



Matthew G. Bevin
Governor

Charles G. Snaveley
Secretary
Energy and Environment Cabinet

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

Michael J. Schmitt
Chairman

Robert Cicero
Vice Chairman

Talina R. Mathews
Commissioner

January 31, 2019

Hon. Charles Booker
House of Representatives
Commonwealth of Kentucky
702 Capitol Avenue
Capitol Annex, Suite 424
Frankfort, KY 40601

Dear Representative Booker:

Thank you for your letter regarding scheduling of the public hearing in KY PSC Case No. 2018-00295, Application Of Louisville Gas And Electric Company For An Adjustment Of Its Electric And Gas Rates. The public hearing is set for Thursday, February 21, 2019, with an informational session at 5:30 p.m., and comments at 6:30 p.m at the Health Sciences Auditorium, Health Sciences Hall, Jefferson Community and Technical College located at 110 W. Chestnut in Louisville.

I have enclosed the press release with further details regarding this case.

With kindest regards,

A handwritten signature in blue ink, appearing to read "Michael J. Schmitt".

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Chairman



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NEWS RELEASE

Contact: Andrew Melnykovich
502-782-2564 or 502-564-3940
502-330-5981 (cell)
Andrew.Melnykovich@ky.gov

PSC Sets Public Meetings in LG&E and KU Rate Cases *Louisville meeting on Feb. 21, Lexington meeting on Feb. 26*

FRANKFORT, Ky. (Jan. 31, 2019) – The Kentucky Public Service Commission (PSC) will hold public meetings in Louisville and Lexington to present information and receive comments on the requests for rate increases by the Kentucky Utilities Co. (KU) and the Louisville Gas & Electric Co. (LG&E).

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

The meetings are scheduled for:

Louisville

Thursday, February 21, 5:30 p.m. EST
Health Sciences Auditorium
Health Sciences Hall
Jefferson Community and Technical College
110 W. Chestnut

Lexington

Tuesday, February 26, 5:30 p.m. EST
Classroom Building, Rooms 105-106-107
Bluegrass Community & Technical College
Newtown Campus
500 Newtown Pike

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

Both LG&E and KU are subsidiaries of the PPL Corp. Kentucky Utilities has about 523,000 electric customers in 77 counties across Kentucky. Louisville Gas & Electric has about 411,000 electric customers in nine counties in the Louisville area and 326,000 natural gas customers in 17 counties.

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Kentucky Utilities has proposed to increase its electric rates across all classes of customers in order to generate an additional \$112 million in revenue per year – an increase of about 6.9 percent. The company estimates that the base rate portion of the monthly bill for residential customers would, on average, rise by \$9.63, to \$124.93, an increase of about 8.4 percent from the current monthly average of \$115.30.

The proposed increase for KU residential customers would come through raising the monthly service charge from the current \$12.25 per month to 53 cents per day, or \$15.90 for a 30-day billing cycle. The charge per kilowatt-hour (a kilowatt-hour is the amount of electricity used by a 100-watt light bulb in 10 hours) would increase from 9.05 cents to 9.55 cents.

LG&E has proposed to increase its electric rates across all classes of customers in order to generate an additional \$35 million in revenue per year – an increase of about 3.1 percent. The company estimates that the base rate portion of the average monthly bill for residential customers would rise by \$4.23 to \$102.51, an increase of about 4.3 percent from the current average of \$98.28.

The proposed increase for LG&E residential electric customers would come through raising the monthly service charge from the current \$12.25 per month to 53 cents per day, or \$15.90 for a 30-day billing cycle. The charge per kilowatt-hour would increase from 9.38 cents to 9.42 cents.

The base rate component of the monthly natural gas bill for an average LG&E residential customer would rise from \$35.92 to \$40.85, an increase of \$4.93, or about 13.7 percent. The company is proposing to increase the monthly fee per meter from \$16.35 to 65 cents per day, or 19.50 for a 30-day billing cycle. The delivery charge per 1,000 cubic feet of gas would increase by 28 cents, from the current \$3.63 to \$3.91.

The base rate does not include the cost of the gas itself, which accounts for about half the total bill. The gas cost is adjusted every three months to reflect - on a dollar-for-dollar basis – the amount LG&E pays for gas on the wholesale market.

LG&E estimates that the base rate changes would increase its annual revenue from natural gas operations by \$25 million, or about 7.5 percent.

The proposed KU and LG&E rates reflect the impact of the reduction in federal corporate income tax that took effect at the beginning of 2018. That means that when the new rates take effect, customers will stop receiving the credit that was established to pass on the tax savings until new rates could be set.

Expiration of the credit will increase bills in addition to any rate adjustment. KU residential customers will pay an additional \$3.84 per month, on average. For LG&E residential customers, monthly electric bills will increase by an average of \$3.30 and monthly natural gas bills by an average of \$2.21 when the tax adjustment credit expires.

In their applications to adjust rates, KU and LG&E state that the increases are needed to reflect increased operating costs, including investments made to improve reliability and safety. The companies also cite the need to maintain the rate of return for their shareholders and investors.

The KU and LG&E applications and related documents are available on the PSC website, psc.ky.gov. The case numbers are 2018-00294 (KU) and 2018-00295 (LG&E).

The public meetings are an opportunity for ratepayers to deliver comments on rate cases in person to the members of the PSC.

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Written comments will be accepted at the meetings. Written comments also may be mailed to the PSC at P.O. Box 615, Frankfort, KY 40602, faxed to 502-564-3460 or e-mailed from the PSC website.

The evidentiary hearing in the cases will be combined into a single proceeding, to be held at the PSC offices at 211 Sower Boulevard in Frankfort. KU and LG&E will appear before the PSC on Tuesday, March 5, beginning at 9 a.m. EDT. The hearing, which may last several days, will be open to the public. Written comments will be accepted through the conclusion of the hearing.

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

The PSC is an independent agency attached for administrative purposes to the Energy and Environment Cabinet. It regulates more than 1,100 gas, water, sewer, electric and telecommunication utilities operating in Kentucky.

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FOLLOW THE PSC ON TWITTER @KYPSC

QUESTIONS OR PROBLEMS REGARDING YOUR UTILITY SERVICE?

CALL THE PSC CONSUMER HOTLINE: 800-772-4636

*Honorable Allyson K Sturgeon
Senior Corporate Attorney
LG&E and KU Energy LLC
220 West Main Street
Louisville, KENTUCKY 40202

*Thomas J FitzGerald
Counsel & Director
Kentucky Resources Council, Inc.
Post Office Box 1070
Frankfort, KENTUCKY 40602

*Honorable Kendrick R Riggs
Attorney at Law
Stoll Keenon Ogden, PLLC
2000 PNC Plaza
500 W Jefferson Street
Louisville, KENTUCKY 40202-2828

*William H May, III
Hurt, Deckard & May
The Equus Building
127 West Main Street
Lexington, KENTUCKY 40507

*G. Houston Parrish
Labor Law Attorney
Office of the Staff Judge Advocate, B
50 3rd Avenue
Fort Knox, KENTUCKY 40121

*Kent Chandler
Assistant Attorney General
Office of the Attorney General Office of Rate
700 Capitol Avenue
Suite 20
Frankfort, KENTUCKY 40601-8204

*Barry Alan Naum
Spilman Thomas & Battle, PLLC
1100 Brent Creek Blvd., Suite 101
Mechanicsburg, PENNSYLVANIA 17050

*Hannah Wigger
Sheppard Mullin Richter & Hampton LLP
2099 Pennsylvania Avenue NW, Suite 1
Washington, DISTRICT OF COLUMBIA 20006

*Larry Cook
Assistant Attorney General
Office of the Attorney General Office of Rate
700 Capitol Avenue
Suite 20
Frankfort, KENTUCKY 40601-8204

*Carrie M Harris
Spilman Thomas & Battle, PLLC
1100 Brent Creek Blvd., Suite 101
Mechanicsburg, PENNSYLVANIA 17050

*Jody Kyler Cohn
Boehm, Kurtz & Lowry
36 East Seventh Street
Suite 1510
Cincinnati, OHIO 45202

*Honorable Lisa Kilkelly
Attorney at Law
Legal Aid Society
416 West Muhammad Ali Boulevard
Suite 300
Louisville, KENTUCKY 40202

*Don C A Parker
Spilman Thomas & Battle, PLLC
1100 Brent Creek Blvd., Suite 101
Mechanicsburg, PENNSYLVANIA 17050

*Janice Theriot
Zielke Law Firm PLLC
1250 Meidinger Tower
462 South Fourth Avenue
Louisville, KENTUCKY 40202

*Laurence J Zielke
Zielke Law Firm PLLC
1250 Meidinger Tower
462 South Fourth Avenue
Louisville, KENTUCKY 40202

*Emily W Medlyn
General Attorney
U.S. Army Legal Services Agency Regul
9275 Gunston Road
Fort Belvoir, VIRGINIA 22060

*Justin M. McNeil
Office of the Attorney General Office of Rate
700 Capitol Avenue
Suite 20
Frankfort, KENTUCKY 40601-8204

*Mark E Heath
Spilman Thomas & Battle, PLLC
300 Kanawha Blvd, East
Charleston, WEST VIRGINIA 25301

*Eileen Ordovery
Legal Aid Society
416 West Muhammad Ali Boulevard
Suite 300
Louisville, KENTUCKY 40202

*Honorable Kurt J Boehm
Attorney at Law
Boehm, Kurtz & Lowry
36 East Seventh Street
Suite 1510
Cincinnati, OHIO 45202

*Michael J O'Connell
Jefferson County Attorney
600 West Jefferson St., Suite 2086
Louisville, KENTUCKY 40202

*Honorable Michael L Kurtz
Attorney at Law
Boehm, Kurtz & Lowry
36 East Seventh Street
Suite 1510
Cincinnati, OHIO 45202

*Louisville Gas and Electric Company
220 W. Main Street
P. O. Box 32010
Louisville, KY 40232-2010

*Honorable Matthew R Malone
Attorney at Law
Hurt, Deckard & May
The Equus Building
127 West Main Street
Lexington, KENTUCKY 40507

*M. Todd Osterloh
Sturgill, Turner, Barker & Moloney, PLLC
333 West Vine Street
Suite 1400
Lexington, KENTUCKY 40507

*Paul Werner
Sheppard Mullin Richter & Hampton LLP
2099 Pennsylvania Avenue NW, Suite 1
Washington, DISTRICT OF COLUMBIA 20006

*Rebecca W Goodman
Assistant Attorney General
Office of the Attorney General Office of Rate
700 Capitol Avenue
Suite 20
Frankfort, KENTUCKY 40601-8204

*Honorable Robert C Moore
Attorney At Law
Stites & Harbison
421 West Main Street
P. O. Box 634
Frankfort, KENTUCKY 40602-0634

*Robert M Conroy
Director, Rates
Louisville Gas and Electric Company
220 W. Main Street
P. O. Box 32010
Louisville, KY 40202

*Louisville Gas and Electric Company
220 W. Main Street
P. O. Box 32010
Louisville, KY 40232-2010