LG&E and KU reach settlement agreement in rate review

Credit lowers initial impact; at least four years before next review; basic service charge remains flat.

LOUISVILLE, Ky., April 19, 2021 /PRNewswire/ -- Louisville Gas and Electric Company, Kentucky Utilities Company and more than a dozen parties to the utilities' current rate review, have reached an agreement that helps the utilities continue to provide safe and reliable energy at some of the lowest costs in the nation. The agreement was filed today with the Kentucky Public Service Commission for their consideration in resolving the review.

The agreement addresses almost all of the issues in the review including: a reduction in the rate increase requested by the utilities; the Economic Relief bill credit proposed by the utilities that will mitigate the impact of the increase for one year; no change to the current residential basic service charge; the rollout of advanced meters without a rate impact; and a commitment by LG&E and KU to not increase base rates for at least four years. LG&E and KU also agreed to increase contributions to certain agencies that assist low-income customers in paying their utility bills, by the same percent as the KPSC-approved rate increase. The agreement does not address the net metering proposal including the amount utility customers should pay for the excess energy created by private generation.

"These are difficult and sometimes emotionally charged topics, further complicated by the more challenging conditions presented by COVID-19," said LG&E and KU Chief Financial Officer Kent Blake. "However, all parties worked together in a professional manner to ease the impact on customers to the extent possible, while still providing the utilities an opportunity to recover their costs of providing safe and reliable service."

The utilities requested the increases based upon investments that help continue safe and reliable service. Key investments include upgraded distribution and transmission lines; replacing aging wooden poles with steel and aging steel natural gas lines with plastic; new circuit breakers and substation equipment; cycle-based vegetation management; and advanced technology that immediately pinpoints the location of power outages, and in many cases, limits the impacted area and automatically restores service for all other customers.

If approved:

> **KU residential customers** using an average of 1,120 kWh per month would see an increase of $7.87 in their total monthly electric bill for the first 12 months after the ruling. When the relief credit expires in mid-2022, a KU residential customer using the same amount of energy would see their monthly bill increase approximately 76 cents.
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> **LG&E residential electric customers** using an average of 894 kWh per month would see an increase in their total monthly bill of $4.10 for the first 12 months after the ruling. An LG&E residential customer using the same amount of energy would see the additional monthly increase of $3.07 when the relief credit expires in mid-2022.
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> **LG&E residential natural gas customers** using an average of 54 Ccf per month would see an increase of $3.89 in their total monthly bill for the first 12 months following the ruling, and the additional monthly increase of 33 cents in mid-2022.

The parties to the rate review and settlement agreement are the Kentucky Attorney General; the United States Department of Defense; Kentuckians for the Commonwealth; the Kentucky Industrial Utility Customers; Kentucky Solar Energy Society; Kentucky Solar Industries Association; The Kroger Company; Walmart; Lexington-Fayette Urban County Government; Louisville/Jefferson County Metro Government; Mountain Association; Metro Housing Coalition and the Sierra Club.

If approved by the KPSC, new rates and the Economic Relief bill credit would take effect July 1, 2021.

Louisville Gas and Electric Company and Kentucky Utilities Company, part of the PPL Corporation (NYSE: PPL) family of companies, are regulated utilities that serve more than 1.3 million customers and have consistently ranked among the best companies for customer service in the United States. LG&E serves 332,000 natural gas and 425,000 electric customers in Louisville and 16 surrounding counties. KU serves 564,000 customers in 77 Kentucky counties and five counties in Virginia. More information is available at www.lge-ku.com and www.pplweb.com.

Contact for news media: LG&E and KU media hotline, (502) 627-4999

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