the required minimum hourly wage. At least one company paid benefit is required.
    - For enhanced incentive counties, at least 90 percent of the new, full-time, Kentucky resident employees must receive total hourly compensation (hourly wages plus employee benefits) of at least $10.42.
    - For other counties, at least 90 percent of the new, full-time Kentucky resident employees must receive total hourly compensation (hourly wages plus employee benefits) of at least $12.51.

If each of the above minimum requirements is not met as of the activation date, the agreement is considered cancelled and the approved company will not be eligible for any of the incentives. If the above minimum requirements are met as of the activation date and are not met at the annual review date(s), the incentives may be suspended or, with the appropriate approval from KEDFA, terminated.

For new projects locating to the Commonwealth, the company will be required to certify that the project could reasonably and efficiently locate outside of the Commonwealth and, without the incentives offered, the project would likely locate outside of the Commonwealth. For existing location projects considering expansions in the Commonwealth, the company will be required to certify that the tax incentives are necessary for the project to occur.

Kentucky UNBRIDLED SPIRIT
Cabinet for Economic Development

Kentucky Economic Development Finance Authority (KEDFA)
Kentucky Business Investment (KBI) Program

Eligible Costs
Eligible costs will only include costs incurred after the date of preliminary approval.

- For a project to be considered an "owned" project, the approved company or an affiliate either owns the project in fee simple or possesses the project pursuant to a capital lease. Eligible costs for owned projects include 100 percent of the land, building, site development and start-up costs.
- For a project to be considered a "leased" project, the approved company occupies the site of the project pursuant to an operating lease agreement with an unrelated entity that reflects an arms' length transaction. Eligible costs for leased projects include 100 percent of the start-up costs and 50 percent of the estimated annual rent payments for each year of the tax incentive agreement.

Start-up costs include the costs incurred to furnish and equip a facility, such as computers, furnishings, office equipment, manufacturing equipment, fixtures, relocation of out-of-state equipment and nonrecurring costs of fixed telecommunication equipment. For projects not located in enhanced incentive counties, the cost of equipment eligible for recovery as an eligible cost is limited to $20,000 for each new, full-time job for Kentucky residents created as of the activation date.

Incentives
Tax incentives are available for up to 15 years in enhanced incentive counties or up to 10 years in other counties via:

- **Tax Credits** up to 100 percent of corporate income or limited liability entity tax liability arising from the project.
- **Wage Assessment** incentives up to five percent of gross wages of each employee in enhanced incentive counties or up to four percent (including up to one percent required local participation) of gross wages of each employee in other counties. If the local community does not have a local occupational fee, then an alternative form of participation may be required.

The employees recoup the wage assessment through a state income tax credit equal to the amount of the wage assessment withheld. The tax incentives remain in place until the authorized recovery amount (approved cost) is realized or for the term of the tax incentive agreement, whichever occurs first. Unused credits that have been authorized for the project may be carried forward for the term of the tax incentive agreement, however, unused credits expire at the maturity of the agreement.

Targets and Potential Adjustments of Approved Cost for Eligible Projects
The tax incentive agreement will include the total maximum approved costs that may be recovered over the term of the agreement in addition to the annual maximum approved costs for each year of the agreement. Job and wage (including employee benefits) targets higher than the minimum requirements will be negotiated and included in the agreement. These targets will be measured against actual amounts as of the activation date and averaged annually for the company's fiscal year throughout the term of the tax incentive agreement.

Kentucky UNBRIDLED SPIRIT
Cabinet for Economic Development

Kentucky Economic Development Finance Authority (KEDFA)
Kentucky Business Investment (KBI) Program

- Projects that achieve actual job and wage results equal to or greater than 90 percent of the targets will be eligible to claim 100 percent of the annual maximum approved cost for the following year.
- Projects that achieve actual job and wage results less than 90 percent of the targets will incur a reduction of the annual maximum approved cost for the following year equal to the same proportion by which the project fell below its targets. If both targets are missed, the greater percentage reduction will be required.
- If the eligible costs incurred as of the activation date are less than the maximum approved costs, the maximum approved costs will be reduced to the confirmed amount of eligible costs and the annual maximum approved costs will be modified accordingly.

The Process

- The company makes application to the Kentucky Economic Development Finance Authority (KEDFA) with the assistance of a Project Manager from Business Development.
- The total amount of incentives to be recommended for approval of a project is negotiated with the Cabinet along with the annual maximum incentives available, job targets and wage (including employee benefits) targets as well as any project-specific terms that may apply.
- The project is presented to KEDFA for preliminary approval and, if approved, KEDFA enters into a memorandum of agreement with the company that sets forth the maximum incentives available and the various requirements.
- The company completes its project and provides KEDFA with documentation in connection with the project's eligible costs.
- For projects not located in enhanced incentive counties, a resolution is adopted by the local jurisdiction setting forth its participation prior to final approval of the project.
- The project is presented to KEDFA for final approval at which time a Tax Incentive Agreement is approved by KEDFA that authorizes the incentives for the company and sets forth the terms and conditions.
  - The agreement must be fully negotiated at the time of final approval and all fees due to KEDFA must be paid.
  - The activation date must be identified in the agreement and should be no later than two years from the date of final approval.
- The company activates the Tax Incentive Agreement, initiates its recovery period and begins to utilize the incentives.
- The company submits exhibits annually throughout the term of its project in compliance with the Tax Incentive Agreement.

Fees

A non-refundable application fee of $1,000 is payable upon submission of the KBI application. Prior to final approval, the company will be required to pay an administrative fee equal to one-fourth of one percent (0.25%) of the final KBI amount authorized in the Tax Incentive Agreement up to a maximum of $50,000. In addition, the company will pay all legal fees, including expenses of counsel to KEDFA, necessary for the preparation of the Tax Incentive Agreement.

Kentucky UNBRIDLED SPIRIT
Cabinet for Economic Development

Kentucky Economic Development Finance Authority (KEDFA)
Kentucky Business Investment (KBI) Program

2010/2011 ENHANCED INCENTIVE COUNTIES

1. Adair
2. Allen
3. Bath
4. Bell
5. Boyle
6. Bracken
7. Breathitt
8. Breckinridge
9. Butler
10. Carter
11. Casey
12. Christian
13. Clay
14. Clinton
15. Crittenden
16. Cumberland
17. Edmonson
18. Elliott
19. Estill
20. Fleming
21. Floyd
22. Fulton
23. Garrard
24. Grayson
25. Green
26. Harlan
27. Hickman
28. Jackson
29. Johnson
30. Knott
31. Knox
32. Lawrence
33. Lee
34. Leslie
35. Letcher
36. Lewis
37. Lincoln
38. Lyon
39. Magoffin
40. Marion
41. Martin
42. McCreary
43. McLean
44. Meade
45. Menifee
46. Metcalfe
47. Monroe
48. Montgomery
49. Morgan
50. Muhlenberg
51. Nelson
52. Nicholas
53. Owen
54. Owsley
55. Pendleton
56. Perry
57. Powell
58. Pulaski
59. Robertson
60. Rockcastle
61. Russell
62. Spencer
63. Taylor
64. Todd
65. Trimble
66. Union
67. Washington
68. Wayne
69. Whitley
70. Wolfe

JUNE 30, 2010 DECERTIFIED ENHANCED INCENTIVE COUNTIES
Must have final approval by July 1, 2013

1. Carlisle
2. Graves
3. Pike

JUNE 30, 2009 DECERTIFIED ENHANCED INCENTIVE COUNTIES
Must have final approval by July 1, 2012

1. Ballard
2. Hart
3. Marshall

For further information contact:

Chuck Willis
Kentucky Cabinet for Economic Development
Department of Financial Incentives
Old Capitol Annex
300 West Broadway
Frankfort, Kentucky 40601
(502) 564-4554 x 3332
Chuck.Willis@ky.gov

01/13/2011

LOUISVILLE GAS AND ELECTRIC COMPANY
KENTUCKY UTILITIES COMPANY

Response to the Commission Staff's First Information Request
Dated April 14, 2011

Case No. 2011-00103

Question No. 3

Witness: Cheryl E. Bruner / F. Howard Bush

Q-3. Refer to Bush Testimony at page 4, lines 1-3.

a. Do LG&E and KU believe that extending the term of the brownfield development rates from 8 to 10 years will be more conducive for attracting customers given that there are no current customers?

b. Describe how LG&E and KU have advertised or promoted the current brownfield development rider.

A-3. a. LG&E and KU are uncertain whether extending the term of contract for the brownfield (re-development) application from 8 years to 10 years will be more conducive to attracting customers. They proposed the change to meet SUMMARY, 14. on page 27 of the Commission's Order in ADMINISTRATIVE CASE NO. 327, "*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.....*"

b. LG&E and KU actively work with site selection consultants and other decision makers to market Kentucky as a location for business investment. Low cost, reliable electricity has long been a major part of Kentucky's recruitment story. The advent of the Companies' current brownfield rider added a tool to help promote Kentucky. Our promotional efforts include active participation in the Industrial Asset Management Council, "the leading association of industrial asset management and corporate real estate executives, their suppliers and service providers, and economic developers." It also includes active participation in the outreach activities of Kentucky United, a coalition of Kentucky economic development agencies that promote the Commonwealth to site selection consultants, commercial/industrial real estate brokers, developers, and existing businesses and industries outside Kentucky. In addition, we market LG&E and KU rate options, along with other Kentucky assets, through a website the Companies established to encourage economic development, www.site-selection.com. We also work daily with our community economic development partners to promote our rate options to allow them to gain a competitive advantage. We believe opportunities to promote the brownfield rate will increase as more communities participate in the voluntary brownfield inventory program.

LOUISVILLE GAS AND ELECTRIC COMPANY
KENTUCKY UTILITIES COMPANY

Response to the Commission Staff's First Information Request
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Case No. 2011-00103

Question No. 4

Witness: F. Howard Bush

Q-4. Refer to Bush Testimony at page 5, lines 19-22.

a. Explain why the repayment of any capital investment by the customer is due five years after the termination of the EDR contract.

b. Will interest be charged on the customer's repayment amount?

c. What would be LG&E's or KU's recourse in the event a customer is unable to pay the capital investment when it becomes due?

A-4. a. One of the impediments to new loads has been refundable contributions. Under normal circumstances such contributions are made at the beginning of or during the construction of the electric facilities needed to provide service and refunded over a ten-year period based on the revenue stream provided by the customer's demand charges. To relieve potential economic development customers from the financial pressure of providing such funds up front, LG&E and KU are proposing any capital investment not justified by the demand revenue stream of these customers be repaid at the end of the refund period. Because up to the first year of service may be at lower demands while operations ramp up and there would be five years of discounted billing, LG&E and KU propose the refund period be for a fifteen-year period starting up to a year after service is initiated. This would be after the end of the EDR contract's initial term but while the customer is still on service providing jobs and value to the community.

b. No, there will be no interest charges on the customer's refund amount.

c. In the event there is a capital investment balance unjustified by the demand revenue stream and remaining at the end of the refund period, the only recourse available to LG&E and KU, in the event the customer is unable to repay that balance, would be that under the legal system as for any other customer in debt to the companies.

LOUISVILLE GAS AND ELECTRIC COMPANY
KENTUCKY UTILITIES COMPANY

Response to the Commission Staff's First Information Request
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Case No. 2011-00103

Question No. 5

Witness: F. Howard Bush

Q-5. Refer to Exhibits FHB-1 through 4.

a. What are the consequences if a customer fails to meet the minimum demand requirements under LG&E's and KU's proposed tariffs or special contracts?

b. Where is it expressly stated in LG&E's and KU's tariffs or special contracts what the consequences will be if a customer fails to meet the minimum demand requirements?

c. Explain how a customer who fails to meet the minimum demand requirements will be billed charges for past, current, and future periods.

A-5. a. EDR is a rider to a standard rate, therefore, the consequences of a customer failing to meet the minimum demand requirements of a particular tariff are provided for in the standard rate tariff. As a rider, there are no specific consequences of a customer failing to meet the minimum load provision under the EDR special contract during the discount period.

b. Each rate schedule's minimum demand requirements are set out in the "RATE" section of the schedule. As an example, for KU's TODP;

Where:
the monthly billing demand for the Peak and Intermediate Demand Periods is the greater of:
a) the maximum measured load in the current billing period, or
b) a minimum of 50% of the highest billing demand in the preceding eleven (11) monthly billing periods, and
the monthly billing demand for the Base Demand Period is the greater of:
a) the maximum measured load in the current billing period but not less than 250 kVA, or
b) a minimum of 75% of the highest billing demand in the preceding eleven (11) monthly billing periods, or

c) *a minimum of 75% of the contract capacity based on the maximum load expected on the system or on facilities specified by Customer.*

The minimum demand requirements of the EDR special contract will follow the applicable rate schedule. The discount is applied to the demand charge, including any minimum demand charge.

c. EDR is a rider to a standard rate. The standard rate will be applied to the metered data, including any other demand riders such as CSR10. EDR will be applied and the net demand charges discounted. Then any monthly adjustment factors and taxes will be added. A bill so rendered will not be changed unless there should be a problem with the metered data. The next or present bill would be affected by the past bill only to the extent the minimum ratchet of the standard rate was affected. Similarly, future bills would be affected by any past bills only to the extent the minimum ratchet of the standard rate was affected.

LOUISVILLE GAS AND ELECTRIC COMPANY
KENTUCKY UTILITIES COMPANY

Response to the Commission Staff's First Information Request
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Case No. 2011-00103

Question No. 6

Witness: Cheryl E. Bruner

Q-6. Would LG&E and KU consider applying the EDR to an existing customer who, but for economic incentives being provided by the state, local government or public agency, would leave the companies' service areas?

A-6. No. We are aware that many industries have consolidated in response to changes in the global economy, potentially causing customers to consider leaving our service areas. However, at this time, we believe the best option to stimulate economic growth is to focus the EDR on qualifying new and expanding firms. Firms that are in a growth mode in the current economic environment provide the clearest path to new jobs and investment in Kentucky. This strategy allows us to leverage our resources in the areas where we think we can make the most positive impact.

LOUISVILLE GAS AND ELECTRIC COMPANY
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Response to the Commission Staff's First Information Request
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Case No. 2011-00103

Question No. 7

Witness: Cheryl E. Bruner

Q-7. There are many factors considered when a company is deciding to locate its operations to a particular area of the nation. Without revealing a company's name or time period, has any company not chosen to locate in Kentucky due to the lack of an EDR only and chose to locate in a neighboring state that has an EDR? Explain.

A-7. There are a host of factors that affect the decision for a project's location; the cost of energy is but one. To our knowledge, Kentucky has not lost a project solely due to the lack of an EDR. An EDR is most beneficial to Kentucky early in a project's selection process as site locators narrow the selection of possible sites through a series of checks. Though not a guarantee that Kentucky will eventually win a project, an EDR increases the likelihood that a given project will locate in the Commonwealth, and not having an EDR can contribute to losing a potential project. Indeed, we are aware of a project that chose a site in Tennessee rather than Kentucky because economic benefits were made available to them for a number of years. An EDR would have been beneficial in competing for this project.

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Case No. 2011-00103

Question No. 8

Witness: Cheryl E. Bruner

Q-8. Exhibit CEB-1 contains a small sample of requests for information that LG&E and KU have received in recent years that ask about EDRs and incentives. Do companies that make inquiry make reference to neighboring states that have EDRs and incentives? Explain

A-8. No, requests for information do not specifically reference other states or their incentives. Only when it is in a potential project's best interest, usually in the final stages of negotiation, has information about competing states or utilities sometimes been revealed.

LOUISVILLE GAS AND ELECTRIC COMPANY
KENTUCKY UTILITIES COMPANY

Response to the Commission Staff's First Information Request
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Case No. 2011-00103

Question No. 9

Witness: Cheryl E. Bruner

Q-9. Do LG&E and KU have an Economic Development Department, and if so, what is the organizational structure, number of full-time employees and job responsibilities? Explain.

A-9. Yes. The LG&E and KU economic development/major accounts department resides in Retail Business, reporting to the Director of Customer Service and Marketing, the VP of Energy Delivery-Retail Business, the Senior VP of Energy Delivery, and to the Chief Executive Officer.

The mission of the five-member team, located in Louisville, Lexington, and Morganfield, is to advance economic development using marketing and collaborative resources for all communities within the LG&E and KU service territories. The team manages projects; recommends sites; assists with detailed energy infrastructure, capacity, rate quotes, efficiency, power quality, reliability, split service territory, redundancy, transmission, generation, customer service, and competitive tariffs. The team is committed to a statewide systematic approach through the geographic information system, external marketing strategies, and the expansion of existing businesses.

LOUISVILLE GAS AND ELECTRIC COMPANY
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Response to the Commission Staff's First Information Request
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Case No. 2011-00103

Question No. 10

Witness: Cheryl E. Bruner

Q-10. Within LG&E's and KU's operating areas, how many known brownfield locations and economic development and industrial park areas could potential customers who meet the load requirements locate to? Explain.

A-10. The Energy and Environmental Cabinet's Department for Environmental Protection-Division of Compliance Assistance oversees Kentucky's Brownfield Program. The Division's current inventory consists of approximately 100 sites, most of which have received state or federal brownfield funding for improvements. The Cabinet estimates there may be as many as 8,000 brownfield sites in Kentucky. The Companies have not yet attempted to identify which of these are in our service territories.

Kentucky currently markets 237 active commercial/industrial real estate sites/parks, totaling 48,906 acres, and an additional 200 active building sites. In addition to these known sites, there are innumerable privately owned sites throughout Kentucky that are also being marketed.

LOUISVILLE GAS AND ELECTRIC COMPANY
KENTUCKY UTILITIES COMPANY

Response to the Commission Staff's First Information Request
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Case No. 2011-00103

Question No. 11

Witness: F. Howard Bush

Q-11. In the Bush Testimony at page 2, a "brownfield site" is defined as "a property that is abandoned or underutilized due to real or perceived contamination."

a. Explain the reasoning that a two-year vacancy requirement was imposed in the current brownfield development rider.

b. Are LG&E and KU aware of any Kentucky statutory or regulatory requirement imposing a two-year vacancy on commercial or industrial entities wanting to relocate to a brownfield site?

A-11. a. The Companies intended the two-year vacancy requirement to ensure that the sites at which Brownfield Development Rider customers located were genuinely undesirable, making it appropriate to offer demand incentives for customers to locate at such sites. As I explained at page 4 of my testimony, the Companies now propose to remove the two-year vacancy requirement the tariff due to having lost at least one potential brownfield customer because of the requirement.

b. No.

LOUISVILLE GAS AND ELECTRIC COMPANY
KENTUCKY UTILITIES COMPANY

Response to the Commission Staff's First Information Request
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Case No. 2011-00103

Question No. 12

Witness: F. Howard Bush

Q-12. Do LG&E and KU have adequate generating capacity to handle additional load that might occur due to the implementation of the EDR and the change in the two-year vacancy rule of a brownfield site? Explain.

A-12. The Companies cannot reasonably forecast how much additional load might result from their proposed EDR implementation and change in the two-year vacancy rule for a brownfield site. But no customer will be able to take EDR service without first having a special contract approved by the Commission; obtaining such approval will require a demonstration by the serving utility that it then has adequate capacity to serve the customer at issue.

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Question No. 13

Witness: F. Howard Bush

Q-13. Exhibit FHB-5 for LG&E and Exhibit FHB-6 for KU show the proposed billing of potential qualified customers if the EDRs are approved by the Commission. In the examples given, is the environmental surcharge factor applied to the EDR and the Curtailable Service Rider? Explain.

A-13. No. The Environment Surcharge Factor is not applied to the Curtailable Service Riders. The applicable rates are listed under AVAILABILITY OF SERVICE of the Commission-approved Environment Cost Recovery Surcharge, and CSR is not among them. Similarly, LG&E and KU do not propose applying the Environment Surcharge Factor to the EDR discounts.