a PPL company

Kentucky Utilities Company
State Regulation and Rates
220 West Main Street
PO Box 32010
Louisville, Kentucky 40232
www.lge-ku.com

Robert M. Conroy
Director - Rates
T 502-627-3324
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Mr. Jeff DeRouen
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602-0615

May 15, 2012

Subject: Application of Kentucky Utilities Company for Approval of a Special Contract

Dear Mr. DeRouen:

Pursuant to 807 KAR 5:011, Sections 2 and 13, 807 KAR 5:001, Section 8, and other applicable law, Kentucky Utilities Company ("KU") respectfully requests approval of a special contract between KU and Weisenberger Mill ("WM") for net metering service. Enclosed for filing are an original and twelve copies of the cover letter, application, and attachments. Please confirm your receipt of this filing by placing the stamp of your office with the date received on the enclosed additional copy of this filing.

Should you have any questions regarding the enclosed, please contact me at your convenience.

Sincerely,

Robert M. Conroy

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF KENTUCKY UTILITIES COMPANY FOR THEAPPROVAL OF A SPECIAL CONTRACT	)))	**CASE NO. 2012-00____**

APPLICATION

Kentucky Utilities Company ("KU" or the "Company") hereby petitions the Kentucky Public Service Commission ("Commission") by application pursuant to 807 KAR 5:011, Sections 2 and 13, and 807 KAR 5:001, Section 8, and other applicable law, and requests the Kentucky Public Service Commission to grant approval of the attached Special Contract which is an Agreement for Net Metering Service by and between KU and Weisenberger Mill.

In support of this Application, the Company states as follows:

1. Addresses: KU's full name and business address is: Kentucky Utilities Company, One Quality Street, Lexington, Kentucky 40507. KU's mailing address is Kentucky Utilities Company c/o Louisville Gas and Electric Company, Post Office Box 32010, 220 West Main Street, Louisville, Kentucky 40232.

2. Articles of Incorporation: A certified copy of KU's current Articles of Incorporation is on file with the Commission in Case No. 2010-00204, *In the Matter of: Joint Application of PPL Corporation, E.ON AG, E.ON U.S. Investments Corp., E.ON U.S. LLC, Louisville Gas and Electric Company and Kentucky Utilities Company for Approval of an Acquisition of Ownership and Control of Utilities* filed on May 28, 2010, and is incorporated by reference herein pursuant to 807 KAR 5:001, Section 8(3).

3. KU is a public utility, as defined in KRS 278.010(3)(a), 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			

4. KU has provided service to Weisenberger Mill for several decades under a General Service ("GS") Contract for Electric Service and under the Small Capacity Cogeneration Qualifying Facilities Rider. Over the course of time, the turbine at the mill has become damaged resulting in reduced water flow through the turbine. As a result, the original 30 kW generator only produces 14 kW. Weisenberger Mill wishes to replace the original generator with a 50 kW generator and operate under KU's Net Meter Service ("NMS") as part of its "Demonstration of Variable Speed Permanent Magnet Generator at Small, Low-Head Hydro Site" five-year project.

5. Although KU's NMS tariff at Original Sheet No. 57 limits availability of net metering service to generation facilities with a maximum rated capacity of 30 kilowatts and the nameplate capacity of the new generator at Weisenberger Mill will be 50 kilowatts, it is not

expected to produce generation in excess of the 30 kilowatt limitation for the duration of the contract due to limitations in available water flow at the site.

6. KU committed its support to this project (*see* attached as Exhibit A the letter dated June 6, 2011 to David Brown Kinloch) as this new technology could potentially facilitate development of small low-head hydro projects at additional sites in the Commonwealth of Kentucky. Weisenberger Mill currently has a $56,000 grant in place from the Federal Department of Energy (Award No. DE-EE0005429), under their Advanced Hydropower Development program. The grant is for three years. In addition, Weisenberger Mill has also applied for a $30,000 grant from the Kentucky Department for Energy Development and Independence under the TVA Environmental Mitigation Settlement grant program. They expect to learn the results of this application in the middle of May.

7. As part of its support for this project, KU committed to install a recording meter on the line connected to the generator to collect output data both before and after the new generator is installed. This data will be supplied during the five-year term of the special contract and will provide the basis for calculations of the increased efficiency associated with this new technology.

8. In addition, KU agreed, subject to approval by the Commission, to allow the Weisenberger Mill to be served based upon terms consistent with KU's Net Metering tariff. Qualifying Weisenberger Mill for net metering service will help to ensure the value of the power generated by the new generator will meet the payback criteria calculated for the project. KU's tariff at Original Sheet No. 57 limits availability of net metering service to generation facilities with a maximum rated capacity of 30 kilowatts. In the case of Weisenberger Mill, however, the proposed technology is experimental and not expected to generate energy beyond the 30 kilowatt

capacity limit. As a result, KU agreed to enter into a special contract for net metering service for a five-year period. A copy of the proposed contract is attached as Exhibit B. If, at the end of the five-year period, Weisenberger Mill has met the conditions and limitations contained in the Net Metering tariff, including the 30 kilowatt limitation, Weisenberger Mill will continue to be served under the terms of the then-existing Net Metering tariff for so long as it continues to meet the conditions and limitations contained therein. However, if at the end of the five-year period, Weisenberger Mill has not met the conditions and limitations contained in the then-existing Net Metering tariff, the Company will be served under the appropriate rate schedule. Another important factor in this decision was that there is sufficient transmission capacity for this generation and no additional investment from the Company will be required.

9. Weisenberger Mill has requested net metering service to begin on or before the new PM generator is installed, which is currently expected to occur in August or September, 2012. As a result, KU respectfully requests the Commission to enter an order approving this contract by August 1, 2012.

WHEREFORE, Kentucky Utilities Company respectfully requests that the Commission review this filing on an expedited basis, and approve the proposed special contract between KU and Wiesenberger Mill, as described herein, by August 1, 2012.

Dated: May 15, 2012

Respectfully submitted,

Allyson K. Sturgeon
Senior Corporate Attorney
LG&E and KU Energy LLC
220 West Main Street
Louisville, Kentucky 40202
Telephone: (502) 627-2088

Counsel for Kentucky Utilities Company

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing Application was served on the following persons on the 15th day of May 2012, U.S. mail, postage prepaid:

Dennis G. Howard II
Lawrence W. Cook
Office of the Attorney General
Office of Rate Intervention
1024 Capital Center Drive, Suite 200
Frankfort, KY 40601-8204

Counsel for Kentucky Utilities Company

EXHIBIT A

PPL companies

LG&E and KU Energy LLC
Customer Energy Efficiency &
Smart Grid Strategy
220 West Main Street
Louisville, KY 40202
www.lge-ku.com

David E. Huff
Director
T 502-627-4662
F 502-217-0271
david.huff@lge-ku.com

DOE: Advanced Hydropower Development
Funding Opportunity Announcement Number: DE-FOA-0000486

Topic Area 1: Sustainable Small Hydropower
Sub-topic 1.2: Innovative System Testing

June 6, 2011

David Brown Kinloch
Shaker Landing Hydro Associates
414 S. Wenzel Street
Louisville, KY 40204

Dear David,

On behalf of the Kentucky Utilities Company (KU), I am pleased to provide our commitment for support and involvement in the collaborative proposal "**Demonstration of Variable Speed Permanent Magnet Generator at Small, Low-Head Hydro Site**" at the Weisenberger Mill. KU is committed to supporting the demonstration of this new technology that could potentially facilitate development of small low-head hydro projects at additional sites in the Commonwealth.

KU is committed to provide this proposed project support in two ways. First, KU will install a recording meter on the line connected to the generator to collect output data both before and after the new generator is installed. This independently collected data will be supplied to the project during the term of the first five years of the demonstration project and will provide the basis for calculations of the increased efficiency associated with this new technology. The in-kind value of this contribution, including installation and removal of the metering equipment, use of the meter, and data retrieval and transmission has an estimated value of $2,000.

Secondly, KU is committed to allowing the Weisenberger Mill to be served based on terms consistent with KU's Net Metering tariff, to ensure the value of the power generated by the new generator will meet the payback criteria calculated for this project. Although KU's Net Metering tariff is limited to generation facilities with a maximum rated capacity of 30 kilowatts, the proposed technology is experimental and not expected to generate energy beyond that capacity limit. As a result, KU agrees to enter into a special contract for a five-year period with your Company to allow service based upon terms consistent with its Net Metering tariff, subject to approval by the Kentucky Public Service Commission. If, at the end of that five-year period, the Company has met the conditions and limitations

contained in the Net Metering tariff, the Company will continue to be served under the terms of the then-existing Net Metering tariff. However, if at the end of the five-year period, the Company has not met the conditions and limitations contained in the then-existing Net Metering tariff, the Company will be served under the appropriate rate schedule.

KU is pleased to be involved in research within its service territory that can further the development of renewable energy sources, and is eager to participate in this project.

Sincerely,

David E. Huff, Director
Customer Energy Efficiency &
Smart Grid Strategy

EXHIBIT B

Contract Account [redacted]

CONTRACT FOR ELECTRIC SERVICE

This contract made and entered into this 26 day of March ,20 12 by and between Kentucky Utilities Company ("Company")
and Weisenberger Mill Company ("Customer")

WITNESSETH:
Beginning See Comment, or as soon thereafter as connection is made, Company will sell and deliver to Customer at 2545 Weisenberger Mill Road, Midway, KY for the operation of mill

All electric capacity and energy taken under this contract will be delivered as 3 phase, 60 cycle, alternating current, at a nominal voltage at the point of 120/240 volts, metered and billed as Secondary service.
Secondary/Primary/Transmission
This point of delivery requires an estimated system capacity of 70 kW, or kVA as is appropriate, of Contract Capacity.

Each month Customer will pay to Company for all capacity and energy delivered to Customer in the preceding billing period an amount determined in accordance with
GS Rate Schedule and, as is appropriate, the
NMS - Level 2 Rider, contract attached if required, the
_____ Rider, contract attached if required, and the
_____ Rider, contract attached if required.

Comments:
Effective date begins with approval from Kentucky Public Service Commission.

TARIFF PROVISIONS:

It is mutually agreed that Company's general terms and conditions and applicable rate schedule, as from time to time approved by and on file with the Public Service Commission of Kentucky, are made a part of this contract as fully as if written here.

IN WITNESS WHEREOF, the parties hereto have caused this contract to be executed by their duly authorized representatives this day and year shown above.

KENTUCKY UTILITIES COMPANY

By Howard L. Bowles

Manager Tariffs/Special Contract
Official Capacity

Timothy A. Melton
Attest

Weisenberger Mill Company

By Mae Weisenberger
Pres

Official Capacity

Attest

Kentucky Utilities Company

P.S.C. No. 15, First Revision of Original Sheet No. 67.6
Canceling P.S.C. No. 15, Original Sheet No. 67.6

Standard Rate Rider — **NMS**
Net Metering Service

LEVEL 2

Application for Interconnection and Net Metering

Use this application form when a generating facility is not inverter-based or is not certified by a nationally recognized testing laboratory to meet the requirements of UL 1741 or does not meet any of the additional conditions under Level 1.

Submit this Application, along with an application fee of $100, to:

Kentucky Utilities Company, Attn: Customer Commitment, P. O. Box 32010, Louisville, KY 40232

If you have questions regarding this Application or its status, contact KU at:

502-627-2202 or customer.commitment@lge-ku.com

Customer Name: Weisenberger Mill Co. Account Number [redacted]

Customer Address: 2545 Weisenberger Mill Road

Project Contact Person: Mac Weisenberger

Phone No.: 859 254-5282 E-mail Address (Optional): mac@weisenberger.com

Provide names and contact information for other contractors, installers, or engineering firms involved in the design and installation of the generating facilities:

Total Generating Capacity of Generating Facility: 50 kw

Type of Generator: ___Inverter-Based ___Synchronous ___Induction

Power Source: ___Solar ___Wind ✓Hydro ___Biogas ___Biomass

Adequate documentation and information must be submitted with this application to be considered complete. Typically this should include the following:

1. Single-line diagram of the customer's system showing all electrical equipment from the generator to the point of interconnection with the Utility's distribution system, including generators, transformers, switchgear, switches, breakers, fuses, voltage transformers, current transformers, wire sizes, equipment ratings, and transformer connections.
2. Control drawings for relays and breakers.
3. Site Plans showing the physical location of major equipment.
4. Relevant ratings of equipment. Transformer information should include capacity ratings, voltage ratings, winding arrangements, and impedance.
5. If protective relays are used, settings applicable to the interconnection protection. If programmable relays are used, a description of how the relay is programmed to operate as applicable to interconnection protection.
6. A description of how the generator system will be operated including all modes of operation.
7. For inverters, the manufacturer name, model number, and AC power rating. For certified inverters, attach documentation showing that inverter is certified by a nationally recognized testing laboratory to meet the requirements of UL 1741.
8. For synchronous generators, manufacturer and model number, nameplate ratings, and impedance data (Xd, Xd, & Xd).
9. For induction generators, manufacturer and model number, nameplate ratings, and locked rotor current.

Customer Signature: Mac Weisenberger Date: 3/19/12

Date of Issue: February 2, 2012
Date Effective: November 1, 2010
Issued By: Lonnie E. Bellar, Vice President, State Regulation and Rates, Lexington, Kentucky

Issued by Authority of an Order of the KPSC in Case Nos. 2009-00548 dated July 30, 2010 and 2010-00204 dated September 30, 2010