

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF LOUISVILLE GAS AND)
ELECTRIC COMPANY FOR CERTIFICATES)
OF PUBLIC CONVENIENCE AND NECESSITY)
AND APPROVAL OF ITS 2016 COMPLIANCE) CASE NO. 2016-00027
PLAN 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 Louisville Gas and Electric Company ("LG&E" 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 for an order granting LG&E Certificates of Public Convenience and Necessity 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 Mill Creek and Trimble County Generating Stations.¹ The application further seeks approval of an amended compliance plan for purposes of recovering the costs of new pollution control facilities through its Electric Rate Schedule ECR as required by KRS 278.183, and as applicable KRS 278.020(1).

In connection with its application, on the 29th day of January, 2016, LG&E will issue and file its proposed Electric Rate Schedule ECR, P.S.C. Electric No. 10, Second Revision of Original Sheet No. 87 and First Revision of Original Sheet No. 87.1, effective July 29, 2016, for

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.

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 issuing of the same 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 820 West Broadway, Louisville, KY 40202 and that the same will be kept open to public inspection at said office in conformity with the requirements of 807 KAR 5:001, Section 17(1)(a) and 807 KAR 5:011, Section 8(1)(a).

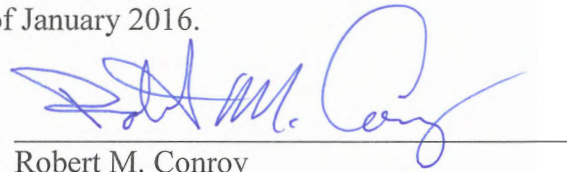
I further certify that more than twenty (20) customers will be affected by said change by way of an increase in their rates or charges, and that on the 12th day of January, 2016, there was delivered to the Kentucky Press Association, an agency that acts on behalf of newspapers of general circulation 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 LG&E'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, LG&E 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.

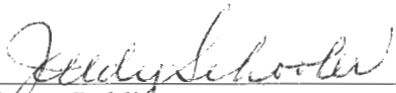
Also beginning on January 29, 2016, LG&E posted on its Internet website a copy of the notice to the public and a hyperlink to the location on the Kentucky Public Service Commission's website where the case documents and tariff filings are available. Beginning on January 29, 2016, LG&E posted on its Internet website a complete copy of LG&E'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 LOUISVILLE GAS AND ELECTRIC COMPANY
RECOVERY BY ENVIRONMENTAL SURCHARGE OF LOUISVILLE GAS AND ELECTRIC'S
2016 ENVIRONMENTAL COMPLIANCE PLAN**

PLEASE TAKE NOTICE that Louisville Gas and Electric Company ("LG&E") is filing with the Kentucky Public Service Commission ("Commission") on January 29, 2016 in Case No. 2016-00027, an Application pursuant to Kentucky Revised Statute 278.183 for approval of an amended compliance plan ("LG&E'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 LG&E's Electric Rate Schedule ECR, also known as the environmental cost recovery surcharge. The total capital cost of the projects in LG&E's 2016 Environmental Compliance Plan is estimated to be \$316 million.

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

LG&E is also seeking an order approving an amended compliance plan for the purpose of recovering the costs of new pollution-control facilities through its Environmental Surcharge tariff. These projects are required for LG&E 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 LG&E facilities used in the production of energy from coal. In addition to the projects described above, additional projects in LG&E's 2016 Environmental Compliance Plan include installing improvements to the mercury-related control equipment of Mill Creek Units 1-4 and Trimble County Unit 1, thereby allowing additive injections to mitigate mercury emissions. The total capital cost of the new pollution control facilities for which LG&E is seeking recovery at this time is estimated to be \$309.1 million. Additional operation and maintenance expenses will be incurred for certain projects in LG&E's 2016 Environmental Compliance Plan and are costs that LG&E is requesting to recover through the environmental surcharge in its application.

The impact on LG&E's electric customers is estimated to be a 0.80% increase in 2016 with a maximum increase of 2.49% in 2020. For a LG&E residential electric customer using 976 kilowatt hours per month, the initial monthly increase is expected to be \$0.73 during 2016, with the maximum monthly increase expected to be \$2.26 during 2020.

The Environmental Surcharge Application described in this Notice is proposed by LG&E. However, the Public Service Commission may issue an order modifying or denying LG&E'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 LG&E'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. 2016-00027. 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 Louisville Gas and Electric 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 LG&E's website (<http://www.lge-ku.com>), on the Commission's website (<http://psc.ky.gov>), and in paper medium, Monday through Friday, 8:00 a.m. to 4:30 p.m. at the office of Louisville Gas and Electric Company, 820 West Broadway, Louisville, Kentucky 40202 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 Louisville Gas and Electric Company.

Bardstown KY Standard
Bedford Trimble Banner
Brandenburg Meade Co. Messenger
Cave City Banner Co. Progress
Edmonton Herald News
Elizabethtown News Enterprise
Glasgow Daily Times
Greensburg Record Herald
Hodgenville Larue Co. Herald News
Lagrange Oldham Era
Lebanon Enterprise
Louisville Courier Journal
Munfordville Hart Co. News Herald
New Castle Henry Co. Local
Shelbyville Sentinel News
Shepherdsville Pioneer News
Springfield Sun
Taylorsville Spencer Magnet

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Exhibit C
Bill Inserts

Dear LG&E Customer:

To comply with existing and new federal environmental laws and regulations, LG&E must continue to invest in additional pollution control facilities. Currently, LG&E 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 electric customers through the existing Environmental Surcharge billing factor. LG&E estimates that the initial impact would be an increase in the environmental surcharge of \$0.73 per month for a residential electric customer using 976 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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