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NEWS RELEASE

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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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PSC Sets Public Meetings in LG&E and KU Rate Cases – Page 2

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.

-30-

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