

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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| ELECTRONIC APPLICATION OF KENTUCKY |) | |
| UTILITIES COMPANY FOR AN ADJUSTMENT OF |) | CASE NO. |
| ITS ELECTRIC RATES AND APPROVAL OF |) | 2025-00113 |
| CERTAIN REGULATORY AND ACCOUNTING |) | |
| TREATMENTS |) | |

ORDER

This matter arises from Kentucky Utilities Company's (KU) application for a general rate adjustment based on a forecasted test period. KU's application was deemed filed as of May 30, 2025.¹ On June 18, 2025, the Commission issued an Order suspending KU's proposed rates for five months up to and including December 31, 2025, and establishing a procedural schedule.² The following parties were granted intervention in the matter: the Attorney General, by and through the Office of Rate Intervention,³ Kentucky Industrial Utilities Customers (KIUC),⁴ Walmart Inc.,⁵ Kroger,⁶ Lexington Fayette Urban County government,⁷ United States Department of Defense and all other Federal Executive

¹ Order (Ky. PSC June 16, 2025).

² Order (Ky. PSC June 18, 2025).

³ Order (Ky. PSC May 27, 2025).

⁴ Order (Ky. PSC June 10, 2025).

⁵ Order (Ky. PSC July 2, 2025).

⁶ Order (Ky. PSC July 2, 2025).

⁷ Order (Ky. PSC July 2, 2025).

Agencies,⁸ Kentucky Solar Industries Association, Inc.,⁹ Kentucky Broadband and Cable Association (KBCA),¹⁰ Sierra Club,¹¹ Kentuckians for the Commonwealth, Kentucky Solar Energy Society and Mountain Association (jointly, Joint Intervenors)¹².

On August 25, 2025, KU revised its revenue requirement, lowering the required revenue increase, but explicitly stated it did not intend to amend its application.¹³ A stipulation agreement (Stipulation) was reached between all but three parties, Joint Intervenors, KYSEIA, and KBCA.¹⁴ The signatory parties agreed that KU's electric retail revenues should be increased by \$132,000,000 as well as resolution to numerous other issues raised in the application.¹⁵ This amount consisted of a base rate revenue reduction of \$94,121,847 from the \$226,121,847 requested in KU's application.¹⁶ An evidentiary hearing was held November 3, 2025, through November 6, 2025.

On December 8, 2025, KU filed a notice stating that it intended to place rates proposed in and, as a result of, the Stipulation into effect for service rendered on and after January 1, 2026.¹⁷ However, KU also noted that, should the Commission disagree, KU

⁸ Order (Ky. PSC July 1, 2025).

⁹ Order (Ky. PSC July 2, 2025).

¹⁰ Order (Ky. PSC July 1, 2025).

¹¹ Order (Ky. PSC July 2, 2025).

¹² Order (Ky. PSC July 3, 2025).

¹³ KU's Supplemental Response to Commission Staff's First Request for Information (Staff's First Request) (filed Aug. 25, 2025), Item 3 and Item 14.

¹⁴ Stipulation Agreement (Stipulation) (filed Oct. 20, 2025).

¹⁵ Stipulation at 4.

¹⁶ KU's Supplemental Response to Staff's First Request, Item 54, Schedule A.

¹⁷ Notice of Implementation of Rates (filed Dec. 8, 2025).

would instead implement the rates proposed in the application.¹⁸ In addition, KU requested an informal conference to discuss the implementation of rates.¹⁹

KRS 278.190(2) allows the Commission to suspend a utility's proposed rates pending a hearing and decision on the rates for up to five months if a historical test period is used: "[i]f the proceeding has not been concluded and an order made at the expiration of five (5) months . . . , the utility may place the proposed change of rate, charge, classification, or service in effect at the end of that period after notifying the commission, in writing, of its intention so to do." The Commission may require a utility that provides such notice to maintain records that will allow the utility, the Commission, or any customer to determine the amounts to be refunded, and to whom, in the event a refund is ordered upon final resolution of the case. Further, upon final resolution, the Commission may order a refund to the extent the rates approved in the final Order are lower than rates proposed by the utility and placed into effect pursuant to KRS 278.190(2).

While the Commission understands why KU would seek to place rates consistent with the Stipulation into effect pending a final decision, doing so is inconsistent with KRS 278.190(2), which contemplates a utility proposing a schedule adjusting rates; the Commission suspending the proposed rates, if necessary, for a period pending a final decision; and the utility placing the proposed rates into effect, subject to refund, at the end of the suspension period. Further, KRS 278.190(2) only permits a utility to place rates that have been proposed and suspended into effect pending a final decision after providing the Commission written notice of its intention to do so. Written notice to the

¹⁸ Notice of Implementation of Rates.

¹⁹ Notice of Implementation of Rates.

Commission of KU's intent to put rates consistent with those in the Stipulation into effect does not satisfy that condition, because the Stipulation rates are not the rates proposed pursuant to KRS Chapter 278 and suspended pursuant to KRS 278.190(2).

Thus, the Commission finds that KU's notice to the Commission is deficient pursuant to KRS 278.190(2) such that KU has not satisfied the condition precedent necessary for it to place its proposed Stipulation rates into effect subject to refund. In contrast, the Commission finds that KU, pursuant to KRS 278.190(2), has satisfied the notice requirement necessary to place the rates proposed in its original application into effect.

While the Commission intends to issue a final Order in this matter by February 13, 2026. The Commission notes that, while KU may implement its proposed application rates in effect prior to the entry of the final Order, KU is not required to implement rates. If KU decides to implement the rates proposed in its application on or after January 1, 2026, the Commission finds that KU should be required to maintain records that will allow it, the Commission, and any customer to determine the amounts to be refunded, and to whom, in the event a refund is ordered upon final resolution of the case.

The Commission also finds that the request for an informal conference should be denied as moot. Although, the Commission appreciates KU's willingness to meet with Commission Staff, the utility makes the decision regarding implementation of the proposed rates, and the Commission has issued its findings herein the Order.

IT IS THEREFORE ORDERED that,

1. KU has failed to satisfy the condition precedent necessary to place its proposed Stipulation rates into effect subject to KRS 278.190(2).

2. KU may implement rates as proposed in its application on or after January 1, 2026, pending the final resolution of this matter pursuant to KRS 278.190(2).

3. The request for an informal conference is denied as moot.


4. KU shall maintain its records in such manner as will allow it, the Commission, or any customer to determine the amounts to be refunded, and to whom, in the event a refund is ordered upon final resolution of this matter.

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PUBLIC SERVICE COMMISSION


Chairman


Commissioner


Commissioner

ATTEST:


Executive Director



*Angela M Goad
Assistant Attorney General
Office of the Attorney General Office of Rate
700 Capitol Avenue
Suite 20
Frankfort, KY 40601-8204

*Honorable W. Duncan Crosby III
Attorney at Law
Stoll Keenon Ogden, PLLC
2000 PNC Plaza
500 W Jefferson Street
Louisville, KY 40202-2828

*Joe F. Childers
Childers & Baxter PLLC
300 Lexington Building, 201 West Sho
Lexington, KY 40507

*Ashley Wilmes
Kentucky Resources Council, Inc.
Post Office Box 1070
Frankfort, KY 40602

*Thomas J FitzGerald
Counsel & Director
Kentucky Resources Council, Inc.
Post Office Box 1070
Frankfort, KY 40602

*John Horne
Office of the Attorney General Office of Rate
700 Capitol Avenue
Suite 20
Frankfort, KY 40601-8204

*Honorable Allyson K Sturgeon
Vice President and Deputy General Counsel-
LG&E and KU Energy LLC
220 West Main Street
Louisville, KY 40202

*Gabriel Thatcher
Attorney Senior
Lexington-Fayette Urban County Government
Department Of Law
200 East Main Street
Lexington, KY 40507

*Honorable Kurt J Boehm
Attorney at Law
Boehm, Kurtz & Lowry
425 Walnut Street
Suite 2400
Cincinnati, OH 45202

*Byron Gary
Kentucky Resources Council, Inc.
Post Office Box 1070
Frankfort, KY 40602

*Hannah Wigger
Sheppard Mullin Richter & Hampton LLP
2099 Pennsylvania Avenue NW, Suite 1
Washington, DC 20006

*Kyle J Smith
General Attorney
U.S. Army Legal Services Agency
9275 Gunston Road
ATTN: JALS-RL/IP
Fort Belvoir, VA 22060-554

*Carrie H Grundmann
Spilman Thomas & Battle, PLLC
110 Oakwood Drive, Suite 500
Winston-Salem, NC 27103

*James B Dupree
50 Third Ave
Building 1310- Pike Hall
Fort Knox, KY 40121

*Honorable Lindsey W Ingram, III
Attorney at Law
STOLL KEENON OGDEN PLLC
300 West Vine Street
Suite 2100
Lexington, KY 40507-1801

*Honorable David J. Barberie
Managing Attorney
Lexington-Fayette Urban County Government
Department Of Law
200 East Main Street
Lexington, KY 40507

*James W Gardner
Sturgill, Turner, Barker & Moloney, PLLC
333 West Vine Street
Suite 1400
Lexington, KY 40507

*Lawrence W Cook
Assistant Attorney General
Office of the Attorney General Office of Rate
700 Capitol Avenue
Suite 20
Frankfort, KY 40601-8204

*Honorable David Edward Spenard
Strobo Barkley PLLC
239 South 5th Street
Ste 917
Louisville, KY 40202

*Jody Kyler Cohn
Boehm, Kurtz & Lowry
425 Walnut Street
Suite 2400
Cincinnati, OH 45202

*Matt Partymiller
President
Kentucky Solar Industries Association
1038 Brentwood Court
Suite B
Lexington, KY 40511

*J. Michael West
Office of the Attorney General Office of Rate
700 Capitol Avenue
Suite 20
Frankfort, KY 40601-8204

*Randal A. Strobo
Strobo Barkley PLLC
239 South 5th Street
Ste 917
Louisville, KY 40202

*Honorable Michael L Kurtz
Attorney at Law
Boehm, Kurtz & Lowry
425 Walnut Street
Suite 2400
Cincinnati, OH 45202

*Steven W Lee
Spilman Thomas & Battle, PLLC
1100 Brent Creek Blvd., Suite 101
Mechanicsburg, PA 17050

*Nathaniel Shoaff
Sierra Club
2101
Webster St. , Suite 1300
Oakland, CA 94612

*Kentucky Utilities Company
220 W. Main Street
P. O. Box 32010
Louisville, KY 40232-2010

*Paul Werner
Sheppard Mullin Richter & Hampton LLP
2099 Pennsylvania Avenue NW, Suite 1
Washington, DC 20006

*Sara Judd
Senior Corporate Attorney
LG&E and KU Energy LLC
220 West Main Street
Louisville, KY 40202

*Rick E Lovekamp
Manager - Regulatory Affairs
LG&E and KU Energy LLC
220 West Main Street
Louisville, KY 40202

*Toland Lacy
Office of the Attorney General
700 Capital Avenue
Frankfort, KY 40601

*Robert Conroy
Vice President, State Regulation and Rates
LG&E and KU Energy LLC
220 West Main Street
Louisville, KY 40202

*M. Todd Osterloh
Sturgill, Turner, Barker & Moloney, PLLC
333 West Vine Street
Suite 1400
Lexington, KY 40507

*Rebecca C. Price
Sturgill, Turner, Barker & Moloney
155 East Main Street
Lexington, KY 40507