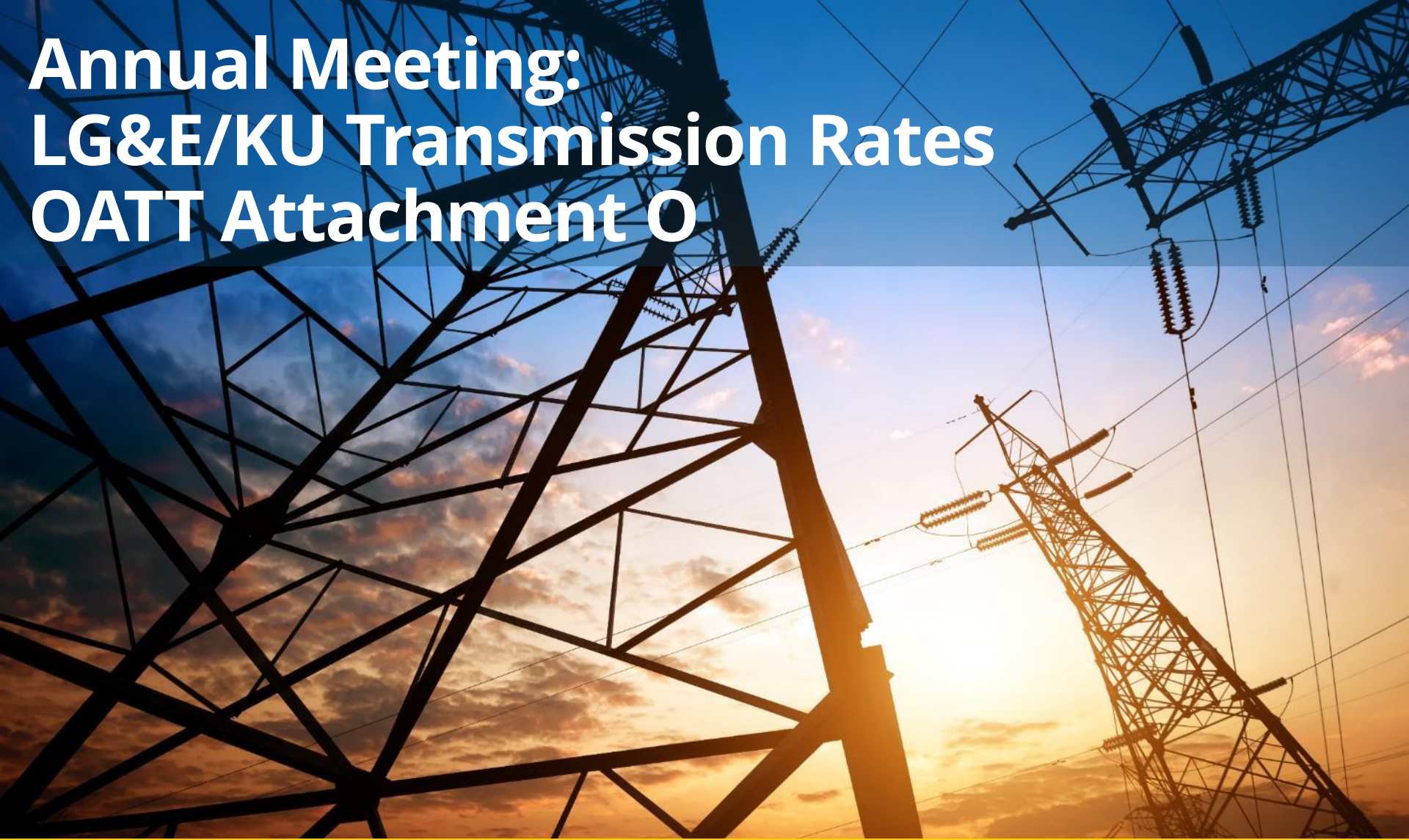


Annual Meeting: LG&E/KU Transmission Rates OATT Attachment O



July 27, 2017



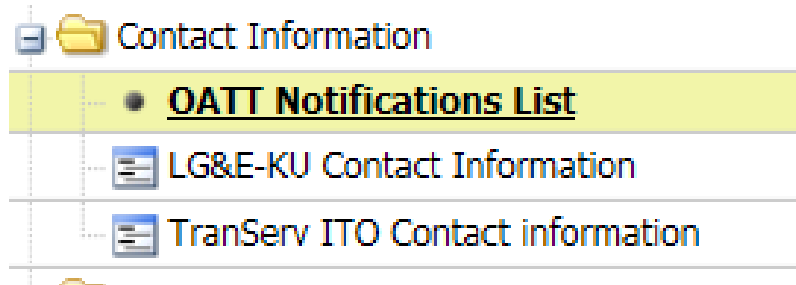
PPL companies

General Information

- LG&E/KU's transmission rates are established through the application of the FERC-approved Rate Formula in Attachment O of LG&E/KU's OATT.
 - The rate formula uses actual costs and data reported in the FERC Form 1 for the previous calendar year.
- Annually on June 1, new OATT rates go into effect.
 - LG&E/KU is required to make publicly available all information necessary to determine the updated Transmission rate; this information is posted on the LG&E/KU OASIS under "Transmission Rates > Supporting Documents".
- The Formula Rate Protocols in LG&E/KU's OATT require that LG&E/KU hold an open meeting among Interested Parties between the publication date and September 1.
 - This meeting satisfies that requirement.

General Information

- LG&E/KU OATT Notification List



- In addition to publicly providing the data upon which the updated Transmission rates are based, LG&E/KU also has a number of internal controls to ensure the accuracy of the data.

Annual Rate Calculation

Net revenue requirement
(gross revenue minus revenue
credits)

Sum of Total O&M, Depreciation
Expenses, Taxes and Return

MINUS

Revenue received from Non-Firm or
Short-Term Firm service

Billing Demand
(usage of system by customers)

Sum of 12 month coincident peak for
NITS and Long-Term PTP, CBM

MINUS

Services provided at a discount

Rate Calculation

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

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

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

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

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

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

OATT Rates effective June 1, 2017

Type of Service	Unit of Measure	June 1, 2017 Point to Point	June 1, 2017 NITS	June 1, 2016 Point to Point	June 1, 2016 NITS
Hourly Peak	\$/MWh	\$5.375	n/a	\$4.88	n/a
Hourly Off-Peak	\$/MWh	\$2.542	n/a	\$2.29	n/a
Daily Peak	\$/MW-Day	\$86.00	n/a	\$78.00	n/a
Daily Off-Peak	\$/MW-Day	\$61.00	n/a	\$55.00	n/a
Weekly	\$/MW-Week	\$428	n/a	\$388	n/a
Monthly	\$/MW-Month	\$1,857	\$1,903	\$1,683	\$1,725
Schedule 1	\$/MWh	\$0.108	\$0.108	\$0.107	\$0.107

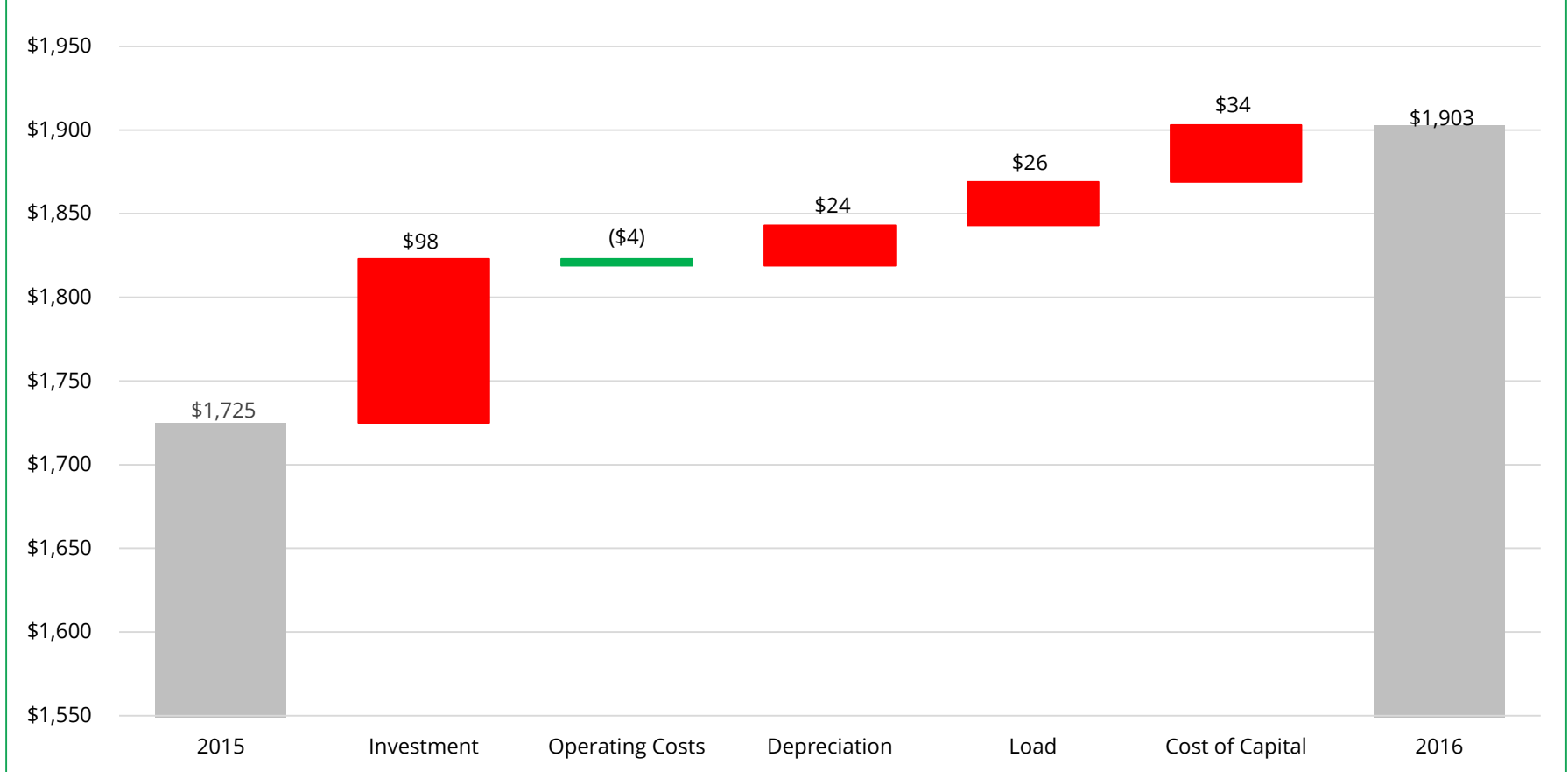
Drivers of Increased Cost of Service

- Increase in Transmission Network Projects
- Increase in Cost of Capital
- Decrease in Demand
- Minor offset by lowered operating costs

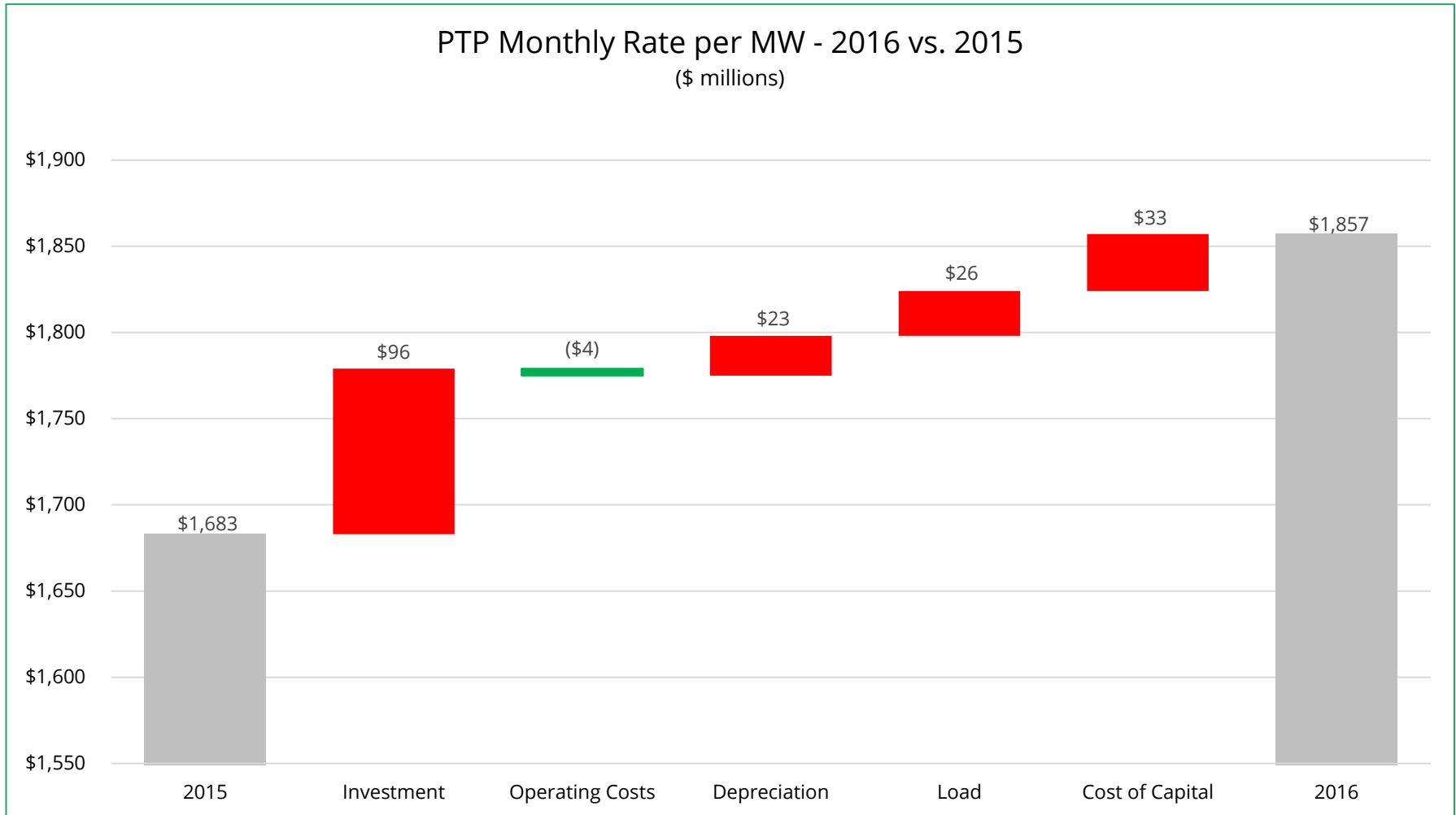


NITS Monthly Rate

NITS Monthly Rate per MW - 2016 vs. 2015
(\$ millions)

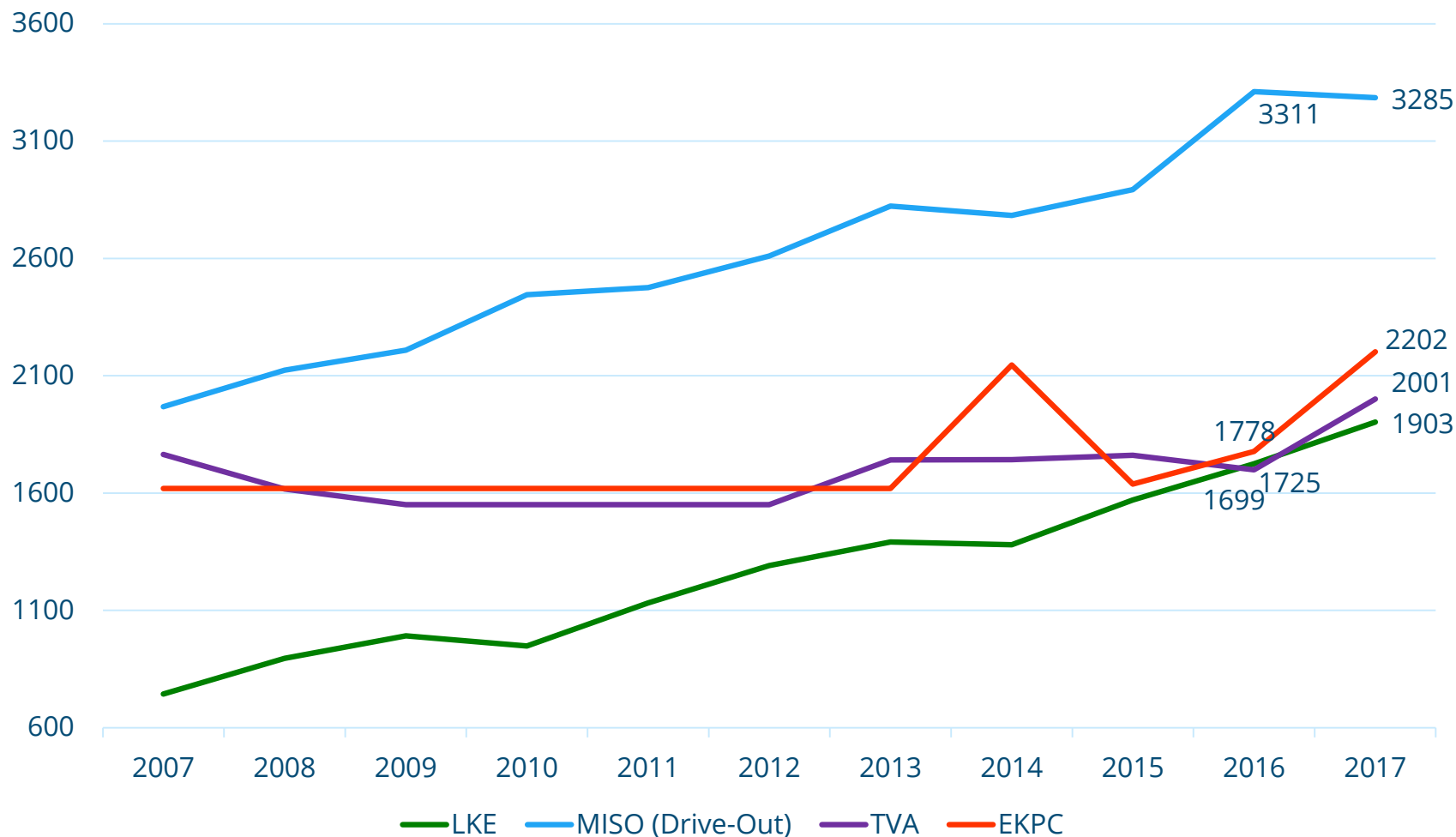


PTP Monthly Rate



Historical Graph of Rates

OATT Monthly Rates - 2007 through 2017



Questions?