

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF)	
KENTUCKY UTILITIES COMPANY FOR)	
APPROVAL OF ITS 2020 COMPLIANCE PLAN)	CASE NO. 2020-00060
FOR RECOVERY BY ENVIRONMENTAL)	
SURCHARGE)	

APPLICATION

Kentucky Utilities Company (“KU” or “the Company”), pursuant to KRS 278.183 and 807 KAR 5:001 Section 14, hereby petitions the Kentucky Public Service Commission (“Commission”) by application for an order approving an Environmental Compliance Plan for purposes of recovering the costs necessary to comply with the United States Environmental Protection Agency’s (“EPA”) 2015 Effluent Limitations Guidelines Rule (“2015 ELG Rule”) as amended through its Environmental Cost Recovery (“ECR”) Surcharge tariff (“2020 Plan”) and an order approving the Company’s revised ECR Surcharge tariff.

The 2020 Plan is attached as Application Exhibit 1. The projects contained in the 2020 ECR Plan are required for KU to comply with the requirements of the 2015 ELG Rule as amended. In support of this Application, KU states as follows:

1. The full name and mailing address of KU are: Kentucky Utilities Company, 220 West Main Street, Louisville, Kentucky 40202. KU may be reached by electronic mail at the electronic mail addresses of its counsel set forth below.

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

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

3. KU was incorporated in Kentucky on August 17, 1912, and in Virginia on November 26, 1991 (and effective as of December 1, 1991), and is in good standing in both Kentucky and Virginia. Copies of KU's good standing certificates from the Kentucky Secretary of State and the Virginia State Corporation Commission are attached as Application Exhibit 2.

4. Pursuant to KRS 278.380, KU waives any right to service of Commission orders by mail for purposes of this proceeding only. Copies of all orders, pleadings, and other communications related to this proceeding should be directed to:

Robert M. Conroy
Vice President, State Regulation and Rates
LG&E and KU Services Company
220 West Main Street
Louisville, KY 40202
robert.conroy@lge-ku.com

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l.ingram@skofirm.com
matthew.parsons@skofirm.com
maryellen.wimberly@skofirm.com

**Request for Approval of KU's 2020 Environmental Compliance Plan
for Recovery by Environmental Surcharge**

5. Pursuant to KRS 278.183(1), KU is “entitled to the current recovery of its costs of complying with the Federal Clean Air Act as amended and those federal, state, or local environmental requirements which apply to coal combustion wastes and by-products from facilities utilized for production of energy from coal in accordance with the utility’s compliance plan.”

6. The 2015 ELG Rule, which was finalized on September 30, 2015, established new limits for certain pollutants in flue gas desulfurization (“FGD”) wastewater and included regulations regarding the discharge of bottom ash transport water (“BATW”). In order to comply with the 2015 ELG Rule, and for other reasons, KU constructed process water treatment systems at Ghent Generating Station (“Ghent”) and Trimble County Generating Station (“Trimble County”). Importantly, the 2015 ELG Rule anticipated additional compliance related expenditures over the next several years.

On November 22, 2019, the EPA published revisions to the 2015 ELG Rule for steam electric power generators. These revisions impose stricter requirements on the allowable levels of some pollutants applicable to FGD wastewater and BATW. Because KU’s existing process water treatment systems at the Ghent and Trimble County generating stations cannot achieve the pollutant levels for nitrates, nitrites, and selenium mandated by the ELG Rule and its proposed revisions, KU is seeking approval of additional ELG water treatment systems at both locations. The addition of these projects will satisfy the ELG Rule’s requirement that the Company use the Best Available Technology Economically Achievable (“BAT”) to control pollutant levels.

7. In order to comply with the 2015 ELG Rule and revisions to the ELG Rule, KU is adding two new projects to its Environmental Compliance Plan. The first project consists of an ELG water treatment system, a wastewater diffuser, and a BATW recirculation system at Ghent (collectively, “Project 43”). The second project is the construction of an ELG water treatment system at Trimble County (“Project 44”).

Project 43

8. The proposed ELG water treatment system at Ghent will be located downstream from the Company’s recently completed process water treatment system and will treat all effluent in a biological manner to reduce pollutants to allowable levels under the revised 2015 ELG Rule.

The wastewater diffuser will extend into the Ohio River to help diffuse the pollutants at their point of entry into the river. Details of the construction of Project 43 are further described in Mr. Straight's testimony. Conducting 2015 ELG Rule compliance construction at Ghent and constructing an ELG water treatment system are economical, as Mr. Wilson discusses in his testimony,¹ and are prudent means of complying with the revised 2015 ELG Rule, as Mr. Revlett discusses in his testimony.²

9. KU will submit to the Division of Water, Kentucky Pollutant Discharge Elimination System ("KPDES") a request to modify its existing permits within 90 days of when the revisions to the 2015 ELG Rule become final. KU will file a copy of its Application requesting modified permits with the Commission. KU will also request a United States Army Corp of Engineers permit for the installation of the wastewater diffuser. KU will seek any additional applicable construction permits. KU does not have all the applicable permits and approvals in hand that are needed for Project 43 but will file them with the Commission as they are obtained.

10. KU proposes to begin construction of the ELG water treatment system, the wastewater diffuser, and the BATW recirculation system at Ghent in 2021 and all work should be completed by 2024. There are no utilities, corporations, or persons with whom the proposed new construction is likely to compete. Maps and drawings for KU's proposed construction of the projects in the 2020 Plan are attached in Application Exhibit 3.³

11. The total projected capital cost of these systems at Ghent is \$216.5 million, of which KU seeks to recover \$216.2 million through the ECR mechanism as part of its 2020 ECR

¹ Wilson Testimony at 9.

² Revlett Testimony at 9-10.

³ Pursuant to the Commission's March 16, 2020 Order in Case No. 2020-00085 (Electronic Emergency Docket Related to the Novel Coronavirus COVID-19), only one copy of the maps and drawings in portable document format are included. The required paper copies will be filed consistent with the Commission's March 16, 2020 Order.

Plan Project 43.⁴ KU expects to finance the cost of the systems with a combination of new debt and equity. The mix of debt and equity used to finance the project will be determined so as to allow KU to maintain its strong investment-grade credit rating. KU's proposed financing of such costs is discussed in the direct testimony of Mr. Conroy, which accompanies this Application and is incorporated herein by reference.

12. The proposed construction is anticipated to create operating and maintenance costs beginning in 2023, which is the deadline for compliance with the proposed revisions to the 2015 ELG Rule.⁵ The operating and maintenance costs are estimated to total \$34.9 million for 2023 through 2029 and are detailed on page 2 of Application Exhibit 1. The Company is seeking ECR recovery in this proceeding of these operation and maintenance costs beginning in 2023.

Project 44

13. The second project contained in the Company's 2020 Plan is the construction of an ELG water treatment system at Trimble County. Project 44 is similar to Project 43, but on a smaller scale since Trimble County is jointly owned by KU and its sister utility Louisville Gas and Electric Company ("LG&E").⁶ The proposed ELG water treatment system will be built downstream from Trimble County's recently completed process water treatment system. Mr. Straight's testimony further describes Project 44, and Mr. Wilson's testimony explains how Project 44 will enable KU to cost effectively satisfy those regulatory requirements. Conducting 2015 ELG Rule compliance construction at Trimble County and constructing an ELG water treatment system are economical, as Mr. Wilson discusses in his testimony.⁷

⁴ Capital costs of \$0.2 million are currently included in KU's base rates as discussed in the testimony of Andrea M. Fackler.

⁵ The deadline for compliance is no later than December 31, 2023, as set forth at 84 Fed. Reg. 64622.

⁶ KU and LG&E will share the costs of the construction of the proposed ELG water treatment system at Trimble County. The costs will be allocated 48% to KU and 52% to LG&E.

⁷ Wilson Testimony at 9.

14. KU will submit to the Division of Water, Kentucky Pollutant Discharge Elimination System (“KPDES”) a request to modify its existing permits within 90 days of when the revisions to the 2015 ELG Rule become final. KU will file a copy of its Application requesting modified permits with the Commission. KU will seek any additional applicable construction permits. KU does not have all the applicable permits and approvals in hand that are needed for Project 44 but will file them with the Commission as they are obtained.

15. KU proposes to begin construction of the ELG water treatment system at Trimble County in 2021 and all work should be completed by 2023. There are no utilities, corporations, or persons with whom the proposed new construction is likely to compete. Maps and drawings for KU’s proposed construction of the projects in the 2020 Plan are attached in Application Exhibit 3.⁸

16. KU’s share of the total projected capital cost of this system at Trimble County is \$35.9 million, of which KU seeks to recover \$34.1 million through the ECR mechanism as part of its 2020 Plan Project 44.⁹ KU expects to finance the cost of the system with a combination of new debt and equity. The mix of debt and equity used to finance the project will be determined so as to allow KU to maintain its strong investment-grade credit rating. KU’s proposed financing of such costs is discussed in the direct testimony of Mr. Conroy, which accompanies this Application and is incorporated herein by reference.

17. The proposed construction is anticipated to create operating and maintenance costs beginning in 2023, which is the deadline for compliance with the proposed revisions to the 2015

⁸ Pursuant to the Commission’s March 16, 2020 Order in Case No. 2020-00085 (Electronic Emergency Docket Related to the Novel Coronavirus COVID-19), only one copy of the maps and drawings in portable document format are included. The required paper copies will be filed consistent with the Commission’s March 16, 2020 Order.

⁹ Capital costs of \$1.7 million are currently included in KU’s base rates as discussed in the testimony of Andrea M. Fackler.

ELG Rule.¹⁰ The operating and maintenance costs are estimated to total \$9.0 million for 2023 through 2029 and are detailed on page 2 of Application Exhibit 1. The Company is seeking ECR recovery in this proceeding of these operation and maintenance costs beginning in 2023.

18. Project 44 will enable Trimble County to use BAT to comply with the 2015 ELG Rule and the EPA's proposed rulemaking on changes to ELG applicable to both FGD wastewater and BATW used in conjunction with the Company's steam generating units. The environmental regulations creating the need for this new project are specifically shown in the 2020 Plan, which is attached in Application Exhibit 1.

19. A detailed summary of the facts and compliance requirements supporting this Application is set forth in the direct testimony and exhibits of the Company's witnesses:

- The testimony of Robert M. Conroy, Vice President, State Regulation and Rates, presents an overview of the 2020 Plan and explains why certificates of public convenience and necessity ("CPCNs") are not necessary for the systems contained in the Company's 2020 Plan, addresses the return on equity from the settlement in the Company's 2018 rate case, explains the financing for the ECR projects, and requests recovery of their compliance costs through the environmental surcharge mechanism, Rate Schedule ECR tariff.
- Gary H. Revlett, Director, Environmental Affairs, presents testimony discussing the environmental requirements that necessitate the Company's 2020 Plan and discusses how the 2020 Plan projects will achieve compliance with environmental regulations.

¹⁰ The deadline for compliance is no later than December 31, 2023, as set forth at 84 Fed. Reg. 64622.

- R. Scott Straight, Vice President, Project Engineering, presents testimony that describes the engineering and construction aspects of the projects in the Company's 2020 Plan and the projects' costs, and sponsors the 2020 Plan.
- Stuart A. Wilson, Director, Energy Planning/Analysis/Forecasting, presents testimony on the analysis and cost-effectiveness of the projects in the Company's 2020 Plan and presents, as an exhibit, the economic analyses the Company performed related to the 2020 Plan.
- Andrea M. Fackler, Manager, Revenue Requirement/Cost of Service, presents testimony addressing how the environmental surcharge under the Company's ECR tariff provisions will be calculated to include the costs of the 2020 Plan, presents the revisions to the monthly ECR reporting forms that KU proposes and explains why the revisions to the forms are appropriate, details the costs included in base rates, and discusses the bill impact on the Company's customers.

20. As discussed above, KU is proposing a slight change to the environmental surcharge monthly reporting forms to reflect the addition of the 2020 Plan costs. The calculation of the monthly billing factor will remain consistent with the Company's current methodology approved by the Commission. Ms. Fackler further explains this minor change in her testimony.

21. This Application and supporting testimony and exhibits are available for public inspection at the KU office located at One Quality Street, Lexington, Kentucky. The Company is giving notice to the public of the proposal to recover the costs of the 2020 Plan by newspaper publication, through a bill insert in monthly billings to its customers, and through posting the published notice at the offices and places of business of the Company where bills are paid. The Company is also posting this Application on its website (<http://www.lge-ku.com>). An initial

Certificate of Notice and Publication is filed with this Application. A Certification of Completed Notice and Publication will be filed with the Commission upon the completion of this notice.

22. Final action on this Application is requested by September 30, 2020 to allow KU to begin procurement of materials and equipment under the proposed construction schedule.

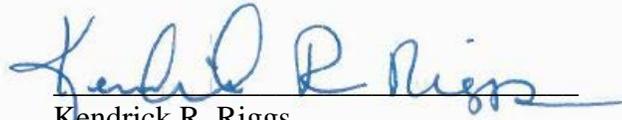
Request for Approval of KU's Revised ECR Surcharge Tariff

23. KU is proposing no changes to its Environmental Cost Recovery Surcharge tariff sheets, P.S.C. No. 19, Original Sheet No. 87 and Original Sheet No. 87.1 *Adjustment Clause ECR*, other than to change their issue and effective dates. KU is filing its Environmental Cost Recovery Surcharge tariff sheets, attached as Application Exhibit 4, for the purpose of obtaining the Commission's approval of the recovery of the costs of Projects 43 and 44 in the 2020 Plan by the proposed assessment through this tariff provision. In accordance with KRS 278.183(2), the ECR tariff has an issue date of March 31, 2020 and is proposed to be effective on September 30, 2020. Therefore, bills issued on and after the date of the first billing cycle for November 2020 (first billing cycle begins October 28, 2020) will reflect the revised environmental surcharge.

WHEREFORE, Kentucky Utilities Company respectfully asks the Commission to enter an order on or before September 30, 2020: (1) approving the addition of the new projects to KU's Environmental Compliance Plan for purposes of recovering the costs of the projects through the environmental surcharge mechanism and (2) approving the proposed environmental surcharge tariff for the recovery of the costs of the 2020 Plan effective for bills rendered on and after the date of the first billing cycle for November 2020.

Dated: March 31, 2020

Respectfully submitted,



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sara.judd@lge-ku.com

Counsel for Kentucky Utilities Company

CERTIFICATE OF COMPLIANCE

In accordance with 807 KAR 5:001 Section 8(7), this is to certify that Kentucky Utilities Company's March 31, 2020 electronic filing is a true and accurate copy of the documents that will be filed in paper medium subject to the terms of the Commission's March 16, 2020 Order in Case No. 2020-00085 (Electronic Emergency Docket Related to the Novel Coronavirus COVID-19) ("COVID-19 Order"); that the electronic filing was transmitted to the Commission on March 31, 2020; that there are currently no parties that the Commission has excused from participation by electronic means in this proceeding; that an original and one copy of the filing will be filed by hand-delivery with the Commission consistent with the COVID-19 Order; and that on March 31, 2020, electronic mail notification of the electronic filing will be provided to the following:

John G. Horne II
Executive Director
Office of the Attorney General
Office of Rate Intervention
700 Capital Avenue, Suite 20
Frankfort, KY 40601
John.Horne@ky.gov

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



Gerald R. Rieps
Counsel for Kentucky Utilities Company

Exhibit 1 – 2020 Environmental Compliance Plan

KENTUCKY UTILITIES COMPANY
2020 ENVIRONMENTAL COMPLIANCE PLAN (Case No. 2020-00060)

Project	Air Pollutant or Waste/By-Product To Be Controlled	Pollution Control Facility	Generating Station	Environmental Regulation*	Environmental Permit*	Scheduled Completion Year	Estimated Projected Capital Cost (in millions)
43	Process Wastewater	ELG Water Treatment System Diffuser Bottom Ash Transport Water Recirculation System	Ghent (See Note 2)	U.S. Environmental Protection Agency's 2015 Effluent Limitations Guidelines Rule as amended	Division of Water - KPDES Permit and U.S. Army Corps of Engineers	2024 2021 2023	\$136.5 \$16.1 \$63.9
44	Process Wastewater	ELG Water Treatment System	Trimble County (See Notes 1 and 2)		Division of Water - KPDES Permit	2023	\$35.9
Total							\$252.3

* Sponsored by Witness Revlett

Note 1: Trimble County costs are net of IMEA/IMPA's portion and further split 48% to KU and 52% to LG&E based on ownership.

Trimble County Ownership

KU/LG&E - 75%
IMEA/IMPA - 25%

Trimble County Proportional Share of Costs

KU - 48%
LG&E - 52%

Note 2: Costs include a portion currently recovered in base rates as discussed in the testimony of Andrea M. Fackler.

KENTUCKY UTILITIES COMPANY
2020 ENVIRONMENTAL COMPLIANCE PLAN (Case No. 2020-00060)

Project	Air Pollutant or Waste/By-Product To Be Controlled	Pollution Control Facility	Generating Station	Estimated Annual Operations and Maintenance Costs (Through 2029) (in millions)						
				2023	2024	2025	2026	2027	2028	2029
43	Process Wastewater	ELG Water Treatment System Bottom Ash Transport Water Recirculation System	Ghent (See Note 2)	\$0.0	\$2.5	\$5.0	\$5.2	\$5.5	\$5.6	\$5.8
				\$0.4	\$0.7	\$0.8	\$0.8	\$0.8	\$0.9	\$0.9
44	Process Wastewater	ELG Water Treatment System	Trimble County (See Notes 1 and 2)	\$0.6	\$1.3	\$1.3	\$1.4	\$1.4	\$1.5	\$1.5
Total				\$1.0	\$4.5	\$7.1	\$7.4	\$7.7	\$8.0	\$8.2

Note 1: Trimble County costs are net of IMEA/IMPA's portion and further split 48% to KU and 52% to LG&E based on ownership.

Trimble County Ownership

KU/LG&E - 75%
IMEA/IMPA - 25%

Trimble County Proportional Share of Costs

KU - 48%
LG&E - 52%

Note 2: No O&M costs are expected to be incurred prior to 2023.

Exhibit 2 – Certificates of Good Standing

Commonwealth of Kentucky
Michael G. Adams, Secretary of State

Michael G. Adams
Secretary of State
P. O. Box 718
Frankfort, KY 40602-0718
(502) 564-3490
<http://www.sos.ky.gov>

Certificate of Existence

Authentication number: 229266
Visit <https://app.sos.ky.gov/ftshow/certvalidate.aspx> to authenticate this certificate.

I, Michael G. Adams, Secretary of State of the Commonwealth of Kentucky, do hereby certify that according to the records in the Office of the Secretary of State,

KENTUCKY UTILITIES COMPANY

is a corporation duly incorporated and existing under KRS Chapter 14A and KRS Chapter 271B, whose date of incorporation is August 17, 1912 and whose period of duration is perpetual.

I further certify that all fees and penalties owed to the Secretary of State have been paid; that Articles of Dissolution have not been filed; and that the most recent annual report required by KRS 14A.6-010 has been delivered to the Secretary of State.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Official Seal at Frankfort, Kentucky, this 21st day of March, 2020, in the 228th year of the Commonwealth.



Michael G. Adams

Michael G. Adams
Secretary of State
Commonwealth of Kentucky
229266/0028494

Commonwealth of Virginia



State Corporation Commission

CERTIFICATE OF GOOD STANDING

I Certify the Following from the Records of the Commission:

That KENTUCKY UTILITIES COMPANY is duly incorporated under the law of the Commonwealth of Virginia;

That the corporation was incorporated on November 26, 1991;

That the corporation's period of duration is perpetual; and

That the corporation is in existence and in good standing in the Commonwealth of Virginia as of the date set forth below.

Nothing more is hereby certified.



Signed and Sealed at Richmond on this Date:

March 21, 2020

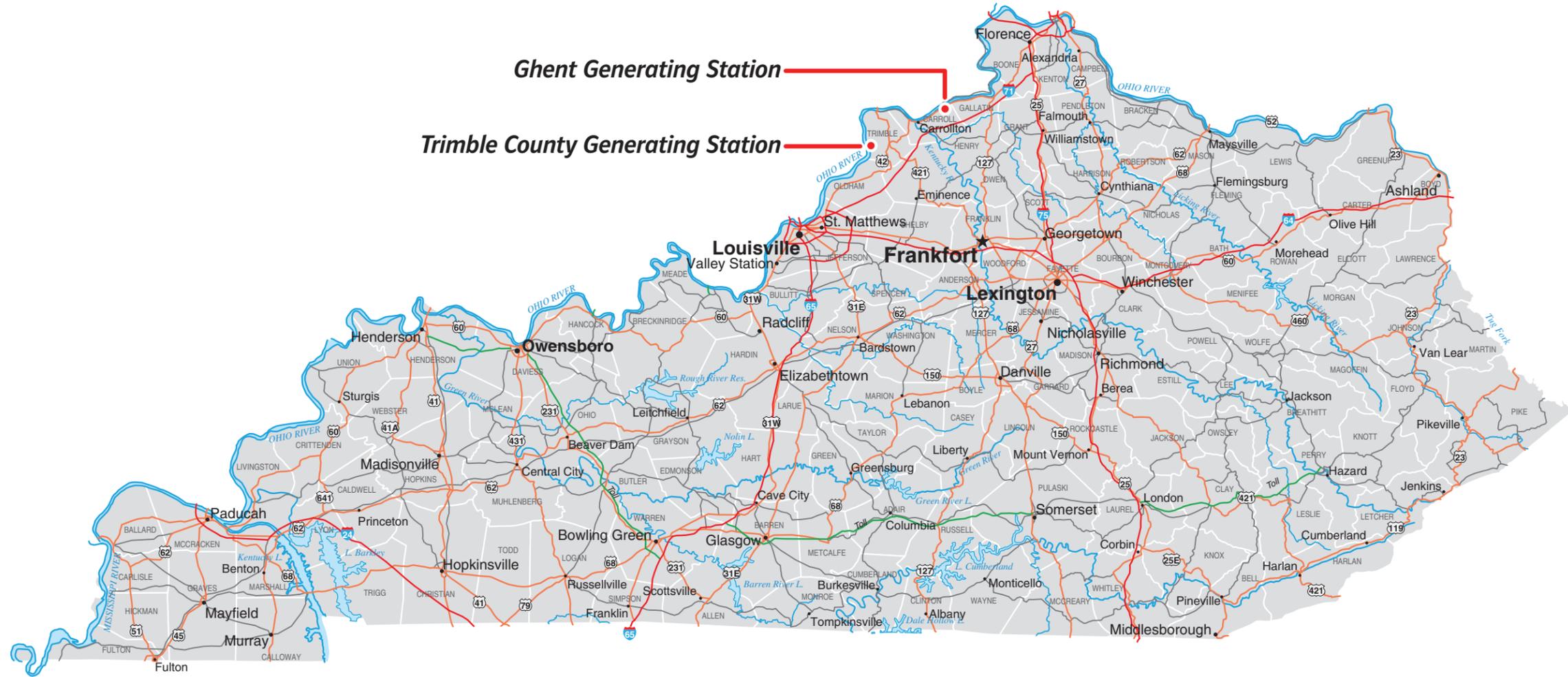
Joel H. Peck

Joel H. Peck, Clerk of the Commission

Exhibit 3 – Maps and Drawings



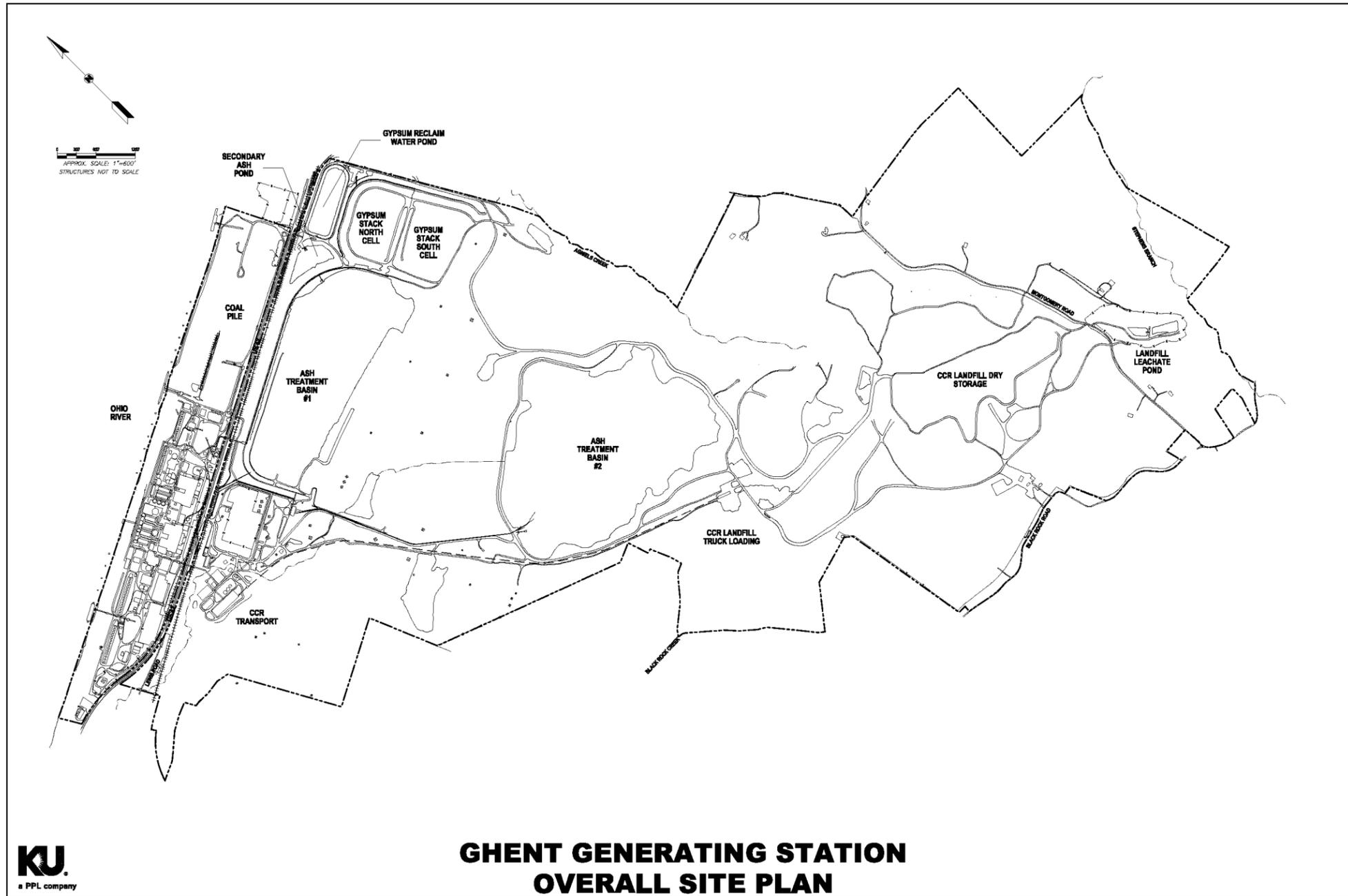
a PPL company



0 25 50 75 100 Miles

0 25 50 75 100 KM

Parallel scale at 38°N 0°E



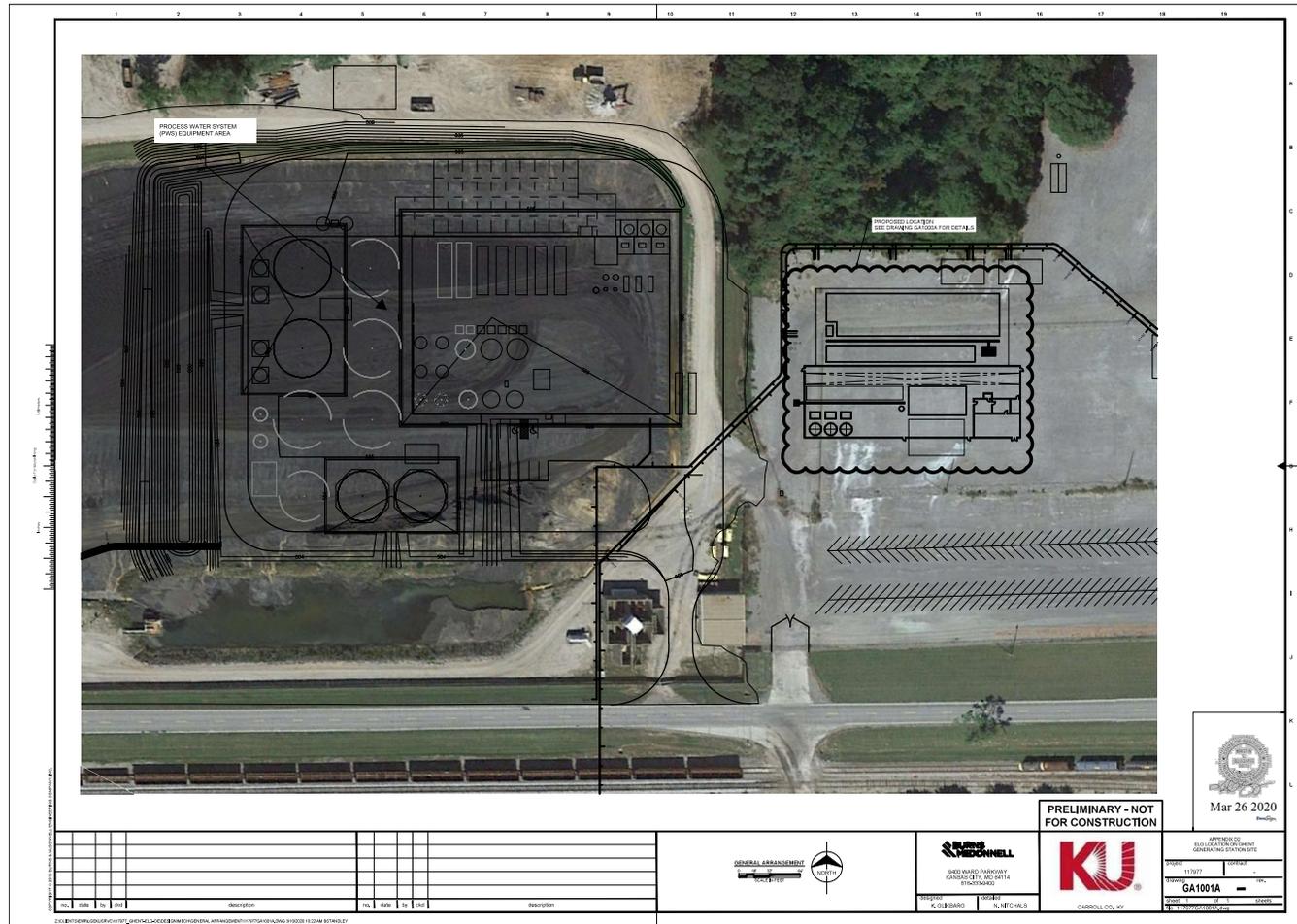
**GHENT GENERATING STATION
OVERALL SITE PLAN**

KU.
a PPL company

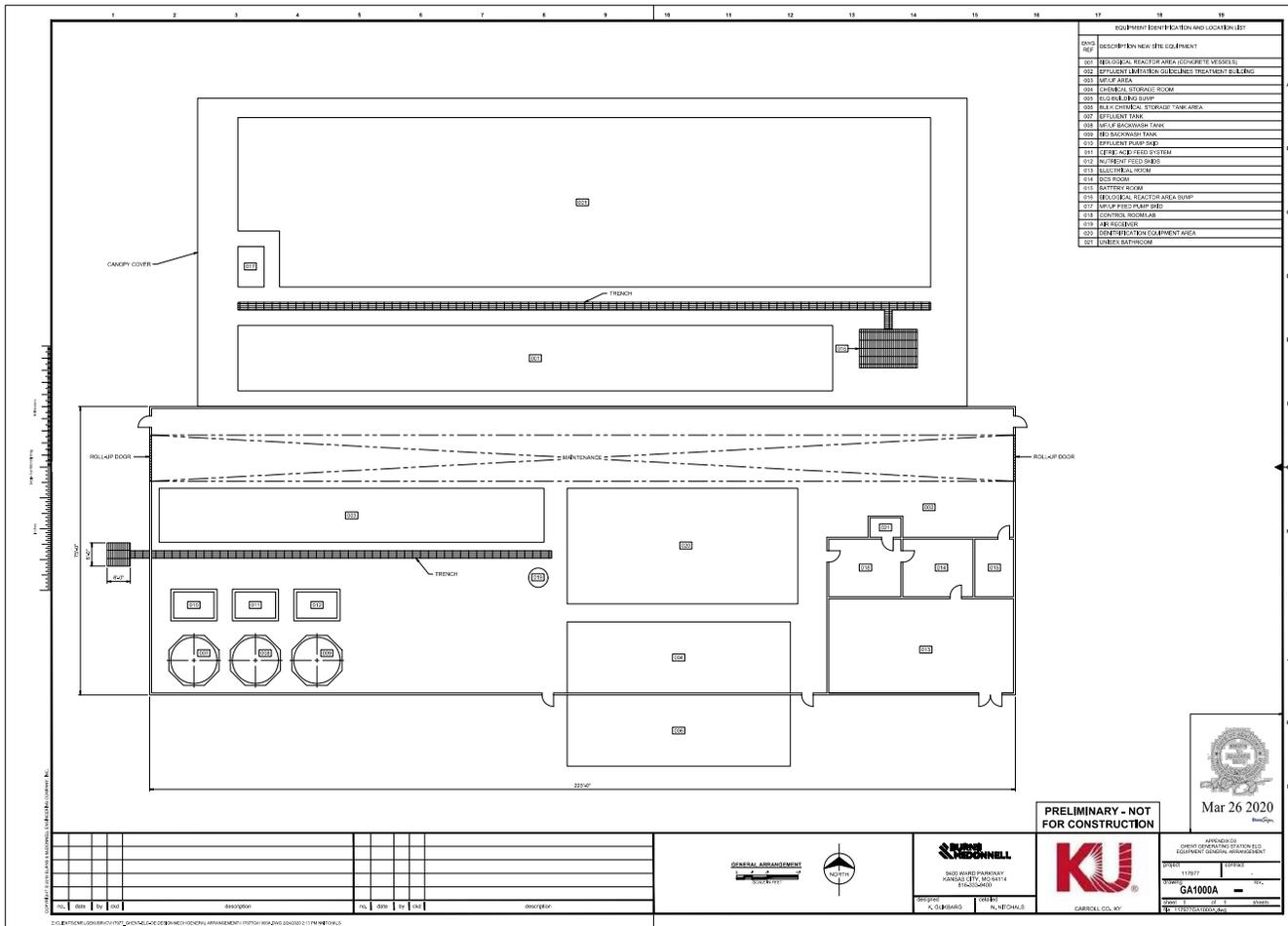
Ghent Aerial Photo



ELG Location on Ghent Generating Station Site



Ghent ELG Equipment General Arrangement



PRELIMINARY - NOT FOR CONSTRUCTION

Mar 26 2020



GHENT UNIVERSITY OF TECHNOLOGY
EQUIPMENT GENERAL ARRANGEMENT



GARDNER, INC.
117977

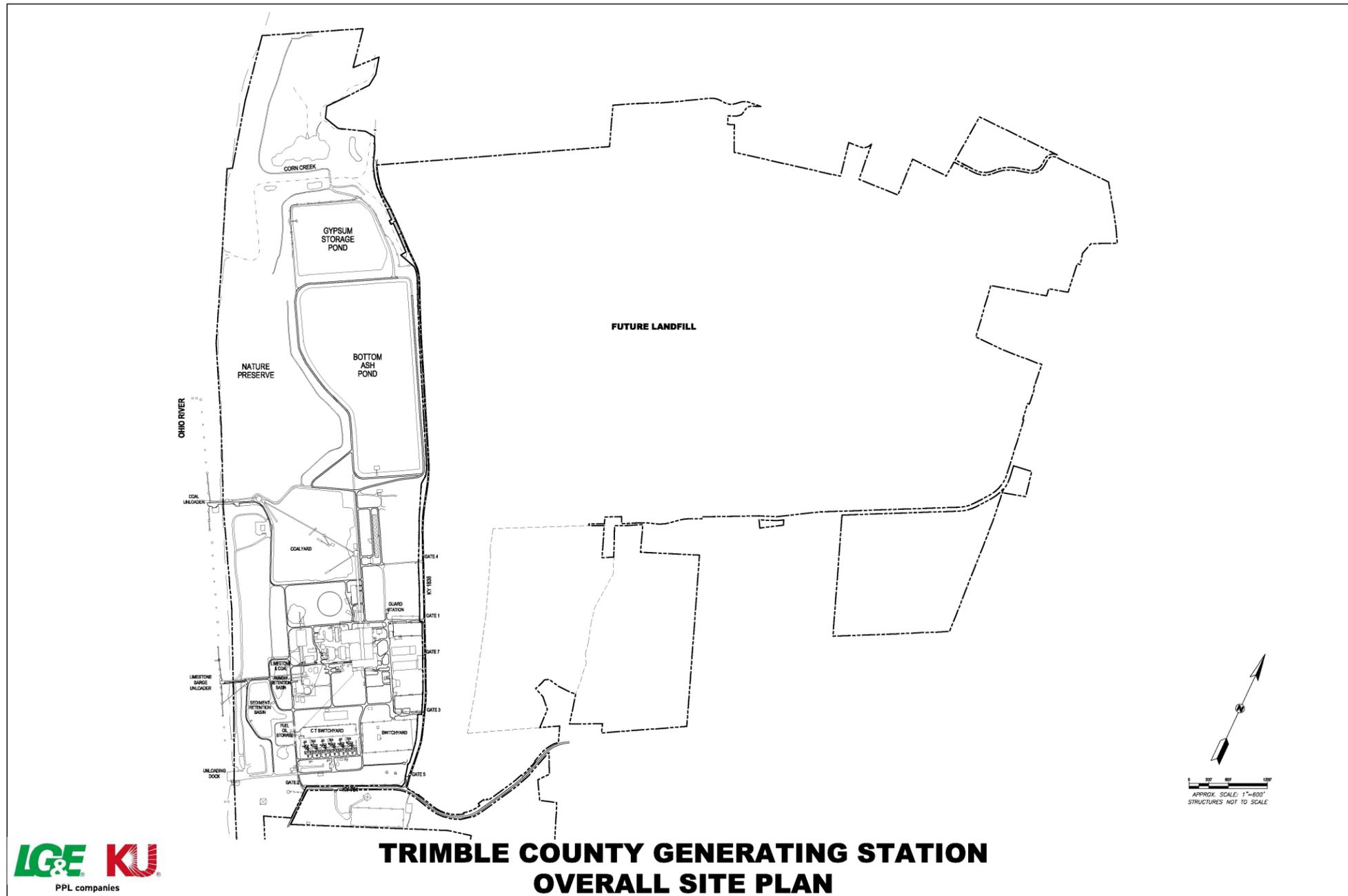


KU
GARDNER, INC.



Proposed diffuser.
Extending approximately
500 feet into the river,
buried in the river bed.

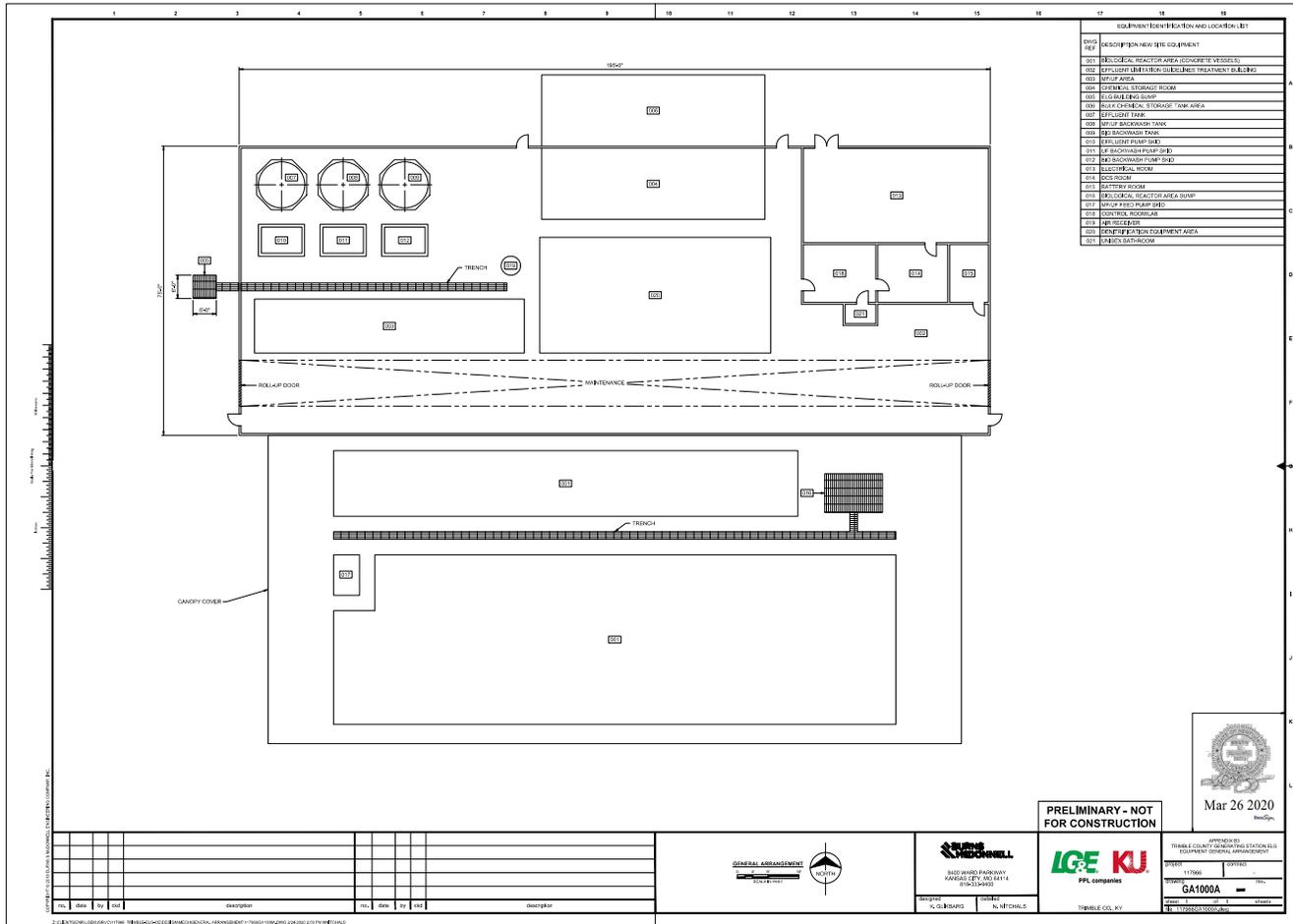
CONCEPTUAL DIFFUSER LOCATION
GHENT GENERATING STATION
3/26/2020



Trimble Co. Aerial Photo



Trimble County ELG Equipment General Arrangement



PRELIMINARY - NOT FOR CONSTRUCTION

Mar 26 2020

APPROVED BY:
TRIMBLE COUNTY BOARD OF SUPERVISORS
EQUIPMENT GENERAL ARRANGEMENT

PROJECT NO: 117060

DATE: 03/26/20

SCALE: AS SHOWN

PROJECT: GA1000A

LOCATION: TRIMBLE CO., KY

TRIMBLE COUNTY BOARD OF SUPERVISORS

Exhibit 4 – Environmental Cost
Recovery Surcharge Tariff
Sheets

Kentucky Utilities Company

P.S.C. No. 19, First Revision of Original Sheet No. 87
Canceling P.S.C. No. 19, Original Sheet No. 87

Adjustment Clause

ECR

Environmental Cost Recovery Surcharge

APPLICABLE

In all territory served.

AVAILABILITY

This schedule is mandatory to all rate schedules listed in Section 1 of the General Index except Rate PSA and Special Charges, all Pilot Programs listed in Section 3 of the General Index, and FAC (including OSS) and DSM Adjustment Clauses. Rate schedules subject to this adjustment clause are divided into Group 1 or Group 2 as follows:

Group 1: Rates RS; RTOD-Energy; RTOD-Demand; VFD; AES; LS; RLS; LE; and TE.

Group 2: Rates GS; PS; TODS; TODP; RTS; FLS; EVSE; EVC; and OSL.

RATE

The monthly billing amount under each of the schedules to which this mechanism is applicable, shall be increased or decreased by a percentage factor calculated in accordance with the following formula.

$$\text{Group Environmental Surcharge Billing Factor} = \text{Group E(m)} / \text{Group R(m)}$$

As set forth below, Group E(m) is the sum of Jurisdictional E(m) of each approved environmental compliance plan revenue requirement of environmental compliance costs for the current expense month allocated to each of Group 1 and Group 2. Group R(m) for Group 1 is the twelve (12) month average revenue for the current expense month and for Group 2 it is the twelve (12) month average non-fuel revenue for the current expense month.

DEFINITIONS

1. For all Plans, $E(m) = [(RB/12) (ROR + (ROR - DR) (TR / (1 - TR)))] + OE - EAS + BR$
 - a. RB is the Total Environmental Compliance Rate Base.
 - b. ROR is the Rate of Return on Environmental Compliance Rate Base, designated as the overall rate of return [cost of short-term debt, long-term debt, preferred stock, and common equity].
 - c. DR is the Debt Rate [cost of short-term debt, and long-term debt].
 - d. TR is the Composite Federal and State Income Tax Rate.
 - e. OE is the Operating Expenses. OE includes operation and maintenance expense recovery authorized by the K.P.S.C. in all approved ECR Plan proceedings.
 - f. EAS is the total proceeds from emission allowance sales.
 - g. BR is the operation and maintenance expenses, and/or revenues if applicable, associated with Beneficial Reuse.
 - h. Plans are the environmental surcharge compliance plans submitted to and approved by the Kentucky Public Service Commission pursuant to KRS 278.183.

DATE OF ISSUE: March 31, 2020

DATE EFFECTIVE: September 30, 2020

ISSUED BY: /s/ Robert M. Conroy, Vice President
State Regulation and Rates
Lexington, Kentucky

**Issued by Authority of an Order of the
Public Service Commission in Case No.
2020-00060 dated XX, 2020**

Kentucky Utilities Company

P.S.C. No. 19, First Revision of Original Sheet No. 87.1
Canceling P.S.C. No. 19, Original Sheet No. 87.1

Adjustment Clause

ECR

Environmental Cost Recovery Surcharge

DEFINITIONS (continued)

2. Total E(m) (sum of each approved environmental compliance plan revenue requirement) is multiplied by the Jurisdictional Allocation Factor. Jurisdictional E(m) is adjusted for any (Over)/Under collection or prior period adjustment and by the subtraction of the Revenue Collected through Base Rates for the Current Expense month to arrive at Adjusted Net Jurisdictional E(m). Adjusted Net Jurisdictional E(m) is allocated to Group 1 and Group 2 on the basis of Revenue as a Percentage of Total Revenue for the twelve (12) months ending with the Current Month to arrive at Group 1 E(m) and Group 2 E(m).
3. The Group 1 R(m) is the average of total Group 1 monthly base revenue for the twelve (12) months ending with the current expense month. Base revenue includes Customer, energy, and lighting charges for each rate schedule included in Group 1 to which this mechanism is applicable and automatic adjustment clause revenues for the Fuel Adjustment Clause and the Demand-Side Management Cost Recovery Mechanism as applicable for each rate schedule in Group 1.
4. The Group 2 R(m) is the average of total Group 2 monthly base non-fuel revenue for the twelve (12) months ending with the current expense month. Base non-fuel revenue includes Customer, non-fuel energy, and demand charges for each rate schedule included in Group 2 to which this mechanism is applicable and automatic adjustment clause revenues for the Demand-Side Management Cost Recovery Mechanism as applicable for each rate schedule in Group 2. Non-fuel energy is equal to the tariff energy rate for each rate schedule included in Group 2 less the base fuel factor as defined on Sheet No. 85.1, Paragraph 6.
5. Current expense month (m) shall be the second month preceding the month in which the Environmental Surcharge is billed.

DATE OF ISSUE: March 31, 2020

DATE EFFECTIVE: September 30, 2020

ISSUED BY: /s/ Robert M. Conroy, Vice President
State Regulation and Rates
Lexington, Kentucky

**Issued by Authority of an Order of the
Public Service Commission in Case No.
2020-00060 dated XX, 2020**