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Dear LG&E Customer:

PUBLIC SERVICE
COMMISSION

Louisville Gas and Electric Company ("LG&E") has a dual environmental stewardship while simultaneously continuing to offer our customers some of the lowest energy rates in the country. Protecting and improving our environment are core values held and advanced by LG&E in all of its service territories within the state of Kentucky. To continue to comply with federal 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 construct a new landfill at the Trimble County Generating Station and to expand existing ash pond and landfill facilities at the Trimble County and Cane Run Generating Stations. Following KPSC approval, the costs associated with the facilities would be passed on to retail customers through the existing Environmental Surcharge billing factor. LG&E estimates that the initial impact would be an increase in the environmental surcharge of \$0.71 per month for a typical residential customer using 1,000 kilowatt hours (kWh) per month. 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 February 2010.

NOTICE TO CUSTOMERS OF
LOUISVILLE GAS AND ELECTRIC COMPANY

RECOVERY BY ENVIRONMENTAL SURCHARGE OF LOUISVILLE GAS AND
ELECTRIC'S 2009 ENVIRONMENTAL COMPLIANCE PLAN

PLEASE TAKE NOTICE that on June 26, 2009, Louisville Gas and Electric Company ("LG&E") filed with the Kentucky Public Service Commission ("Commission") in Case No. 2009-00198, an Application pursuant to Kentucky Revised Statute 278.183 for approval of an amended compliance plan ("LG&E's 2009 Environmental Compliance Plan") for the purpose of recovering the capital costs and operation and maintenance costs associated with new pollution control facilities through an environmental surcharge on customers' bills beginning February 2010, under LG&E's existing rate mechanism known as the environmental cost recovery surcharge or "Electric Rate Schedule ECR."

Federal, state and local environmental regulations require LG&E to continually build and upgrade equipment and facilities in order to operate in an environmentally sound manner. Specifically, LG&E is seeking Commission approval of a Certificate of Public Convenience and Necessity ("CPCN") to construct a new landfill facility at the Trimble County Generating Station near Wisers Landing in Trimble County, Kentucky. Additionally, LG&E is seeking recovery of costs associated with these environmental projects, which are necessary for compliance with the Federal Clean Air Act, the Federal Clean Water Act and the Federal Resource Conservation and Recovery Act. These additional projects primarily relate to expansion of the coal combustion byproduct (ash and gypsum) treatment basins at the Trimble County Generating Station, expansion of the landfill at the Cane Run Generating Station in Jefferson County, Kentucky, construction of a new landfill facility at the Trimble County Generating Station, and certain operating costs associated with the Air Quality Control System equipment necessary to operate

Trimble County Unit 2 within the approved environmental limitations. The capital cost of these new pollution control facilities for which LG&E will seek cost recovery at this time is estimated to be \$73 million. Additional operation and maintenance expenses will be incurred for these facilities.

The estimated impact on a residential electric customer using 1,000 kilowatt hours per month is expected to be an initial monthly increase of \$0.71 for LG&E customers during 2010, with the maximum monthly increase expected to be \$0.87 during 2014.

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.

Any corporation, association, body politic or person may, by motion within thirty (30) days after publication, request leave to intervene in Case No. 2009-00198. 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. Intervenors may obtain copies of the Application and testimony by contacting Louisville Gas and Electric Company at 220 West Main Street, Louisville, Kentucky 40202, Attention: Lonnie E. Bellar, Vice President, State Regulation and Rates. A copy of the Application and testimony will be available for public inspection at LG&E's offices where bills are paid after June 26, 2009.

RESIDENTIAL?
CUSTOMER?

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