

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF KENTUCKY UTILITIES)	
COMPANY FOR CERTIFICATES OF PUBLIC)	
CONVENIENCE AND NECESSITY AND)	
APPROVAL OF ITS 2016 COMPLIANCE PLAN)	CASE NO. 2016-00026
FOR RECOVERY BY ENVIRONMENTAL)	
SURCHARGE)	

CERTIFICATE OF NOTICE AND PUBLICATION

Pursuant to the Kentucky Public Service Commission’s Regulation 807 KAR 5:001, Section 16(1)(b)(5), I hereby certify that I am Robert M. Conroy, Director of Rates, for Kentucky Utilities Company (“KU” or “Company”), a utility furnishing retail electric service within the Commonwealth of Kentucky, which, on the 29th day of January 2016, will file an application to issue an order granting KU Certificates of Public Convenience and Necessity (“CPCNs”) for the construction of Phase II of the landfill at the E.W. Brown Generating Station, and to conduct surface-impoundment-related construction necessary to comply with the U.S. Environmental Protection Agency’s Coal Combustion Residuals Final Rule (“CCR Rule”) and construct new process water systems at the Ghent, Trimble County and E.W. Brown Generating Stations, and approving an amended compliance plan for purposes of recovering the costs of new pollution control facilities through its Rate Schedule ECR as required by KRS 278.183, and as applicable KRS 278.020(1).¹ The application will further ask the Commission to declare that the proposed surface impoundment closures at the Green River, Pineville, and Tyrone Generating

¹ The CCR Rule defines CCR as “fly ash, bottom ash, boiler slag, and flue gas desulfurization materials generated from burning coal for the purpose of generating electricity by electric utilities and independent power producers.” 40 CFR 257.53. This definition includes what is commonly referred to as gypsum.

Stations do not require CPCNs, or in the alternative to grant a CPCN for each generating station for which the Commission determines a CPCN is required.

In connection with its application, on the 29th day of January, 2016, KU will issue and file its proposed Rate Schedule ECR, P.S.C. No. 17, Second Revision of Original Sheet No. 87 and First Revision of Original Sheet No. 87.1, effective July 29, 2016, for purposes of recovering the costs of 2016 Environmental Compliance Plan by an increased assessment to customers' bills beginning on August 31, 2016.

I further certify that notice to the public of the filing of the application is being given in all respects as required by 807 KAR 5:001, Section 17 and 807 KAR 5:011, Sections 8(2)(c) and 9(2), as follows:

On the 29th day of January, 2016, the notice to the public was delivered for exhibition and public inspection at the offices and places of business of the Company in the territory affected thereby, to-wit, at the following places:

Barlow	Maysville
Campbellsville	Middlesboro
Carrollton	Morehead
Danville	Morganfield
Earlington	Mt. Sterling
Eddyville	Paris
Elizabethtown	Richmond
Georgetown	Shelbyville
Greenville	Somerset
Harlan	Versailles
Lexington	Winchester
London	

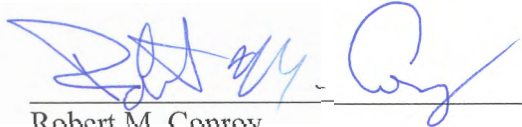
and that the same will be kept open to public inspection at said offices and places of business in conformity with the requirements of 807 KAR 5:001, Section 17(1)(a) and 807 KAR 5:011, Section 8(1)(a).

I further certify that more than twenty (20) customers will be affected by said change by way of an increase in their rates or charges, and that on the 12th day of January, 2016, there was delivered to the Kentucky Press Association, an agency that acts on behalf of newspapers of general circulation throughout the Commonwealth of Kentucky in which customers affected reside, for publication therein once a week for three consecutive weeks beginning on January 22, 2016, a notice of the filing of KU's application, including its proposed rates, a copy of said notice being attached hereto as Exhibit A, and a list of newspapers of general circulation throughout the Commonwealth of Kentucky in which customers affected reside, a copy of said list being attached hereto as Exhibit B. A certificate of publication of said notice will be furnished to the Kentucky Public Service Commission upon completion of same pursuant to 807 KAR 5:001, Section 17(3)(b).

In addition, beginning with bills issued after January 29, 2016, KU is including a general statement explaining the Application in this case with the bills for all Kentucky retail customers during the course of their regular monthly billing cycle. An accurate copy of this general statement is attached as Exhibit C.

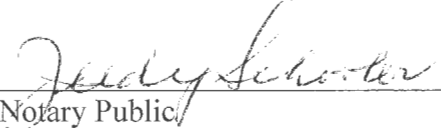
Also beginning on January 29, 2016, KU posted on its Internet website a copy of the notice to the public and a hyperlink to the location on the Kentucky Public Service Commission's website where the case documents and tariff filings are available. Beginning on January 29, 2016, KU posted on its Internet website a complete copy of KU's application in this case. Both the notice being published in newspapers and the bill inserts being sent to customers include the web address to the online posting.

Given under my hand this 29th day of January 2016.



Robert M. Conroy
Director of Rates
LG&E and KU Services Company
220 West Main Street
Louisville, Kentucky 40202

Subscribed and sworn to before me, a Notary Public in and before said County and State,
this 29th day of January 2016.



(SEAL)
Notary Public

My Commission Expires:

JUDY SCHOOLER
~~Notary Public, State at Large, KY~~
~~My commission expires July 11, 2018~~
~~Notary ID # 512743~~

Exhibit A
Newspaper Notices

**NOTICE TO CUSTOMERS OF KENTUCKY UTILITIES COMPANY
RECOVERY BY ENVIRONMENTAL SURCHARGE OF KENTUCKY UTILITIES COMPANY'S
2016 ENVIRONMENTAL COMPLIANCE PLAN**

PLEASE TAKE NOTICE that Kentucky Utilities Company ("KU") is filing with the Kentucky Public Service Commission ("Commission") on January 29, 2016 in Case No. 2016-00026, an Application pursuant to Kentucky Revised Statute 278.183 for approval of an amended compliance plan ("KU's 2016 Environmental Compliance Plan") for the purpose of recovering the capital costs associated with new pollution control facilities through an increase in the environmental surcharge on customers' bills beginning August 31, 2016 under KU's existing Electric Rate Schedule ECR, also known as the environmental cost recovery surcharge. The total capital cost of the projects in KU's 2016 Environmental Compliance Plan is estimated to be \$678 million.

Federal, state, and local environmental regulations require KU to build and upgrade equipment and facilities that produce energy from coal to operate in an environmentally sound manner. Specifically, KU is seeking Commission approval of Certificates of Public Convenience and Necessity for the construction of Phase II of the landfill at the E.W. Brown Generation Station ("Brown"), and to close coal-combustion-residual ("CCR") ponds and construct new process-water facilities at Brown, the Ghent Generating Station ("Ghent"), and the Trimble County Generating Station. Each construction project is component of KU's 2016 Environmental Compliance Plan.

KU is also seeking an order declaring that CCR pond closures at the Green River Generating Station, Pineville Generating Station, and Tyrone Generating Station are ordinary extensions of existing systems of the usual course of business.

Lastly, KU is seeking an order approving an amended compliance plan for purposes of recovering the costs of new pollution control facilities through its Environmental Surcharge tariff. These projects are required for KU to comply with the federal Clean Air Act as amended, the U.S. Environmental Protection Agency's new rule on the Disposal of CCR from Electric Utilities, the Mercury Air Toxics Standards, and other environmental requirements that apply to KU facilities used in the production of energy from coal. In addition to the projects described above, additional projects in KU's 2016 Environmental Compliance Plan include installing improvements to the Wet Flue Gas Desulfurization systems on Ghent Unit 2 and installing improvements to the mercury-related control equipment of Ghent Units 1-4, thereby allowing additive injections to mitigate mercury emissions. The total capital cost of the new pollution control facilities for which KU is seeking recovery at this time is estimated to be \$640 million. Additional operation and maintenance expenses will be incurred for certain projects in KU's 2016 Environmental Compliance Plan and are costs that KU is requesting to recover through the environmental surcharge in its application.

The impact on KU's customers is estimated to be a 2.06% increase in 2016 with a maximum increase of 3.35% in 2019. For a KU residential customer using 1,146 kilowatt hours per month, the initial monthly increase is expected to be \$2.16 during 2016, with the maximum monthly increase expected to be \$3.52 during 2019.

The Environmental Surcharge Application described in this Notice is proposed by KU. However, the Public Service Commission may issue an order modifying or denying KU's Environmental Surcharge Application. Such action may result in an environmental surcharge for consumers other than the environmental surcharge described in this Notice.

Comments regarding KU's 2016 Environmental Surcharge Plan and Application may be submitted to the Public Service Commission through its Web site or by mail to the Public Service Commission, Post Office Box 615, Frankfort, Kentucky 40602.

Any corporation, association, body politic or person may, by motion within thirty (30) days after publication, request leave to intervene in Case No. 2016-00026. That motion shall be submitted to the Public Service Commission, 211 Sower Blvd., P.O. Box 615, Frankfort, Kentucky, 40602, 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, however, if the Commission does not receive a written request for intervention within thirty (30) days of initial publication, the Commission may take final action on the application. Any person who has been granted intervention may obtain copies of the Application and testimony by contacting Kentucky Utilities Company at 220 West Main Street, Louisville, Kentucky, 40202, Attention: State Regulation and Rates.

A copy of the Application and testimony will be available for public inspection on KU's website (<http://www.lge-ku.com>), on the Commission's website (<http://www.psc.ky.gov>), and in paper medium Monday through Friday, 8:00 a.m. to 4:30 pm at the office of Kentucky Utilities Company, 100 Quality Street, Lexington, Kentucky 40507 or the Commission's offices located at 211 Sower Boulevard, Frankfort, Kentucky, after January 29, 2016.

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Exhibit B
List of
Newspapers

KENTUCKY PRESS SERVICE

**101 Consumer Lane
(502) 223-8821**

**Frankfort, KY 40601
FAX (502) 875-2624**

Rachel McCarty Advertising Dept.

List of newspapers running the Notice to
Kentucky Utilities Company Customers.

Barbourville Mnt. Advocate
Bardstown KY Standard
Bardwell Carlilse Co. News
Bardwell Carlilse Weekly
Beattyville Enterprise
Bedford Trimble Banner
Berea Citizen
Brooksville Bracken Co.
Brownsville Edmonson New
Calhoun McLean Co. New
Campbellsville Central KY
Carlisle Mercury
Carrollton News Democrat
Cave City Barren Progress
Central City Leader News
Central City Times Argus
Clinton Hickman Co. Gaz
Columbia Adair Progress
Corbin Times Tribune
Cumberland Tri City News
Cynthiana Democrat
Dawson Springs Progress
Eddyville Herald Ledger
Elizabethtown News Enter
Falmouth Outlook
Flemingsburg Gazette
Florence Boone Recorder
Frankfort State Journal
Fulton Leader
Georgetown Graphic
Glasgow Daily Times
Greensburg Record Herald
Harlan Enterprise
Harrodsburg Herald
Hartford Ohio Co. Times

Henderson Gleaner
Hickman Courier & Hickman County Times
Hodgenville Larue Herald
Hopkinsville KY New Era
Irvine Citizen Voice Times
Irvine Estill Co. Tribune
Lagrange Oldham Era
Lancaster Central Record
Lawrenceburg Ander. News
Lebanon Enterprise
Leitchfield News Gazette
Leitchfield Record
Lexington Herald Leader
Liberty Casey Co. News
London Sentinel Echo
Louisville Courier Journal
Madisonville Messenger
Manchester Enterprise
Marion Crittenden Press
Maysville Ledger Indep
Middlesboro Daily News
Morehead News
Morganfield Union Co.
Mt. Sterling Advocate
Mt. Vernon Signal
Munfordville Hart Co. News
New Castle Henry Co. Local
Nicholasville Jessamine
Owensboro Messneger Inq
Owenton News Herald
Owingsville Bath Outlook
Paducah Sun
Paris Bourbon Citizen
Pineville Sun
Princeton Times Leader
Providence Journal Enter
Richmond Register
Robertson Co. News
Russell Springs Times

Page 2

Sebree Banner
Shelbyville Sentinel News
Shepherdsville Pioneer
Smithland Livingston Ledger
Somerset Commonwealth
Springfield Sun
Stanford Interior Journal
Sturgis News
Taylorsville Spencer Magnet
The Advocate Messenger
Three Forks Tradition
Versailles Woodford Sun
Warsaw Gallatin News
Whitley City McCreary Voice
Wickliffe Advance Yeoman
Williamsburg News Journal
Williamstown Grant Co. News
Winchester Sun

Exhibit C
Bill Inserts

Dear KU Customer:

To comply with existing and new federal environmental laws and regulations, KU must continue to invest in additional pollution control facilities. Currently, KU is seeking Kentucky Public Service Commission (“KPSC”) approval to build additional pollution control facilities. Following KPSC approval, the actual costs associated with the pollution control facilities would be passed on to retail customers through the existing Environmental Surcharge billing factor. KU estimates that the initial impact would be an increase in the environmental surcharge of \$2.16 per month for a residential customer using 1,146 kilowatt hours (kWh) per month during 2016. The announcement below is included to comply with KPSC regulations regarding notice of tariff changes to customers. If approved as filed, this change in rates will be included on customer bills no sooner than August 31, 2016.

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