

Andy Beshear
Governor

Rebecca W. Goodman
Secretary
Energy and Environment Cabinet



Commonwealth of Kentucky
Public Service Commission
211 Sower Blvd. Frankfort, Kentucky
40602-8294
Telephone: (502) 564-3940
psc.ky.gov

Angie Hatton
Chair

Mary Pat Regan
Commissioner

Andrew W. Wood
Commissioner

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Contact: Sheri Mahan
502-782-1735 or 502-401-7067
sherik.mahan@ky.gov

PSC Issues Order for KU and LG&E Rate Cases

Settlement approved with modifications

FRANKFORT, Ky. (February 16, 2026) – The Kentucky Public Service Commission (PSC) has approved, with several modifications, a settlement entered into by Kentucky Utilities (KU) and Louisville Gas and Electric (LGE) and several intervening parties to those rate cases.

In its Final Order for the KU case, Case No. 2025-00113, the PSC approved an increase for an average residential customer using 1,085 kWh of \$8.73 per month, or 6.54 percent, from \$133.57 to \$142.30. In this, the first request for increase since 2020, KU was originally seeking an 11.5% increase,

In its Final Order for the LG&E case, Case No. 2025-00114, the PSC approved a 4.73 percent increase for the average electric residential customer, which is an increase of \$5.14 per month, from \$108.76 to \$113.90. The PSC also addressed LG&E's gas rates, increasing the average residential gas rate approximately \$8.27 or 11.09 percent, from \$74.59 per month to \$82.86. LG&E was originally asking for an 8.3% increase for electric service and a 14% increase for natural gas.

The settlement agreement would have set residential rates at a 6.74 percent increase for KU, a 4.63 percent increase for LG&E electric service, and a 10.86 percent increase for LG&E gas service, and included the utilities' agreement not to file another rate case until 2028. The settlement agreement also included a Sharing Mechanism that would have been in effect July 1, 2027 through and including July 31, 2028. The Sharing Mechanism would have allowed KU and LG&E, during a major build-out phase, to recover



additional revenues from customers or returned a surplus to customers that would keep the companies' return on equity in a set range.

The PSC denied the Sharing Mechanism for return on investments that the utilities had proposed, citing insufficient oversight for potential large increases in rates. The PSC also made modifications to a proposed Generation Cost Rider and approved a number of changes to tariffs.

The settlement was agreed to by the Kentucky Attorney General Office of Rate Intervention, Kentucky Industrial Utilities Customers, Lexington Fayette Urban County Government, Louisville/Jefferson County Metro Government, Walmart, U.S. Department of Defense, Sierra Club and Kroger.

Other intervening parties who did not join the settlement were Kentucky Broadband and Cable Association, Kentucky Solar Energy Society, Metropolitan Housing Coalition and Kentucky Solar Industries Association.

These increases were proposed to fund infrastructure upgrades and address rising costs, including those associated with severe weather events. The original application would have meant a monthly increase of \$18.14 for KU customers using 1,085 kWh and \$11.04 for LG&E electric customers using 866 kWh, and \$11.12 for LG&E natural gas customers using 5.2 Mcf, according to initial estimates.

Today's order, a video of the hearing, and other records in the case are available on the PSC website, psc.ky.gov. The case numbers are 2025-00113 for Kentucky Utilities and 2025-00114 for Louisville Gas and Electric.

LG&E and KU are regulated utilities that serve more than 1.3 million customers. LG&E serves 335,000 natural gas and 436,000 electric customers in Louisville and 16 surrounding counties. KU serves 545,000 customers in 77 Kentucky counties and 28,000 customers in five counties in Virginia.

The PSC is an independent agency attached for administrative purposes to the Energy and Environment Cabinet. It regulates more than 1,100 gas, water, sewer, electric and telecommunication utilities operating in Kentucky and has approximately 90 employees.

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