



## Employee Bulletin

August 29, 2011

### 2012 Open Enrollment Changes

Dear Employees:

The 2012 Open Enrollment period is scheduled for Sept. 12–30, and this year’s earlier-than-usual enrollment brings good news and an important change.

Across the country, companies are grappling with how best to contain rising medical costs — for their employees, for retirees, as well as for the organizations themselves. At LG&E and KU we are trying to strike a balance between keeping premium costs affordable and providing robust benefits.

For 2012, we’re pleased that our medical and dental options will remain the same. The only substantive change will be to the plan’s premium structure, which will now include an employed-spouse premium (ESP).

The ESP will impact full-time LG&E and KU employees whose spouses are employed full time, but decide to decline health coverage through their employers’ plans and elect to be covered by the LG&E and KU plan. In these situations, the LG&E and KU employee will pay \$200 per month more for health coverage in 2012. The ESP will not apply to other dependents, including children, or to an employed spouse who doesn’t have employer coverage.

Ensuring equity for all employees is a key reason for adding the ESP. The ESP reduces the extent to which our employees and the company subsidize the medical expenses of other companies’ employees. There is a growing trend for employers to pay their employees significant monthly sums to waive coverage to then participate in another employer’s plan. This practice significantly increases the medical expenses of our plan.

It’s only through appropriately shifting costs to other employers that we will be able to offer the same level of coverage in 2012 with only nominal increases to premiums, as shown in the chart below. As we look to a future of escalating costs, we must continue to focus on reducing our claims experience through our many wellness efforts and wise use of healthcare services.

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PPL companies

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Upcoming communications through the *News Transmission* and an employee home mailing will provide more detail about the ESP. Our early Open Enrollment is designed to run prior to, or concurrently with, other local employers' Open Enrollment periods. It offers an affected employee time to weigh the options and decide whether to change coverage for his or her full-time employed spouse.

As you consider your options during Open Enrollment, you need to be aware of the following:

- **Enrollment elections must be made online via company Intranet or Internet.**
- **The company will again provide \$200 of coverage in the Health Care Reimbursement Account** for all regular, full- and part-time employees actively employed as of Dec. 31, 2011. The \$200 will be added to your existing ADP debit card; employees will not receive new debit cards in 2012.

Educational materials will again be available online to encourage your family's involvement in making the best decisions for your personal situation. We hope you find the tools such as "Do the Math" helpful in determining which coverage option is best for you, your spouse, and your family.

Sincerely,

A handwritten signature in cursive script that reads "Paula".

**Paula Pottinger**

*Senior Vice President, Human Resources*



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### 2012 Health Care Plans *(based on full-time employment)*

Employee-Only Coverage — Monthly Premiums			
	Plans	2011	2012
Current Options	EPO	\$114	\$122
	PPO Standard	\$61	\$65
	PPO Low Deductible	\$85	\$87
	PPO High Deductible	\$23	\$29

Employee + Spouse Coverage — Monthly Premiums			
	Plans	2011	2012
Current Options	EPO	\$278	\$290
	PPO Standard	\$167	\$174
	PPO Low Deductible	\$220	\$220
	PPO High Deductible	\$90	\$102

Employee + Spouse Coverage with Employed Spouse Premium — Monthly Premiums			
	Plans	2011	2012
Current Options	EPO	N/A	\$490
	PPO Standard	N/A	\$374
	PPO Low Deductible	N/A	\$420
	PPO High Deductible	N/A	\$302

Employee + Child(ren) Coverage — Monthly Premiums			
	Plans	2011	2012
Current Options	EPO	\$247	\$259
	PPO Standard	\$151	\$151
	PPO Low Deductible	\$194	\$194
	PPO High Deductible	\$79	\$88

Family Coverage — Monthly Premiums			
	Plans	2011	2012
Current Options	EPO	\$411	\$427
	PPO Standard	\$257	\$260
	PPO Low Deductible	\$329	\$329
	PPO High Deductible	\$146	\$157

Family Coverage with Employed Spouse Premium — Monthly Premiums			
	Plans	2011	2012
Current Options	EPO	N/A	\$627
	PPO Standard	N/A	\$460
	PPO Low Deductible	N/A	\$529
	PPO High Deductible	N/A	\$357

### 2012 Dental Care Plans — *No premium increase*