

LG&E and KU Ask KPSC to Put Case for Proposed Natural Gas and Solar Generating Facilities Temporarily On Hold

Delay will allow utilities to make the best decision for customers in light of recent municipal actions

(LOUISVILLE, Ky.) -- Given that nine municipal customers have submitted letters terminating their wholesale power contracts, effective 2019, with Kentucky Utilities Company, the utility and its sister company, Louisville Gas and Electric Company, filed a request with the Kentucky Public Service Commission today to hold the pending case in abeyance while the utilities study the potential impacts of the municipals' notices.

In the letters, the nine municipal utilities indicate they plan to cancel their contracts totaling approximately 320 megawatts of load. LG&E and KU asked the commission in January for approval to build an approximate 700-megawatt natural gas combined-cycle generating facility in Muhlenberg County as well as a 10-megawatt solar photovoltaic facility in Mercer County. The need for the additional generation facilities was based in part on energy forecasts through 2035 that included the municipal load.

While no decisions have been made, the utilities are asking for up to 90 days to consider the impacts of the termination notices and the need for future generation.

"We have been long-term partners with our municipal customers, providing them some of the lowest-cost energy in the country," said David Sinclair, vice president of Energy Supply and Analysis. "We extended an offer to continue discussions and we remain hopeful that we can come to a mutually acceptable resolution. However, if they choose to move forward with the termination of their contracts and find alternative sources of energy, that is their prerogative, and we must continue to provide the lowest-cost energy to our remaining customers."

"By asking the commission for up to 90 days to review the impacts of the termination notices, we will be in a better place to ensure we make a prudent decision about our generation investments," said Ed Staton, vice president of State Regulation and Rates.

The potential loss of the nine municipal customers does not impact service to LG&E and KU's remaining 1.2 million customers since KU simply supplies electricity to the municipal customers, who in turn provide service to their customers; but it may impact the cost to serve these retail customers in the future.

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. KU serves 543,000 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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