

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF KENTUCKY UTILITIES)	
COMPANY FOR A CERTIFICATE OF PUBLIC)	CASE NO: 2017-00483
CONVENIENCE AND NECESSITY AND)	
APPROVAL OF AMENDMENT TO ITS 2016)	
COMPLIANCE PLAN FOR RECOVERY BY)	
ENVIRONMENTAL SURCHARGE)	

CERTIFICATE OF COMPLETED NOTICE

To: The Public Service Commission, Frankfort, Kentucky

I hereby certify that I am Robert M. Conroy, Vice President, State Regulation and Rates for Kentucky Utilities Company (“KU” or “Company”), a utility furnishing retail electric service within the Commonwealth of Kentucky which, on January 26, 2018, filed an application with the Kentucky Public Service Commission (“Commission”) requesting an order authorizing KU to recover the environmental compliance costs of Amended Project 36 of its 2016 Environmental Compliance Plan (“2016 ECR Plan”) via its environmental surcharge through its Rate Schedule ECR as required by KRS 278.183, and as applicable KRS 278.020(1), and requesting an order granting KU a Certificate of Public Convenience and Necessity for the (1) construction of an amended Phase II of the landfill at the E.W. Brown Generating Station (“Brown”) and (2) capping and closing of any remaining surface area of the Brown Main Ash Pond.¹ Notice to the public of the filing of the application has been completed in compliance with 807 KAR 5:011 Section 8 as follows:

That more than twenty (20) customers will be affected by said change by way of an increase in their bills, and that on January 9, 2018, there was delivered to the Kentucky Press Service, Inc.

¹ The Commission has determined KU’s application meets the minimum filing requirements as of January 26, 2018.

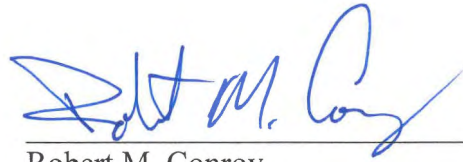
("Kentucky Press"), an agency that acts on behalf of newspapers of general circulation throughout the Commonwealth of Kentucky in which customers affected reside, for publication in such newspapers once a week for three consecutive weeks beginning on January 19, 2018, pursuant to 807 KAR 5:011 Section 8(2)(b)(3), a notice of the filing of KU's Application in this case. Publication of this notice is now complete. Affidavits from Kentucky Press confirming this publication and a copy of said notices are attached as Exhibit A. Kentucky Press has presented to KU proof of this publication of notice in the form of "tear sheets," which KU will maintain in its files.

On January 26, 2018, notice was exhibited for public inspection at the offices and places of business of the Company in the territory affected thereby, including its main office, at the places listed on Exhibit B, 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 5:011 Section 8.

I further certify that KU included a general statement explaining the Application in this case beginning with the bills issued after January 26, 2018 for all Kentucky retail customers during the course of their regular monthly billing cycle. An accurate copy of this general statement is marked as Exhibit C and attached hereto.

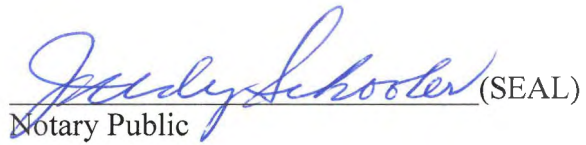
I further certify that, as an additional means of giving notice, KU has posted on its Internet website a copy of the newspaper notice, a complete copy of the application and supporting testimony, and a hyperlink to the location on the Commission's website where the case documents and tariff filings are available.

Given under my hand this 9th day of March, 2018.



Robert M. Conroy
Vice President, State Regulation and Rates
Kentucky Utilities 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 9th day of March, 2018.

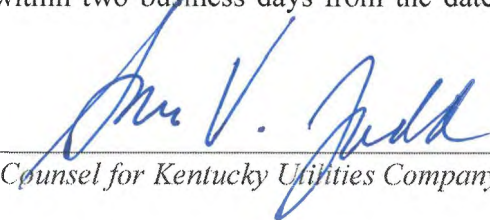


(SEAL)
Notary Public

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

CERTIFICATE OF COMPLIANCE

In accordance with 807 KAR 5:001 Section 8, this is to certify that the Companies' March 9, 2018 electronic filing of the Certificate of Completed Notice is a true and accurate copy of the same document being filed in paper medium; that the electronic filing has been transmitted to the Commission on March 9, 2018; that there are currently no parties that the Commission has excused from participation by electronic means in this proceeding; and that an original in paper medium of the Certificate will be delivered to the Commission within two business days from the date of the electronic filing.



Counsel for Kentucky Utilities Company

Exhibit A

Affidavits Attesting to Publication of Notice to Customers

NOTARIZED PROOF OF PUBLICATION

COMMONWEALTH OF KENTUCKY

COUNTY OF Franklin

Before me, a Notary Public, in and for said county and state, this 24th day of February, 2018, came Rachel McCarty, personally known to me, who, being duly sworn, states as follows: that she is the Advertising Assistant of the Kentucky Press Service, Inc.; that she has personal knowledge of the contents of this Affidavit; that the newspapers shown on Attachment No. 1 to this Affidavit published the Notice of Filing of Application re: Amended 2016 ECR Plan on the dates shown thereon at the request of Kentucky Press Service, Inc. for Kentucky Utilities Company; that the form and content of the Notice submitted for publication to each paper is shown in Attachment No. 2 to this Affidavit; and that the Kentucky Press Service, Inc. has presented to Kentucky Utilities Company proof of these publications in the form of "tear sheets" for retention in its files. Said Notice pertains to the Application in Case No. 2017-00483 filed by Kentucky Utilities Company with the Kentucky Public Service Commission on January 26, 2018.

Bonnie J. Howard

Notary Public

My Commission Expires: 9-18-20

(SEAL)

Id. # 563384

Rachel McCarty
Signature

[Attachments: (1) List of publications and dates of publication; (2) sample published notice]

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.
Attached tearsheets provide proof of publication:

Arlington Carlisle Weekly 1/31 & 2/7
Barbourville Mountain Advocate 2/1 & 2/8
Bardstown Kentucky Standard 1/31 & 2/7
Bardwell Carlisle Co. News 1/31 & 2/7
Beattyville Enterprise 1/31 & 2/7
Bedford Trimble Banner 2/1 & 2/8
Berea Citizen 1/31 & 2/7
Brooksville Bracken Co. News 2/1 & 2/8
Brownsville Edmonson News 1/31 & 2/7
Calhoun McLean Co. News 2/1 & 2/8
Campbellsville Central KY News Journal 2/1 & 2/8
Carlisle Mercury 1/31 & 2/7
Carrollton News-Democrat 2/1 & 2/8
Cave City Barren Co. Progress 2/1 & 2/8
Central City Leader News 1/30 & 2/6
Central City Times Argus 1/31 & 2/7
Columbia Adair Progress 2/1 & 2/8
Corbin Times Tribune 1/31 & 2/7
Cumberland Tri-City News 1/31 & 2/7
Cynthiana Democrat 2/1 & 2/8
Dawson Springs Progress 1/31 & 2/7
Eddyville Herald Ledger 1/31 & 2/7
Elizabethtown News Enterprise 1/31 & 2/7
Falmouth Outlook 1/30 & 2/6
Flemingsburg Gazette 1/31 & 2/7
Florence Recorder 2/1 & 2/8
Frankfort State Journal 1/31 & 2/7
Fulton Leader The Current 1/31 & 2/7
Georgetown News Graphic 1/30 & 2/6
Glasgow Daily Times 1/31 & 2/7
Greensburg Record Herald 1/31 & 2/7
Harlan Daily Enterprise 1/31 & 2/7
Harrodsburg Herald 2/1 & 2/8
Hartford Ohio Co. Times 1/31 & 2/7
Henderson Gleaner 1/31 & 2/7
Hickman County Times 1/31 & 2/7
Hodgenville LaRue Co. Herald News 1/31 & 2/7
Hopkinsville Kentucky New Era 1/31 & 2/7
Irvine Citizen Voice & Times 2/1 & 2/8
Irvine Estill Co. Tribune 1/31 & 2/7
LaGrange Oldham Era 2/1 & 2/8
Lancaster Central Record 2/1 & 2/8
Lawrenceburg Anderson News 1/31 & 2/7

Lebanon Enterprise 1/31 & 2/7
Leitchfield Grayson Co. News Gazette 1/31 & 2/7
Leitchfield The Record 2/1 & 2/8
Lexington Herald Leader 1/31 & 2/7
Liberty Casey Co. News 1/31 & 2/7
London Sentinel Echo 1/31 & 2/7
Louisville Courier Journal 1/31 & 2/7
Madisonville Messenger 1/31 & 2/7
Manchester Enterprise 1/31 & 2/7
Marion Crittenden Press 2/1 & 2/8
Maysville Ledger-Independent 1/31 & 2/7
Middlesboro Daily News 1/31 & 2/7
Morehead News 1/30 & 2/6
Morganfield Union Co Advocate 1/31 & 2/7
Mt. Sterling Advocate 2/1 & 2/8
Mt. Vernon Signal 2/1 & 2/8
Munfordville Hart Co. News Herald 2/1 & 2/8
New Castle Henry Co. Local 1/31 & 2/7
Nicholasville Jessamine Journal 2/1 & 2/8
Owensboro Messenger Inquirer 1/31 & 2/7
Owenton News-Herald 1/31 & 2/7
Owingsville Bath Co. News Outlook 2/1 & 2/8
Paducah Sun 1/31 & 2/7
Paris Bourbon Co. Citizen 2/1 & 2/8
Pineville Sun 1/31 & 2/7
Princeton Times Leader 1/31 & 2/7
Providence Journal Enterprise 1/31 & 2/7
Richmond Register 1/31 & 2/7
Robertson Co. News 1/31 & 2/7
Russell Springs Times Journal 2/1 & 2/8
Sebree Banner 1/31 & 2/7
Shelbyville Sentinel News 1/31 & 2/7
Shepherdsville Pioneer News 1/31 & 2/7
Smithland Livingston Ledger 2/1 & 2/8
Somerset Commonwealth Journal 1/31 & 2/7
Springfield Sun 1/31 & 2/7
Stanford Interior Journal 2/1 & 2/8
Sturgis News 1/31 & 2/7
Taylorsville Spencer Magnet 1/31 & 2/7
The Advocate Messenger 1/31 & 2/7
Three Forks Tradition 1/31 & 2/7
Versailles Woodford Sun 2/1 & 2/8
Warsaw Gallatin Co. News 1/31 & 2/7
Whitley City McCreary Co. Voice 2/1 & 2/8
Wickliffe Advance Yeoman 1/31 & 2/7
Williamsburg News Journal 1/31 & 2/7
Williamstown Grant County News 2/1 & 2/8
Winchester Sun 1/31 & 2/7

PLEASE TAKE NOTICE that Kentucky Utilities Company ("KU") filed with the Kentucky Public Service Commission ("Commission") on January 26, 2018 in Case No. 2017-00483, an Application pursuant to Kentucky Revised Statute 278.183 for approval of an amendment to Project 36 of its 2016 Environmental Compliance Plan for the purpose of recovering the capital costs associated with new pollution control facilities ("Amended Project 36") through an increase in the environmental surcharge on customers' bills beginning August 30, 2018 under KU's existing Electric Rate Schedule ECR, also known as the environmental cost recovery surcharge. The total capital cost of Amended Project 36 in KU's 2016 Environmental Compliance Plan is estimated to be \$14.7 million.

On August 8, 2016, the Commission approved KU's 2016 Environmental Compliance Plan, including the original Project 36, and granted an associated Certificate of Public Convenience and Necessity in Case No. 2016-00026. The total capital cost of the original Project 36 was then estimated to be \$11.9 million. Following the approval of this project, KU continued to evaluate the timing of and capacity needs for Phase II of the landfill at the E.W. Brown Generation Station ("Brown"), and construction did not begin prior to the one-year expiration of the Certificate of Public Convenience and Necessity authorization. The increase in the total capital cost between the original Project 36 and the cost of the now proposed amendment to Project 36 is estimated to be \$2.8 million.

Federal and state 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 a Certificate of Public Convenience and Necessity for the construction of Phase II of the landfill at Brown and to cap and close any remaining surface area of the Brown Main Ash Pond. This construction project is an amendment to Project 36 of KU's 2016 Environmental Compliance Plan that was approved by the Commission in 2016.

Additionally, KU is seeking an order approving Amended Project 36 for purposes of recovering the costs of the new pollution control facilities through its Environmental Surcharge tariff. Amended Project 36 is required for KU to comply with the U.S. Environmental Protection Agency's federal Hazardous and Solid Waste Management System; Disposal of Coal Combustion Residuals from Electric Utilities ("Federal CCR Rule"), and other environmental requirements that apply to KU facilities used in the production of energy from coal. The total capital cost of the new pollution control facilities for which KU is seeking recovery at this time is estimated to be \$14.7 million. O&M costs related to amended Phase II will be similar to O&M costs incurred in Phase I and are not distinguishable. If Amended Project 36 is approved, KU plans to continue to recover its Brown CCR Landfill O&M costs through its environmental surcharge as part of Project 29 in KU's 2011 ECR Plan.

The impact on KU's Group 1 customers is estimated to be a 0.05% increase in 2018 with a maximum increase of 0.13% in 2020. Group 1 includes Rate Schedules RS, AES, and all Lighting Rates. For a KU residential customer using 1,122 kilowatt hours per month (kWh/mo), the initial monthly increase is expected to be \$0.06 during 2018, with the maximum monthly increase expected to be \$0.15 during 2020. AES customers using 21,341 kWh/mo could expect a monthly increase of \$0.97 up to \$2.50. Lighting Energy customers using 9,307 kWh/mo could expect a monthly increase of \$0.34 up to \$0.87. Traffic Energy customers using 160 kWh/mo and Lighting Service and Restricted Lighting Service customers using 61 kWh/mo could expect a monthly increase of \$0.01 up to \$0.02.

The impact on KU's Group 2 customers is estimated to be a 0.08% increase in 2018 with a maximum increase of 0.19% in 2020. Group 2 includes Rate Schedules GS, PS-Secondary (PSS), PS-Primary (PSP), Time of Day Secondary (TODS), Time of Day Primary (TODP), Retail Transmission Service (RTS), Fluctuating Load Service (FLS), School Power Service (SPS), School Time of Day Service (STOD), and Outdoor Sports Lighting Service (ODL).

GS customers using 1,805 kWh/mo could expect a monthly increase of \$0.13 up to \$0.34.
PSS customers using 39,535 kWh/mo could expect a monthly increase of \$1.85 up to \$4.78.
PSP customers using 82,036 kWh/mo could expect a monthly increase of \$3.92 up to \$10.14.
TODS customers using 245,344 kWh/mo could expect a monthly increase of \$8.76 up to \$22.67.
TODP customers using 1,241,109 kWh/mo could expect a monthly increase of \$35.48 up to \$91.81.
RTS customers using 4,160,317 kWh/mo could expect a monthly increase of \$106.75 up to \$276.26.
FLS customers using 46,076,466 kWh/mo could expect a monthly increase of \$1,033.18 up to \$2,673.67.
SPS and ODL customers could expect monthly increases consistent with PSS and PSP customers using the same kWh/mo.
STOD customers could expect monthly increases consistent with TODS customers using the same kWh/mo.

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 customers other than the environmental surcharge described in this Notice.

Comments regarding KU's Amendment to Project 36 of its 2016 Environmental Surcharge Plan and Application may be submitted to the Public Service Commission through its website or by mail to the Public Service Commission, Post Office Box 615, Frankfort, Kentucky 40602.

Any person may submit a timely written request for intervention in Case No. 2017-00483 to the Public Service Commission, Post Office Box 615, Frankfort, Kentucky 40602, establishing the grounds for the request including the status and interest of the party. 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.

NOTARIZED PROOF OF PUBLICATION

COMMONWEALTH OF KENTUCKY

COUNTY OF Franklin

Before me, a Notary Public, in and for said county and state, this 5th day of February, 2018, came Rachel McCarty, personally known to me, who, being duly sworn, states as follows: that she is the Advertising Assistant of the Kentucky Press Service, Inc.; that she has personal knowledge of the contents of this Affidavit; that the newspapers shown on Attachment No. 1 to this Affidavit published the Notice of Filing of Application re: Amended 2016 ECR Plan on the dates shown thereon at the request of Kentucky Press Service, Inc. for Kentucky Utilities Company; that the form and content of the Notice submitted for publication to each paper is shown in Attachment No. 2 to this Affidavit; and that the Kentucky Press Service, Inc. has presented to Kentucky Utilities Company proof of these publications in the form of "tear sheets" for retention in its files. Said Notice pertains to the Application in Case No. 2017-00483 filed by Kentucky Utilities Company with the Kentucky Public Service Commission on January 26, 2018.

Rachel McCarty
Signature

Bernie J. Howard

Notary Public

My Commission Expires: 9-18-20

(SEAL)

Id. # 563381

[Attachments: (1) List of publications and dates of publication; (2) sample published notice]

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.
Attached tearsheets provide proof of publication:**

Arlington Carlisle Weekly 1/24
Barbourville Mountain Advocate 1/25
Bardstown Kentucky Standard 1/24
Bardwell Carlisle Co. News 1/24
Beattyville Enterprise 1/24
Bedford Trimble Banner 1/25
Berea Citizen 1/24
Brooksville Bracken Co. News 1/25
Brownsville Edmonson News 1/24
Calhoun McLean Co. News 1/25
Campbellsville Central KY News Journal 1/25
Carlisle Mercury 1/24
Carrollton News-Democrat 1/25
Cave City Barren Co. Progress 1/25
Central City Leader News 1/23
Central City Times Argus 1/24
Columbia Adair Progress 1/25
Corbin Times Tribune 1/24
Cumberland Tri-City News 1/24
Cynthiana Democrat 1/25
Dawson Springs Progress 1/24
Eddyville Herald Ledger 1/24
Elizabethtown News Enterprise 1/24
Falmouth Outlook 1/23
Flemingsburg Gazette 1/24
Florence Recorder 1/25
Frankfort State Journal 1/24
Fulton Leader The Current 1/24
Georgetown News Graphic 1/23
Glasgow Daily Times 1/24
Greensburg Record Herald 1/24
Harlan Daily Enterprise 1/24
Harrodsburg Herald 1/25
Hartford Ohio Co. Times 1/24
Henderson Gleaner 1/24
Hickman County Times 1/24
Hodgenville LaRue Co. Herald News 1/24
Hopkinsville Kentucky New Era 1/24
Irvine Citizen Voice & Times 1/25
Irvine Estill Co. Tribune 1/24
LaGrange Oldham Era 1/25
Lancaster Central Record 1/25
Lawrenceburg Anderson News 1/24

Lebanon Enterprise 1/24
Leitchfield Grayson Co. News Gazette 1/24
Leitchfield The Record 1/25
Lexington Herald Leader 1/24
Liberty Casey Co. News 1/24
London Sentinel Echo 1/24
Louisville Courier Journal 1/24
Madisonville Messenger 1/24
Manchester Enterprise 1/24
Marion Crittenden Press 1/25
Maysville Ledger-Independent 1/24
Middlesboro Daily News 1/24
Morehead News 1/23
Morganfield Union Co Advocate 1/24
Mt. Sterling Advocate 1/25
Mt. Vernon Signal 1/25
Munfordville Hart Co. News Herald 1/25
New Castle Henry Co. Local 1/24
Nicholasville Jessamine Journal 1/25
Owensboro Messenger Inquirer 1/24
Owenton News-Herald 1/24
Owingsville Bath Co. News Outlook 1/25
Paducah Sun 1/24
Paris Bourbon Co. Citizen 1/25
Pineville Sun 1/24
Princeton Times Leader 1/24
Providence Journal Enterprise 1/24
Richmond Register 1/24
Robertson Co. News 1/24
Russell Springs Times Journal 1/25
Sebree Banner 1/24
Shelbyville Sentinel News 1/24
Shepherdsville Pioneer News 1/24
Smithland Livingston Ledger 1/25
Somerset Commonwealth Journal 1/24
Springfield Sun 1/24
Stanford Interior Journal 1/25
Sturgis News 1/24
Taylorsville Spencer Magnet 1/24
The Advocate Messenger 1/24
Three Forks Tradition 1/24
Versailles Woodford Sun 1/25
Warsaw Gallatin Co. News 1/24
Whitley City McCreary Co. Voice 1/25
Wickliffe Advance Yeoman 1/24
Williamsburg News Journal 1/24
Williamstown Grant County News 1/25
Winchester Sun 1/24

PLEASE TAKE NOTICE that Kentucky Utilities Company ("KU") is filing with the Kentucky Public Service Commission ("Commission") on January 26, 2018 in Case No. 2017-00483, an Application pursuant to Kentucky Revised Statute 278.183 for approval of an amendment to Project 36 of its 2016 Environmental Compliance Plan for the purpose of recovering the capital costs associated with new pollution control facilities ("Amended Project 36") through an increase in the environmental surcharge on customers' bills beginning August 30, 2018 under KU's existing Electric Rate Schedule ECR, also known as the environmental cost recovery surcharge. The total capital cost of Amended Project 36 in KU's 2016 Environmental Compliance Plan is estimated to be \$14.7 million.

On August 8, 2016, the Commission approved KU's 2016 Environmental Compliance Plan, including the original Project 36, and granted an associated Certificate of Public Convenience and Necessity in Case No. 2016-00026. The total capital cost of the original Project 36 was then estimated to be \$11.9 million. Following the approval of this project, KU continued to evaluate the timing of and capacity needs for Phase II of the landfill at the E.W. Brown Generation Station ("Brown"), and construction did not begin prior to the one-year expiration of the Certificate of Public Convenience and Necessity authorization. The increase in the total capital cost between the original Project 36 and the cost of the now proposed amendment to Project 36 is estimated to be \$2.8 million.

Federal and state 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 a Certificate of Public Convenience and Necessity for the construction of Phase II of the landfill at Brown and to cap and close any remaining surface area of the Brown Main Ash Pond. This construction project is an amendment to Project 36 of KU's 2016 Environmental Compliance Plan that was approved by the Commission in 2016.

Additionally, KU is seeking an order approving Amended Project 36 for purposes of recovering the costs of the new pollution control facilities through its Environmental Surcharge tariff. Amended Project 36 is required for KU to comply with the U.S. Environmental Protection Agency's federal Hazardous and Solid Waste Management System; Disposal of Coal Combustion Residuals from Electric Utilities ("Federal CCR Rule"), and other environmental requirements that apply to KU facilities used in the production of energy from coal. The total capital cost of the new pollution control facilities for which KU is seeking recovery at this time is estimated to be \$14.7 million. O&M costs related to amended Phase II will be similar to O&M costs incurred in Phase I and are not distinguishable. If Amended Project 36 is approved, KU plans to continue to recover its Brown CCR Landfill O&M costs through its environmental surcharge as part of Project 29 in KU's 2011 ECR Plan.

The impact on KU's Group 1 customers is estimated to be a 0.05% increase in 2018 with a maximum increase of 0.13% in 2020. Group 1 includes Rate Schedules RS, AES, and all Lighting Rates. For a KU residential customer using 1,122 kilowatt hours per month (kWh/mo), the initial monthly increase is expected to be \$0.06 during 2018, with the maximum monthly increase expected to be \$0.15 during 2020. AES customers using 21,341 kWh/mo could expect a monthly increase of \$0.97 up to \$2.50. Lighting Energy customers using 9,307 kWh/mo could expect a monthly increase of \$0.34 up to \$0.87. Traffic Energy customers using 160 kWh/mo and Lighting Service and Restricted Lighting Service customers using 61 kWh/mo could expect a monthly increase of \$0.01 up to \$0.02.

The impact on KU's Group 2 customers is estimated to be a 0.08% increase in 2018 with a maximum increase of 0.19% in 2020. Group 2 includes Rate Schedules GS, PS-Secondary (PSS), PS-Primary (PSP), Time of Day Secondary (TODS), Time of Day Primary (TODP), Retail Transmission Service (RTS), Fluctuating Load Service (FLS), School Power Service (SPS), School Time of Day Service (STOD), and Outdoor Sports Lighting Service (ODL).

GS customers using 1,805 kWh/mo could expect a monthly increase of \$0.13 up to \$0.34.
PSS customers using 39,535 kWh/mo could expect a monthly increase of \$1.85 up to \$4.78.
PSP customers using 82,036 kWh/mo could expect a monthly increase of \$3.92 up to \$10.14.
TODS customers using 245,344 kWh/mo could expect a monthly increase of \$8.76 up to \$22.67.
TODP customers using 1,241,109 kWh/mo could expect a monthly increase of \$35.48 up to \$91.81.
RTS customers using 4,160,317 kWh/mo could expect a monthly increase of \$106.75 up to \$276.26.
FLS customers using 46,076,466 kWh/mo could expect a monthly increase of \$1,033.18 up to \$2,673.67
SPS and ODL customers could expect monthly increases consistent with PSS and PSP customers using the same kWh/mo.
STOD customers could expect monthly increases consistent with TODS customers using the same kWh/mo.

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 customers other than the environmental surcharge described in this Notice.

Comments regarding KU's Amendment to Project 36 of its 2016 Environmental Surcharge Plan and Application may be submitted to the Public Service Commission through its website or by mail to the Public Service Commission, Post Office Box 615, Frankfort, Kentucky 40602.

Any person may submit a timely written request for intervention in Case No. 2017-00483 to the Public Service Commission, Post Office Box 615, Frankfort, Kentucky 40602, establishing the grounds for the request including the status and interest of the party. 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.

Exhibit B

List of KU's Offices and Places of Business Where Notice to Customers is Exhibited

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

Exhibit C

Copy of the General Statement Included
In Customers' Bills During the Course
Of Their Regular Monthly Billing Cycle
Beginning On or About January 26, 2018

Exhibit C
Bill Insert

Dear KU Customer:

To comply with existing federal and state environmental laws and regulations, KU must continue to invest in additional pollution control facilities. Currently, KU is seeking the Kentucky Public Service Commission's ("Commission") approval to amend an existing project to build additional pollution control facilities. Following Commission approval, the actual costs associated with the pollution control facilities would be passed on to retail customers through the existing Environmental Surcharge billing factor. The announcement below is included to comply with Commission 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 30, 2017.

NOTICE TO CUSTOMERS OF
KENTUCKY UTILITIES COMPANY

RECOVERY BY ENVIRONMENTAL SURCHARGE OF KENTUCKY UTILITIES COMPANY'S
AMENDMENT TO ITS 2016 ENVIRONMENTAL COMPLIANCE PLAN

PLEASE TAKE NOTICE that Kentucky Utilities Company ("KU") filed with the Kentucky Public Service Commission ("Commission") on January 26, 2018 in Case No. 2017-00483, an Application pursuant to Kentucky Revised Statute 278.183 for approval of an amendment to Project 36 of its 2016 Environmental Compliance Plan for the purpose of recovering the capital costs associated with new pollution control facilities ("Amended Project 36") through an increase in the environmental surcharge on customers' bills beginning August 30, 2018 under KU's existing Electric Rate Schedule ECR, also known as the environmental cost recovery surcharge. The total capital cost of Amended Project 36 in KU's 2016 Environmental Compliance Plan is estimated to be \$14.7 million.

On August 8, 2016, the Commission approved KU's 2016 Environmental Compliance Plan, including the original Project 36, and granted an associated Certificate of Public Convenience and Necessity in Case No. 2016-00026. The total capital cost of the original Project 36 was then estimated to be \$11.9 million. Following the approval of this project, KU continued to evaluate the timing of and capacity needs for Phase II of the landfill at the E.W. Brown Generation Station ("Brown"), and construction did not begin prior to the one-year expiration of the Certificate of Public Convenience and Necessity authorization. The increase in the total capital cost between the original Project 36 and the cost of the now proposed amendment to Project 36 is estimated to be \$2.8 million.

Federal and state 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 a Certificate of Public Convenience and Necessity for the construction of Phase II of the landfill at Brown and to cap and close any remaining surface area of the Brown Main Ash Pond. This construction project is an amendment to Project 36 of KU's 2016 Environmental Compliance Plan that was approved by the Commission in 2016.

Additionally, KU is seeking an order approving Amended Project 36 for purposes of recovering the costs of the new pollution control facilities through its Environmental Surcharge tariff. Amended Project 36 is required for KU to comply with the U.S. Environmental Protection Agency's federal *Hazardous and Solid Waste Management System; Disposal of Coal Combustion Residuals from Electric Utilities* ("Federal CCR Rule"), and other environmental requirements that apply to KU facilities used in the production of energy from coal. The total capital cost of the new pollution control facilities for which KU is seeking recovery at this time is estimated to be \$14.7 million. O&M costs related to amended Phase II will be similar to O&M costs incurred in Phase I and are not distinguishable. If Amended Project 36 is approved,

KU plans to continue to recover its Brown CCR Landfill O&M costs through its environmental surcharge as part of Project 29 in KU's 2011 ECR Plan.

The impact on KU's Group 1 customers is estimated to be a 0.05% increase in 2018 with a maximum increase of 0.13% in 2020. Group 1 includes Rate Schedules RS, AES, and all Lighting Rates. For a KU residential customer using 1,122 kilowatt hours per month (kWh/mo), the initial monthly increase is expected to be \$0.06 during 2018, with the maximum monthly increase expected to be \$0.15 during 2020. AES customers using 21,341 kWh/mo could expect a monthly increase of \$0.97 up to \$2.50. Lighting Energy customers using 9,307 kWh/mo could expect a monthly increase of \$0.34 up to \$0.87. Traffic Energy customers using 160 kWh/mo and Lighting Service and Restricted Lighting Service customers using 61 kWh/mo could expect a monthly increase of \$0.01 up to \$0.02.

The impact on KU's Group 2 customers is estimated to be a 0.08% increase in 2018 with a maximum increase of 0.19% in 2020. Group 2 includes Rate Schedules GS, PS-Secondary (PSS), PS-Primary (PSP), Time of Day Secondary (TODS), Time of Day Primary (TODP), Retail Transmission Service (RTS), Fluctuating Load Service (FLS), School Power Service (SPS), School Time of Day Service (STOD), and Outdoor Sports Lighting Service (ODL).

GS customers using 1,805 kWh/mo could expect a monthly increase of \$0.13 up to \$0.34.
PSS customers using 39,535 kWh/mo could expect a monthly increase of \$1.85 up to \$4.78. PSP customers using 82,036 kWh/mo could expect a monthly increase of \$3.92 up to \$10.14.
TODS customers using 245,344 kWh/mo could expect a monthly increase of \$8.76 up to \$22.67.
TODP customers using 1,241,109 kWh/mo could expect a monthly increase of \$35.48 up to \$91.81.
RTS customers using 4,160,317 kWh/mo could expect a monthly increase of \$106.75 up to \$276.26.
FLS customers using 46,076,466 kWh/mo could expect a monthly increase of \$1,033.18 up to \$2,673.67.
SPS and ODL customers could expect monthly increases consistent with PSS and PSP customers using the same kWh/mo.
STOD customers could expect monthly increases consistent with TODS customers using the same kWh/mo.

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 customers other than the environmental surcharge described in this Notice.

Comments regarding KU's Amendment to Project 36 of its 2016 Environmental Surcharge Plan and Application may be submitted to the Public Service Commission through its website or by mail to the Public Service Commission, Post Office Box 615, Frankfort, Kentucky 40602.

Any person may submit a timely written request for intervention in Case No. 2017-00483 to the Public Service Commission, Post Office Box 615, Frankfort, Kentucky 40602, establishing the grounds for the request including the status and interest of the party. 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 is 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 p.m. at the office of Kentucky Utilities Company, 100 Quality Street, Lexington, Kentucky or the Commission's offices located at 211 Sower Boulevard, Frankfort, Kentucky, after January 26, 2018.