



a PPL company

Mr. Ralph Bowling  
Vice President – Power Production  
Louisville Gas and Electric Company  
Kentucky Utilities Company  
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July 10, 2015

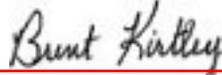
**RE: *Louisville Gas and Electric Company’s Application  
For Adjustments in its Electric and Gas Rates -  
Case No. 2014-00372***

Dear Mr. Bowling:

On November 24, 2014, Louisville Gas and Electric Company (“LG&E”) filed an application with the Kentucky Public Service Commission (“Commission”) requesting an increase in its gas and electric rates, including the rates contained in the special contract under which Louisville Gas and Electric Company (“LG&E”) and Kentucky Utilities (“KU”), on behalf of their Electric Generation Businesses, receive natural gas sales and transportation service under a special contract for their Mill Creek and Paddy’s Run facilities.

On April 20, 2015, LG&E filed a Settlement Agreement, Stipulation, and Recommendation with the Commission proposing rates lower than those originally proposed on November 24, 2014. On June 30, 2015, after evidentiary hearings, the Commission issued its Order in Case No. 2014-00372, approving the rates submitted by LG&E in the Stipulation and Recommendation, including the rates contained in the aforementioned special contract.

The rates approved by the Commission to become effective with service rendered on and after July 1, 2015, are set forth below:

<b>KENTUCKY PUBLIC SERVICE COMMISSION</b>
<b>JEFF R. DEROUEN EXECUTIVE DIRECTOR</b>
<b>TARIFF BRANCH</b>

<b>EFFECTIVE 7/1/2015</b>
<b>PURSUANT TO 807 KAR 5:011 SECTION 9 (1)</b>

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Vice President – Power Production  
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Under the portion of the special contract for service to the Mill Creek facility, which incorporates by reference sales service provided under LG&E's Firm Industrial Gas Rate IGS, LG&E proposes to increase the Monthly Sales Customer Charge from \$175.00 to \$180.00, and the Demand Charge from \$10.86 per Mcf to \$11.2629 per Mcf, and the Distribution Charge from \$0.3210 per Mcf to \$0.33290 per Mcf. These proposed rates for the Mill Creek facility will result in an increase in annual billings to LG&E's and KU's electric generation businesses of \$84,600, or an increase of 2.05%, based on the forecasted pro-forma results for the 12 months ended June 30, 2016.

Under the portion of the special contract for service to the Paddy's Run facility, which incorporates by reference transportation service provided under LG&E's Firm Transportation Service (Non-Standby) Rate FT, LG&E is proposing an increase in the Monthly Transportation Customer Charge Per Generating Facility from the current \$781.00 to \$800.00, an increase in the Monthly Demand Charge per Mcf from the current \$2.43 to \$2.4801, and an increase in the Distribution Charge per Mcf Delivered from the current \$0.0487 to \$0.0497. LG&E is proposing no change to the current Daily Storage Charge of \$0.1833 per Mcf. These proposed rates for the Paddy's Run facility will result in an increase in annual billings to LG&E's and KU's electric generation businesses of \$27,598, or an increase of 2.06%, based on the forecasted pro-forma results for the 12 months ended June 30, 2016.

The total proposed increase in annual billings to LG&E's and KU's electric generation businesses is \$112,198, or an increase of 2.055%, based on the forecasted pro-forma results for the 12 months ended June 30, 2016.

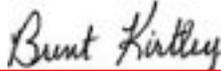
All other provisions of your contract, not specifically mentioned herein, remain the same as those in effect prior to the date of the Commission's Order of June 30, 2015, and all other Tariffs and Riders applicable to this contract will continue to apply.

If you have any further questions regarding this matter, please contact me.

Sincerely,



Rick E. Lovekamp

<b>KENTUCKY PUBLIC SERVICE COMMISSION</b>
<b>JEFF R. DEROUEN EXECUTIVE DIRECTOR</b>
TARIFF BRANCH 
EFFECTIVE <b>7/1/2015</b> PURSUANT TO 807 KAR 5:011 SECTION 9 (1)