

Keeping rates low and investing in Kentucky, priorities for LG&E and KU

Promoting economic recovery and providing more energy options for customers remain key

LOUISVILLE, Ky., Nov. 13, 2020 /PRNewswire/ -- Throughout the ongoing pandemic, Louisville Gas and Electric and Kentucky Utilities companies' delivery of safe, reliable service has been more important than ever. With so many customers working and learning remotely, keeping additional groceries in the refrigerator and spending more time at home, customers' reliance on 'round-the-clock service – and LG&E and KU's dedication to deliver – is essential.

During this time, LG&E and KU have been committed to assisting customers and communities that may be struggling. The utilities suspended late fees, convenience charges and disconnects for non-payment beginning in March; donated to COVID-19 relief efforts throughout Kentucky; encouraged economic recovery; and maintained planned infrastructure and technology enhancements to continue providing safe and reliable service.

"During these difficult times, we know our customers have depended on us more than ever before," said Paul Thompson, LG&E and KU President and CEO. "Many of our residential customers, businesses and communities have been struggling as a result of the pandemic, and we want to ensure we are doing our part to help them succeed. For us, that means keeping the lights on and the gas flowing and providing opportunities that encourage economic recovery and new job opportunities."

Ensuring Reliable Service

Key to LG&E and KU's reliability and system resiliency are investments in the utilities' electric distribution and transmission systems. These include upgraded lines; replacing aging wooden poles with steel; 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. As a result, within the last decade, outage frequency and duration have been reduced by 20%, preventing more than 31 million outage minutes on the distribution system alone.

Likewise, generation reliability from LG&E and KU's power plants is among the best in the nation as a result of the utilities' focus on carefully planned maintenance processes and prioritized investment in equipment critical to reliable generation. The utilities' key reliability measure of unplanned equipment downtime has been reduced or improved by approximately 50% at the utilities' power plants over the last decade.

Across its natural gas system, LG&E is continuing to replace aging steel gas lines; making upgrades to compressor stations and underground storage facilities; and following comprehensive safety protocols that include using in-line inspection tools, robotic sensors and leak detection surveys.

Managing Costs to Keep Rates Low and Affordable

Providing safe and reliable service to customers requires significant investment and costs. While LG&E and KU have a proven track record of keeping their costs down, they must, on occasion, seek adjustments to their cost-based rates in order to continue to make the investments necessary to provide the exceptional service their customers have come to expect and require.

"We pride ourselves on providing our customers high value with award-winning service and low rates," said Thompson. "Making the decision to request a rate adjustment in this difficult economic period was carefully considered and even delayed two months to help allow more economic recovery. However, for us to continue to provide the service on which our customers rely, we are at a point where we must ask the Kentucky Public Service Commission to review our rates based on the increasing costs to serve our customers. In addition to having more economic recovery occur before new rates would go into effect mid-2021, we hope to temper the initial increase in customer bills by also requesting approval of a \$53 million 'Economic Relief Surcredit' that would help to mitigate the impact of the rate adjustment until mid-2022. Additionally, pending the outcome of this proceeding, it's our goal not to request another base rate adjustment for several years."

Despite rising costs for cybersecurity and outside labor, and the investments in the utilities' systems, LG&E and KU will continue to deliver rates that are among the lowest in the nation. The utilities are ranked in the top quartile of peer companies for holding down costs. As a result, LG&E and KU have maintained residential rates well below the national average. LG&E's rates are 17% lower than the national average, while KU's rates are 22% below the national average.

If approved, taking into account the Economic Relief Surcredit, which provides immediate financial benefit, the impact on residential customer bills would be as follows:

KU residential customers using an average of 1,120 kWh per month would see an increase of \$12.09 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.

LG&E residential electric customers using an average of 894 kWh per month would see an increase in their total monthly bill of \$8.67 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.

LG&E residential natural gas customers using an average of 54 Ccf per month would see an increase of \$5.83 in their total monthly bill for the first 12 months following the ruling, and the additional monthly increase of 34 cents in mid-2022.

More Tailored Offerings for Customers

To help improve the environment and enable customers to better manage their bills, LG&E and KU are seeking approval for full deployment of advanced metering infrastructure, faster electric vehicle charging stations and an updated net metering tariff.

LG&E and KU are asking for permission to deploy advanced meters, also known as smart meters, without asking for an increase in rates due to the installation. Already, as part of a pilot program, 20,000 advanced meters have been installed at the request of customers, and more than 5,000 customers are on a waiting list. Advanced meters help customers better understand and manage their energy use and provide LG&E and KU information that helps reduce outages.

Throughout Kentucky, the utilities already offer 20 public electric vehicle charging stations that charge a vehicle at 12 miles to 60 miles of range per hour. To help alleviate "range anxiety," LG&E and KU propose adding up to eight additional fast-charging stations that can provide customers with 300 miles of range per hour of charging. While just a first step, it is a key step for infrastructure development for EV deployment in Kentucky.

LG&E and KU also are asking for an adjustment in what the utilities, and ultimately all customers, must pay for excess energy created by customers with private generation systems. The adjustment will have no impact on current net metering customers for 25 years and will not impact new net metering customers who simply want to generate and offset their energy use with a private generation system. Only new net metering customers who wish to sell excess energy back to LG&E and KU will be impacted by the change.

Timing and Ongoing Support

"We have worked to mitigate the financial impacts until the economy has a chance to rebound, and we are offering our customers programs to help them manage their bills during this most difficult time," Thompson said. "I encourage customers having difficulty paying their utility bills to reach out to us to utilize our flexible payment options and be connected to other agencies that can provide support."

Each year, the LG&E and KU Foundation, the companies and their employee charitable giving campaign combine to donate nearly \$7 million to Kentucky nonprofit organizations that help advance our communities and support those in need.

LG&E and KU plan to file for review by the KPSC on Nov. 25. If approved, no changes would occur before mid-2021 and the full effect would not occur until mid-2022. To further assist with the economic recovery and development, the utilities are targeting this to be the last base rate adjustment for several years.

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 329,000 natural gas and 418,000 electric customers in Louisville and 16 surrounding counties. KU serves 558,000 customers in 77 Kentucky counties and five counties in Virginia. More information is available at <http://www.lge-ku.com> and www.pplweb.com.

Note to Editors: Visit our media website at www.pplnewsroom.com for additional news and background about PPL Corporation.

Contact: LG&E and KU Media Relations, 502-627-4999

SOURCE Louisville Gas and Electric and Kentucky Utilities

<https://investors.pplweb.com/2020-11-13-Keeping-rates-low-and-investing-in-Kentucky-priorities-for-LG-E-and-KU>