

LG&E and KU to Invest in Upgrades to Further Improve Safe, Reliable Service

Modernizing infrastructure and technology will allow for more efficient outage restoration, give customers more timely access to energy use information

(LOUISVILLE, Ky.) – Louisville Gas and Electric Company and Kentucky Utilities Company announced today that they are investing \$2.2 billion in their electric and natural gas system to improve safety, reduce outage times and enhance service to customers.

Restoring electricity has traditionally required manual inspections to determine the cause of an outage before a crew can physically restore power. Today, however, new technology is changing the process. Automated equipment can detect an outage and enable operators at a control center to remotely reroute power to isolate the situation. Additionally, advanced meters, which offer customers near-real-time energy-use information, allow utilities to determine where outages are occurring, quickly diagnose the cause and respond, at times, even before the customer reports it. Combined, the two technologies give utilities better information to restore power more quickly. LG&E and KU plan to request approval from the Kentucky Public Service Commission to install — and recover the associated cost to invest in — these technologies, and other equipment, that will improve the safety and reliability of their systems.

“Safe, reliable energy, provided with high-quality customer service is the backbone of our company, and in order to continue building on the excellent service customers have come to expect, it takes prudent and well-planned investments in our infrastructure,” said Victor A. Staffieri, chairman, CEO and president of LG&E and KU. “We are always thoughtful before taking any action that could impact customers' bills, and we believe these improvements are an important step in reducing the amount of time our customers will be impacted by weather-related or other outages.”

The utilities are planning to install intelligent control equipment on the distribution system that serves homes and neighborhoods, and similar equipment on the high-voltage transmission systems that connect to the national grid. While not exactly the same, both types of equipment will improve reliability by allowing for rapid isolation of outages and faster restoration times.

“While these types of technology won't eliminate interruptions to service, we will be able to more efficiently isolate the outages and more quickly identify where they are located so the impact on our customers can be reduced,” said Paul W. Thompson, LG&E and KU chief operating officer. “Advanced meters alone offer a host of benefits from a customer and company perspective. While this technology has been around for a number of years, we’ve seen it progress as we studied it and even conducted our own pilot programs. Currently, we are projecting that, over the life of these meters, our customers will see a benefit of nearly \$1 billion which is why it makes economic sense to begin installing advanced meters in both of our service territories.”

Additionally, the utilities are planning a number of other improvements throughout their electric and natural gas systems that will help improve safety, reliability and service.

For example, a five-year transmission upgrade program that includes replacing aging equipment such as wooden poles, cross arms, insulators, lines and substation controls is planned. On the generation side of the business our environmental improvements continue to become more efficient. As a result, from 1998 to 2017, our environmental upgrades will have resulted in 92 percent less sulfur dioxide, 90 percent less particulate matter and 77 percent less nitrogen oxide being emitted. In addition, since 2000, when the utility industry began reporting mercury emissions, these rates will decrease by 90 percent. With these additional investments in cleaner energy, it's important to continue to maintain this equipment to ensure their reliable operation.

Cane Run 7, Kentucky's first and only natural gas combined-cycle generating unit, is performing better than anticipated, hitting its full-year production targets in September. With the retirement of the former coal units at Cane Run, Green River and Tyrone, the company plans to disassemble and remove the retired equipment. Other improvements in the generation business include adding a natural gas line to allow Paddy's Run, a seasonal combustion turbine, to run year-round and converting the start-up boilers at Trimble County from fuel oil to natural gas.

From a natural gas safety standpoint, LG&E plans to expand its replacement of aging natural gas steel service lines from the street to customers' homes with new plastic pipe. The project is similar to the utility's 20-year investment currently nearing completion in downtown Louisville, in which the natural gas distribution lines were upgraded from aging wrought iron and steel to plastic. LG&E also intends to replace its aging natural gas transmission lines, and add capacity to enhance reliability and promote economic growth in the region.

LG&E and KU have worked hard over the years to maintain low rates — which are 15 to 25 percent lower than national averages — while working to continuously improve their standings as industry leaders in safety, customer satisfaction and reliability.

As a result of these continued investments, KU will request a base rate increase of \$103.1 million. LG&E will request an increase of \$93.6 million for its electric business and \$13.8 million for its natural gas operations. If approved, a KU residential customer using an average of 1,179 kilowatt-hours per month is expected to see an increase of \$7.16. An LG&E residential electric customer using an average of 957 kWh per month is expected to see an increase of \$9.65, and a residential gas customer using an average of 55 Ccf of natural gas per month is expected to see an increase of \$2.99.

If approved as requested, LG&E and KUs' rates would remain among the lowest in the nation.

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Louisville Gas and Electric Company and Kentucky Utilities Company, part of the PPL Corporation (NYSE: PPL) family of companies, are regulated utilities that serve nearly 1.3 million customers and have consistently ranked among the best companies for customer service in the United States. LG&E serves 322,000 natural gas and 403,000 electric customers in Louisville and 16 surrounding counties. KU 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.

For further information: LG&E and KU, 502-627-4999 (Toll-free: 888-627-4999)

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