

Andy Beshear  
Governor

John Lyons  
Secretary  
Energy and Environment Cabinet



Commonwealth of Kentucky  
**Public Service Commission**  
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Frankfort, Kentucky 40601-8294  
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psc.ky.gov

Angie Hatton  
Chair

Mary Pat Regan  
Commissioner

Andrew W. Wood  
Commissioner

May 19, 2026

## PARTIES OF RECORD

Re: Case No. 2026-00077

Notice is given to all parties that the attached LG&E and KU Informal Conference Memorandum, attendance list and Power Point presentation has been filed into the record of this proceeding.

If you have any comments you would like to make regarding the contents of the document, please do so within five days of receipt of this letter. If you have any questions, please contact Jurgens van Zyl, Staff Attorney III at [Jurgens.vanZyl@ky.gov](mailto:Jurgens.vanZyl@ky.gov).

Sincerely,

Linda C. Bridwell, PE  
Executive Director

Attachment

**INTRA-AGENCY MEMORANDUM**

**KENTUCKY PUBLIC SERVICE COMMISSION**

**TO:** Case No. 2026-00077

**FROM:** Jurgens van Zyl, Staff Attorney III

**DATE:** May 18, 2026

**RE:** Informal Conference of May 5, 2026

Pursuant to Order issued on April 30, 2026, an informal conference was conducted on May 5, 2026. Attached is a copy of the attendance roster.

As established in the Commission's April 30, 2026, Order, the purpose of the informal conference was to discuss the following in regard to Louisville Gas & Electric Company (LG&E) and Kentucky Utilities Company's (KU), (jointly, LG&E/KU) application seeking approval to merge:

1. An overview of the procedure regarding LG&E's assumption of KU's existing debt obligations and whether this is subject to any agreements;
2. Whether there are any agreements related to the change in service territory;
3. How the merger would affect KU's assets and the handling of ownership shares;
4. The proposed fuel adjustment clause (FAC), environmental cost recovery (ECR) surcharge, and off system sales (OSS) adjustment clause mechanism unification; and
5. Anticipated filing date of the depreciation study.

LG&E/KU presented the attached documents as part of their discussion regarding the above agenda. There being no further discussion, the informal conference was then adjourned.

cc: Parties of Record

# Case No. 2026-00077 – Electronic Joint Application of Kentucky Utilities Company and Louisville Gas and Electric Company for Approval of Merger



**PPL companies**

**Informal Conference – May 5, 2026**

# Agenda

- Overview of Legal Entity Merger
- LG&E's Assumption of KU's Debt Obligations
- Agreements related to change in Service Territory
- Merger Impact on KU's Ownership of Assets
- FAC and OSS Adjustment Clause Unification
- Filing Date of Depreciation Study

# Legal Entity Merger

- Since 2017, the Commission has ordered LG&E and KU to evaluate a merger between the two utilities, citing the regulatory and administrative efficiencies to be gained
- The Companies have since submitted 6 Merger Studies assessing this issue
- Historically, those studies demonstrated that projected savings were outweighed by expected costs—driven largely by significant, one-time IT system updates
- The results changed in the 2025 Merger Study because the Companies are now making significant IT upgrades and, as part of that investment, they can implement the common IT systems needed for a combined utility
- The proposed merger of KU into LG&E will not result in any change of control for their parent entities

# LG&E's Assumption of KU's Debt Obligations

- LG&E and KU primarily finance with **secured** long-term debt in the form of First Mortgage Bonds supported by first-priority liens on utility assets
- Prospective Financing Structures Under Evaluation
  - Amend existing LG&E and KU indentures to conform covenants and combine the collateral pools
  - Issue new, incremental debt solely under LG&E's legacy mortgage
  - Adopt a collateral trust mortgage structure
- Establish financing structure that minimizes stranded asset capacity and administrative burden, while preserving efficient, reliable access to the capital markets
- Revolving credit facilities and commercial paper programs expected to be combined, subject to applicable agreement requirements

# Agreements related to change in service territory

- KRS 271B.11-060 of the Kentucky Business Corporation Act provides that when a merger takes effect, the title to all property owned by both entities shall be vested in the surviving entity
- The Application asks the Commission to approve LG&E's assumption of KU's certified territory as part of the approval of the overall merger in accordance with KRS 278.018 to ensure LG&E is in compliance with the Certified Territories Act
- The Companies do not believe any agreements are necessary to effect the requested territory change, but would welcome and appreciate Commission Staff guidance on this issue

# Merger impact on KU's Ownership of Assets

- LG&E assumes KU's ownership share with the merger
- Post-merger, generation assets and costs will be tracked by unit in total for LG&E (not separately for LG&E and KU) in accordance with FERC Uniform System of Accounts

# FAC and OSS Adjustment Clause Unification

- Since 1998 when LG&E and KU first merged the holding companies, the generating assets have been jointly dispatched for the benefits of all retail customers under the provisions of the Power Supply System Agreement (PSSA) executed between LG&E and KU
- Once legally merged, the PSSA and After-the-Fact Billing (AFB) process for split savings will no longer exist. AFB will still be used to determine highest cost for off-system sales
  - No intercompany transactions will exist in the FAC
  - Single monthly FAC filing with one billing factor for all retail customers
  - Fuel Cost Schedule will be in Total for all generation and purchases
  - Sales Schedule will be in Total
  - Off System Sales adjustment will be Total margins for all off-system sales

# Filing Date of Depreciation Study

- Combined depreciation study rates are currently being reviewed
- Study date of June 30, 2024 utilized to minimize financial impacts as this is the same date of depreciation study in 2025 rate cases
  - Intangible, distribution, transmission and general plant combined
  - Generation records remain by unit and plant account. Jointly owned units combined
  - No change to gas plant
- Anticipate filing combined depreciation study rates later this week

# APPENDIX

# Legal Entity Merger – History

- 2017 Corporate Reorganization (Case No. 2017-00415)
  - Order issued February 22, 2017 for the purpose of scheduling a hearing and requiring testimony regarding the potential merger of LG&E and KU
  - Order required LG&E and KU to develop an internal study to fully evaluate and quantify the costs/benefits of a potential merger of the two utilities
  - The Companies submitted their initial Legal Merger analysis in August 2018
- 2018 Kentucky Rate Case (Case Nos. 2018-00294 and 2018-00295)
  - Commission ordered the Companies to file annual updates to the study, which occurred in 2020 and 2021
  - Those studies concluded that the savings were outweighed by the expected costs and significant one-time costs to achieve, primarily driven by revisions to IT systems

# Legal Entity Merger – History

- 2020 Kentucky Rate Case (Case Nos. 2020-00349 and 2020-00350)
  - The Commission was critical of the Companies' internal analysis
  - The Companies issued an RFP for the next study and in 2022, the Companies submitted an Assessment prepared by PwC which concluded that the savings would take 10 years to outweigh the costs to achieve
- 2023 Potential Legal Merger Internal Study
  - The Companies filed another report in 2023 with the same conclusions
  - The Commission ordered the Companies to file a merger study with each rate case until further notice

# Legal Entity Merger – History

- 2025 Rate Case (Case Nos. 2025-00113 and 2025-00114)
  - The Companies expressed a desire to actively explore a potential legal entity merger as part of their Legal Merger Assessment
    - KU merge with and into LG&E (regulatory approvals required)
    - LKS merge with and into PPLS (regulatory approvals not required)
    - Regulatory and administrative efficiencies are the primary reason to merge
    - Timing of merger is further supported by IT investments
  - The Companies informed the Commission on December 30, 2025 of their intent to pursue the merger
- 2026 Merger Application (Case No. 2026-00077)
  - Joint application filed March 30, 2026

# PSC INFORMAL CONFERENCE SIGN IN SHEET

CASE NUMBER: 2026-00077

LOCATION: Public Service Commission, 211 Sower Blvd. Frankfort, KY  
40601

DATE: May 5, 2026

NAME	COMPANY
Lane Kollen	Consultant on behalf of the Attorney General
Julissa Burgos	LG&E/KU
Jody Kyler Cohn	KIUC
Carrie Grundmann	On Behalf of Walmart
Connor Haney	Public Service Commission of Kentucky
John Rogness	Public Service Commission of Kentucky
Jurgens van Zyl	Public Service Commission of Kentucky
Caroline Engle	Public Service Commission of Kentucky
Jeff Abshire	Public Service Commission of Kentucky
Moriah Tussey	Public Service Commission of Kentucky
Ashley Hatcher	Public Service Commission of Kentucky
Kayleigh Riley	Public Service Commission of Kentucky
Ryan Mattingly	Public Service Commission of Kentucky
Mary Whitaker	Public Service Commission of Kentucky
Farhad Shahidi	Public Service Commission of Kentucky
Bentley Jarboe	Public Service Commission of Kentucky
Noah Abner	Public Service Commission of Kentucky

# PSC INFORMAL CONFERENCE SIGN IN SHEET

CASE #: 2026-00077 Kentucky Utilities Company and Louisville Gas and Electric Company

LOCATION: 211 Sower Blvd Frankfort KY- Hearing Room

DATE: Tuesday, May 5, 2026

NAME	COMPANY
Andrea Fackler	LGE/E/KU
Rick Lovekamp	LGE/E/KU
Chris Garrett	LGE/KU
Robert Conroy	LGE/KU
Allyson Sturgeon	LGE/KU
Jim Gardner	LA/LFUCG
<del>Mike</del> Mike Korte	KUC
Lindsay Inger	SKO LGE KU
Angela M. Goad	OAG
Idan Lucy	OAG
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Sarah Janowski	PSC
JEFF HESKINE	PSC
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