

**Dear KU Customer:**

Kentucky Utilities Company (“KU”) has a dual commitment of environmental stewardship while continuing to offer our customers some of the lowest energy rates in the country. Protecting and improving our environment are core values held and advanced by KU in all of its service territories within the state of Kentucky. To continue to comply with federal laws and regulations, KU must continue to invest in additional pollution control facilities. Currently, KU is seeking Kentucky Public Service Commission (“KPSC”) approval to build additional pollution control facilities. Following KPSC approval, the costs associated with the facilities would be passed on to retail customers through the existing Environmental Surcharge billing factor. KU estimates that the initial impact would be an increase in the environmental surcharge of \$0.99 per month for a typical residential customer using 1,000 kilowatt hours (kWh) per month. The announcement below is included to comply with KPSC regulations regarding notice of tariff changes to customers. If approved as filed, this change in rates will be included on customer bills no sooner than February 2010.

NOTICE TO CUSTOMERS OF  
KENTUCKY UTILITIES COMPANY

RECOVERY BY ENVIRONMENTAL SURCHARGE OF KENTUCKY UTILITIES  
COMPANY’S 2009 ENVIRONMENTAL COMPLIANCE PLAN

**PLEASE TAKE NOTICE** that on June 26, 2009, Kentucky Utilities Company (“KU”) filed with the Kentucky Public Service Commission (“Commission”) in Case No. 2009-00197, an Application pursuant to Kentucky Revised Statute 278.183 for approval of an amended compliance plan (“KU’s 2009 Environmental Compliance Plan”) for the purpose of recovering the capital costs and operation and maintenance costs associated with new pollution control facilities through an environmental surcharge on customers’ bills beginning February 2010, under KU’s existing rate mechanism known as the environmental cost recovery surcharge or “Electric Rate Schedule ECR.”

Federal, state and local environmental regulations require KU to continually build and upgrade equipment and facilities in order to operate in an environmentally sound manner. Specifically, KU is seeking Commission approval of a Certificate of Public Convenience and Necessity (“CPCN”) to construct a new Selective Catalytic Reduction system (“SCR”) for Brown Unit 3 at the E.W. Brown Generating Station in Burgin, Kentucky to comply with federally mandated nitrogen oxides requirements, and approval for CPCNs to construct new landfill facilities at the Ghent Generating Station in Ghent, Kentucky and at the Trimble County Generating Station near Wisers Landing in Trimble County, Kentucky. Additionally, KU is seeking recovery of costs associated with these environmental projects, which are necessary for compliance with the Federal Clean Air Act, the Federal Clean Water Act and the Federal Resource Conservation and Recovery Act. These additional projects primarily relate to installation of an SCR system on Brown Unit 3, expansion of the coal combustion byproduct (“CCP”) treatment basin at the E.W. Brown Generating Station, expansion of the CCP treatment basins at the Trimble County Generating Station, construction of new landfill facilities at the Ghent and Trimble County generating stations, and certain operating costs associated with the Air Quality Control System equipment necessary to operate Trimble County Unit 2 within the approved environmental limitations. The capital cost of the new pollution

control facilities for which KU is seeking recovery at this time is estimated to be \$463 million. Additional operation and maintenance expenses will be incurred for these facilities.

The estimated impact on a residential customer using 1,000 kilowatt hours per month is expected to be an initial monthly increase of \$0.99 for KU customers during 2010, with the maximum monthly increase expected to be \$3.73 during 2013.

The Environmental Surcharge Application described in this Notice is proposed by KU. However, the Public Service Commission may issue an order modifying or denying KU's Environmental Surcharge Application. Such action may result in an environmental surcharge for consumers other than the environmental surcharge described in this Notice.

Any corporation, association, body politic or person may, by motion within thirty (30) days after publication, request leave to intervene in Case No. 2009-00197. That motion shall be submitted to the Public Service Commission, 211 Sower Blvd., P.O. Box 615, Frankfort, Kentucky 40602, and shall set forth the grounds for the request including the status and interest of the party. Intervenors may obtain copies of the Application and testimony by contacting Kentucky Utilities Company at 220 West Main Street, Louisville, Kentucky 40202, Attention: Lonnie E. Bellar, Vice President, State Regulation and Rates. A copy of the Application and testimony will be available for public inspection at KU's offices where bills are paid after June 26, 2009.