

LG&E's Investments Resulting in Cleaner, More Reliable Energy

Infrastructure improvements primary reason behind request to adjust base rates

(LOUISVILLE, Ky.) — Thanks in part to Kentucky's first natural gas combined-cycle generating unit, increased hydroelectric generation capacity, circuit hardening and a hazardous tree removal program, Louisville Gas and Electric Company customers can expect to see continued reductions in emissions, improvements in reliability and a more balanced generation portfolio.

And these improvements at the utility are coming at a price well below the national average. Across the U.S., the residential average cost per kilowatt-hour is 12.43 cents compared to LG&E's average residential cost per kWh of 9.75 cents. While the company anticipates submitting a request Nov. 26 with the Kentucky Public Service Commission to increase revenues by 2.7 percent through an adjustment to base rates, LG&E's prices will remain well below the national averages.

"We continue to work diligently to maintain high-quality and efficient service at some of the lowest rates in the nation. We use prudent financial measures to achieve savings that benefit our customers, and don't go before the Kentucky Public Service Commission with requests to recover our costs unless it's absolutely necessary," said Victor A. Staffieri, chairman, CEO and president of LG&E and KU Energy. "We've been able to continue to hold our expenses down. The investments we are making are primarily to help us meet stricter U.S. Environmental Protection Agency and Federal Energy Regulatory Commission regulations and to ensure we maintain reliable, high-quality service."

Combined, LG&E and KU's continued careful financial approach has paid off. Based on information filed by utilities annually with the Federal Energy Regulatory Commission, LG&E and KU's costs are well below industry averages in all five cost segments — generation, transmission, administrative and general, retail and distribution.

Job creation, economic development efforts recognized nationally

LG&E and KU's low rates have been a significant factor in the commonwealth's ability to attract and expand businesses with good paying jobs. In fact, the utilities were recently ranked in the top 10 in the country by an international economic development magazine, Site Selection, for their job creation efforts. LG&E and KU's Economic Development team was honored for helping Kentucky create more than 80 percent of the state's 12,500 new jobs in 2013. In fact, since 2000, LG&E and KU have helped create nearly 110,000 new jobs in Kentucky.

Growing companies in LG&E's and KU's service territories include Ford, Toyota, Martinrea, Nestle Prepared Foods, Asahi Forge, North American Stainless, Carbide, Total Quality Logistics, CertainTeed, Johnson Controls and a number of major distilleries. In addition, LG&E and KU together have created approximately 3,200 construction jobs as part of their ongoing \$6 billion investment in environmental upgrade projects.

System investments improve reliability

Ensuring all customers — residential, commercial and industrial — continue to have reliable service is a priority for the company. While storms and their severity impact reliability, overall electric reliability across the service territory has improved since 2009. Outages are occurring less often and, when they do occur, customers are without power less time. This improvement is due, in large part, to circuit hardening and a proactive hazardous tree removal program.

Likewise, on the high-voltage transmission system, the company is in the midst of several major initiatives that will continue to enhance the safety and reliability of its system as well as the entire region. Those include projects such as a five-phase, line clearance project that spans 70 miles and a new substation and additional lines near Louisville.

From a generation standpoint, the company added Trimble County 2 in 2011, is nearing completion of Kentucky's first natural gas combined-cycle generation unit at Cane Run, is increasing clean generation capacity by about 27 percent at the Ohio Falls hydroelectric plant on the Ohio River and has a request before the KPSC for a 10-megawatt solar facility.

LG&E also is making improvements in its natural gas system to continue to enhance the safety, reliability and capacity of the system. New compressor units have been added at the Magnolia Compressor Station and Center Gas Storage Field to give LG&E the ability to move additional natural gas to its customers. Enhancements for continued system reliability are taking place throughout the natural gas transmission system and at the city gates where LG&E receives natural gas from its natural gas transmission company partners.

Overall, LG&E is requesting an increase of \$30 million in revenue, 2.7 percent, for its electric business, and an increase of \$14 million in revenue, 4.2 percent, for its natural gas business. For a residential customer using an average of 984 kWh per month the increase is expected to be \$2.74 per month if approved. This is an increase of 9 cents per day. For a residential natural gas customer using an average 57 Ccf per month the increase is expected to be \$2.60 per month or 9 cents per day.

If approved by the KPSC, the rate adjustments will take effect in July 2015.

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Louisville Gas and Electric Company, part of the PPL Corporation (NYSE: PPL) family of companies, is a regulated utility that serves 321,000 natural gas and 397,000 electric customers in Louisville and 16 surrounding counties. It has consistently ranked among the best companies for customer service in the United States. More information is available at www.lge-ku.com and www.pplweb.com.

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