

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

**In the Matter of:**

<b>APPLICATION OF KENTUCKY</b>	)	
<b>UTILITIES COMPANY FOR AN</b>	)	<b>CASE NO. 2012-00221</b>
<b>ADJUSTMENT OF ITS ELECTRIC</b>	)	
<b>RATES</b>	)	

**KENTUCKY UTILITIES COMPANY'S**  
**APPLICATION FOR AUTHORITY TO ADJUST ELECTRIC RATES**

Applicant, Kentucky Utilities Company (“KU”), pursuant to KRS Chapter 278 and the applicable sections of 807 KAR Chapter 5, hereby applies to the Kentucky Public Service Commission (“Commission”) for authority to adjust its electric rates effective August 1, 2012.<sup>1</sup> KU’s Notice of Intent to File a Rate Application, required by 807 KAR 5:001, Section 10(2) and 807 KAR 5:011, Section 8(1), was filed with the Commission on June 1, 2012, and is attached hereto at Tab 10 of the Filing Requirements.

In support of its Application, KU states as follows:

1. The full name and mailing address of KU are: Kentucky Utilities Company, Post Office Box 32010, 220 West Main Street, Louisville, Kentucky 40232. KU is a Kentucky corporation authorized to do business in the Commonwealth of Kentucky.

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<sup>1</sup> The stated effective date for the changes in rates is August 1, 2012, greater than thirty days from the date of filing, pursuant to KRS 278.180 and 807 KAR 5:011. Said effective date is subject to Article I.1.1 of the Settlement Agreement attached to and approved in the September 30, 2010 Order of this Commission in Case No. 2010-00204. Article I.1.1 of the Settlement Agreement expressly permits filing of a base rate case during 2012, but prescribes that no new base rates can take effect before January 1, 2013. KU files its application and provides this notice with the expectation that the Commission will subsequently order the customary five-month suspension of the proposed rates pursuant to KRS 278.190. KU therefore requests that the Commission conduct its review during this suspension period and issue an order permitting new rates to take effect for service rendered on and after January 1, 2013.

2. KU is a utility engaged in the electric business. KU generates and purchases electricity, and distributes and sells electricity at retail in the following counties in Central, Northern, Southeastern and Western Kentucky:

Adair	Edmonson	Jessamine	Ohio
Anderson	Estill	Knox	Oldham
Ballard	Fayette	Larue	Owen
Barren	Fleming	Laurel	Pendleton
Bath	Franklin	Lee	Pulaski
Bell	Fulton	Lincoln	Robertson
Bourbon	Gallatin	Livingston	Rockcastle
Boyle	Garrard	Lyon	Rowan
Bracken	Grant	Madison	Russell
Bullitt	Grayson	Marion	Scott
Caldwell	Green	Mason	Shelby
Campbell	Hardin	McCracken	Spencer
Carlisle	Harlan	McCreary	Taylor
Carroll	Harrison	McLean	Trimble
Casey	Hart	Mercer	Union
Christian	Henderson	Montgomery	Washington
Clark	Henry	Muhlenberg	Webster
Clay	Hickman	Nelson	Whitley
Crittenden	Hopkins	Nicholas	Woodford
Daviess			

3. A certified copy of KU's Articles of Incorporation is on file with the Commission in Case No. 2010-00204, *In the Matter of: The Joint Application of PPL Corporation, E.ON AG, E.ON U.S. LLC, Louisville Gas and Electric Company and Kentucky Utilities Company for Approval of an Acquisition of Ownership and Control of Utilities*, filed on May 28, 2010, and is incorporated by reference herein pursuant to 807 KAR 5:001, Section 8(3).

4. This Application constitutes notice to the Commission pursuant to KRS 278.180(1) of the changes proposed to be made to KU's electric rates. KU's Statutory Notice is attached to this Application. KU is filing its Certificate of Notice to the public of

the changes in its tariffs that result in increased rates, which Certificate is attached hereto at Tab 9 of the Filing Requirements.

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

Lonnie E. Bellar  
Vice President – State Regulation and Rates  
LG&E and KU Energy LLC  
220 West Main Street  
Louisville, Kentucky 40202  
lonnie.bellar@lge-ku.com

Allyson K. Sturgeon  
Senior Corporate Attorney  
LG&E and KU Energy LLC  
220 West Main Street  
Louisville, Kentucky 40202  
allyson.sturgeon@lge-ku.com

Robert M. Conroy  
Director – Rates  
LG&E and KU Energy LLC  
220 West Main Street  
Louisville, KY 40202  
robert.conroy@lge-ku.com

Rick E. Lovekamp  
Manager – Regulatory Affairs  
LG&E and KU Energy LLC  
220 West Main Street  
Louisville, KY 40202  
rick.lovekamp@lge-ku.com

Kendrick R. Riggs  
W. Duncan Crosby III  
Barry L. Dunn  
Stoll Keenon Ogden PLLC  
2000 PNC Plaza  
500 West Jefferson Street  
Louisville, Kentucky 40202-2828  
kendrick.riggs@skofirm.com  
duncan.crosby@skofirm.com  
barry.dunn@skofirm.com

Robert M. Watt III  
Lindsey W. Ingram III  
Monica H. Braun  
Stoll Keenon Ogden PLLC  
300 West Vine Street, Suite 2100  
Lexington, Kentucky 40507-1801  
robert.watt@skofirm.com  
l.ingram@skofirm.com  
monica.braun@skofirm.com

**Adjustment of Electric Rates**

6. KU requests Commission approval of a change in existing rates and tariffs for electric service. KU proposes to change its existing rates and tariffs to those rates and charges set forth in the proposed tariff attached hereto at Tab 7 of the Filing Requirements. A comparison of the present and proposed rates and charges is attached hereto at Tab 8 of the Filing Requirements. KU does not currently have any special contracts for retail electric service. The proposed adjustments in electric rates will result in an increase in operating revenues of approximately \$82.4 million or 6.5% per year based on adjusted consumption during the 12 months ended March 31, 2012.

7. The monthly residential electric bill increase due to the proposed electric base rates will be 8.03%, or approximately \$7.41, for a customer using 1,178 kWh of electricity (the average monthly consumption of a KU residential customer).

**Support for Change in Existing Rates and Tariffs**

8. KU supports its request for a change in its existing rates and tariffs for electric service with the verified testimony and exhibits of the following persons:

- Victor A. Staffieri, Chairman, Chief Executive Officer and President
- Paul W. Thompson, Senior Vice President – Energy Services
- Chris Hermann, Senior Vice President – Energy Delivery
- Kent W. Blake, Chief Financial Officer

- Valerie L. Scott, Controller
- Shannon L. Charnas, Director – Utility Accounting and Reporting
- John J. Spanos, Senior Vice President, Gannett Fleming, Inc.
- Daniel K. Arbough, Treasurer
- William E. Avera, President, FINCAP, Inc.
- Lonnie E. Bellar, Vice President – State Regulation and Rates
- Robert M. Conroy, Director – Rates

9. KU further supports its request for a change in its existing rates and tariffs for electric service with the following exhibits complying with the requirements of 807 KAR 5:001, Section 10:

<b>Tab</b>	<b>Filing Requirement</b>	<b>Description</b>
<b>1</b>	807 KAR 5:001 Section 10(1)(a)1	Reason for Rate Adjustment
<b>2</b>	807 KAR 5:001 Section 10(1)(a)2	Most Recent Annual Reports
<b>3</b>	807 KAR 5:001 Section 10(1)(a)3	Articles of Incorporation
<b>4</b>	807 KAR 5:001 Section 10(1)(a)4	Limited Partnership Agreement
<b>5</b>	807 KAR 5:001 Section 10(1)(a)5	Certificate of Good Standing
<b>6</b>	807 KAR 5:001 Section 10(1)(a)6	Certificate of Assumed Name
<b>7</b>	807 KAR 5:001 Section 10(1)(a)7	Proposed Tariff
<b>8</b>	807 KAR 5:001 Section 10(1)(a)8	Proposed Tariff Changes
<b>9</b>	807 KAR 5:001 Section 10(1)(a)9	Statement about Customer Notice
<b>10</b>	807 KAR 5:001 Section 10(2)	Notice of Intent
<b>11</b>	807 KAR 5:001 Section 10(3)	Customer Notice Information
<b>12</b>	807 KAR 5:001 Section 10(4)(a)	Sewer Utility Notices
<b>13</b>	807 KAR 5:001 Section 10(4)(b)	Typewritten Notices by Mail
<b>14</b>	807 KAR 5:001 Section 10(4)(c)	Other Customer Notices
<b>15</b>	807 KAR 5:001 Section 10(4)(d)	Publisher's Affidavit
<b>16</b>	807 KAR 5:001 Section 10(4)(e)	Verification - Mailed Notices
<b>17</b>	807 KAR 5:001 Section 10(4)(f)	Sample Notices Posted
<b>18</b>	807 KAR 5:001 Section 10(4)(g)	Comply w/ 807 KAR 5:051, Section 2
<b>19</b>	807 KAR 5:001 Section 10(5)	Hearing Notice Published
<b>20</b>	807 KAR 5:001 Section 10(6)(a)	Describe and Explain Adjustments

<b>Tab</b>	<b>Filing Requirement</b>	<b>Description</b>
<b>21</b>	807 KAR 5:001 Section 10(6)(b)	Testimony (Revenues > \$1.0 mm)
<b>22</b>	807 KAR 5:001 Section 10(6)(c)	Testimony (Revenues < \$1.0 mm)
<b>23</b>	807 KAR 5:001 Section 10(6)(d)	New Rates Effect - Overall Revenues
<b>24</b>	807 KAR 5:001 Section 10(6)(e)	Average Customer Class Bill Impact
<b>25</b>	807 KAR 5:001 Section 10(6)(f)	Local Telephone Exchange Companies
<b>26</b>	807 KAR 5:001 Section 10(6)(g)	Analysis of Customer Bills
<b>27</b>	807 KAR 5:001 Section 10(6)(h)	Revenue Requirements Determination
<b>28</b>	807 KAR 5:001 Section 10(6)(i)	Reconcile Rate Base & Capitalization
<b>29</b>	807 KAR 5:001 Section 10(6)(j)	Current Chart of Accounts
<b>30</b>	807 KAR 5:001 Section 10(6)(k)	Annual Auditor's Opinion(s)
<b>31</b>	807 KAR 5:001 Section 10(6)(l)	FERC Audit Reports
<b>32</b>	807 KAR 5:001 Section 10(6)(m)	FERC Form 1s
<b>33</b>	807 KAR 5:001 Section 10(6)(n)	Depreciation Study
<b>34</b>	807 KAR 5:001 Section 10(6)(o)	Computer Software, Hardware, etc.
<b>35</b>	807 KAR 5:001 Section 10(6)(p)	Stock or Bond Prospectuses
<b>36</b>	807 KAR 5:001 Section 10(6)(q)	Annual Reports to Shareholders
<b>37</b>	807 KAR 5:001 Section 10(6)(r)	Monthly Management Reports
<b>38</b>	807 KAR 5:001 Section 10(6)(s)	SEC Reports (10Ks, 10Qs, and 8Ks)
<b>39</b>	807 KAR 5:001 Section 10(6)(t)	Affiliate, et. al., Allocations/Charges
<b>40</b>	807 KAR 5:001 Section 10(6)(u)	Cost-of-Service Study
<b>41</b>	807 KAR 5:001 Section 10(6)(v)	Local Telephone Exchange Companies
<b>42</b>	807 KAR 5:001 Section 10(7)(a)	Financial Statements w/ Adjustments
<b>43</b>	807 KAR 5:001 Section 10(7)(b)	Capital Construction Budget
<b>44</b>	807 KAR 5:001 Section 10(7)(c)	Pro Forma Adjustments - Plant
<b>45</b>	807 KAR 5:001 Section 10(7)(d)	Pro Forma Adjustments - Operating
<b>46</b>	807 KAR 5:001 Section 10(7)(e)	Period-End Customer Additions, etc.

10. The Application for a general adjustment of electric rates is supported by a twelve month historical test year in accordance with 807 KAR 5:001, Section 10(1)(a) with the test period ending March 31, 2012. KU's financial exhibit, prescribed in 807 KAR 5:001, Section 6, is attached hereto as the "Financial Exhibit."

11. The testimony and exhibits to the application demonstrate the rates, terms and conditions proposed for electric service are fair, just, and reasonable under KRS 278.030.

**WHEREFORE**, Kentucky Utilities Company respectfully requests the Kentucky Public Service Commission, consistent with Article I.1.1 of the Settlement Agreement attached to and incorporated into the Commission's Order in Case No. 2010-00204, to enter an order:

1. Approving the revised tariff sheets for gas and electric service at Tab 7 of the Filing Requirements, as applicable: (a) for service rendered on and after January 1, 2013; and (b) for purposes of KU's fuel adjustment clause and environmental surcharge, beginning with the January 2013 expense month for billings in March 2013; and

2. Granting all other relief to which Kentucky Utilities Company may be entitled.

Dated: June 29, 2012

Respectfully submitted,



Lonnie E. Bellar  
Vice President, State Regulation and Rates  
LG&E and KU Energy LLC  
220 West Main Street  
Louisville, Kentucky 40202



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

Kendrick R. Riggs  
W. Duncan Crosby III  
Barry L. Dunn  
Stoll Keenon Ogden PLLC  
2000 PNC Plaza  
500 West Jefferson Street  
Louisville, Kentucky 40202-2828  
Telephone: (502) 333-6000

-and-

Robert M. Watt III  
Lindsey W. Ingram III  
Monica H. Braun  
Stoll Keenon Ogden PLLC  
300 West Vine Street, Suite 2100  
Lexington, Kentucky 40507-1801

*Counsel for Kentucky Utilities Company*



**CERTIFICATE OF COMPLIANCE**

In accordance with Ordering Paragraph No. 10 of the Commission's June 22, 2012 Order, this is to certify that Kentucky Utilities Company's June 29, 2012 electronic filing is a true and accurate copy of the documents being filed in paper medium; that the electronic filing has been transmitted to the Commission on June 29, 2012; that there are currently no parties that the Commission has excused from participation by electronic means in this proceeding; that an original and one copy of the filing is being hand-delivered to the Commission on June 29, 2012; and that, on June 29, 2012, electronic mail notification of the electronic filing will be provided to the following:

Dennis G. Howard II  
Lawrence W. Cook  
Office of the Attorney General  
Office of Rate Intervention  
1024 Capital Center Drive, Suite 200  
Frankfort, KY 40601-8204  
dennis.howard@ag.ky.gov  
larry.cook@ag.ky.gov

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

David J. Barberie  
Managing Attorney  
Department of Law  
Lexington-Fayette Urban County Government  
200 East Main Street  
Lexington, KY 40507  
dbarberi@lexingtonky.gov

Iris G. Skidmore  
Bates & Skidmore  
415 W. Main Street, Suite 2  
Frankfort, KY 40601  
batesandskidmore@gmail.com

  
Counsel for Kentucky Utilities Company