

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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| In the Matter of: |) | |
| |) | |
| KENTUCKY CABLE TELECOMMUNICATIONS ASSOCIATION, |) | |
| |) | |
| COMPLAINANT |) | CASE NO. 2014-00025 |
| |) | |
| v. |) | |
| |) | |
| LOUISVILLE GAS AND ELECTRIC COMPANY AND KENTUCKY UTILITIES COMPANY, |) | |
| |) | |
| DEFENDANTS. |) | |

**MEMORANDUM IN SUPPORT OF THE MOTION OF
LOUISVILLE GAS AND ELECTRIC COMPANY AND
KENTUCKY UTILITIES COMPANY
TO DISMISS THE COMPLAINT**

Louisville Gas and Electric Company (“LG&E”) and Kentucky Utilities Company (“KU”) (collectively “the Companies”) submit this memorandum in support of their Motion to Dismiss the Complaint.

STATEMENT OF THE CASE

The Companies are utilities that provide electric service to more than 900,000 customers across Kentucky.¹ In addition to furnishing electric service, the Companies permit cable television providers to attach their equipment to the Companies’ utility poles for an annual fee per attachment that is billed in semi-annual installments. As of December 31, 2012, KU

¹ *Annual Report of Kentucky Utilities Co. for the Calendar Year Ended December 31, 2012* at 4 – 5. *Annual Report of Louisville Gas and Electric Co. for the Calendar Year Ended December 31, 2012* at 4 - 5. LG&E also owns and operates facilities used in the storage, transmission and distribution of natural gas to approximately 320,000 customers in 15 Kentucky counties.

provided this service to 23 cable television service providers² and LG&E provided this service to a single cable television service provider - Time-Warner Cable.³

Kentucky Cable Telecommunications Association (“KCTA”) is a non-profit Kentucky corporation, whose 15 members provide cable television service in various areas of the Commonwealth.⁴ Six of its members have attached their equipment to the Companies’ utility poles.⁵

On June 29, 2012, the Companies filed applications with the Commission to adjust their rates, including their pole attachment fees. The Companies published notice of their proposed rate adjustment, which clearly reflected the proposed increases to the Companies’ pole attachment fees. This notice fully complied with Commission regulations and used the same format that the Companies had used in their prior rate cases.⁶ Upon receipt of these applications, the Commission established Case Nos. 2012-00221 and 2012-00222 to review the proposed rate adjustments. Nine entities intervened in one or both of the proceedings.⁷ Although having

² KU’s Response to Commission Staff’s Second Request for Information, Item 9 (filed Aug. 14, 2012 in Case No. 2012-00221, *Application of Kentucky Utilities Company for an Adjustment of Its Electric Rates* (Ky. PSC filed June 29, 2012)).

³ LG&E’s Response to Commission Staff’s Second Request for Information, Item 9 (filed Aug. 14, 2012 in Case No. 2012-00222, *Application of Louisville Gas and Electric Company for an Adjustment of Its Electric Gas Rates, a Certificate of Public Convenience and Necessity, Approval of Ownership of Gas Service Line, and a Gas Line Surcharge* (Ky. PSC filed June 29, 2012)).

⁴ These members include: Access Cable TV, Armstrong Cable Services, Big Sandy Broadband, C & W Cable, Comcast, Harlan Community Television, Inter Mountain Cable, Irvine Community TV, Reimer Communications, Lycom Communications, Mediacom, Suddenlink, Time Warner Cable, and TVS Cable. See KCTA’s Response to the Commission’s January 17, 2013 Order at 1 (filed Jan. 24, 2013 in Case No. 2012-00544, *The Petition of the Kentucky Cable Telecommunications Association for a Declaratory Order that the Commission Has Jurisdiction to Regulate the Pole Attachment Rates, Terms, and Conditions of Cooperatives that Purchase Electricity from the Tennessee Valley Authority* (Ky. PSC filed Dec. 3, 2012)).

⁵ These members are: Access Cable TV, Comcast, Harlan Community Television, Mediacom, Reimer Communications, LLC, and Time Warner Cable.

⁶ See Exhibits 1 - 2. Copies of the KU notice from Case Nos. 2009-00548 and 2012-00221 are provided as examples.

⁷ These intervening parties were: the Attorney General; Community Action Council for Lexington-Fayette, Bourbon, Harrison and Nicholas Counties, Inc.; Kentucky Industrial Utility Customers, Inc.; The Kroger Company; Kentucky School Boards Association; Lexington-Fayette Urban County Government; Association of Community Ministries, Inc.; Hess Corporation, and Stand Energy Corporation.

notice of the Commission proceedings and having intervened⁸ and presented expert witness testimony in the Companies' last general rate adjustment proceedings, KCTA chose not to intervene.

After extensive discovery, including requests for information regarding the pole attachment methodology on which the Companies' fees were based,⁹ the parties negotiated a detailed settlement agreement that they presented to the Commission for its review and approval. On December 20, 2012, after a hearing on the agreement, the Commission entered Orders approving the agreement, which included the Companies' proposed pole attachment fees as adjusted for the return on equity set forth in the agreement and authorizing the change in rates, including the pole attachment rates, to be effective for service rendered on and after January 1, 2013.

In March 2013 - less than three months after the Companies' pole attachment fees went into effect - KCTA complained to the Companies and requested reductions in the fees. In response, the Companies met with KCTA's representatives. In August 2013, the Companies, in

⁸ Case No. 2009-00549, *Application of Louisville Gas and Electric Company for an Adjustment of Electric and Gas Base Rates* (Ky. PSC Mar. 3, 2010); Case No. 2009-00548, *Application of Kentucky Utilities Company for an Adjustment of Base Rates* (Ky. PSC Mar. 3, 2010). KCTA has frequently sought intervention in Commission proceedings, *See, e.g.*, Case No. 2010-00185, *Application of Blue Grass Energy Cooperative Corporation for an Adjustment of Its Security Deposit and Cable Television Attachment Rates* (Ky. PSC June 24, 2010); Case No. 2005-00341, *General Adjustment of Rates of Kentucky Power Company* (Ky. PSC Nov. 10, 2005); Case No. 2005-00125, *Application of Big Sandy Rural Electric Cooperative Corporation* (Ky. PSC Aug. 3, 2005); Case No. 2004-00442, *Application of Clark Energy Cooperative, Inc. For Routine Revision of Existing CATV Pole Attachments* (Ky. PSC Mar. 29, 2005); Case No. 2003-00056, *Kentucky Cable Telecommunications Association v. Jackson Purchase Energy Corporation* (Ky. PSC filed Feb. 14, 2003); Case No. 2000-529, *The Application of Clark Energy Cooperative, Inc. For Authorization to Increase CATV Attachment Rates* (Ky. PSC Jan. 5, 2001); Case No. 2000-414, *Application of Blue Grass Energy Cooperative Corporation to Adjust Its Rates* (Ky. PSC Oct. 3, 2000); Case No. 2000-373, *Application of Jackson Energy Cooperative Corporation To Adjust Electric Rates* (Ky. PSC Dec. 18, 2000); Case No. 2000-359, *Application of Cumberland Valley Electric, Inc. To Adjust Its Rates* (Ky. PSC Sept. 29, 2000).

⁹ *See, e.g.*, Case No. 2012-00221, Commission Staff's Second Request for Information to Kentucky Utilities Company (Ky. PSC issued July 31, 2012), Items 9 and 94; Case No. 2012-00221, Commission Staff's Third Request for Information to Kentucky Utilities Company (Ky. PSC issued Aug. 27, 2012), Item 27; Case No. 2012-00222, Commission Staff's Second Request for Information to Louisville Gas & Electric Company (Ky. PSC issued July 31, 2012), Items 9 and 127; Case No. 2012-00222, Commission Staff's Third Request for Information to Louisville Gas & Electric Company (Ky. PSC issued Aug. 27, 2012), Item 50.

compliance with their tariffs, issued bills for pole attachments from January 1 to June 30, 2013. All pole attachment customers, except one, paid their bills in full. That pole attachment customer, a KCTA member, refused to pay the full amount billed.

On January 24, 2014, KCTA filed a complaint alleging that the pole attachment fees set forth in the December 20, 2012 Orders were incorrectly calculated, fail to follow the Commission's "pole rate methodology" and are excessive, unjust and unreasonable in violation of Kentucky law.¹⁰ KCTA further stated that some KCTA "members have not paid the new pole rates implemented by KU and LG&E . . . and await a decision by this Commission as to what pole rates are just and reasonable."¹¹

In February 2014, the Companies, in compliance with their filed tariffs, issued bills for pole attachments from July 1 to December 31, 2013. Again, all but one of the Companies' pole attachment customers paid their bills in full. The customer who failed to pay its August 2013 bill has yet to pay the billed amount and, as of March 13, 2014, has an outstanding balance of \$1,132.392.58 for pole attachment service.¹²

ARGUMENT

KCTA's Complaint should be dismissed for four principal reasons. First, it constitutes an improper collateral attack on the Commission's final orders in Case Nos. 2012-00221 and 2012-00222 and is therefore barred by the doctrine of *res judicata*. Second, the Complaint is contrary to public policy and the principles of administrative economy as it will require the expenditure of valuable and limited resources of the Commission, the Companies and the intervening parties of

¹⁰ KCTA Complaint at ¶¶ 21 and 22. For the most part, these alleged errors are the same as those that KCTA's witness alleged in her written testimony in Case Nos. 2009-00548 and 2009-00549. *See* Direct Testimony of Patricia D. Kravtin at 13-23 (filed Apr. 22, 2010 in Case No. 2009-000548); Direct Testimony of Patricia D. Kravtin at 13-23 (filed Apr. 22, 2010 in Case No. 2009-000549).

¹¹ KCTA Complaint at ¶ 24.

¹² On March 12, 2014, a representative for the customer advised a partial payment would be forthcoming. The payment was not received as of March 17, 2014.

Case Nos. 2012-00221 and 2012-00222 to needlessly re-litigate the reasonableness of the Companies' pole attachment fees that were recently examined in fully litigated rate proceedings that KCTA chose to ignore. Third, the Complaint lacks any supporting testimony or analyses. Fourth, KCTA lacks standing to bring the Complaint.

1. KCTA is Collaterally Estopped From Relitigating the Reasonableness of the Companies' Pole Attachment Fees.

The doctrine of *res judicata* bars the adjudication of issues that have already been litigated or should have been litigated in a prior case between the same or similar parties.¹³ It applies to quasi-judicial acts of an administrative agency acting within its jurisdiction¹⁴ unless a significant change of conditions or circumstances has occurred between the administrative proceedings.¹⁵ *Res judicata* has two subparts: claim preclusion and issue preclusion.¹⁶ Issue preclusion, which is also known as collateral estoppel, bars further litigation when the issues in the two proceedings are the same, the adjudicator in the previous proceeding reached a final decision or judgment on the merits of the case, the issue in the prior action was necessary to the adjudicator's final decision, and the estopped party had a fair opportunity to litigate the issue.¹⁷

All of the elements of collateral estoppel are present in this case, barring KCTA's Complaint. First, the only issue identified in KCTA's Complaint, which is the reasonableness of

¹³ 47 Am. Jur.2d *Judgments* § 464.

¹⁴ *Williamson v. Public Service Commission*, 174 S.W.2d 526, 529 (Ky.1943); *Cardinal Bus Lines v. Consolidated Coach Corp.*, 72 S.W.2d 7 (Ky. 1934). The Commission has applied this doctrine to dismiss complaints. *See, e.g.*, Case No. 97-311, *Orbin and Margie Brock v. Western Rockcastle Water Association* (Ky. PSC Feb. 25, 1998); Case No. 91-277, *Dovie Sears v. Salt River Water District and Kentucky Turnpike Water District* (Ky. PSC June 30, 1992).

¹⁵ *Bank of Shelbyville v. Peoples Bank of Bagdad*, 551 S.W.2d 234, 236 (Ky.1977). *See also* Case No. 2002-00317, *The Joint Petition of Kentucky-American Water Company, Thames Water Aqua Holdings GmbH, RWE Aktiengesellschaft, Thames Water Aqua US Holdings, Inc., Apollo Acquisition Company and American Water Works Company, Inc. for Approval of a Change of Control of Kentucky-American Water Company* (Ky. PSC. Oct. 16, 2002) at 10 (finding that the principles of *res judicata* bar the Commission "from considering issues already litigated and addressed . . . unless conditions or circumstances have changed such that the Commission should reconsider these issues"). In its Complaint, KCTA does not allege any change in circumstances.

¹⁶ *Yeoman v. Commonwealth*, 983 S.W.2d 459, 464 (Ky.1998).

¹⁷ *Id.*

the Companies' pole attachment fees, was addressed in Case Nos. 2012-00221 and 2012-00222. Second, the Commission closely reviewed the fees and the methodology used to calculate the fees in the earlier proceedings. In its Orders, the Commission emphasized that the settlement agreement's schedule of rates had been closely reviewed, declaring that it could not "defer to the decision of the parties as to what constitutes 'fair, just and reasonable' rates" but must review the entire record and apply its "expertise to make an independent decision as to the level of rates (including terms and conditions of service) that should be approved."¹⁸ The Commission noted that it had "performed its traditional ratemaking analysis, which consists of reviewing the reasonableness of each revenue and expense adjustment proposed or justified by the record, along with a determination of a fair return on equity."¹⁹ Based upon this review, the Commission concluded that "the provisions in the Settlement will produce a revenue requirement and increases in base rates consistent with those justified by our traditional ratemaking analysis"²⁰ and were in the public interest. It found that the rates set forth in the agreement were "fair, just and reasonable."²¹

Third, the reasonableness of the Companies' pole attachment fees was a necessary component of the Commission's decision in Case Nos. 2012-00221 and 2012-00222. KRS 278.030 permits the Companies to assess only "fair, just, and reasonable rates" for their services and prohibits the Commission from authorizing any rate that is not "fair, just, and reasonable." To approve the rates and charges set forth in the settlement agreement, the Commission necessarily determined the reasonableness of each rate, including the pole attachment fees. It could not otherwise have performed its statutory obligations.

¹⁸ Case No. 2012-00221, Order of Dec. 20, 2012 at 5; Case No. 2012-00222, Order of Dec. 20, 2012 at 7 - 8.

¹⁹ Case No. 2012-00221, Order of Dec. 20, 2012 at 5-6; Case No. 2012-00222, Order of Dec. 20, 2012 at 8.

²⁰ Case No. 2012-00221, Order of Dec. 20, 2012 at 6; Case No. 2012-00222, Order of Dec. 20, 2012 at 8.

²¹ Case No. 2012-00221, Order of Dec. 20, 2012 at 11; Case No. 2012-00222, Order of Dec. 20, 2012 at 16.

As to the fourth element, KCTA had fair opportunity to litigate the reasonableness of the Companies' pole attachment fees. Although KCTA did not intervene in Case Nos. 2012-00221 or 2012-00222, its interests were represented by the Attorney General in those proceedings. "KRS 367.150(8)(a) makes the Attorney General's Consumer Protection Division the representative of all customers of a particular utility whenever that office chooses to intervene in a rate case before the PSC."²² The Attorney General intervened and actively participated in both proceedings and was a signatory to the settlement agreement.

Notwithstanding the Attorney General's participation, that KCTA is precluded from challenging the reasonableness of the Companies' pole attachment fees because it had notice of the rate proceeding and the opportunity to intervene. In Case No. 91-277,²³ a group of customers filed a complaint challenging the reasonableness of a water utility's existing rates. Contending that the reasonableness of its rates had been litigated in a recently completed rate proceeding, the water utility moved to dismiss the complaint on the grounds that the doctrine of *res judicata* barred the complaint. Opposing the motion, the customers argued that neither they as a group nor the Attorney General on behalf of all of the water utility's customers had intervened in the rate proceeding.²⁴ Finding that "proper public notice was given to the ratepayers" of the water utility's proposed rates in the rate case proceeding, these customers had had the opportunity to intervene in the rate proceeding and that the issues raised in the complaint had been litigated in the rate case, the Commission granted the water utility's motion to dismiss. The Commission

²² Case No. 8496, *The Complaint of the City of Barbourville et. al vs. Delta Natural Gas Company, Inc.* (Ky. PSC May 5, 1982) at 2. See also *State ex rel. Public Service Comm'n v. Boone Circuit Court*, 138 N.E.2d 4, 7 (Ind. 1956) ("Every rate payer, whether or not he actually intervenes or participates in a rate proceeding, is bound by such proceeding when instituted after notice as provided by law. If there is no intervention or active participation, his interest, nevertheless, is represented by the Public Counselor").

²³ Case No. 91-277, *Dovie Sears v. Salt River Water District and Kentucky Turnpike Water District* (Ky. PSC June 30, 1992).

²⁴ *Id.* at 2.

noted that “it is the [customers’] opportunity to have intervened and participated which acts to preclude those issues from further litigation.”²⁵

The Idaho Supreme Court reached a similar conclusion in *Utah-Idaho Sugar Co. v. Intermountain Gas Co.*, 597 P.2d 1058 (Idaho 1979). In that case, an industrial customer brought a complaint against a natural gas utility in which it alleged procedural errors in the proceeding in which the utility’s current rates were approved. Just seven months earlier the Idaho Public Utilities Commission (“IPUC”) had approved the rates in a formal proceeding. The industrial customer had received notice of the proposed rates and sent its representative to observe the public hearings on the proposed rates, but chose not to intervene in the proceeding. It neither sought rehearing or judicial review of IPUC’s Order approving the rates. Finding that the industrial customer’s complaint was an impermissible collateral attack on the rate order, the IPUC dismissed the complaint. Affirming the IPUC’s action, the Idaho Supreme Court declared:

U & I was apprised of the proposed rate increases which were to be considered in Commission Case No. U-1034-38 and of its right to participate in the hearings in which those proposed increases were considered by the Commission. Review of alleged procedural errors occurring in Commission proceedings which are not so substantial as to deny an interested party due process must be sought either in the Commission’s proceedings, by petition for rehearing made to the Commission after a decision has been rendered or by appeal to this Court from a Commission order.²⁶

KCTA’s reliance²⁷ on the holding of Case No. 99-393²⁸ to assert that KCTA’s decision not to intervene in the Companies’ recent rate cases does not bar its challenge to the Companies’

²⁵ *Id.*

²⁶ *Id.* at 1064. In its complaint, the industrial customer also alleged that the natural gas utility improperly applied the approved rates and this improper application of the rates resulted in unjust rate discrimination. The IPUC also dismissed this portion of the complaint as an improper collateral attack. Finding this portion of the complaint was not an impermissible collateral attack on the IPUC’s Order, but a request that the rates be properly enforced, the Idaho Supreme Court reversed that portion of the IPUC’s Order.

²⁷ Complaint at ¶ 25.

²⁸ Case No. 99-393, *Fidelity Corporate Real Estate, LLC v. The Union Light, Heat and Power Company* (Ky. PSC Feb. 25, 2000).

pole attachment fees is misplaced. Case No. 99-393 is not remotely similar to the present case. In Case No. 99-393, over six years elapsed between the completion of the proceeding in which the Commission approved the rule at issue and the filing of the complaint challenging that rule. Here, KCTA took issue with the Companies' pole attachment fees less than three months after the Commission approved them. Unlike Case No. 99-393 in which the complainant was not a customer of the utility at the time of the initial proceeding and had not previously participated in any Commission proceeding, KCTA's members have long been customers of the Companies and KCTA has a lengthy history of sophisticated participation in the Companies' rate proceedings. Unlike Case No. 99-393, in which there is no evidence that the complainant had notice of the Commission proceeding that established the challenged rule, KCTA acknowledges having full notice of Case Nos. 2012-00221 and 2012-00222. Finally, unlike Case No. 99-393 in which the requested relief was prospective in nature, KCTA contends that the Companies' pole attachment fees have been unlawful and unreasonable since their inception and its members refuse to pay the approved charges and "await a decision . . . as to what pole rates are just and reasonable. In short, Case No. 99-393 is not comparable to the current case and its holding is not applicable.

Given that KCTA had the opportunity to litigate the reasonableness of the Companies' pole attachment fees in Case Nos. 2012-00221 and 2012-00222 and chose not to do so, the doctrine of *res judicata* bars KCTA from now litigating that issue through the complaint process and requires dismissal of KCTA's Complaint.

2. Permitting KCTA's Complaint to Proceed Will Result in Waste of Public Resources and is Contrary to Sound Public Policy.

Sound public policy and administrative economy require dismissal of KCTA's Complaint. Allowing the Complaint to proceed will require the expenditure of valuable and limited public resources to needlessly re-litigate not only the reasonableness of the Companies'

pole attachment fees, but of **all** rates and charges. It will likely require the involvement and resources of the parties who intervened in the earlier proceedings.

The reasonableness of the Companies' pole attachment fees cannot be examined in isolation, but must be considered in light of the Companies' present financial condition.²⁹ In other Commission proceedings, KCTA has maintained that a full review of a utility's financial condition is necessary when examining an electric utility's pole attachment fees. For example, in Case No. 2010-00185,³⁰ in which an electric utility attempted to revised only its security deposit and its pole attachment fees, KCTA criticized the electric utility's alleged failure to address all its fees and charges. In its motion for dismissal of the application, KCTA argued:

[Blue Grass Energy's application] does not offer any information about, or seek to change, its rates for any services other than pole attachments. (The title of its application - "adjustment of security deposit and cable television attachment tariffs" - demonstrates as much). It does not demonstrate its overall revenue requirements, or how they may have changed since its last general rate case just two years ago. And it does not provide the Commission with any of the information required by 807 KAR 5:001 to analyze revenue needs, including "return on net investment rate base, return on capitalization, interest coverage, debt service coverage," and "[a] reconciliation of the rate base and capital used to determine its revenue requirements." Instead, Blue Grass seeks a "waiver" from these requirements, as well as many other substantive requirements of KAR 5:001 Section 10. Blue Grass thus seeks to raise certain rates in a vacuum instead of quantifying its overall revenue needs, going through the usual rate-design procedures, and determining the best way to equitably recoup any shortfall.

...

The Legislature has never created a special exception to the single-issue ratemaking rule for cable attachment costs. **And that means the rate increase Blue Grass seeks can only be sought "in the context of a general rate case." Blue Grass's attempt to bypass**

²⁹ See Case No. 2004-00319, *Application of Jackson Purchase Energy Corporation for Adjustments in Existing Cable Television Attachment Tariff* (Ky. PSC Sept. 14, 2005) at 9.

³⁰ Case No. 2010-00185, *Adjustment of Security Deposit and Cable Television Attachment Tariffs for Blue Grass Energy Cooperative Corporation* (Ky. PSC filed June 1, 2010).

that rule and engage in “single-issue ratemaking” must be rejected.³¹

If KCTA’s Complaint proceeds, then the Companies’ entire financial condition becomes the subject of review. The Companies’ current expenses, revenues, rate base and return on investment must be examined. Such examination, if not a full-blown rate case proceeding, is at least a “mini-rate case” and will require significant expenditure of the Companies’ resources.³² To the extent that the Commission must review this information, it requires a similar expenditure of the Commission’s resources.

Such a review is likely to be further complicated and lengthened by the intervention of other parties who participated in Case Nos. 2012-00221 and 2012-00222 and are signatories to the agreement that resolved those cases. The Complaint seeks to revise one feature of the carefully and painstakingly negotiated agreement. Revision to one term of that agreement, however, alters the assumptions upon which the agreement is based, potentially deprives one or more of the parties to that agreement of the benefits and protections that they negotiated, including forms of consideration that are not otherwise obtainable through litigation, and upsets the delicate balance the agreement established. Because the rate revisions that KCTA seeks may adversely affect interests of other signatories to the agreement, due process requires at a minimum that these signatories be notified of the current proceeding and allowed an opportunity

³¹ Case No. 2010-00185, KCTA’s Motion to Dismiss at 1 – 3 (filed June 18, 2010) (citations omitted) (emphasis added).

³² The Companies are entitled to recover these expenditures from their customers. *See Driscoll v. Edison Light & Power Co.*, 307 U.S. 104, 120 (1939) (“Even where the rates in effect are excessive, on a proceeding by a Commission to determine reasonableness, . . . a utility should be allowed its fair and proper expenses for presenting its side to the commission.”); *Solar Electric Co. v. Pennsylvania Pub. Util. Comm’n*, 9 A.2d 447 (Pa. Super. Ct. 1939). *See also* Case No. 89-0029, *Application and Notice of Campbell County, Kentucky Water District (A) To Issue Revenue Bonds in the Approximate Principal Amount of \$5,535,000 (A) To Construct Additional Plant Facilities of Approximately \$4,523,000 (C) Notice of Adjustment of Rates Effective May 1, 1989 (D) Submission of Long Term Water Supply Contract* (Ky. PSC Mar. 6, 1989).

to protect their interests in the agreement. Most are likely to seek intervention to defend the product of their negotiations.

Absent a showing of changed circumstances, initiating “a mini-rate case” within a year of the completion of the previous rate proceedings is contrary to the principle of administrative economy. KCTA is a sophisticated litigant, had adequate opportunity to intervene in Case Nos. 2012-00221 and 2012-00222, to review the agreement, to make known its objections to that agreement, to review the Commission’s Orders, and to seek rehearing within the statutory period. It, however, chose not to do. To proceed with KCTA’s complaint would foster unnecessary and wasteful litigation and establish a very harmful precedent. KCTA’s complaint, if sustained, would permit sophisticated intervenors who have full notice of the proposed change in rates future rate case proceedings, to lurk silently on the sidelines and, if the resulting rates are not to their satisfaction, to immediately attack the reasonableness of those rates through the complaint process. Dismissal of KCTA’s Complaint, therefore, is fully justified.

Dismissal of KCTA’s Complaint will not permanently deprive its members of the opportunity to question the Companies’ pole attachment fees. Due to the amount of capital investment required by the Companies’ construction program to build facilities necessary to serve the public convenience and necessity, the Companies expect to apply for an adjustment of rates within the next 12 months. When the Companies file their applications, notice will be provided and KCTA will have the opportunity to intervene and challenge the reasonableness of the Companies’ pole attachment fees, just as they did in the Companies’ most recent rate cases.³³

³³ Should the Commission rule against the Companies’ *Motion to Dismiss KCTA’s Complaint*, it should for purposes of administrative economy stay the complaint proceeding pending the filing of new applications for rate adjustment by the Companies. KCTA’s Complaint can then be consolidated with the Companies’ applications and the reasonableness of the Companies’ pole attachment fees can be determined within a comprehensive review of the Companies’ rates and financial condition. Holding KCTA’s Complaint in abeyance, furthermore, will avoid the potential of piecemeal litigation and the likelihood of a “mini-rate case” shortly followed by a full-blown rate case.

3. KCTA's Complaint Lacks Supporting Evidence and Provides No Basis For A Rate Investigation.

The Commission long ago established that mere allegations are insufficient to initiate a rate investigation and that a complaint seeking a review of a utility's rates must contain supporting testimonial and analytical evidence. In Case No. 9847,³⁴ the Commission dismissed a complaint challenging LG&E's rates because the complaint "included no analysis of LG&E's current cost of capital or LG&E's current earnings to substantiate its request for the Commission to initiate hearings to adjust LG&E's rates."

Similarly, in Case No. 2009-00096,³⁵ the Commission dismissed a complaint seeking the review of a Certificate of Public Convenience and Necessity due to an alleged change of circumstances because of the complainants' failure to provide supporting evidence with their complaint: "Given that a lengthy proceeding on the facilities was completed less than ten months before the filing of the first Complaint and that a new investigation is likely to result in delays and the expenditure of significant resources," the Commission found, "a new investigation should not be commenced based upon unsupported allegations and without some supporting testimonial or analytical evidence."³⁶

Like the cases discussed above, KCTA's Complaint is devoid of any supporting analyses, studies or testimony. It contains mere assertions of alleged errors. In its Order of March 7, 2014, the Commission found that the Complaint "is unsupported by any evidence or sworn testimony."³⁷ In the absence of such support, Commission precedent requires dismissal of the Complaint.

³⁴ Case No. 9847, *Kentucky Industrial Utility Customers v. Louisville Gas & Electric Co.* (Ky. PSC Feb. 21, 1987).

³⁵ Case No. 2009-00096, *Chris Schimmoeller and Connie Lemley v. Kentucky-American Water Co.* (Ky. PSC Nov. 24, 2009).

³⁶ *Id.* at 5.

³⁷ Order of Mar. 7, 2014 at 1.

4. KCTA Lacks Standing to Bring Its Complaint.

A party has standing to bring a complaint against a utility on behalf of its members only to the extent that it is a customer of the utility or has been authorized by its members who are customers of that utility.³⁸ In its Complaint, KCTA does not allege that it is a customer of the Companies. While it asserts in the Complaint that it represents certain KCTA members who are the Companies' customers, it fails to identify those members and which of those members have authorized KCTA to bring the Complaint. A general statement that an association has members who are served by a defendant utility is not sufficient to establish standing to bring a complaint.³⁹ Accordingly, KCTA has failed to allege standing to bring the complaint and this failure requires the Complaint's dismissal.

CONCLUSION


As KCTA's Complaint seeks to re-litigate issues that the Commission decided in Case Nos. 2012-00221 and 2012-00222, it is barred by the doctrine of *res judicata*. The Complaint is also contrary to public policy as it would require a considerable expenditure of resources by several entities, including the Commission, to address issues that were just recently litigated and decided. Furthermore, the Complaint lacks any supporting testimony or analyses and KCTA lacks standing to bring the Complaint. Accordingly, the Commission should grant the Companies' Motion and dismiss KCTA's Complaint.

³⁸ Case No. 2009-00426, *John Patterson v. East Kentucky Power Cooperative, Inc.* (Ky. PSC Dec. 22, 2009) at 5. See also Case No. 99-082, *Kentucky Industrial Utility Customers, Inc. v. Louisville Gas and Electric Co.* (Ky. PSC Apr. 13, 1999) at 5 – 6 (holding that a nonprofit corporation has standing to bring a complaint on behalf of its members challenging the reasonableness of utility rates when the complaint indicates the names of the members who have authorized the complaint and who are served by the defendant utility).

³⁹ Case No. 2009-00426, Order of Dec. 22, 2009 at 5-6 (“Other than a general statement in the complaint that many of the members of the three organizations are EKPC customers, the complaint does not set forth specific, named members of the Sierra Club, the Kentucky Environmental Foundation, or Kentuckians for the Commonwealth who have authorized these organizations to file the instant complaint on their behalf. Accordingly, the Commission finds that the Sierra Club, the Kentucky Environmental Foundation, and Kentuckians for the Commonwealth lack standing to bring the instant complaint challenging the CPCN issued to EKPC for the construction of Smith Unit 1.”).

Dated: March 17, 2014

Respectfully submitted,

A handwritten signature in blue ink, reading "Kendrick R. Riggs", is written over a horizontal line. The signature is cursive and appears to be on a light-colored background.

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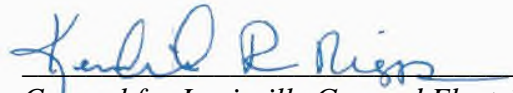
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CERTIFICATE OF COMPLIANCE

In accordance with 807 KAR 5:001, Section 7, this is to certify that Louisville Gas and Electric Company and Kentucky Utilities Company's March 17, 2014 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 March 17, 2014; that there are currently no parties that the Commission has excused from participation by electronic means in this proceeding; and that an original and one copy of the filing is being mailed to the Commission on March 17, 2014.

A handwritten signature in blue ink, appearing to read "Gerald R. Nicks", is written over a horizontal line. The signature is fluid and cursive.

*Counsel for Louisville Gas and Electric Company
and Kentucky Utilities Company*

EXHIBIT 1

KU NOTICE (CASE #2009-00548)

NOTICE

Notice is hereby given that Kentucky Utilities Company seeks approval by the Public Service Commission, Frankfort, Kentucky of an adjustment of electric rates and charges to become effective on and after March 1, 2010.

KU CURRENT AND PROPOSED ELECTRIC RATES**Residential Service - Rate RS****Current Rate**

Customer Charge: \$5.00 per month
 Energy Charge: \$0.06424 per kWh
 Minimum Charge: The Customer Charge.

Proposed Rate

Basic Service Charge: \$15.00 per month
 Energy Charge: \$0.006566 per kWh
 Minimum Charge: The Basic Service Charge.

Volunteer Fire Department Service - Rate VFD**Current Rate**

Customer Charge: \$5.00 per month
 Energy Charge: \$0.06424 per kWh
 Minimum Charge: The Customer Charge.

Proposed Rate

Basic Service Charge: \$15.00 per month
 Energy Charge: \$0.006566 per kWh
 Minimum Charge: The Basic Service Charge.

General Service - Rate GS**Current Rate**

Customer Charge: \$10.00 per meter per month for single-phase service
 \$10.00 per meter per month for three-phase service
 Energy Charge: \$0.07486 per kWh
 Minimum Charge: The Customer Charge.

Proposed Rate

Basic Service Charge: \$20.00 per meter per month for single-phase service
 \$35.00 per meter per month for three-phase service
 Energy Charge: \$0.07719 per kWh
 Minimum Charge: The Basic Service Charge.

NOTICE

Notice is hereby given that Kentucky Utilities Company seeks approval by the Public Service Commission, Frankfort, Kentucky of an adjustment of electric rates and charges to become effective on and after March 1, 2010.

KU CURRENT AND PROPOSED ELECTRIC RATES**Residential Service - Rate RS****Current Rate**

Customer Charge: \$5.00 per month
 Energy Charge: \$0.06424 per kWh
 Minimum Charge: The Customer Charge.

Proposed Rate

Basic Service Charge: \$15.00 per month
 Energy Charge: \$0.06566 per kWh *
 Minimum Charge: The Basic Service Charge.

Volunteer Fire Department Service - Rate VFD**Current Rate**

Customer Charge: \$5.00 per month
 Energy Charge: \$0.06424 per kWh
 Minimum Charge: The Customer Charge.

Proposed Rate

Basic Service Charge: \$15.00 per month
 Energy Charge: \$0.06566 per kWh *
 Minimum Charge: The Basic Service Charge.

* (\$0.006566 per kWh inadvertently stated in January 22-29 publication)

General Service - Rate GS**Current Rate**

Customer Charge: \$10.00 per meter per month for single-phase service
 \$10.00 per meter per month for three-phase service
 Energy Charge: \$0.07486 per kWh
 Minimum Charge: The Customer Charge.

Proposed Rate

Basic Service Charge: \$20.00 per meter per month for single-phase service
 \$35.00 per meter per month for three-phase service
 Energy Charge: \$0.07719 per kWh
 Minimum Charge: The Basic Service Charge.

All Electric School - Rate AES

Current Rate

Energy Charge: \$0.06173 per kWh
 Minimum Charge: An Annual Minimum Charge of \$20.47 per kW for all connected equipment, except air-conditioning and other individual equipment of one kW or less, but not less than \$204.70 per year.

Proposed Rate

Basic Service Charge: \$20.00 per meter per month for single-phase service
 \$35.00 per meter per month for three-phase service
 Energy Charge: \$0.06988 per kWh
 Adjustment Clause: The Demand-Side Management Cost Recovery Mechanism will apply to Rate AES.
 Minimum Charge: The Basic Service Charge.

Power Service – Rate PS

Current Rate

| | Secondary | Primary |
|---|-----------|-----------|
| Customer Charge (per Month) | \$75.00 | \$75.00 |
| Energy Charge (per kWh) | \$0.03386 | \$0.03386 |
| Maximum Load Charge (per kW per month of maximum load) | \$9.42 | \$9.03 |

Minimum Charge: Service under this schedule is subject to an annual minimum of \$91.80 per kilowatt for secondary delivery, and \$87.12 per kilowatt for primary delivery for each yearly period based on the greater of (a), (b), (c), (d), or (e) as follows:

- (a) The highest monthly maximum load during such yearly period;
- (b) The contract capacity, based on the expected maximum kW demand upon the system;
- (c) 60 percent of the kW capacity of facilities specified by the customer;
- (d) Secondary delivery, \$918.00 per year; Primary delivery, \$2,178.00 per year; or
- (e) Minimum may be adjusted where customer's service requires an abnormal investment in special facilities.

Proposed Rate

| | Secondary | Primary |
|---|-----------|-----------|
| Basic Service Charge (per Month) | \$90.00 | \$90.00 |
| Energy Charge (per kWh) | \$0.03750 | \$0.03750 |
| Demand Charge (per kW per month of billing demand) | | |
| Winter Rate | \$9.54 | \$9.14 |
| Summer Rate | \$11.79 | \$11.40 |

Summer Period - Five Billing Periods of May through September
 Winter Period - All Other Months

Where the monthly billing demand is the greater of:
 a) the maximum measured load in the current billing period but not less than 50 kW for secondary service or 25 kW for primary

- service, or
- b) a minimum of 50% of the highest billing demand in the preceding eleven (11) monthly billing periods, or
- c) a minimum of 60% of the contract capacity based on the maximum expected load on the system or on facilities specified by Customer.

Minimum Charge: As determined above with the monthly billing demand.

Time-of-Day Service - Rate TOD

Current Rate

| | Secondary | Primary |
|---|-----------|-----------|
| Customer Charge (per Month) | \$90.00 | \$120.00 |
| Energy Charge (per kWh) | \$0.03386 | \$0.03386 |
| Maximum Load Charge (per kW per month of maximum load) | | |
| On-Peak | \$7.37 | \$6.98 |
| Off-peak | \$2.25 | \$2.25 |

Minimum Charge: Service under this schedule is subject to an annual minimum of \$76.68 per kilowatt for secondary delivery and \$72.00 per kilowatt for primary delivery for each yearly period based on the greatest of (a), (b), (c), (d), or (e) as follows:

- (a) The highest monthly maximum load during such yearly period;
- (b) The contract capacity, based on the expected maximum kW demand upon the system;
- (c) 60 percent of the kW capacity of facilities specified by the customer;
- (d) Secondary delivery, \$918.00 per year; Primary delivery, \$2,178.00 per year; or
- (e) Minimum may be adjusted where customer's service requires an abnormal investment in special facilities.

Proposed Rate (Secondary service under Time-of-Day Rate TOD will be provided under proposed Time-of Day Secondary Service TODS. Primary service under Time-of-Day Rate TOD will be served under proposed Time-of-Day Primary Service TODP.)

Proposed Time-of-Day Secondary Service Rate TODS

| | |
|---|-----------|
| Basic Service Charge (per Month) | \$200.00 |
| Energy Charge (per kWh) | \$0.03758 |
| Maximum Load Charge (per kW per month) | |
| Peak Demand Period | \$4.59 |
| Intermediate Demand Period | \$3.06 |
| Base Demand Period | \$3.71 |

Summer Period - Five Billing Periods of May through September
 Weekdays: Base (all hours), Interm. (10am-10pm), Peak (1pm-7pm)
 Weekends: Base (all hours), Interm. (N/A), Peak (N/A)
 Winter Period - All Other Months
 Weekdays: Base (all hours), Interm (6am-10pm), Peak (6am-12noon)
 Weekends: Base (all hours), Interm. (N/A), Peak (N/A)

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 kW, 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.

Minimum Charge: As determined above with the monthly billing demand.

Large Time-of-Day Service – Rate LTOD

Current Rate

| | |
|---|-----------|
| Customer Charge (per Month) | \$120.00 |
| Energy Charge (per kWh) | \$0.03386 |
| Maximum Load Charge (per kW per month) | |
| On-Peak | \$6.07 |
| Off-peak | \$2.22 |

Minimum Charge: Service under this schedule is subject to an annual minimum of \$61.44 per kilowatt for primary on-peak delivery for each yearly period based on the greatest of (a), (b), (c), (d), or (e) as follows:

- (a) The highest monthly on-peak maximum load during such yearly period;
- (b) The contract capacity, based on the expected on-peak maximum kW demand upon the system;
- (c) Sixty percent of the kW capacity of facilities specified by the customer;
- (d) Primary delivery, \$307,200 per year; or
- (e) Minimum may be adjusted where customer's service requires an abnormal investment in special facilities.

Payments to be made monthly of not less than 1/12 of the Annual Minimum until the aggregate payments during the contract year equal the Annual Minimum. However, payments made in excess of the amount based on above rate schedule will be applied as a credit on billings for energy used during contract year.

Proposed Rate (Primary service under current Time-of-Day Rate TOD and Large Time-of-Day Rate LTOD will be served under proposed Time-of-Day Primary Service Rate TODP.)

Proposed Time-of-Day Primary Service Rate TODP

| | |
|----------------------------------|-----------|
| Basic Service Charge (per Month) | \$300.00 |
| Energy Charge (per kWh) | \$0.03553 |
| Maximum Load Charge | |

| | |
|----------------------------|--------|
| (per kVA per month) | |
| Peak Demand Period | \$4.74 |
| Intermediate Demand Period | \$3.16 |
| Base Demand Period | \$1.97 |

Summer Period - Five Billing Periods of May through September

Weekdays: Base (all hours), Interm. (10am-10pm), Peak (1pm-7pm)

Weekends: Base (all hours), Interm. (N/A), Peak (N/A)

Winter Period - All Other Months

Weekdays: Base (all hours), Interm (6am-10pm), Peak (6am-12noon)

Weekends: Base (all hours), Interm. (N/A), Peak (N/A)

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.

Minimum Charge: As determined above with the monthly billing demand.

Retail Transmission Service Rate RTS

Current Rate

| | |
|--|-----------|
| Customer Charge (per Month) | \$120.00 |
| Energy Charge (per kWh) | \$0.03386 |
| Maximum Load Charge (per kVA per month) | |
| On-Peak | \$5.18 |
| Off-peak | \$1.92 |

Minimum Charge: Service under this rate schedule is subject to an annual minimum of \$52.68 per kVA for transmission on-peak delivery for each yearly period based on the greatest of (a), (b), (c), or (d) as follows:

- (a) The highest monthly on-peak load during such yearly period;
- (b) The contract capacity, based on the expected maximum kW demand upon the system;
- (c) Sixty percent of the kW capacity of facilities specified by the customer; or,
- (d) Minimum may be adjusted where customer’s service requires an abnormal investment in special facilities

Proposed Rate

| | |
|--|-----------|
| Basic Service Charge (per Month) | \$500.00 |
| Energy Charge (per kWh) | \$0.03483 |
| Maximum Load Charge (per kVA per month) | |

| | |
|----------------------------|--------|
| Peak Demand Period | \$4.64 |
| Intermediate Demand Period | \$3.09 |
| Base Demand Period | \$1.04 |

Summer Period - Five Billing Periods of May through September

Weekdays: Base (all hours), Interm. (10am-10pm), Peak (1pm-7pm)
 Weekends: Base (all hours), Interm. (N/A), Peak (N/A)

Winter Period - All Other Months

Weekdays: Base (all hours), Interm (6am-10pm), Peak (6am-12noon)
 Weekends: Base (all hours), Interm. (N/A), Peak (N/A)

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.

Minimum Charge: As determined above with the monthly billing demand.

Industrial Service - Rate IS

Current Rate

| | | |
|--------------------------------------|-----------|--------------|
| Customer Charge (per Month) | \$120.00 | |
| | Primary | Transmission |
| Energy Charge (per kWh) | \$0.03386 | \$0.02930 |
| Demand Charge (per kVA per month) | | |
| Standard Load Charge | | |
| On-Peak | \$5.23 | \$5.02 |
| Off-Peak | \$1.37 | \$1.37 |

Where the monthly Standard On-Peak billing and Off-Peak billing are the greater of the applicable charge per kVA times:

- a) the maximum metered standard demand, as measured over a fifteen (15) minute interval, for each peak period in the monthly billing period;
- b) 60% of the maximum metered standard demand, as determined in (a) above, for each peak period in the preceding eleven (11) monthly billing periods;
- c) 60% of the contract capacity based on the expected maximum demand upon the system; or
- d) minimum may be adjusted where customer's service requires an abnormal investment in special facilities.

| | | |
|---------------|---------|--------------|
| | Primary | Transmission |
| Demand Charge | | |

| | | |
|------------------------------|--------|--------|
| (per kVA per month) | | |
| Plus Fluctuating Load Charge | | |
| On-Peak | \$2.73 | \$2.64 |
| Off-Peak | \$0.81 | \$0.81 |

Where the monthly Fluctuating On-Peak billing and Off-Peak billing are the greater of the applicable charge per kVA times:

- e) the maximum metered fluctuating demand, as measured over a five (5) minute interval, for each peak period less the maximum metered standard demand for that peak period in the monthly billing period, or
- f) 60% of the billed fluctuating demand, as determined in (e) above, for each peak period in the preceding eleven (11) monthly billing periods.

Minimum Charge: The Demand Charge will be the Minimum Charge.

Proposed Rate (Industrial Service Rate IS is proposed to be renamed Fluctuating Load Service – Rate FLS)

| | | |
|--|-----------|--------------|
| Basic Service Charge (per Month) | \$500.00 | |
| | Primary | Transmission |
| Energy Charge (per kWh) | \$0.03553 | \$0.03271 |
| Maximum Load Charge (per kVA per month) | | |
| Peak Demand Period | \$2.75 | \$2.75 |
| Intermediate Demand Period | \$1.75 | \$1.75 |
| Base Demand Period | \$1.75 | \$1.00 |

Summer Period - Five Billing Periods of May through September

Weekdays: Base (all hours), Interm. (10am-10pm), Peak (1pm-7pm)

Weekends: Base (all hours), Interm. (N/A), Peak (N/A)

Winter Period - All Other Months

Weekdays: Base (all hours), Interm (6am-10pm), Peak (6am-12noon)

Weekends: Base (all hours), Interm. (N/A), Peak (N/A)

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 60% 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 20,000 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.

Minimum Charge: As determined above with the monthly billing demand.

Determination of Maximum Load: The load will be measured and will be the average kVA demand delivered to the customer during the 5-minute period of maximum use during the appropriate rating period each month.

Street Lighting Service - Rate ST. LT.**Current Rate****STANDARD/ORNAMENTAL SERVICE**

| | Load/Light | Rate Per Light Per Month | |
|--|----------------|--------------------------|------------|
| | | Standard | Ornamental |
| Incandescent System | | | |
| 1,000 Lumens (approx.) | 0.102 kW/Light | \$3.04 | \$3.69 |
| 2,500 Lumens (approx.) | 0.201 kW/Light | 4.05 | 4.84 |
| 4,000 Lumens (approx.) | 0.327 kW/Light | 6.15 | 7.07 |
| 6,000 Lumens (approx.) | 0.447 kW/Light | 8.06 | 9.08 |
| Mercury Vapor | | | |
| 7,000 Lumens (approx.) | 0.207 kW/Light | \$8.55 | \$10.77 |
| 10,000 Lumens (approx.) | 0.294 kW/Light | 10.09 | 12.06 |
| 20,000 Lumens (approx.) | 0.453 kW/Light | 12.35 | 13.92 |
| High Pressure Sodium | | | |
| 4,000 Lumens (approx.) | 0.060 kW/Light | \$6.05 | \$8.62 |
| 5,800 Lumens (approx.) | 0.083 kW/Light | 6.84 | 9.41 |
| 9,500 Lumens (approx.) | 0.117 kW/Light | 7.40 | 10.15 |
| 22,000 Lumens (approx.) | 0.242 kW/Light | 11.42 | 14.17 |
| 50,000 Lumens (approx.) | 0.485 kW/Light | 17.29 | 20.02 |
| Mercury Vapor and Incandescent fixtures are restricted to those fixtures in service. Upon failure, existing fixtures will either be removed from service or replaced with available lighting at the customer's option. | | | |

DECORATIVE UNDERGROUND SERVICE

| <u>Type of Pole & Fixture</u> | <u>Lumen Output</u> | <u>Load/Light In kW</u> | <u>Monthly Rate Per Light</u> |
|-----------------------------------|---------------------|-------------------------|-------------------------------|
| High Pressure Sodium HPS | | | |
| Acorn (Decorative Pole) | 4,000 | 0.060 | \$11.14 |
| Acorn (Historic Pole) | 4,000 | 0.060 | 17.15 |
| Acorn (Decorative Pole) | 5,800 | 0.083 | 12.02 |
| Acorn (Historic Pole) | 5,800 | 0.083 | 18.05 |
| Acorn (Decorative Pole) | 9,500 | 0.117 | 12.81 |
| Acorn (Historic Pole) | 9,500 | 0.117 | 18.62 |
| Colonial | 4,000 | 0.060 | 7.87 |
| Colonial | 5,800 | 0.083 | 8.68 |
| Colonial | 9,500 | 0.117 | 9.16 |
| Coach | 5,800 | 0.830 | 26.22 |
| Coach | 9,500 | 0.117 | 26.67 |
| Contemporary | 5,800 | 0.830 | 13.88 |
| Contemporary | 9,500 | 0.117 | 16.27 |
| Contemporary | 22,000 | 0.242 | 19.65 |
| Contemporary | 50,000 | 0.485 | 25.12 |
| Granville | 16,000 | 0.150 | 44.78 |
| Granville Accessories | | | |
| Single Crossarm Bracket | | | \$16.13 |
| Twin Crossarm Bracket | | | 17.96 |

| | |
|--------------------------|-------|
| 24 Inch Banner Arm | 2.80 |
| 24 Inch Clamp Banner Arm | 3.87 |
| 18 Inch Banner Arm | 2.58 |
| 18 Inch Clamp Banner Arm | 3.19 |
| Flagpole Holder | 1.19 |
| Post-Mounted Receptacle | 16.75 |
| Base-Mounted Receptacle | 16.16 |
| Additional Receptacles | 2.29 |
| Planter | 3.88 |
| Clamp On Planter | 4.31 |

Proposed Rate**STANDARD/ORNAMENTAL SERVICE**

| | Load/Light | Rate Per Light Per Month | |
|--|----------------|--------------------------|------------|
| | | Standard | Ornamental |
| High Pressure Sodium | | | |
| 4,000 Lumens (approx.) | 0.060 kW/Light | \$6.70 | \$9.54 |
| 5,800 Lumens (approx.) | 0.083 kW/Light | 7.57 | 10.42 |
| 9,500 Lumens (approx.) | 0.117 kW/Light | 8.19 | 11.24 |
| 22,000 Lumens (approx.) | 0.242 kW/Light | 12.64 | 15.69 |
| 50,000 Lumens (approx.) | 0.471 kW/Light | 20.59 | 22.16 |
| Mercury Vapor | | | |
| 7,000 Lumens (approx.) | 0.207 kW/Light | \$8.55 | \$10.77 |
| 10,000 Lumens (approx.) | 0.294 kW/Light | 10.09 | 12.06 |
| 20,000 Lumens (approx.) | 0.453 kW/Light | 12.35 | 13.92 |
| Incandescent System | | | |
| 1,000 Lumens (approx.) | 0.102 kW/Light | \$3.04 | \$3.69 |
| 2,500 Lumens (approx.) | 0.201 kW/Light | 4.05 | 4.84 |
| 4,000 Lumens (approx.) | 0.327 kW/Light | 6.15 | 7.07 |
| 6,000 Lumens (approx.) | 0.447 kW/Light | 8.06 | 9.08 |
| Mercury Vapor and Incandescent fixtures are restricted to those fixtures in service. Upon failure, existing fixtures will either be removed from service or replaced with available lighting at the customer's option. | | | |

DECORATIVE UNDERGROUND SERVICE

| Type of Pole & Fixture | Approx Lumens | kW Rating | Monthly Charge |
|---------------------------------|---------------|-----------|----------------|
| High Pressure Sodium HPS | | | |
| Acorn (Decorative Pole) | 4,000 | 0.060 | \$12.56 |
| Acorn (Historic Pole) | 4,000 | 0.060 | 18.99 |
| Acorn (Decorative Pole) | 5,800 | 0.083 | 13.56 |
| Acorn (Historic Pole) | 5,800 | 0.083 | 19.87 |
| Acorn (Decorative Pole) | 9,500 | 0.117 | 14.19 |
| Acorn (Historic Pole) | 9,500 | 0.117 | 20.61 |
| Colonial | 4,000 | 0.060 | 8.71 |
| Colonial | 5,800 | 0.083 | 9.61 |
| Colonial | 9,500 | 0.117 | 10.14 |
| Coach | 5,800 | 0.083 | 29.01 |
| Coach | 9,500 | 0.117 | 29.52 |

| | | | |
|--|--------|-------|---------|
| Contemporary | 5,800 | 0.083 | 15.37 |
| Contemporary | 9,500 | 0.117 | 18.01 |
| Contemporary | 22,000 | 0.242 | 21.75 |
| Contemporary | 50,000 | 0.471 | 27.81 |
| Granville | 16,000 | 0.181 | 49.56 |
| Granville Accessories | | | |
| Single Crossarm Bracket | | | \$17.86 |
| Twin Crossarm Bracket (includes 1 fixture) | | | 19.88 |
| 24 Inch Banner Arm | | | 3.10 |
| 24 Inch Clamp Banner Arm | | | 4.28 |
| 18 Inch Banner Arm | | | 2.86 |
| 18 Inch Clamp On Banner Arm | | | 3.53 |
| Flagpole Holder | | | 1.32 |
| Post-Mounted Receptacle | | | 18.54 |
| Base-Mounted Receptacle | | | 17.89 |
| Additional Receptacles | | | 2.54 |
| Planter | | | 4.30 |
| Clamp On Planter | | | 4.77 |

Private Outdoor Lighting - Rate P.O. LT

Current Rate:

| Type of Fixture | Approx Lumens | kW Rating | Monthly Charge |
|--|---------------|-----------|----------------|
| Standard (Served Overhead) | | | |
| Mercury Vapor | | | |
| Open Bottom | 7,000 | 0.207 | \$9.52 |
| Cobra | 20,000 | 0.453 | 12.35 |
| High Pressure Sodium | | | |
| Open Bottom | 5,800 | 0.083 | \$5.77 |
| Open Bottom | 9,500 | 0.117 | 6.26 |
| Cobra | 22,000 | 0.242 | 11.42 |
| Cobra | 50,000 | 0.485 | 18.60 |
| Directional (Served Overhead) | | | |
| High Pressure Sodium | 9,500 | 0.117 | \$7.27 |
| High Pressure Sodium | 22,000 | 0.242 | 10.88 |
| High Pressure Sodium | 50,000 | 0.485 | 15.65 |
| Metal Halide Commercial and Industrial Lighting | | | |
| Directional Fixture Only | 12,000 | 0.207 | \$11.23 |
| Directional Fixture/Wood Pole | 12,000 | 0.207 | 13.15 |
| Directional Fixture/Metal Pole | 12,000 | 0.207 | 19.45 |
| Directional Fixture Only | 32,000 | 0.450 | 16.11 |
| Directional Fixture/Wood Pole | 32,000 | 0.450 | 18.05 |
| Directional Fixture/Metal Pole | 32,000 | 0.450 | 24.33 |
| Directional Fixture Only | 107,800 | 1.080 | 33.81 |
| Directional Fixture/Wood Pole | 107,800 | 1.080 | 36.92 |
| Directional Fixture/Metal Pole | 107,800 | 1.080 | 42.46 |
| Contemporary Fixture Only | 12,000 | 0.207 | 12.30 |
| Contemporary Metal Pole | 12,000 | 0.207 | 20.54 |
| Contemporary Fixture Only | 32,000 | 0.450 | 17.62 |

| | | | |
|--|---------|-------|---------|
| Contemporary Metal Pole | 32,000 | 0.450 | 25.84 |
| Contemporary Fixture Only | 107,800 | 1.080 | 36.73 |
| Contemporary Metal Pole | 107,800 | 1.080 | 44.96 |
| Decorative HPS (Served Underground) | | | |
| Acorn (Decorative Pole) | 4,000 | 0.060 | \$11.35 |
| Acorn (Historic Pole) | 4,000 | 0.060 | 17.15 |
| Acorn (Decorative Pole) | 5,800 | 0.083 | 12.25 |
| Acorn (Historic Pole) | 5,800 | 0.083 | 17.95 |
| Acorn (Decorative Pole) | 9,500 | 0.117 | 12.82 |
| Acorn (Historic Pole) | 9,500 | 0.117 | 18.62 |
| Colonial | 4,000 | 0.060 | 7.87 |
| Colonial | 5,800 | 0.083 | 8.68 |
| Colonial | 9,500 | 0.117 | 9.16 |
| Coach | 5,800 | 0.830 | 26.21 |
| Coach | 9,500 | 0.117 | 26.67 |
| Contemporary | 5,800 | 0.830 | 13.88 |
| Contemporary | 9,500 | 0.117 | 16.14 |
| Contemporary | 22,000 | 0.242 | 19.65 |
| Contemporary | 50,000 | 0.485 | 25.12 |
| Granville | 16,000 | 0.150 | 44.78 |
| Granville Accessories | | | |
| Single Crossarm Bracket | | | \$16.13 |
| Twin Crossarm Bracket | | | 17.96 |
| 24 Inch Banner Arm | | | 2.80 |
| 24 Inch Clamp Banner Arm | | | 3.87 |
| 18 Inch Banner Arm | | | 2.58 |
| 18 Inch Clamp Banner Arm | | | 3.19 |
| Flagpole Holder | | | 1.19 |
| Post-Mounted Receptacle | | | 16.75 |
| Base-Mounted Receptacle | | | 16.16 |
| Additional Receptacles | | | 2.29 |
| Planter | | | 3.88 |
| Clamp On Planter | | | 4.31 |

Additional Facilities: Company may furnish the required facilities at an additional charge per month to be determined by the Company. These additional charges are subject to change by Company upon thirty (30) days prior written notice.

Proposed Rate

| <u>Type of Fixture</u> | <u>Approx Lumens</u> | <u>kW Rating</u> | <u>Monthly Charge</u> |
|---|----------------------|------------------|-----------------------|
| <u>OVERHEAD SERVICE (Fixture Only)</u> | | | |
| <u>High Pressure Sodium</u> | | | |
| Cobra Head | 22,000 | 0.242 | \$12.64 |
| Cobra Head | 50,000 | 0.471 | 20.59 |
| Directional | 9,500 | 0.117 | 8.05 |
| Directional | 22,000 | 0.242 | 12.04 |
| Directional | 50,000 | 0.471 | 17.32 |

| | | | |
|---|--------|-------|---------|
| Open Bottom | 5,800 | 0.083 | 6.39 |
| Open Bottom | 9,500 | 0.117 | 6.93 |
| <u>Mercury Vapor</u> – Mercury Vapor is restricted to those fixtures in service. Upon failure, existing fixtures will either be removed from service or replaced with available lighting at the customer's option. | | | |
| Cobra Head | 20,000 | 0.453 | \$12.35 |
| Open Bottom | 7,000 | 0.207 | 9.52 |
| <u>UNDERGROUND SERVICE</u> | | | |
| <u>High Pressure Sodium</u> | | | |
| Acorn Decorative | 4,000 | 0.060 | \$12.56 |
| Acorn Historic | 4,000 | 0.060 | 18.99 |
| Acorn Decorative | 5,800 | 0.083 | 13.56 |
| Acorn Historic | 5,800 | 0.083 | 19.87 |
| Acorn Decorative | 9,500 | 0.117 | 14.19 |
| Acorn Historic | 9,500 | 0.117 | 20.61 |
| Colonial | 4,000 | 0.060 | 8.71 |
| Colonial | 5,800 | 0.083 | 9.61 |
| Colonial | 9,500 | 0.117 | 10.14 |
| Coach | 5,800 | 0.083 | 29.01 |
| Coach | 9,500 | 0.117 | 29.52 |
| Contemporary | 5,800 | 0.083 | 21.45 |
| Additional Fixture | 5,800 | 0.083 | 13.99 |
| Contemporary | 9,500 | 0.117 | 21.59 |
| Additional Fixture | 9,500 | 0.117 | 14.12 |
| Contemporary | 22,000 | 0.242 | 27.38 |
| Additional Fixture | 22,000 | 0.242 | 15.91 |
| Contemporary | 50,000 | 0.471 | 30.67 |
| Additional Fixture | 50,000 | 0.471 | 19.20 |
| Granville | 16,000 | 0.181 | 49.56 |
| <u>Granville Accessories</u> | | | |
| Single Crossarm Bracket (Existing Poles Only) | | | \$17.86 |
| Twin Crossarm Bracket | | | 19.88 |
| 24 Inch Banner Arm | | | 3.10 |
| 24 Inch Clamp Banner Arm | | | 4.28 |
| 18 Inch Banner Arm | | | 2.86 |
| 18 Inch Clamp Banner Arm | | | 3.53 |
| Flagpole Holder | | | 1.32 |
| Post-Mounted Receptacle | | | 18.54 |
| Base-Mounted Receptacle | | | 17.89 |
| Additional Receptacle (2 Receptacles on Same Pole) | | | 2.54 |
| Planter | | | 4.30 |
| Clamp On Planter | | | 4.77 |
| <u>Metal Halide</u> | | | |
| Directional Fixture Only | 12,000 | 0.150 | \$12.43 |
| Directional Fixture /Wood Pole | 12,000 | 0.150 | 16.66 |
| Directional Fixture/Metal Pole | 12,000 | 0.150 | 24.84 |
| Directional Fixture Only | 32,000 | 0.350 | 17.83 |
| Directional Fixture /Wood Pole | 32,000 | 0.350 | 22.06 |

| | | | |
|--------------------------------|---------|-------|-------|
| Directional Fixture/Metal Pole | 32,000 | 0.350 | 30.24 |
| Directional Fixture Only | 107,800 | 1.080 | 37.43 |
| Directional Fixture /Wood Pole | 107,800 | 1.080 | 41.66 |
| Directional Fixture/Metal Pole | 107,800 | 1.080 | 49.84 |
| Contemporary Fixture Only | 12,000 | 0.150 | 13.62 |
| Contemporary w/Metal Pole | 12,000 | 0.150 | 26.03 |
| Contemporary Fixture Only | 32,000 | 0.350 | 19.51 |
| Contemporary w/Metal Pole | 32,000 | 0.350 | 31.92 |
| Contemporary Fixture Only | 107,800 | 1.080 | 40.66 |
| Contemporary w/Metal Pole | 107,800 | 1.080 | 53.07 |

Additional Facilities: Company may furnish the required facilities at an additional charge based upon the application of the monthly rate set forth in the Excess Facilities Rider applied to the current cost of the facilities as periodically updated.

Lighting Energy Service Rate LE

Current Rate \$0.05474 per kWh.
Proposed Rate \$0.05465 per kWh

Traffic Energy Service Rate TE

Current Rate
Customer Charge: \$2.80 per delivery per month
Energy Charge: \$0.06530 per kWh
Minimum Bill: The Customer Charge.
Proposed Rate
Basic Service Charge: \$3.14 per delivery per month
Energy Charge: \$0.07000 per kWh
Minimum Bill: The Basic Service Charge.

Cable Television Attachment Charges – Rate CTAC

Current Rate
Rental Charge: \$2.71 per year for each attachment to pole
Proposed Rate
Attachment Charge: \$8.93 per year for each attachment to pole
Billing: Attachment Charges to be billed semi-annually based on the number of pole attachments being maintained on December 1 and June 1.

Curtable Service Rider 1 – Rider CSR1

Current Rate
Demand Credit of:
Primary (\$5.20) per kW
Transmission (\$5.10) per kW
Non-Compliance Charge
Primary \$16.00 per kW
Transmission \$16.00 per kW

Proposed Rate

Curtable Service Rider 1 is proposed to be consolidated with Curtable Service Riders 2 and 3 into a single Curtable Service Rider.

Curtable Service Rider 2 – Rider CSR2

Current Rate

Demand Credit of:

| | |
|-----------------------|-----------------|
| Primary | (\$5.69) per kW |
| Transmission | (\$5.59) per kW |
| Non-Compliance Charge | |
| Primary | \$16.00 per kW |
| Transmission | \$16.00 per kW |

Proposed Rate

Curtaillable Service Rider 2 is proposed to be consolidated with Curtaillable Service Riders 1 and 3 into a single Curtaillable Service Rider.

Curtaillable Service Rider 3 – Rider CSR3

Current Rate

Demand Credit of:

| | |
|-----------------------|-----------------|
| Primary | (\$3.20) per kW |
| Transmission | (\$3.10) per kW |
| Non-Compliance Charge | |
| Primary | \$16.00 per kW |
| Transmission | \$16.00 per kW |

Proposed Rate

Curtaillable Service Rider 3 is proposed to be consolidated with Curtaillable Service Riders 1 and 2 into a single Curtaillable Service Rider.

Curtaillable Service Rider – Rate CSR

Current Rate This rate schedule is not currently available.

Proposed Rate

Demand Credit of:

| | |
|------------------------|-----------------|
| Primary | (\$5.20) per kW |
| Transmission | (\$5.10) per kW |
| Non-Compliance Charge: | |
| Primary | \$16.00 per kW |
| Transmission | \$16.00 per kW |

Automatic Buy-Through Provision

The buy-through provision is a formulaic determination in accordance with the tariff.

Load Reduction Incentive Rider – Rider LRI

Current Rate Up to \$0.30 per kWh

Proposed Rate No change is proposed from the current charge.

Small Capacity Cogeneration and Small Power Production Qualifying Facilities – Rate SQF

Current Rate

Company will purchase such energy from Seller at the Rate A or B, set out below:

| | |
|---|-----------|
| Rate A: Time Differentiated Rate | |
| 1. Summer Billing Months of June, July, August, and September (on-peak) | \$0.07690 |
| 2. Winter Billing Months of December, January, and February (on-peak) | \$0.03734 |

| | |
|--------------------------------------|-----------|
| 3. During All Other Hours (off-peak) | \$0.03759 |
| Rate B: Non-Time Differentiated | |
| All kWh purchased by company | \$0.04262 |

Proposed Rate

No change is proposed.

**Large Capacity Cogeneration and Small Power
Production Qualifying Facilities – Rate LQF**

Current Rate

The energy component payments and capacity component payments are formulaic determinations in accordance with the tariff.

Proposed Rate

No change is proposed.

Standard Rider for Excess Facilities – Rider EF

Current Rate

Charge for distribution facilities:

Carrying Cost: 0.93%

Operating Expenses: 0.56%

Proposed Rate

Monthly Charge for Leased Facilities: 1.61%

Monthly Charge for Facilities Supported
By a One-Time CIAC Payment: 0.75%

Standard Rider for Redundant Capacity Charge – Rider RC

Current Rate

Capacity Reservation Charge

Secondary Distribution \$0.80 per kW per month

Primary Distribution \$0.63 per kW per month

Proposed Rate

Capacity Reservation Charge

Secondary Distribution \$0.89 per kW per month

Primary Distribution \$0.70 per kW per month

Standard Rider for Supplemental or Standby Service – Rider SS

Current Rate

Contract Demand per kVA per month:

Secondary \$6.15

Primary \$5.80

Transmission \$5.63

Proposed Rate

Contract Demand per kVA per month:

Secondary \$8.57

Primary \$7.49

Transmission \$6.32

Small Green Energy Rider SGE

Current Rate

\$5.00 per 300 kWh block per month

Proposed Rate

No change is proposed in this proceeding. There is a separate proceeding under Case No. 2009-00467.

Large Green Energy Rider LGE

Current Rate

\$13.00 per 1,000 kWh block per month

Proposed Rate

No change is proposed in this proceeding. There is a separate proceeding under Case No. 2009-00467.

Brownfield Development Rider BDR

Current Rate

Electric loads to be served on the rate schedule normally applicable and Customer will be subject to and comply with all Terms and Conditions except:

- a) for the twelve consecutive monthly billings of the first contract year, the demand charge shall be reduced by 50%;
- b) for the twelve consecutive monthly billings of the second contract year, the demand charge shall be reduced by 40%;
- c) for the twelve consecutive monthly billings of the third contract year, the demand charge shall be reduced by 30%;
- d) for the twelve consecutive monthly billings of the fourth contract year, the demand charge shall be reduced by 20%;
- e) for the twelve consecutive monthly billings of the fifth contract year, the demand charge shall be reduced by 10%; and
- f) all subsequent billing shall be at the full charges stated in the applicable rate schedule.

Proposed Rate

No change is proposed.

Real-Time Pricing Rider RTP

Current Rate

Billing under this Rider is formulaic.

Proposed Rate

No change is proposed.

Standard Rider for Low Emission Vehicle Service – Rider LEV

Current Rate

This Rider is not currently available.

Proposed Rate

| | |
|-----------------------|-------------------|
| Basic Service Charge: | \$15.00 per month |
| Energy Demand Charge: | |
| Off-Peak Hours | \$0.04556 per kWh |
| Intermediate Hours | \$0.06583 per kWh |
| Peak Hours | \$0.12672 per kWh |

Minimum Charge: The Basic Service Charge.

Returned Payment Charge

Current Rate

\$10.00

Proposed Rate

No change is proposed from the current charge.

Meter Test Charge

| | |
|-----------------------------|--|
| <u>Current Rate</u> | \$60.00 |
| <u>Proposed Rate</u> | No change is proposed from the current charge. |

Disconnecting and Reconnecting Service Charge

| | |
|-----------------------------|---|
| <u>Current Rate</u> | \$25.00 |
| <u>Proposed Rate</u> | (Renamed "Disconnect/Reconnect Service Charge") No change is proposed from the current charge. |

Meter Pulse Charge

Current Rate
Where a Customer desires and Company is willing to provide data meter pulses, a charge of \$9.00 per month will be made for those data pulses. Time pulses will not be supplied.

Proposed Rate
Where a Customer desires and Company is willing to provide data meter pulses, a charge of \$9.00 per pulse per month will be made for those data pulses. Time pulses will not be supplied.

Meter Data Processing Charge

Current Rate
A charge of \$2.75 per report will be made to cover the cost of processing, generating, and providing recorder metered customer with profile reports.

Proposed Rate
No change is proposed from the current charge; however, if a customer is not recorder metered and desires to have such metering installed, the customer will pay all costs associated with installing the recorder meter.

Home Energy Assistance Program

| | |
|-----------------------------|--|
| <u>Current Rate</u> | \$0.15 per meter per month |
| <u>Proposed Rate</u> | No change is proposed from the current charge. |

Customer Deposits

Current Rate
Customers Served Under Residential Service Rate RS \$135.00
Customers Served Under General Service Rate GS \$140.00
For all other Customers not classified herein, the deposit will be no more than 2/12 of Customer's actual or estimated annual bill where bills are rendered monthly.
Company may offer customers the option of paying all or a portion of their deposits in installments over a period not to exceed the first four (4) normal billing periods. Service may be refused or discontinued for failure to pay and/or maintain the requested deposit.

Proposed Rate
Customers Served Under Residential Service Rate RS \$160.00
Customers Served Under General Service Rate GS \$220.00
For all other Customers not classified herein, the deposit will be no more than 2/12 of Customer's actual or estimated annual bill where bills are rendered monthly.
Company may offer residential or general service customers the option of

paying all or a portion of their deposits in installments over a period not to exceed the first four (4) normal billing periods. The option to pay deposits by installments will not be offered to customers required to make a deposit as a condition of reconnection following disconnection for non-payment. Service may be refused or discontinued for failure to pay and/or maintain the requested deposit.

Kentucky Utilities Company proposes to change the text of the following electric tariffs: Residential Rate RS, Volunteer Fire Department Rate VFD, General Service Rate GS, All Electric School Rate AES, Power Service Rate PS, Time-of-Day Service Rate TOD, Large Time-of-Day Service Rate LTOD, Retail Transmission Service Rate RTS, Industrial Service Rate IS, Street Lighting Service Rate ST. LT, Private Outdoor Lighting Rate P.O.LT, Lighting Energy Rate LE, Traffic Energy Service Rate TE, Cable Television Attachment Charges, Special Charges, Curtailable Service Rider CSR, Excess Facilities Rider EF, Supplemental/Standby Service Rider SS, Intermittent and Fluctuating Loads Rider IFL, Temporary/Seasonal Service Rider TS, Brownfield Development Rider BDR, Real Time Pricing Rate RTP, Demand Side Management Cost Recovery Mechanism DSM, Environmental Cost Recovery Surcharge ECR, School Tax Adjustment Clause, and the Terms and Conditions.

Copies of the proposed tariffs containing text changes may be obtained by contacting Lonnie E. Bellar, Kentucky Utilities Company at 220 West Main Street, Louisville, Kentucky, 502-627-4830.

The foregoing rates reflect a proposed annual increase in revenues of approximately 11.5% to Kentucky Utilities Company.

The estimated amount of the annual change and the average monthly bill to which the proposed electric rates will apply for each electric customer class is as follows:

| Electric Rate Class | Annual \$ Increase | Annual % Increase | Mthly Bill \$ Increase | Mthly Bill % Increase |
|---------------------|--------------------|-------------------|------------------------|-----------------------|
| Residential | \$58,746,914 | 13.54% | \$11.70 | 13.54% |
| General Service | \$16,388,192 | 10.06% | \$17.24 | 10.06% |
| All Electric School | \$1,149,071 | 13.90% | \$324.69 | 13.90% |
| Power Service | \$32,024,348 | 10.44% | \$307.14 | 10.44% |
| TOD Power - Sec | \$1,075,445 | 10.79% | \$1,636.90 | 10.79% |
| TOD Power - Pri | \$15,516,516 | 11.09% | \$22,784.90 | 11.09% |
| Retail Transmission | \$7,258,002 | 9.97% | \$19,939.56 | 9.97% |
| Industrial Service | \$1,872,641 | 9.87% | \$156,053.42 | 9.87% |
| Lighting | \$2,065,293 | 9.84% | N/A | N/A |
| CTAC | \$925,108 | 229% | N/A | N/A |

KU is proposing to increase the required Customer Deposit for residential electric customers served under Residential Rate RS from the current amount

of \$135.00 to \$160.00 (19% increase), and the required Customer Deposit for general service customers served under General Service Rate GS from the current amount of \$140.00 to \$220 (57% increase).

The rates contained in this notice are the rates proposed by Kentucky Utilities Company; however, the Public Service Commission may order rates to be charged that differ from the proposed rates contained in this notice.

Notice is further given that any corporation, association, body politic or person with a substantial interest in the matter may by written request, within thirty (30) days after publication of the notice of the proposed rate changes, request to intervene. The motion shall be submitted to the Public Service Commission, 211 Sower Boulevard, P. O. Box 615, Frankfort, Kentucky 40601, and shall set forth the grounds for the request, including the status and interest of the party. Intervention may be granted beyond the thirty (30) day period for good cause shown. Any person who has been granted intervention may obtain copies of the application and any other filing made by the utility by contacting Lonnie E. Bellar, Vice President – State Regulation and Rates, Kentucky Utilities Company, c/o E.ON U.S. LLC, 220 West Main Street, Louisville, Kentucky, 502-627-4830.

A copy of the application and testimony shall be available for public inspection at the office of Kentucky Utilities Company, 100 Quality Street, Lexington, Kentucky, or the Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky.

A copy of this Notice and the proposed tariff, once filed, shall also be available for public inspection on Kentucky Utilities Company's website at www.eon-us.com.

Kentucky Utilities Company
c/o E.ON U.S. LLC
220 West Main Street
P. O. Box 32010
Louisville, Kentucky 40232
502-627-4830

Public Service Commission
211 Sower Boulevard
P. O. Box 615
Frankfort, Kentucky 40601
502-564-3940

EXHIBIT 2

KU NOTICE (CASE #2012-00221)

NOTICE

Notice is hereby given that Kentucky Utilities Company seeks approval by the Public Service Commission, Frankfort, Kentucky of an adjustment of electric rates and charges proposed to become effective on and after August 1, 2012, subject to the "Stay-Out" Commitment in Article I.1.1 of the Settlement Agreement approved in September 30, 2010 Public Service Commission Order in Case No. 2010-00204, under which the change in rates may be filed with the Public Service Commission during 2012, but not take effect before January 1, 2013.

KU CURRENT AND PROPOSED ELECTRIC RATES

Residential Service - Rate RS

| | <u>Current</u> | <u>Proposed</u> |
|---------------------------------|----------------|-----------------|
| Basic Service Charge per Month: | \$8.50 | \$13.00 |
| Energy Charge per kWh: | \$0.06987 | \$0.07235 |

Volunteer Fire Department Service - Rate VFD

| | <u>Current</u> | <u>Proposed</u> |
|---------------------------------|----------------|-----------------|
| Basic Service Charge per Month: | \$8.50 | \$13.00 |
| Energy Charge per kWh: | \$0.06987 | \$0.07235 |

General Service - Rate GS

| | <u>Current</u> | <u>Proposed</u> |
|--|----------------|-----------------|
| Basic Service Charge per Meter Per Month: | | |
| Single-Phase | \$17.50 | \$20.00 |
| Three-Phase | \$32.50 | \$35.00 |
| Energy Charge per kWh: | \$0.08332 | \$0.08678 |

Availability of Service: Text changes clarify that demand component of eligibility for taking service under this rate will be calculated on 12-month average of monthly maximum loads. Also clarifies that a customer taking service under this rate schedule who ceases to take service hereunder must meet eligibility requirements of new customer to again take service under this rate schedule.

Determination of Maximum Load: New provision states how maximum load will be measured.

All Electric School - Rate AES

| | <u>Current</u> | <u>Proposed</u> |
|--|----------------|-----------------|
| Basic Service Charge per Meter Per Month: | | |
| Single-Phase | \$17.50 | \$20.00 |
| Three-Phase | \$32.50 | \$35.00 |
| Energy Charge per kwh: | \$0.06670 | \$0.07060 |

Availability of Service: Text change clarifies that customer taking service under this rate schedule who later ceases to take such service may not again take service under this rate schedule because it is closed.

Power Service – Rate PS

| Secondary Service | Current | Proposed |
|--|----------------|-----------------|
| Basic Service Charge (per Month) | \$90.00 | \$90.00 |
| Energy Charge (per kWh) | \$ 0.03300 | \$ 0.03349 |
| Demand Charge (per kW per month of billing demand) | | |
| Summer Rate (May through September) | \$13.90 | \$14.40 |
| Winter Rate (All Other Months) | \$11.65 | \$12.10 |

| Primary Service | Current | Proposed |
|--|----------------|-----------------|
| Basic Service Charge (per Month) | \$90.00 | \$125.00 |
| Energy Charge (per kWh) | \$ 0.03300 | \$ 0.03349 |
| Demand Charge (per kW per month of billing demand) | | |
| Summer Rate (May through September) | \$13.72 | \$ 14.75 |
| Winter Rate (All Other Months) | \$11.45 | \$ 12.73 |

Availability of Service: Text changes clarify that demand component of eligibility for taking service under this rate will be calculated on 12-month average of monthly maximum loads. Also clarifies that a customer taking service under this rate schedule who ceases to take service hereunder must meet eligibility requirements of new customer to again take service under this rate schedule.

Time-of-Day Secondary Service Rate TODS

| | Current | Proposed |
|--|----------------|-----------------|
| Basic Service Charge (per Month) | \$200.00 | \$200.00 |
| Energy Charge (per kWh) | \$ 0.03490 | \$ 0.03590 |
| Maximum Load Charge (per kW per month) | | |
| Peak Demand Period | \$ 3.89 | \$ 4.50 |
| Intermediate Demand Period | \$ 2.43 | \$ 2.80 |
| Base Demand Period | \$ 3.05 | \$ 3.50 |

Availability of Service: Text changes clarify that demand component of eligibility for taking service under this rate will be calculated on 12-month average of monthly maximum loads.

Time-of-Day Primary Service Rate TODP

| | Current | Proposed |
|---|----------------|-----------------|
| Basic Service Charge (per Month) | \$300.00 | \$300.00 |
| Energy Charge (per kWh) | \$ 0.03522 | \$ 0.03557 |
| Maximum Load Charge (per kVA per month) | | |
| Peak Demand Period | \$ 3.67 | \$ 4.30 |
| Intermediate Demand Period | \$ 2.31 | \$ 2.70 |
| Base Demand Period | \$ 1.28 | \$ 1.60 |

Availability of Service: Text changes clarify that demand component of eligibility for taking service under this rate will be calculated on 12-month average of monthly maximum loads.

Retail Transmission Service Rate RTS

| | Current | Proposed |
|--|----------------|-----------------|
| | | |

| | | |
|---|------------|------------|
| Basic Service Charge (per Month) | \$500.00 | \$750.00 |
| Energy Charge (per kWh) | \$ 0.03414 | \$ 0.03408 |
| Maximum Load Charge (per kVA per month) | | |
| Peak Demand Period | \$ 3.54 | \$ 3.90 |
| Intermediate Demand Period | \$ 2.30 | \$ 2.90 |
| Base Demand Period | \$ 0.85 | \$ 1.30 |

Availability of Service: Text changes clarify that demand component of eligibility for taking service under this rate will be calculated on 12-month average of monthly maximum loads.

Fluctuating Load Service – Rate FLS

| Primary Service | Current | Proposed |
|---|----------------|-----------------|
| Basic Service Charge (per Month) | \$500.00 | \$750.00 |
| Energy Charge (per kWh) | \$ 0.03419 | \$ 0.03419 |
| Maximum Load Charge (per kVA per month) | | |
| Peak Demand Period | \$ 2.30 | \$ 2.40 |
| Intermediate Demand Period | \$ 1.41 | \$ 1.44 |
| Base Demand Period | \$ 1.57 | \$ 1.75 |

| Transmission Service | Current | Proposed |
|---|----------------|-----------------|
| Basic Service Charge (per Month) | \$500.00 | \$750.00 |
| Energy Charge (per kWh) | \$ 0.02947 | \$ 0.03092 |
| Maximum Load Charge (per kVA per month) | | |
| Peak Demand Period | \$ 2.30 | \$ 2.40 |
| Intermediate Demand Period | \$ 1.41 | \$ 1.44 |
| Base Demand Period | \$ 0.82 | \$ 1.00 |

Current:

Where:

- 1) the monthly billing demand for the Primary Peak and Intermediate Demand Periods is the greater of:
 - a) the maximum measured load in the current billing period, or
 - b) a minimum of 60% of the highest billing demand in the preceding eleven (11) monthly billing periods, and
the monthly billing demand for the Primary Base Demand Period is the greater of:
 - a) the maximum measured load in the current billing period but not less than 20,000 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.
- 2) the monthly billing demand for the Transmission Peak and Intermediate Demand Periods is the greater of:
 - a) the maximum measured load in the current billing period, or
 - b) a minimum of 40% of the highest billing demand in the preceding eleven (11) monthly billing periods, and
the monthly billing demand for the Transmission Base Demand Period is the greater of:
 - a) the maximum measured load in the current billing period but not less than 20,000 kVA, or

- b) a minimum of 40% of the highest billing demand in the preceding eleven (11) monthly billing periods, or
- c) a minimum of 40% of the contract capacity based on the maximum load expected on the system or on facilities specified by Customer.

Proposed:

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 20,000 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.

Street Lighting Service - Rate ST. LT.
and
Private Outdoor Lighting - Rate P. O. LT.

Street Lighting Service (Rate ST.LT. – Sheet No. 35) and Private Outdoor Lighting Service (Rate P.O.LT. – Sheet No. 36) are being reorganized into two rate schedules. The first schedule will be named Lighting Services (Rate LS) and will be a consolidation of lighting fixtures currently offered. The second schedule will be named Restricted Lighting Service (Rate RLS) and will be a consolidation of lighting fixtures that are in service but no longer available for new or replacement installations. The current and proposed rates are presented below based on the lights to be included in Rate LS and Rate RLS. The lights proposed to be contained in the specific schedule are shown in **bold** type with the current light and rate sheet shown below the proposed light.

Proposed Lighting Service Rate LS

| | Current | Rate Per Light Per Month | |
|---|------------|--------------------------|----------|
| | Rate Sheet | Current | Proposed |
| OVERHEAD SERVICE | | | |
| <i>High Pressure Sodium</i> | | | |
| 462 Cobra Head, 5800 Lum. Std 5800 Lum. HPS Std | St. Lt. 35 | \$ 7.90 | \$ 8.33 |
| 472 Cobra Head, 5800 Lum. Orntl 5800 Lum. HPS Orntl | St. Lt. 35 | \$10.73 | \$11.32 |
| 463 Cobra Head, 9500 Lum. Std 9500 Lum. HPS Std | St. Lt. 35 | \$ 8.41 | \$ 8.87 |
| 473 Cobra Head, 9500 Lum. Orntl 9500 Lum. HPS Orntl | St. Lt. 35 | \$11.45 | \$12.08 |
| 464 Cobra Head, 22000 Lum. Std 22000 Lum. HPS Std | St. Lt. 35 | \$13.04 | \$13.75 |
| 22000 Lum. Cobra Head HPS Std | P.O.Lt. 36 | \$13.04 | |

| | | | |
|--|--------------------------|--------------------|---------|
| 474 Cobra Head, 22000 Lum. Orntl 22000 Lum. HPS Orntl | St. Lt. 35 | \$16.08 | \$16.96 |
| 465 Cobra Head, 50000 Lum. Std 50000 Lum. HPS Std 50000 Lum. Cobra Head HPS Std | St. Lt. 35 P.O.Lt. 36 | \$20.95 \$20.95 | \$22.10 |
| 475 Cobra Head, 50000 Lum. Orntl 50000 Lum. HPS Orntl | St. Lt. 35 | \$22.51 | \$23.74 |
| 487 Directional, 9500 Lum. Std 9500 Lum. Directional HPS | P.O.Lt. 36 | \$ 8.27 | \$ 8.72 |
| 488 Directional, 22000 Lum. Std 22000 Lum. Directional HPS | P.O.Lt. 36 | \$12.45 | \$13.13 |
| 489 Directional, 50000 Lum. Std 50000 Lum. Directional HPS | P.O.Lt. 36 | \$17.70 | \$18.67 |
| 428 Open Bottom, 9500 Lum. Std 9500 Lum. Open Bottom HPS | P.O.Lt. 36 | \$ 7.16 | \$ 7.55 |
| <i>Metal Halide</i> | | | |
| 450 Directional, 12000 Lum. Std 12000 Lum. Fixture Only Dir. MH | P.O.Lt. 36.3 | \$13.04 | \$13.75 |
| 451 Directional, 32000 Lum. Std 32000 Lum. Fixture Only Dir. MH | P.O.Lt. 36.3 | \$18.45 | \$19.46 |
| 452 Directional, 107800 Lum. Std 107800 Lum. Fixture Only Dir. MH | P.O.Lt. 36.3 | \$38.48 | \$40.58 |
| | | | |

| | Current | Rate Per Light Per Month | |
|--|------------------------------|--------------------------|----------|
| | Rate Sheet | Current | Proposed |
| UNDERGROUND SERVICE | | | |
| <i>High Pressure Sodium</i> | | | |
| 467 Colonial, 5800 Lum. Decorative 5800 Lum. Colonial HPS UG 5800 Lum. Colonial Decor. UG | St. Lt. 35.1 P.O.Lt. 36.1 | \$ 9.93 \$ 9.93 | \$10.47 |
| 468 Colonial, 9500 Lum. Decorative 9500 Lum. Colonial HPS UG 9500 Lum. Colonial Decor. UG | St. Lt. 35.1 P.O.Lt. 36.1 | \$10.35 \$10.35 | \$10.92 |
| 401 Acorn, 5800 Lum. Smooth Pole 5800L Acorn Dec. Pole HPS UG 5800L Acorn Dec. Pole UG | St. Lt. 35.1 P.O.Lt. 36.1 | \$13.86 \$13.86 | \$14.62 |
| 411 Acorn, 5800 Lum. Fluted Pole 5800L Acorn Hist. Pole HPS UG 5800L Acorn Hist. Pole UG | St. Lt. 35.1 P.O.Lt. 36.1 | \$20.14 \$20.14 | \$21.24 |
| 420 Acorn, 9500 Lum. Smooth Pole 9500L Acorn Dec. Pole HPS UG 9500L Acorn Dec. Pole UG | St. Lt. 35.1 P.O.Lt. 36.1 | \$14.39 \$14.39 | \$15.18 |
| 430 Acorn, 9500 Lum. Fluted Pole 9500L Acorn Hist. Pole HPS UG 9500L Acorn Hist. Pole UG | St. Lt. 35.1 P.O.Lt. 36.1 | \$20.78 \$20.78 | \$21.92 |
| 414 Victorian, 5800 Lum. Fluted Pole 5800 Lum. Coach HPS UG | P.O.Lt. 36.1 | \$29.24 | \$30.84 |
| 415 Victorian, 9500 Lum. Fluted Pole 9500 Lum. Coach HPS UG | P.O.Lt. 36.1 | \$29.65 | \$31.27 |
| 476 Contemporary, 5800 Lum. Fixt./Pole 5800 Lum. Contemporary HPS UG | St. Lt. 35.1 | \$15.66 | \$16.58 |

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| 5800 Lum. Contemporary HPS UG | P.O.Lt. 36.1 | \$21.81 | |
| 492 Contemporary, 5800 Lum. 2nd Fixt. 5800L Contemp/Fixt. Only/HPS/UG | P.O.Lt. 36.1 | \$14.35 | \$15.13 |
| 477 Contemporary, 9500 Lum. Fixt./Pole 9500 Lum. Contemporary Decor. UG | St. Lt. 35.1 | \$18.19 | \$20.87 |
| 9500 Lum. Contemporary HPS UG | P.O.Lt. 36.1 | \$21.85 | |
| 497 Contemporary, 9500 Lum. 2nd Fixt. 9500 Lum. Contemp/Decor/ Fix Only | P.O.Lt. 36.1 | \$14.38 | \$15.17 |
| 478 Contemporary, 22000L Fixt./Pole 22000 Lum. Contemp. Decor. UG | St. Lt. 35.1 | \$22.11 | \$26.55 |
| 22000 Lum. Contemporary HPS UG | P.O.Lt. 36.1 | \$27.84 | |
| 498 Contemporary, 22000 Lum. 2nd Fixt. 22000 Lum. Contemp. Add Fixture | P.O.Lt. 36.1 | \$16.37 | \$17.27 |
| 479 Contemporary, 50000L Fixt./Pole 50000 Lum. Contemp. Decor. UG | St. Lt. 35.1 | \$28.13 | \$32.54 |
| 50000 Lum. Contemporary HPS UG | P.O.Lt. 36.1 | \$31.12 | |
| 499 Contemporary, 50000 Lum. 2nd Fixt. 50000L Contemp. Decor. Fixt. Only | P.O.Lt. 36.1 | \$19.65 | \$20.72 |
| 300 Dark Sky, 4000 Lumen 4000 Lum. HPS DSK Lantern | DSK 39 | \$21.31 | \$22.48 |
| 301 Dark Sky, 9500 Lumen 9500 Lum. HPS DSK Lantern | DSK 39 | \$22.22 | \$23.44 |
| 360 Granville Pole and Fixture, 16000L Granville Pole and Fixture | St. Lt. 35.1 | \$51.00 | \$53.79 |
| Granville Pole and Fixture | P.O.Lt. 36.2 | \$51.00 | |
| (Granville Accessories) | | | |
| Single Crossarm Bracket | St.Lt. 35.1 | \$17.78 | Eliminated |
| | P.O.Lt. 36.2 | \$17.78 | Eliminated |
| Twin Crossarm Bracket (Inc. 1 Fixture) | St.Lt. 35.1 | \$19.79 | \$20.87 |
| | P.O.Lt. 36.2 | \$19.79 | |
| 24 Inch Banner Arm | St.Lt. 35.1 | \$ 3.09 | \$ 3.26 |
| | P.O.Lt. 36.2 | \$ 3.09 | |
| 24 Inch Clamp Banner Arm | St. Lt. 35.1 | \$ 4.26 | \$ 4.49 |
| | P.O.Lt. 36.2 | \$ 4.26 | |
| 18 Inch Banner Arm | St. Lt. 35.1 | \$ 2.84 | \$ 3.00 |
| | P.O.Lt. 36.2 | \$ 2.84 | |
| 18 Inch Clamp On Banner Arm | St. Lt. 35.1 | \$ 3.52 | \$ 3.71 |
| | P.O.Lt. 36.2 | \$ 3.52 | |
| Flagpole Holder | St. Lt. 35.1 | \$ 1.31 | \$ 1.38 |
| | P.O.Lt. 36.2 | \$ 1.31 | |
| Post-Mounted Receptacle | St. Lt. 35.1 | \$18.46 | \$19.47 |
| | P.O.Lt. 36.2 | \$18.46 | |
| Base-Mounted Receptacle | St. Lt. 35.1 | \$17.81 | Eliminated |
| | P.O.Lt. 36.2 | \$17.81 | Eliminated |
| Additional Receptacles | St. Lt. 35.1 | \$ 2.52 | \$ 2.66 |
| | P.O.Lt. 36.2 | \$ 2.52 | |

| | | | |
|--|--------------|---------|---------|
| Planter | St. Lt. 35.1 | \$ 4.28 | \$ 4.51 |
| | P.O.Lt. 36.2 | \$ 4.28 | |
| Clamp On Planter | St. Lt. 35.1 | \$ 4.75 | \$ 5.01 |
| | P.O.Lt. 36.2 | \$ 4.75 | |
| <i>Metal Halide</i> | | | |
| 490 Contemporary, 12000L Fixt. Only 12000 Lum. Contemp. Fix. Only MH | P.O.Lt. 36.3 | \$14.21 | \$14.99 |
| 494 Contemporary, 12000Lum. Fixture w/Smooth Pole 12000 Lum. Cont. Fix. w/M Pole MH | P.O.Lt. 36.3 | \$26.62 | \$28.08 |
| 491 Contemporary, 32000 Lum. Fix. Only 32000 Lum. Contemp. Fix. Only MH | P.O.Lt. 36.3 | \$20.12 | \$21.22 |
| 495 Contemporary, 32000 Lum. Fixture w/Smooth Pole 32000 Lum. Cont. Fix. w/M Pole MH | P.O.Lt. 36.3 | \$32.53 | \$34.31 |
| 493 Contemporary, 107800L Fixt./Only 107800 Lum. Contemp. Fix. Only MH | P.O.Lt. 36.3 | \$41.70 | \$43.98 |
| 496 Contemporary, 107800 Lum. Fixture w/Smooth Pole 107800 Lum. Cont. Fix. w/M Pole MH | P.O.Lt. 36.3 | \$54.11 | \$57.07 |

Proposed Restricted Lighting Service Rate RLS

| | Current | Rate Per Light Per Month | |
|---|--------------|--------------------------|----------|
| | Rate Sheet | Current | Proposed |
| OVERHEAD SERVICE | | | |
| <i>High Pressure Sodium</i> | | | |
| 461 Cobra Head, 4000 Lum. Fixt. Only 4000 Lum. HPS Std | St. Lt. 35 | \$ 6.93 | \$ 7.31 |
| 471 Cobra Head, 4000 Lum. Fixt/Pole 4000 Lum. HPS Orntl | St. Lt. 35 | \$ 9.76 | \$10.29 |
| 409 Cobra Head, 50000 Lum. Fixt. Only 50000 Lum. HPS Special Lighting | P.O.Lt. 36 | \$10.25 | \$10.81 |
| 426 Open Bottom, 5800 Lum. Fixt. Only 5800 Lum. Open Bottom HPS Std | P.O.Lt. 36 | \$ 6.72 | \$ 7.09 |
| <i>Metal Halide</i> | | | |
| 454 Direct, 12000 Lum. Flood Fixt/Pole 12000L Fixt/Pole Dir. MH | P.O.Lt. 36.3 | \$17.27 | \$18.21 |
| 455 Direct, 32000 Lum. Flood Fixt/Pole 32000L Fixt/Pole Dir. MH | P.O.Lt. 36.3 | \$22.68 | \$23.92 |
| 459 Direct, 107800 Lum. Flood Fixt/Pole 107800L Fixt/Pole Dir. MH | P.O.Lt. 36.3 | \$42.71 | \$45.05 |
| <i>Mercury Vapor</i> | | | |
| 446 Cobra Head, 7000 Lum. Fixt. Only 7000 Lum. MV Std | St. Lt. 35 | \$ 8.72 | \$ 9.20 |
| 456 Cobra Head, 7000 Lum. Fixt/Pole 7000 Lum. MV Orntl | St. Lt. 35 | \$10.94 | \$11.54 |

| | | | |
|--|--------------------------|--------------------|---------|
| 447 Cobra Head, 10000 Lum. Fixt. Only 10000 Lum. MV Std | St. Lt. 35 | \$10.29 | \$10.85 |
| 457 Cobra Head, 10000 Lum. Fixt/Pole 10000 Lum. MV Orntl | St. Lt. 35 | \$12.26 | \$12.93 |
| 448 Cobra Head, 20000 Lum. Fixt. Only 20000 Lum. MV Std 20000 Lum. MV Special Ltg. | St. Lt. 35 P.O.Lt. 36 | \$12.57 \$ 7.85 | \$12.19 |
| 458 Cobra Head, 20000 Lum. Fixt/Pole 20000 Lum. MV Orntl 20000 Lum. Cobra Head MV Std | St. Lt. 35 P.O.Lt. 36 | \$14.14 \$12.57 | \$14.49 |
| 404 Open Bottom, 7000 Lum. Fixt. Only 7000 Lum. Open Bottom MV Std | P.O.Lt. 36 | \$ 9.69 | \$10.22 |
| | | | |
| <i>Incandescent</i> | | | |
| 421 Tear Drop, 1000 Lum. Fixt. Only 1000 Lum. Incand. Std | St. Lt. 35 | \$ 3.08 | \$ 3.25 |
| 422 Tear Drop, 2500 Lum. Fixt. Only 2500 Lum. Incand. Std | St. Lt. 35 | \$ 4.09 | \$ 4.31 |
| 424 Tear Drop, 4000 Lum. Fixt. Only 4000 Lum. Incand. Std | St. Lt. 35 | \$ 6.08 | \$ 6.41 |
| 434 Tear Drop, 4000 Lum. Fixt. /Pole 4000 Lum. Incand. Orntl | St. Lt. 35 | \$ 7.00 | \$ 7.38 |
| 425 Tear Drop, 6000 Lum. Fixt. Only 6000 Lum. Incand. Std | St. Lt. 35 | \$ 8.11 | \$ 8.55 |

| | Current | Rate Per Light Per Month | |
|---|------------------------------|--------------------------|----------|
| | Rate Sheet | Current | Proposed |
| UNDERGROUND SERVICE | | | |
| <i>Metal Halide</i> | | | |
| 460 Direct, 12000 Lum. Flood Fixt/Pole 12000L Fixt. w/M. Pole Dir. MH | P.O.Lt. 36.3 | \$ 25.45 | \$26.84 |
| 469 Direct, 32000 Lum. Flood Fixt/Pole 32000L Fixt. w/M. Pole Dir. MH | P.O.Lt. 36.3 | \$ 30.86 | \$32.55 |
| 470 Direct, 107800 Lum. Flood Fixt/Pole 107800L Fixt. w/M. Pole Dir. MH | P.O.Lt. 36.3 | \$ 50.89 | \$53.67 |
| | | | |
| <i>High Pressure Sodium</i> | | | |
| 440 Acorn, 4000 Lum. Flood Fixt/Pole 4000L Acorn (Decor) HPS UG | P.O.Lt. 36.1 | \$12.77 | \$13.47 |
| | | | |
| 410 Acorn, 4000 Lum. Fluted Pole 4000L Acorn (Hist Pole) HPS UG 4000L Acorn (Hist Pole) HPS UG | St. Lt. 35.1 P.O.Lt. 36.1 | \$19.16 \$19.16 | \$20.21 |
| 466 Colonial, 4000 Lum. Smooth Pole 4000 Lum. Colonial HPS UG 4000 Lum. Colonial Decor. UG | St. Lt. 35.1 P.O.Lt. 36.1 | \$ 8.93 \$ 8.93 | \$ 9.42 |
| 412 Coach, 5800 Lum. Smooth Pole 5800 Lum. Coach Decor. UG | St. Lt. 35.1 | \$ 29.24 | \$30.84 |
| 413 Coach, 9500 Lum. Smooth Pole 9500 Lum. Coach Decor. UG | St. Lt. 35.1 | \$ 29.65 | \$31.27 |

Lighting Energy Service Rate LE

| | | |
|------------------------|-----------------------|------------------------|
| | <u>Current</u> | <u>Proposed</u> |
| Energy Charge per kWh: | \$0.05647 | \$0.05958 |

Traffic Energy Service Rate TE

| | | |
|---------------------------------|-----------------------|------------------------|
| | <u>Current</u> | <u>Proposed</u> |
| Basic Service Charge per Month: | \$3.14 | \$3.25 |
| Energy Charge per kWh: | \$0.07182 | \$0.07614 |

Dark Sky Friendly Rate DSK

Current Rate

| | | | |
|-------------|-------|------|---------|
| DSK Lantern | 4,000 | .050 | \$21.31 |
| DSK Lantern | 9,500 | .100 | \$22.22 |

Proposed Rate

This rate schedule is proposed to be included in Lighting Service Rate LS.

Cable Television Attachment Charges – Rate CTAC

| | | |
|--|-----------------------|------------------------|
| | <u>Current</u> | <u>Proposed</u> |
| Attachment Charge per year for each attachment to pole: | \$5.40 | \$10.01 |

Curtable Service Rider 10 – Rider CSR10

| | | |
|------------------------|---|---|
| | <u>Current</u> <u>(per kW)</u> | <u>Proposed</u> <u>(Per kVA)</u> |
| Monthly Demand Credit: | | |
| Primary | (\$5.50) | (\$2.80) |
| Transmission | (\$5.40) | (\$2.75) |
| Non-Compliance Charge: | \$16.00 | \$16.00 |

Proposed Contract Option: Removes restriction that KU may only use physical curtailment during system reliability events. Also changes contract options' demand from a 15-minute demand basis to the one the customer's standard rate schedule uses.

Curtable Service Rider 30 – Rider CSR30

| | | |
|-------------------------------|---|---|
| | <u>Current</u> <u>(per kW)</u> | <u>Proposed</u> <u>(Per kVA)</u> |
| Monthly Demand Credit per kW: | | |
| Primary | (\$4.40) | (\$2.30) |
| Transmission | (\$4.30) | (\$2.25) |
| Non-Compliance Charge per kW: | \$16.00 | \$16.00 |

Proposed Contract Option: Removes restriction that KU may only use physical curtailment during system reliability events. Also changes contract options' demand from a 15-minute demand basis to the one the customer's standard rate schedule uses.

Load Reduction Incentive Rider – Rider LRI

| | |
|-----------------------------|--|
| <u>Current Rate</u> | Up to \$0.30 per kWh |
| <u>Proposed Rate</u> | This rate schedule is proposed to be eliminated. |

Standard Rider for Excess Facilities – Rider EF

Current Rate

| | |
|--|-------|
| Customer shall pay for excess facilities by: | |
| Monthly Charge for Leased Facilities: | 1.54% |
| Monthly Charge for Facilities Supported | |
| By a One-Time CIAC Payment: | 0.74% |

Proposed Rate

No adjustment in the monthly charge for a replacement of facilities will be made during the initial five (5) year term of contract.

Customer shall pay for excess facilities by:

- | | |
|---|-------|
| (a) Making a monthly Excess Facilities charge payment equal to the installed cost of the excess facilities times the following percentage: | |
| Percentage with No Contribution-in-Aid-of-Construction | 1.28% |
| (b) Making a one-time Contribution-in-Aid-of-Construction equal to the installed cost of the excess facilities plus a monthly Excess Facilities Charge payment equal to the installed cost of the excess facilities times the following percentage: | |
| Percentage with Contribution-in-Aid-of-Construction | 0.49% |

Standard Rider for Redundant Capacity Charge – Rider RC

| | <u>Current</u> <u>(per kW)</u> | <u>Proposed</u> <u>(Per kVA)</u> |
|--|---|---|
| Capacity Reservation Charge per Month: | | |
| Secondary Distribution | \$0.85 | \$1.55 |
| Primary Distribution | \$0.68 | \$0.99 |

Standard Rider for Supplemental or Standby Service – Rider SS

| | <u>Current</u> <u>(per kW)</u> | <u>Proposed</u> <u>(Per kVA)</u> |
|----------------------------|---|---|
| Contract Demand per month: | | |
| Secondary | \$6.54 | \$12.91 |
| Primary | \$6.17 | \$12.35 |
| Transmission | \$5.99 | \$11.17 |

Availability of Service: Text addition clarifies that KU has no obligation to supply non-firm service to a customer-generator unless the customer seeks supplemental or standby service under Rider SS. This requirement does not apply to Net Metering Service (Rider NMS).

Temporary and/or Seasonal Electric Service Rider TS

Availability of Service: Text change clarifies that service is available when it is not necessary for KU to install permanent facilities.

Conditions: Customer will pay for non-salvageable materials plus a monthly charge for the salvageable equipment at the Percentage With No Contribution in-Aid-of-Construction specified on the Excess Facilities Rider.

Real-Time Pricing Rider RTP

Current Rate: Billing under this Rider is formulaic.

Proposed Rate: This rate schedule is proposed to be eliminated.

Standard Rate for Low Emission Vehicle Service – Rate LEV

| <u>Current</u> | <u>Proposed</u> |
|-----------------------|------------------------|
|-----------------------|------------------------|

| | | |
|---------------------------------|-----------|------------|
| Basic Service Charge per Month: | \$8.50 | \$13.00 |
| Energy Charge per kWh: | | |
| Off-Peak Hours | \$0.04904 | \$ 0.05078 |
| Intermediate Hours | \$0.07005 | \$ 0.07254 |
| Peak Hours | \$0.13315 | \$ 0.13788 |

Availability of Service: Clarifies that rate is available to customers eligible for Rate RS or GS where the GS service is used in conjunction with an RS service to provide service to a detached garage and energy usage is no more than 300 kWh per month.

Meter Test Charge

| | |
|-----------------------------|---------|
| <u>Current Rate</u> | \$60.00 |
| <u>Proposed Rate</u> | \$75.00 |

Disconnecting and Reconnecting Service Charge

| | |
|-----------------------------|---------|
| <u>Current Rate</u> | \$25.00 |
| <u>Proposed Rate</u> | \$28.00 |

Meter Pulse Charge

Current Rate:
\$9.00 per month per installed set of pulse-generating equipment

Proposed Rate:
\$15.00 per month per installed set of pulse-generating equipment

Customer Deposits

KU is proposing no change to the required Customer Deposit for residential electric customers served under Residential Rate RS from the current amount of \$135.00 (0% increase), and the required Customer Deposit for general service customers served under General Service Rate GS from the current amount of \$220.00 (0% increase). Text change states when Rate GS deposit may be waived in conjunction with taking service under Rate RS.

Kentucky Utilities Company proposes to change the text of the following electric tariffs: General Service Rate GS, All Electric School Rate AES, Power Service Rate PS, Time-of-Day Secondary Service Rate TODS, Time-of-Day Primary Service Rate TODP, Retail Transmission Service Rate RTS, Fluctuating Load Service Rate FLS, Street Lighting Service Rate ST. LT, Private Outdoor Lighting Rate P.O.LT, Cable Television Attachment Charges Rate CTAC, Curtailable Service Rider CSR10, Curtailable Service Rider CSR30, Excess Facilities Rider EF, Redundant Capacity Rider RC, Supplemental/Standby Service Rider SS, Rider IL for Intermittent Loads, Temporary/Seasonal Service Rider TS, Large Green Energy Rider LGE, Low Emission Vehicle Service Rate LEV, Fuel Adjustment Clause FAC, Demand Side Management Cost Recovery Mechanism DSM, Environmental Cost Recovery Surcharge ECR, and the Terms and Conditions.

Changes to the Terms and Conditions include proposed clarifications on terms and conditions for determining customer rate assignments, as well as when standby or supplemental service must be purchased if customer desires non-firm service.

Although KU is not proposing to change the text of its Fuel Adjustment Clause (“FAC”), other than the correction of a minor typographical error in Paragraph (3), it is proposing to recover certain costs through the FAC to ensure that the correct amounts are collected through base rates and the FAC.

Complete copies of the proposed tariffs containing text changes and proposed rates may be obtained by contacting Lonnie E. Bellar, Kentucky Utilities Company at 220 West Main Street, Louisville, Kentucky, 502-627-4830, or visiting Kentucky Utilities Company’s website at www.lge-ku.com.

The foregoing rates reflect a proposed annual increase in revenues of approximately 6.5% to Kentucky Utilities Company.

The estimated amount of the annual change and the average monthly bill to which the proposed electric rates will apply for each electric customer class is as follows:

| Electric Rate Class | Annual \$ Increase | Annual % Increase | Mthly Bill \$ Increase | Mthly Bill % Increase |
|---------------------|--------------------|-------------------|------------------------|-----------------------|
| Residential | \$37,381,886 | 8.03% | \$ 7.41 | 8.03% |
| General Service | \$ 9,061,201 | 4.97% | \$ 9.20 | 4.97% |
| All Electric School | \$ 635,467 | 5.81% | \$ 82.81 | 5.81% |
| Power Service | \$ 6,849,989 | 2.53% | \$ 96.29 | 2.53% |
| TODS (Secondary) | \$ 1,907,198 | 6.59% | \$ 1,160.80 | 6.59% |
| TODP (Primary) | \$12,380,611 | 6.62% | \$ 6,159.51 | 6.62% |
| Retail Transmission | \$ 5,128,398 | 6.50% | \$ 11,982.24 | 6.50% |
| Fluctuating Load | \$ 1,417,956 | 6.25% | \$118,163.01 | 6.25% |
| Outdoor Lights | \$ 1,267,776 | 5.41% | \$ 0.62 | 5.41% |
| Lighting Energy | \$ 124 | 5.42% | \$ 11.27 | 5.42% |
| Traffic Energy | \$ 6,388 | 5.40% | \$ 0.79 | 5.40% |
| CTAC | \$ 681,722 | 85.37% | N/A | N/A |

The rates contained in this notice are the rates proposed by Kentucky Utilities Company; however, the Public Service Commission may order rates to be charged that differ from the proposed rates contained in this notice.

Notice is further given that any corporation, association, body politic or person with a substantial interest in the matter may by written request, within thirty (30) days after publication of the notice of the proposed rate changes, request to intervene. The motion shall be submitted to the Public Service Commission, 211 Sower Boulevard, P. O. Box 615, Frankfort, Kentucky 40601, and shall set forth the grounds for the request, including the status and interest of the party. Intervention may be granted beyond the thirty (30) day period for good cause shown. Any person who has been granted intervention may obtain copies of the application and any other filing made by the utility by contacting Lonnie E. Bellar, Vice President – State Regulation and Rates, Kentucky Utilities Company, c/o LG&E and KU Energy LLC, 220 West Main Street, Louisville, Kentucky, 502-627-4830.

A copy of the application and testimony shall be available for public inspection at

the office of Kentucky Utilities Company, 100 Quality Street, Lexington, Kentucky, or the Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky.

A copy of this Notice and the proposed tariff, once filed, shall also be available for public inspection on Kentucky Utilities Company's website at www.lge-ku.com.

Kentucky Utilities Company
c/o LG&E and KU Energy LLC
220 West Main Street
P. O. Box 32010
Louisville, Kentucky 40232
502-627-4830

Public Service Commission
211 Sower Boulevard
P. O. Box 615
Frankfort, Kentucky 40601
502-564-3940