



COMMITTED TO A CLEANER ENVIRONMENT AND THE LOWEST POSSIBLE RATES.

Dear Customer,

As you may know by now, we filed on June 1 with the Kentucky Public Service Commission for \$2.5 billion in upgrades at several of our coal-fired power plants. These upgrades are necessary for us to meet new U.S. Environmental Protection Agency regulations. I want to assure you that while costs are increasing due to the new requirements imposed by the EPA-mandated regulations, LG&E and KU remain committed to providing you with a secure energy supply in the least-cost manner. We have carefully studied the options to meet the stricter regulations and have developed a compliance strategy that offers the least financial impact to you and all of our customers.

In our Environmental Cost Recovery (ECR) filing, we requested \$1.4 billion to upgrade one and build two new scrubbers at our Mill Creek generating station. Additionally, systems will be built on all of the units at Mill Creek and on Unit 1 at our Trimble County station to provide increased particulate control, including mercury. The financial impact on our electric customers is estimated to be an increase of 2.3 percent in 2012, growing to an estimated total increase of 19.2 percent in 2016. This means LG&E residential electric customers using 1,000 kilowatt hours per month will see an estimated initial increase of \$1.96 per month in 2012, growing to an estimated total impact of \$16.33 per month by 2016.

The costs associated with meeting these requirements will likely force us to retire several of our older coal-fired plants, including our Cane Run plant. We continue to evaluate the data to determine how best to replace the electricity that will

be lost as a result of retiring these plants. Whatever decision is made, we expect that initial solutions for replacement energy will be an additional \$800 million — above and beyond the \$2.5 billion in our ECR filing — to meet our customers' needs.

While we are proud of our legacy as environmental stewards in the utility industry, the latest EPA-mandated regulations significantly tighten the requirements we must follow, adding a large financial burden on all of us.

As always, we are concerned about the impact on you and the Commonwealth of Kentucky. We agree that the additional regulations being placed on coal-fired utilities are significant, and we continue to push for a more measured approach by the U.S. Environmental Protection Agency. However, we will comply with these federal regulations, as we have always done at LG&E, and find the best, least-cost method to continue to provide you with the safe, reliable service you deserve.

Rest assured, we will keep you informed of this issue as it progresses.

Sincerely,

Vic Staffieri
Chairman, CEO and President

YOU DID THE WORK. YOU DESERVE **THE CREDIT.**

Here's a shout-out to our customers who've made a significant contribution to energy efficiency through our Demand Conservation Program: Thank you for all you do to help keep our energy rates low and to protect our environment.

Demand-What?

Demand Conservation is simple. A device is connected to your home's air conditioning unit or heat pump. The device allows us to cycle the unit off and on for short periods during peak summer usage. (But don't worry. The switch operates at certain times late in the day when most people typically are at work.) By enrolling in the program, you're not only reducing negative environmental

effects and lowering your energy bill, but you're actually helping eliminate the potential costs of building and operating new power plants.

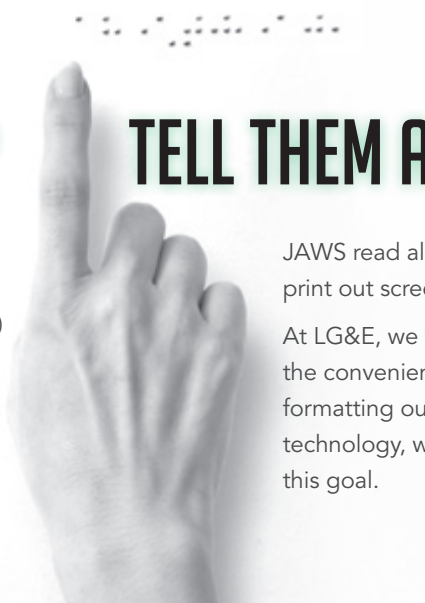
Let Us Show You the Money

Did we mention we'll credit your utility bill \$5 each summer month—June through September—for each central air conditioning unit or heat pump in use? And if you have an electric water heater or pool pump, you can receive additional credits. Start demanding conservation today by visiting <http://www.lge-ku.com/dc/> or call us toll-free at 1-800-356-5467.

Sign up for paperless billing when you login or register your account at www.my.lge-ku.com.

KNOW SOMEONE WHO'S VISUALLY IMPAIRED?

No, we don't mean the 25-ft. man-eating shark. We mean JAWS (Job Access for Windows and Speech) technology. LG&E's website (my.lge-ku.com) is now compatible with the JAWS software that allows those who are visually impaired to enjoy the same benefits as other LG&E customers. If you want to check your account or pay your bills online, but have trouble viewing the computer screen, have



TELL THEM ABOUT "JAWS."

JAWS read aloud to you from the website or print out screen content in Braille.

At LG&E, we want all of our customers to enjoy the convenience of our online features, and by formatting our site to accommodate the JAWS technology, we're one step closer to achieving this goal.



SUPER SAFETY TIP : Trees are beautiful and they can certainly help keep your home cool and shady in the summertime. Just remember when you plant your sapling that one day it could become mighty big and cause some problems.

MOONLIGHT IS ROMANTIC.

DARK STREETS, NOT SO MUCH.



Some might like to dance by the light of the moon, but most homeowners prefer the glow of streetlights. Whether you're walking, driving or just staying home, working streetlights offer security. Our crews routinely check to ensure streetlights throughout our service area are working properly, but we do not always know when a streetlight has gone out. That's why we need you to help us keep your neighborhood bright and shining. When you see a streetlight that requires service, please contact us at 502-589-3500 (outside Louisville at 1-800-331-7370) or inform us by logging in to your online account at my.lge-ku.com. We'll send a technician out and will have you seeing the light again in no time.

DOES YOUR A/C NEED AN MD?

Show your "sick" air conditioner that you really care by asking about our A/C Testing and Tune-Up Program. We'll come out and inspect your cooling system to see if it needs our preventive care. If a tune-up is recommended, we can help with that, too. We will make the necessary adjustments to help you avoid costly emergency repairs in the future. And the best part is, you'll get an LG&E customer discount on the cost of your test and tune-up. If you think your air conditioner could benefit from our A/C Testing and Tune-Up Program, visit www.lge-ku.com/ac or call 1-800-356-5467.

Contact Information



Louisville Gas and Electric Company
Monday – Friday
7 a.m. – 7 p.m. (Eastern Time)
(502) 589-1444

Outside Louisville Area
(800) 331-7370

For Hearing/Speech-Impaired
Dial 711

24-Hour Natural Gas Trouble/Emergencies
(502) 589-5511

24-Hour Electric Trouble/Power Outages
(502) 589-3500

Customer Service Walk-In Center
701 South Ninth Street
Monday – Friday
8 a.m. – 5 p.m. (Eastern Time)

Business Service Center
Monday – Friday
7 a.m. – 6 p.m. (Eastern Time)
(502) 627-3313

Kentucky 811 – Locate Service
Dial 811

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www.lge-ku.com



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