



PPL companies

OATT Rates

Effective June 1, 2014

June, 2014



Background

- *FERC-approved Rate Formula can be found as Attachment O of LG&E/KU's OATT*
- *Annually on June 1, new OATT rates go into effect based on data from the prior calendar year.*
- *Data used to determine the new rates is based on FERC Form 1 for the 2013 calendar year.*
- *As required by the LGE-KU OATT, these rates are to be posted 30 days prior to June 1 on OASIS.*

Rate Calculation Primer

$$\frac{\text{Annual Cost}}{12} = \text{Monthly Rate}$$

$$\frac{\text{Annual Cost}}{52} = \text{Weekly Rate}$$

$$\frac{\text{Weekly Rate}}{5} = \text{Daily Peak Rate}$$

$$\frac{\text{Weekly Rate}}{7} = \text{Daily off Peak Rate}$$

$$\frac{\text{Daily Peak Rate}}{16} = \text{Hourly Peak Rate}$$

$$\frac{\text{Daily off Peak Rate}}{24} = \text{Hourly off Peak Rate}$$

Annual Cost

$$\text{Annual Cost} = \frac{\text{Net Revenue Requirement (Numerator)}}{\text{Billing Demand (Denominator)}}$$

*Numerator = Gross revenue requirement **minus** Revenue Credits*

Denominator = usage of the system by customers

Net Revenue Requirement (Numerator)

*The Numerator is: Gross Revenue Requirement **minus** Revenue Credits*

Gross Revenue Requirement is the sum of:

- *Total O&M*
- *Depreciation Expenses*
- *Taxes other than Income Taxes*
- *Income Taxes*
- **"Return"**

The Revenue Credits is revenue received from Non-Firm or Short-Term Firm Service sold by the Companies' during the calendar year.

"Return"

"Return" is Rate Base multiplied by FERC approved Rate of Return (10.88%)

Rate Base is:

*All Transmission Plant (assets) **minus** accumulated depreciation, **adjusted by** some adjustments, **plus** land held for future use and working capital.*

Capital Projects over \$1M - 2013

During the course of 2013, there was approximately over \$75 million in capital spending. These are the names of some of the projects which exceeded \$1 million dollars:

*Trimble County Transformer Replacement
Add 2nd 161kV Line Between Grahamville and DOE
Spare 345 kV Transformer for system
Increase Rating of the line for TVA Meredith
Redesign / Upgrade of the West Cliff Substation
Replace the static on the Elihu – Sewellton 69kV
Replace 3 500 kV Breakers at Pocket North
Replace 138/69kV Transformer at Adams
Unmined Coal cost for 500kV Easement
Purchase of a spare Transformer stored at Tip Top
(2) 138/69 kV Spare Transformers for system
Increase the Rating of line 69kV at Skylight – Penal Farm
Line Rating – NERC Alerts*

Billing Demand (Denominator)

The Denominator is in general the usage of the system by the customers (to calculate a per unit cost)

It is basically the sum of: (based on average 12 coincident peaks)

- *Network load Long-term Point-to-point*
- *Less CBM (for calculation of Point-to-Point rates only)*
- *Less services provided at a discount*

Schedule 1:

Scheduling, System Control and Dispatch Service

$$\frac{\text{Revenue Requirement}}{\text{Billing Demand (Denominator)}} = \text{Annual Cost}$$

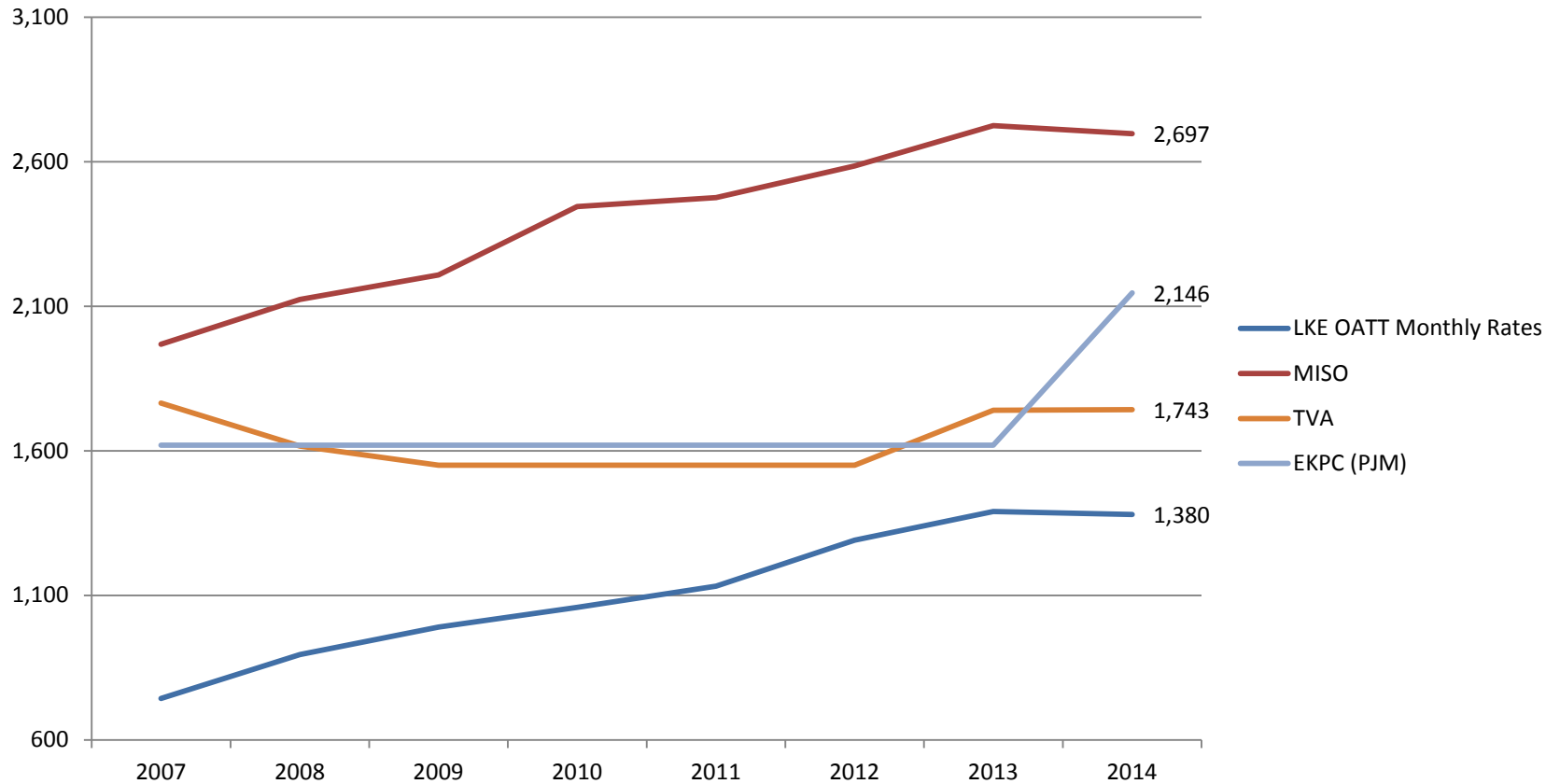
$$\frac{\text{Annual Cost}}{12} = \text{Monthly Rate}$$

OATT Rates for June 1, 2014

Type of Service	Unit of Measure	2013 Rate PTP & NITS	2014 Rate PTP	2014 Rate NITS
<i>Hourly Peak</i>	<i>\$/MWh</i>	<i>\$4.01</i>	<i>\$3.94</i>	<i>N/A</i>
<i>Hourly Off-Peak</i>	<i>\$/MWh</i>	<i>\$1.91</i>	<i>\$1.88</i>	<i>N/A</i>
<i>Daily Peak</i>	<i>\$/MW-Day</i>	<i>\$64.22</i>	<i>\$63.00</i>	<i>N/A</i>
<i>Daily Off-Peak</i>	<i>\$/MW-Day</i>	<i>\$45.87</i>	<i>\$45.00</i>	<i>N/A</i>
<i>Weekly</i>	<i>\$/MW-Week</i>	<i>\$321</i>	<i>\$317</i>	<i>N/A</i>
<i>Monthly</i>	<i>\$/MW-Month</i>	<i>\$1,391</i>	<i>\$1,372</i>	<i>\$1,380</i>
<i>Schedule 1</i>	<i>\$/MWh</i>	<i>\$0.092</i>	<i>\$0.101</i>	<i>\$0.101</i>

Historical Graph of Rates 2007-2014

OATT Monthly Rates - 2007 through 2014



Questions?