

LG&E and KU to Save More Than \$500 Million on Environmental Construction

Environmental Cost Increases for Residential Customers Expected To Be About a Third Less Than Originally Anticipated

LOUISVILLE, Ky. — Louisville Gas and Electric Company and Kentucky Utilities Company announced today that they expect to save more than \$500 million for the environmental upgrade projects previously approved by the Kentucky Public Service Commission to address more stringent Environmental Protection Agency regulations.

Having the Environmental Cost Recovery mechanism, coupled with the timely actions of the Kentucky Public Service Commission, enabled LG&E and KU to receive approval for the projects earlier than other companies. LG&E and KU were able to significantly lower their cost estimates by being one of the first utilities in the nation to begin purchasing additional clean-coal technology equipment designed to further reduce emissions and meet the latest round of environmental regulations.

When the environmental compliance costs peak in 2016, LG&E had anticipated residential customers' bills increasing 18.3 percent. LG&E now expects that increase to be 12.8 percent. Similarly, KU expected residential customers' bills to rise 9.7 percent by 2016 and now that increase is expected to be 6.6 percent.

Most of the capital savings are from efficient procurement practices that resulted in lower-than-anticipated installation and equipment costs for scrubbers that will reduce sulfur dioxide emissions at Mill Creek and less expensive fabric-filter baghouses used to reduce particulate and mercury emissions.

Additionally, LG&E and KU expect to save about 45 percent on the operations and maintenance projected increases which equates to about \$59 million annually starting in 2016.

"Receiving timely approvals from the Kentucky Public Service Commission and the other regulatory agencies allowed our employees to negotiate and secure the most economic deals possible. As a result, customers will benefit from the lower cost increases for these environmental compliance requirements," said Victor A. Staffieri, chairman, CEO and president of LG&E and KU Energy. "We realize that customers' bills are still increasing, but in these tough economic times, it's nice to be able to pass along some savings to our customers."

The lower costs mean that by 2016, LG&E residential customers using 1,000 kWh per month can now expect to save about \$56 annually on the portion of the bill for environmental compliance, while KU residential customers using the same amount can now expect to save nearly \$30 annually compared to the original plan.

Approximate Monthly Bill Impacts for Residential* Customers (in 2016 at peak of the ECR)					
	% and \$ Increase (ECR Plan)		% and \$ Increase (Current Plan)		Anticipated Monthly Dollar Savings
LG&E	18.3%	\$15.60	12.8%	\$10.90	\$4.70
KU	9.7%	\$7.50	6.6%	\$5.10	\$2.40
<i>*Using 1,000 kWh per month. Note: savings represents the decrease in costs between the original capital plan (December 2011) and the revised capital plan (announced in November 2012).</i>					

Environmental Cost Recovery - Savings		
	LG&E	KU
ECR Capital Plan (Approved December 2011)	\$1.392 billion	\$896 million
Current Plan (Announced November 2012)	\$1.040 billion	\$712 million
Capital Savings (By utility)	\$352 million	\$184 million
Capital Savings (LG&E and KU combined)	\$536 million	
Estimated Annual Operating and Maintenance Savings (LG&E and KU combined in 2016)	\$59 million	

Louisville Gas and Electric Company and Kentucky Utilities Company, part of the PPL Corporation (NYSE: PPL) family of companies, are regulated utilities that serve a total of 1.2 million customers and have consistently ranked among the best companies for customer service in the United States. LG&E serves 321,000 natural gas and 397,000 electric customers in Louisville and 16 surrounding counties. Kentucky Utilities serves 546,000 customers in 77 Kentucky counties and five counties in Virginia. More information is available at www.lge-ku.com and www.pplweb.com.

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