

2023BP Electric Sales and Demands



Sales Analysis and Forecasting
July 15, 2022



Forecast Summary

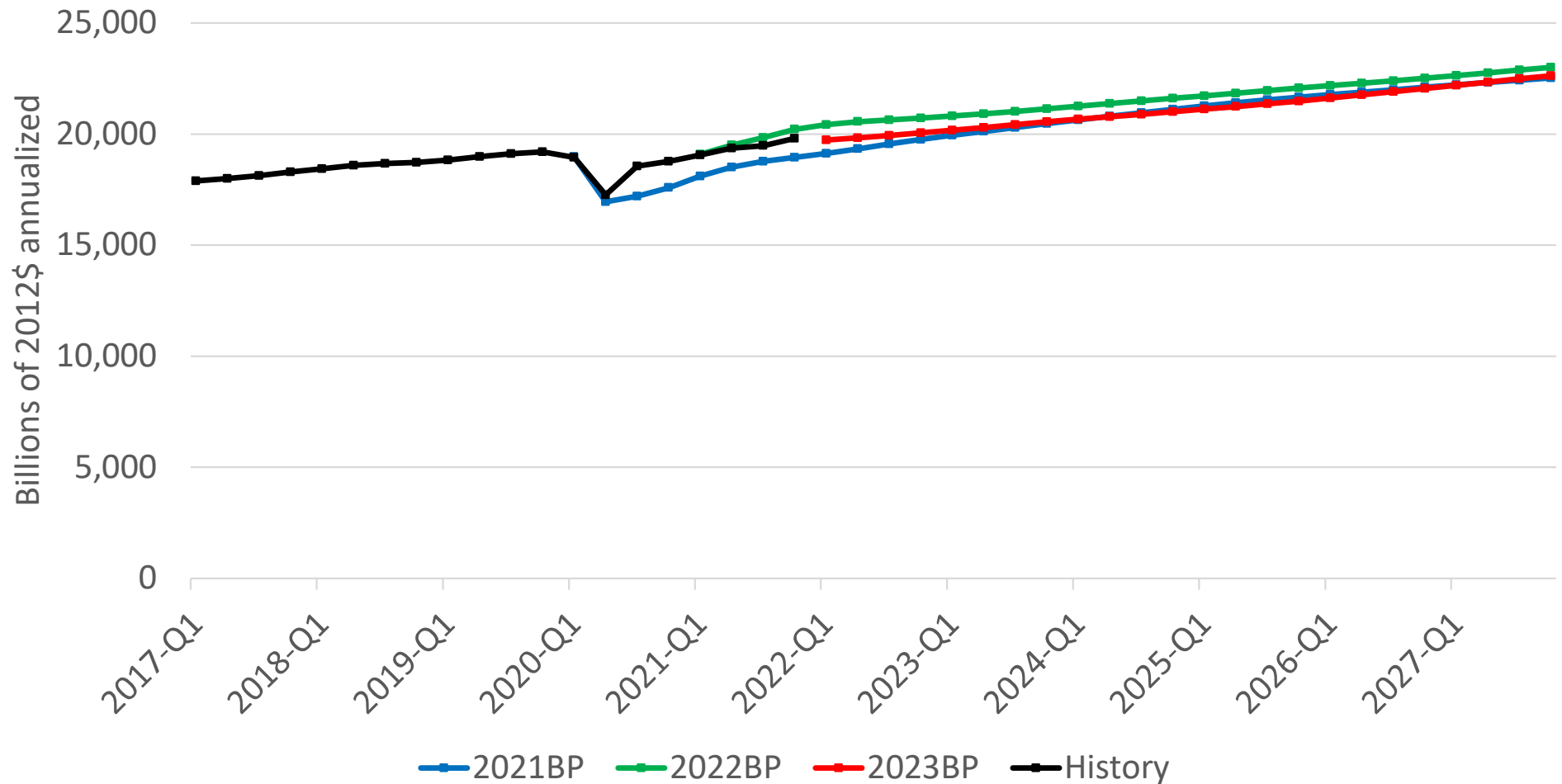
- May 2022 YTD weather-normalized sales
 - 0.8% higher than May 2021 YTD weather-normalized sales
 - 0.2% below 2022BP
- 2023BP Sales Forecast (vs. 2022BP)
 - Slightly lower near-term; 8.3% higher by 2027 due to addition of large major account (“MA”) customer in KU service territory
 - Forecast reflects post-COVID “new normal” for residential, large commercial, and general service sales
 - Residential sales higher with hybrid WFH and updated electrification assumptions
 - Large commercial and general service sales lower; consistent with YTD 2022 actuals
 - Excluding new MA customer, other industrial sales increase through 2027; higher on increases from a few customers despite less favorable economic outlook
- 2023BP Billing Demands (vs. 2022BP)
 - Variance explained primarily by PS-Secondary demands

Other Forecast Notes

- DER forecast reflects recent increase in net metering customers; installed net metering capacity reaches 1% of peak in late 2026
 - 2027 Impact: nearly 74 GWh of load reduction
 - Customer-owned solar continues to grow marginally after 1% NM cap due to SQF/LQF customer growth
- EV forecast higher than 2022BP
 - 19,000 projected cars on road by end of 2027 (vs. 12,000 in 2022BP)
 - Added load associated with interstate charging based upon recent infrastructure bill
- Consistent with 2022BP, CVR reduces sales beginning in 2026
- AMI e-portal savings begin in 2024

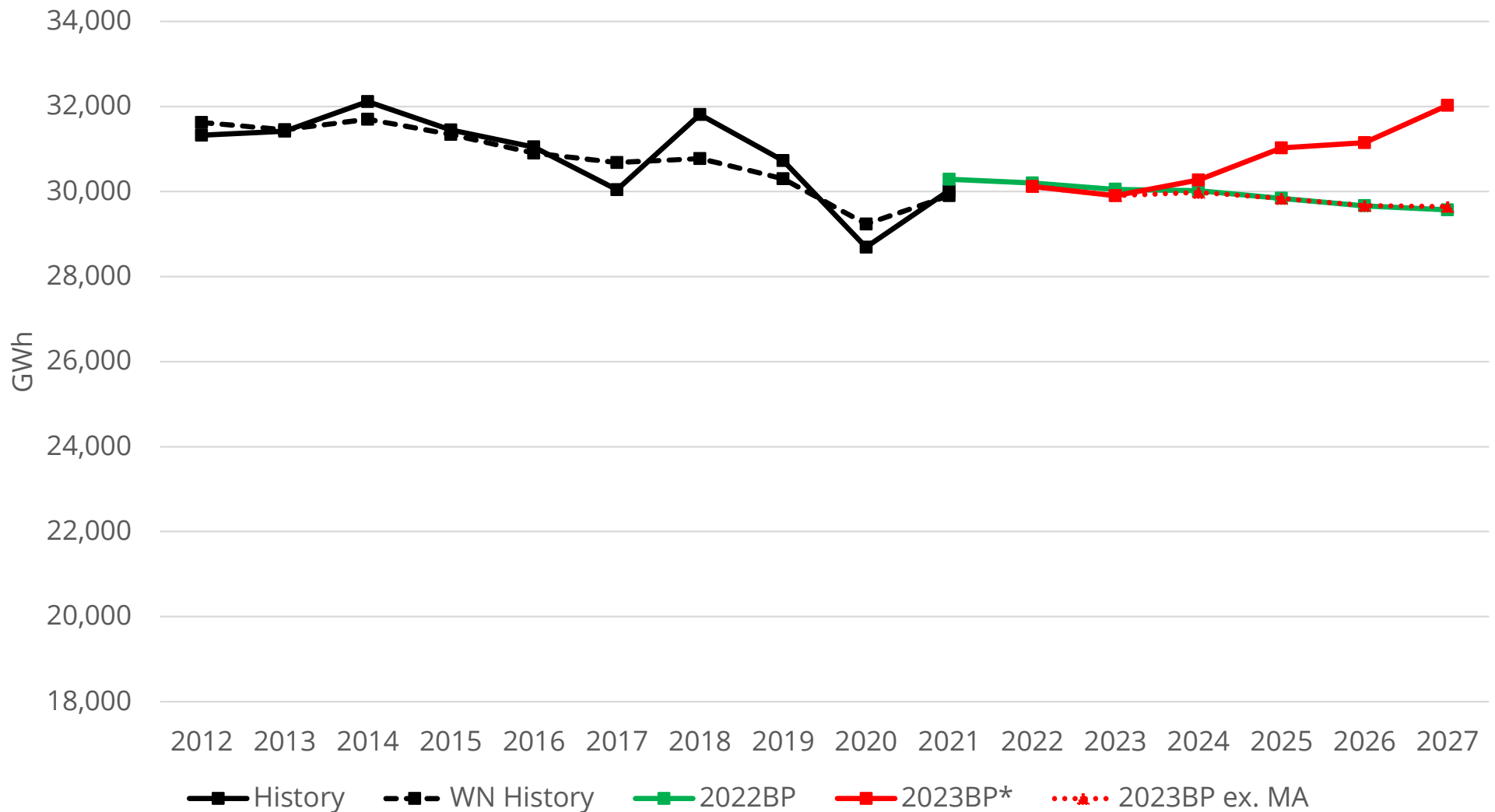
2023BP economic outlook more pessimistic than 2022BP

US Real GDP



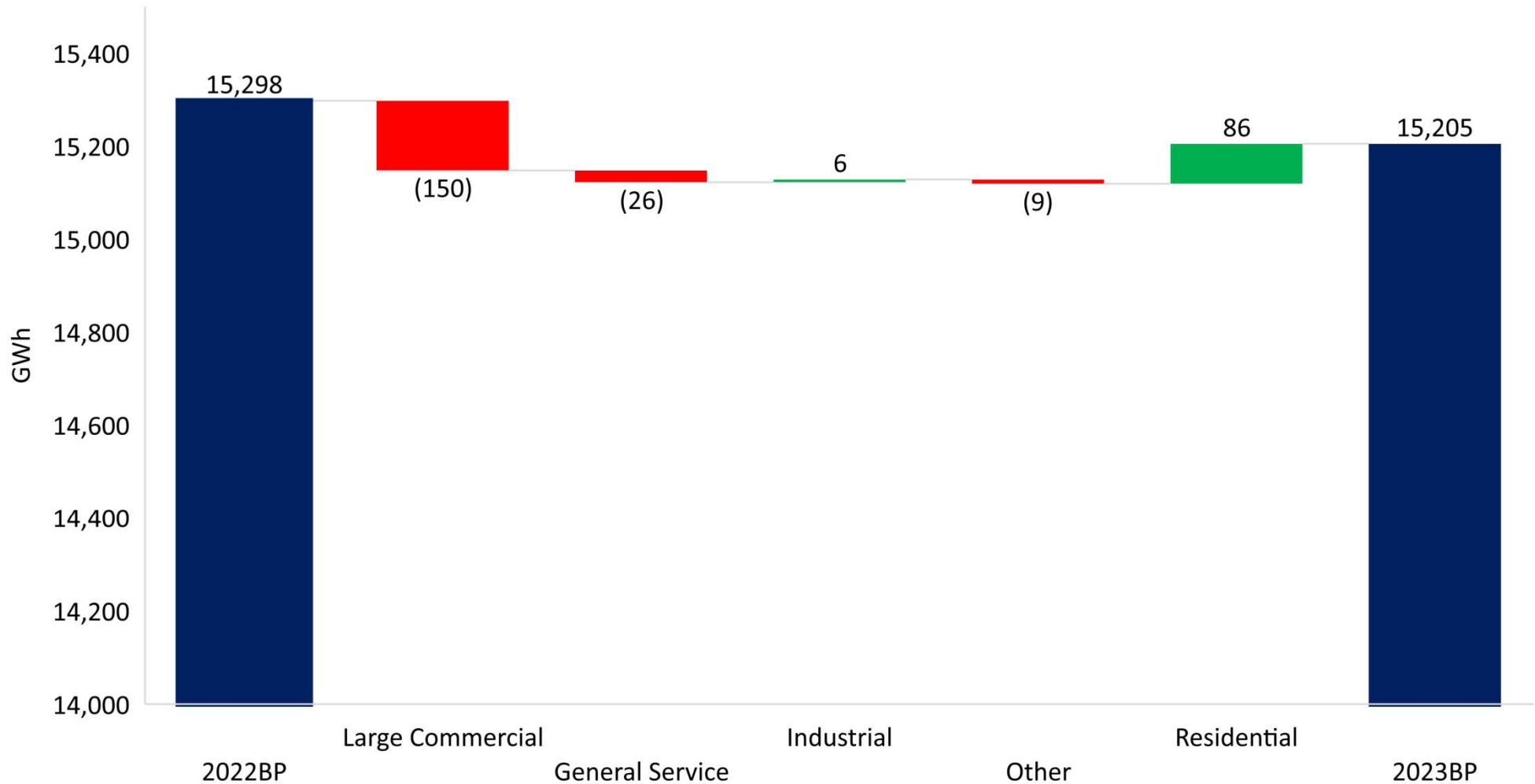
Source: S&P Global; May 2022

With new MA addition, total sales are 8.3% higher by 2027



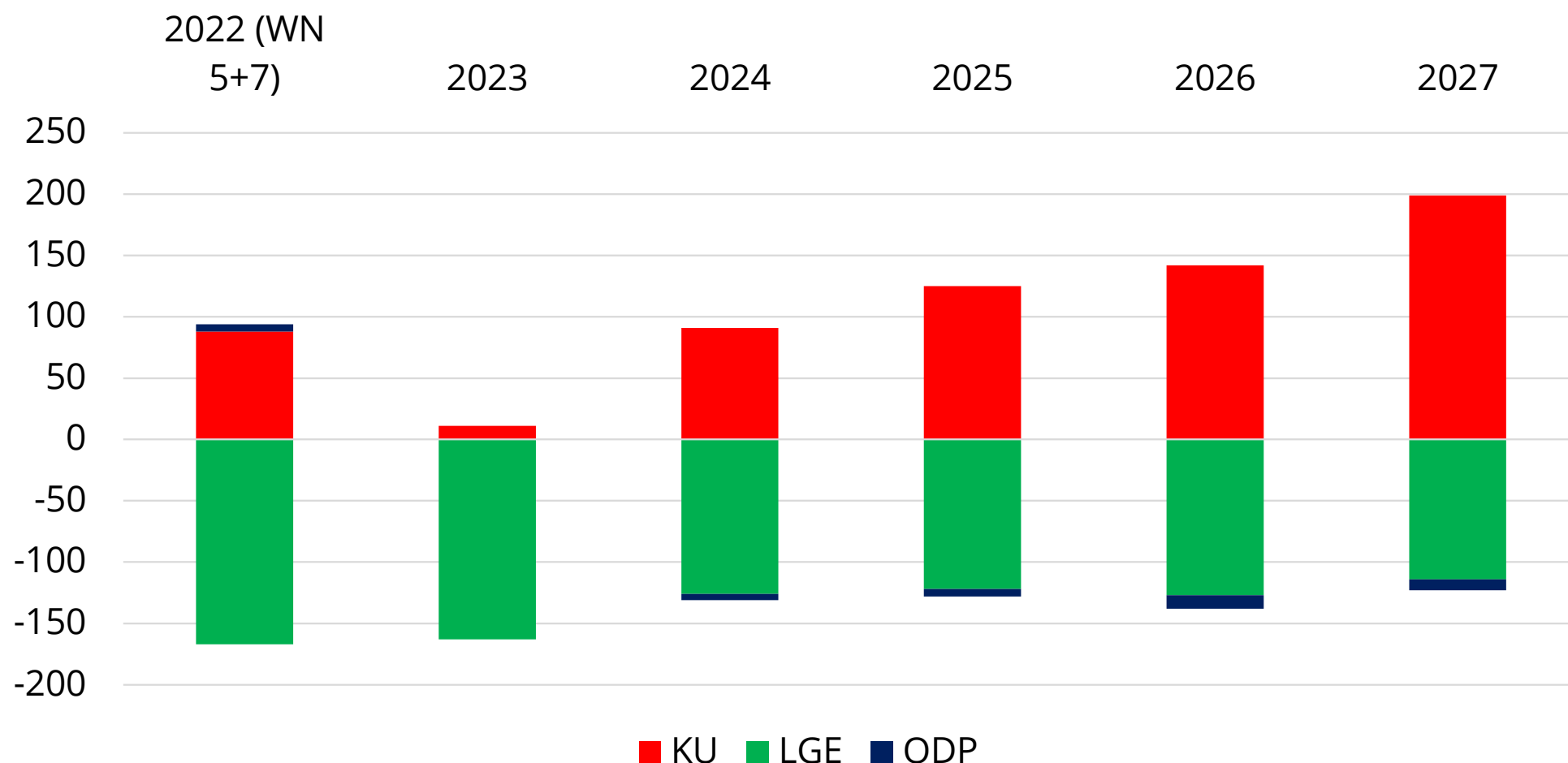
Balance of year lower PoP as lower commercial sales more than offset higher residential sales

BOY 2022 (July - December)



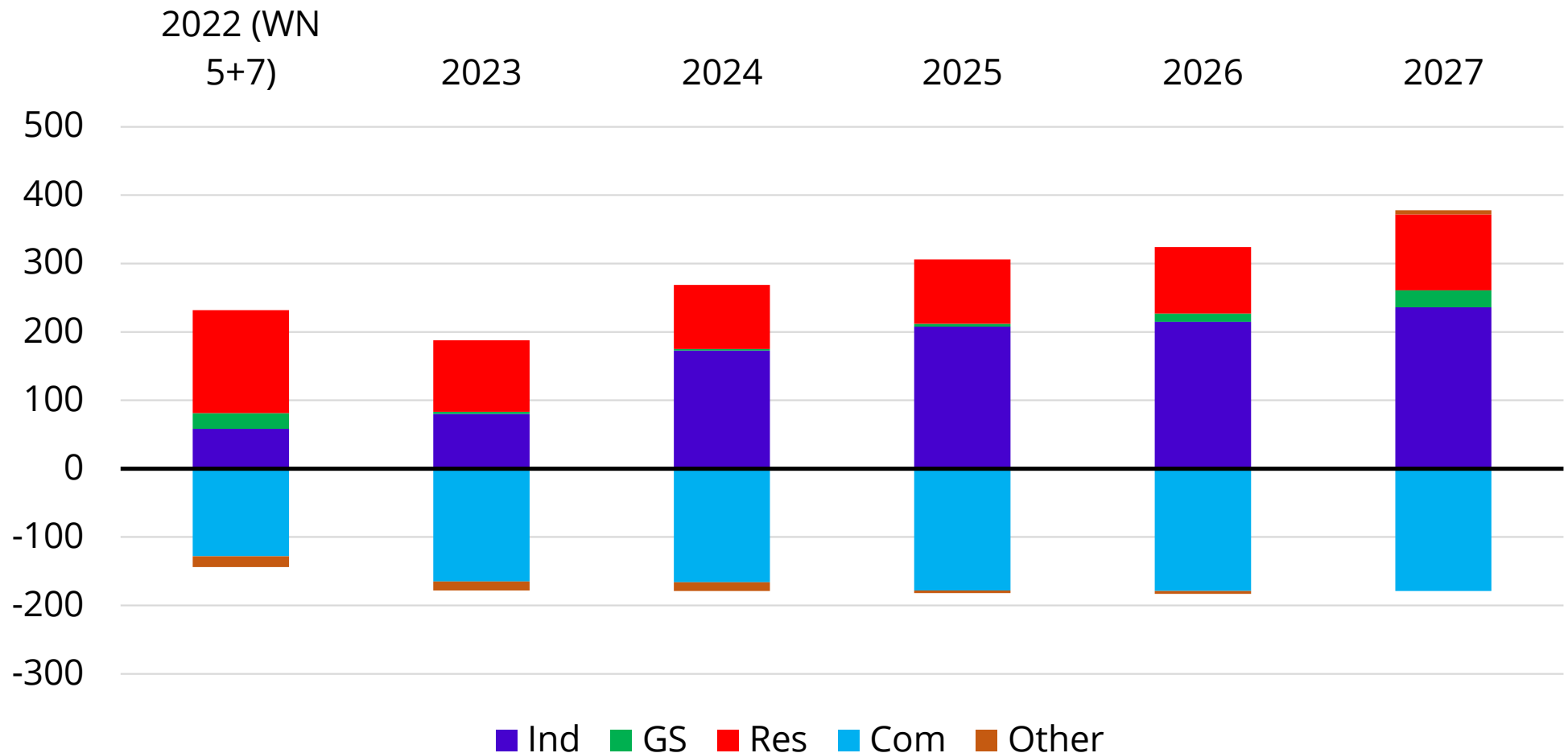
Excluding new MA, PoP forecast changes for KU and LG&E are mostly offsetting

Plan-over-Plan By Company



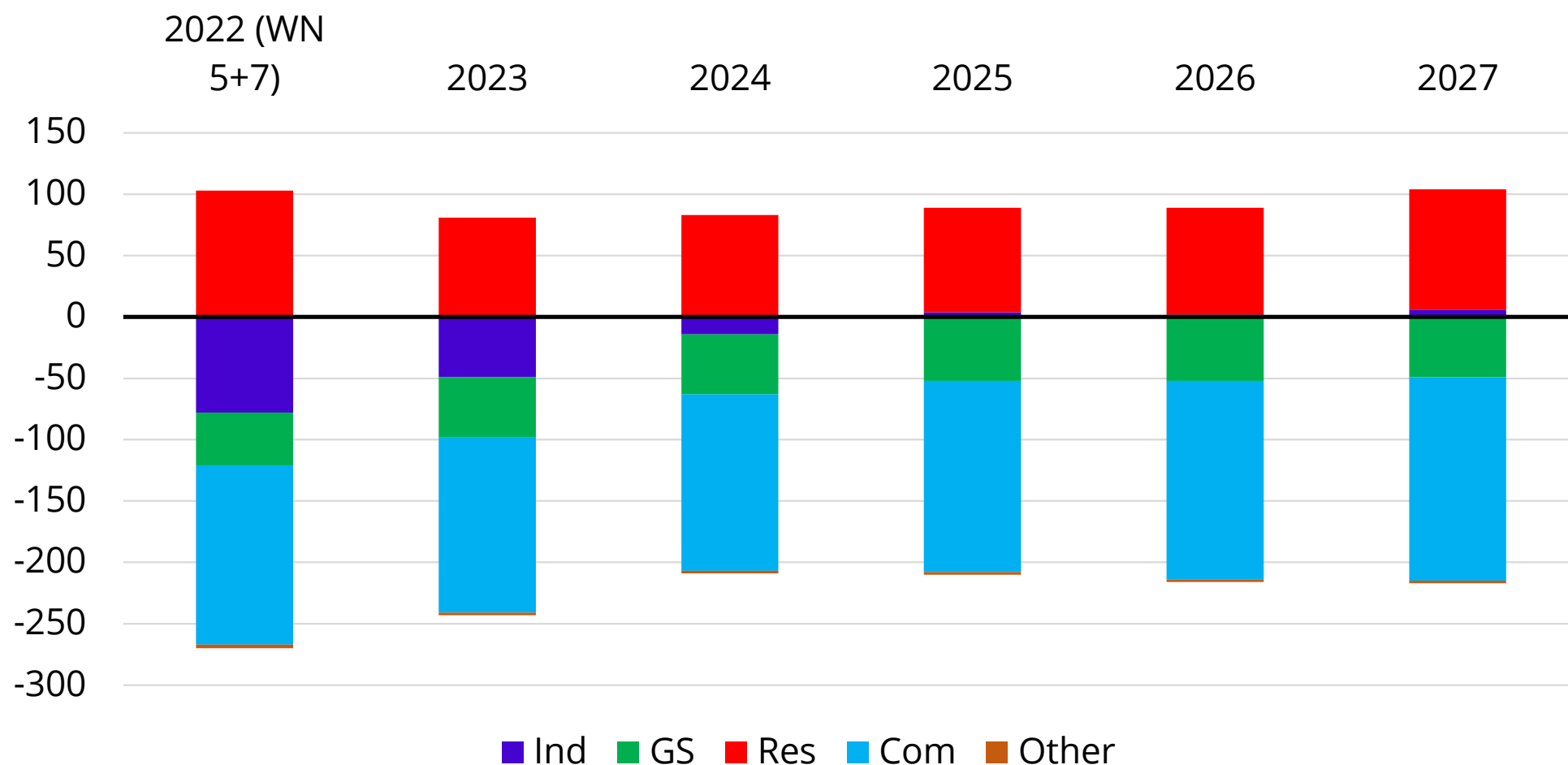
Excluding new MA, KU increases PoP on higher residential and MA forecasts

KU Plan-over-Plan By Forecast



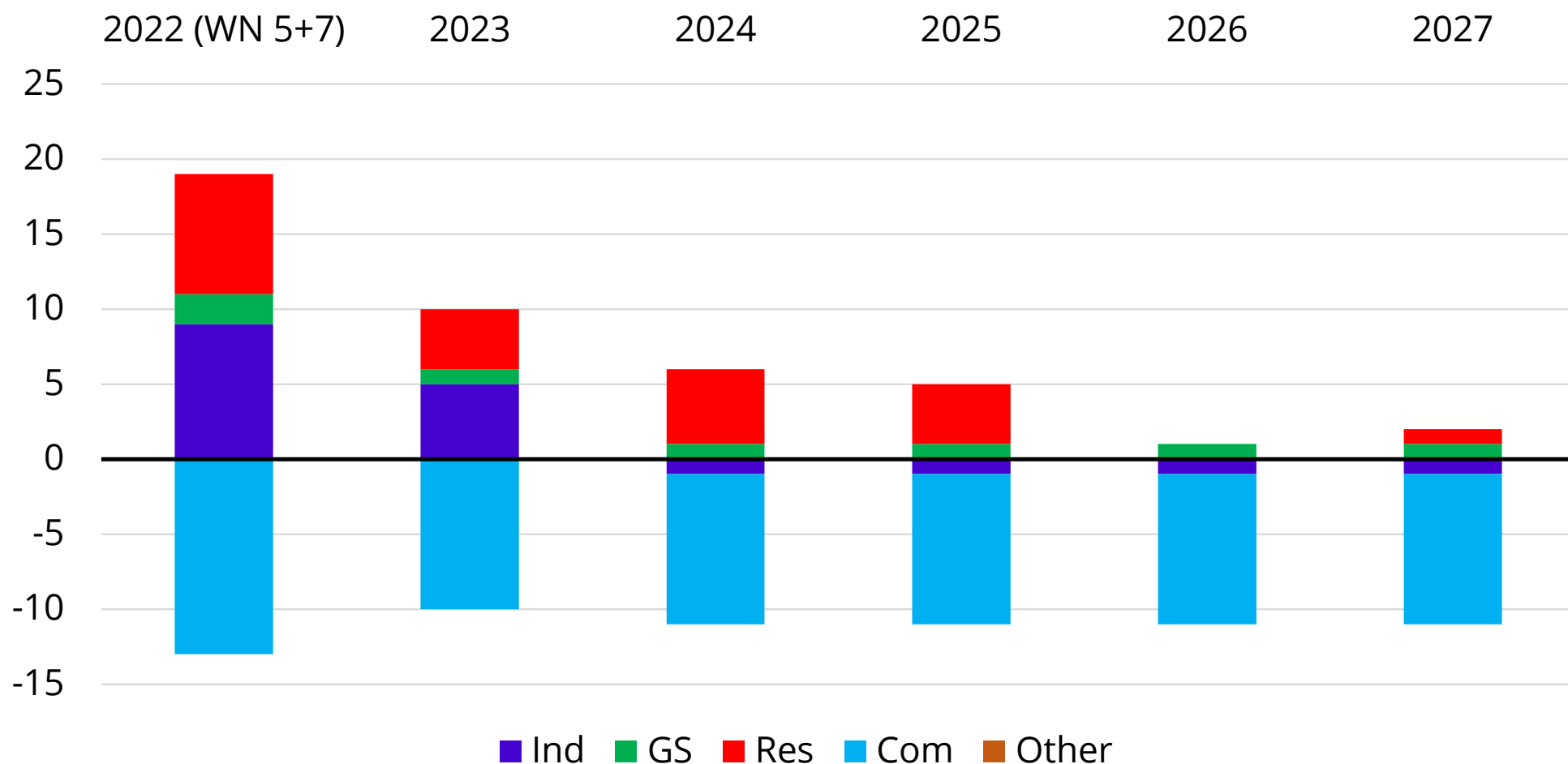
For LG&E, PoP increases in RS partly offset PoP decreases in other classes

LG&E Plan-over-Plan By Forecast



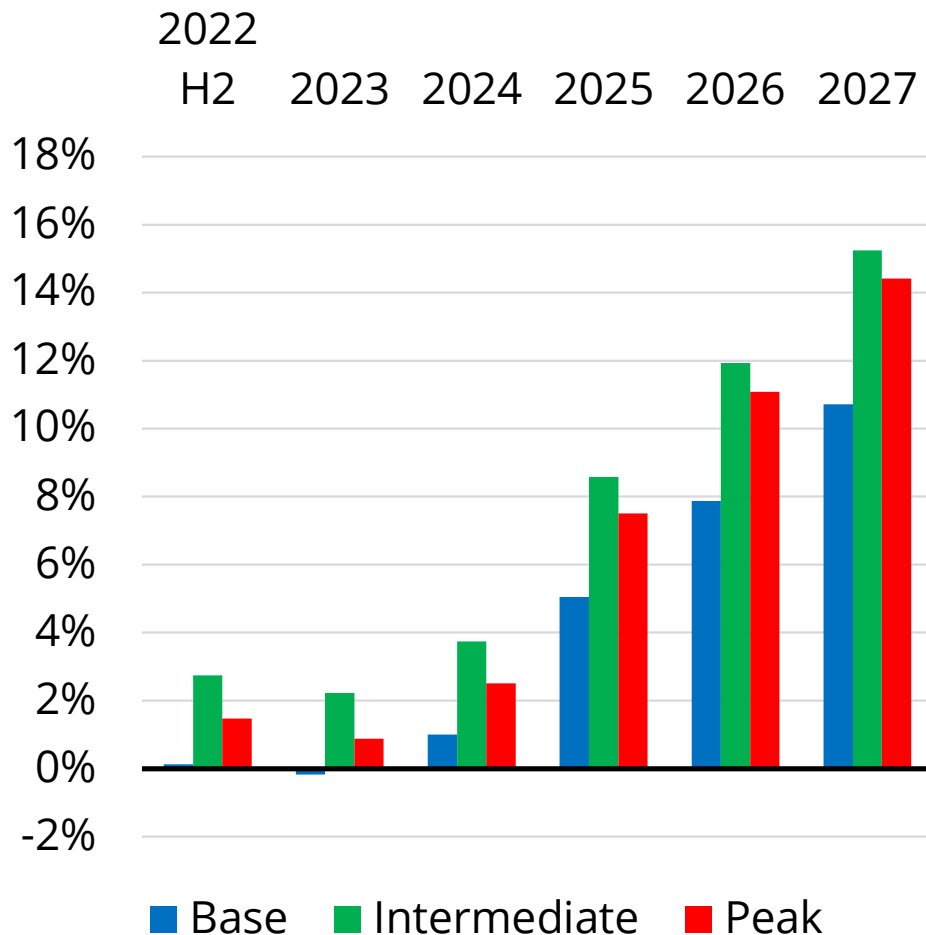
Near-term increases in industrial and residential sales offset by decreases in commercial sales for ODP

ODP Plan-over-Plan By Forecast

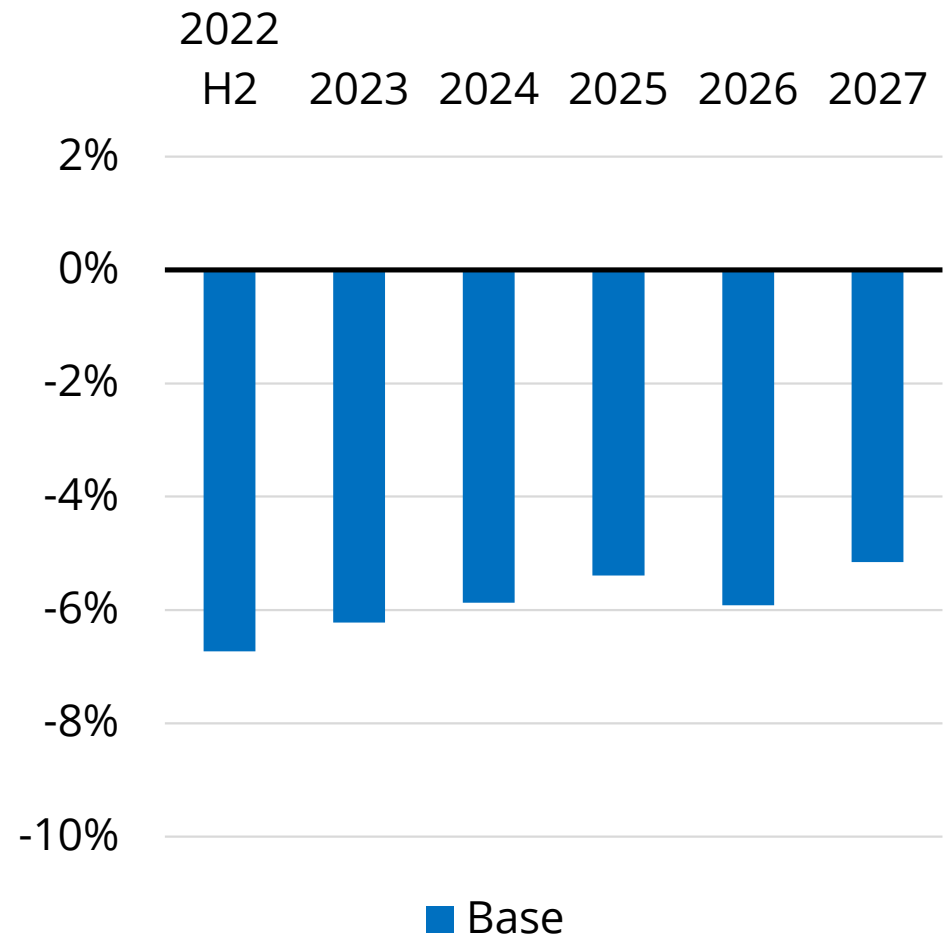


KVA demands trend upward due to MA growth; KU PS-Sec drives KW decreases

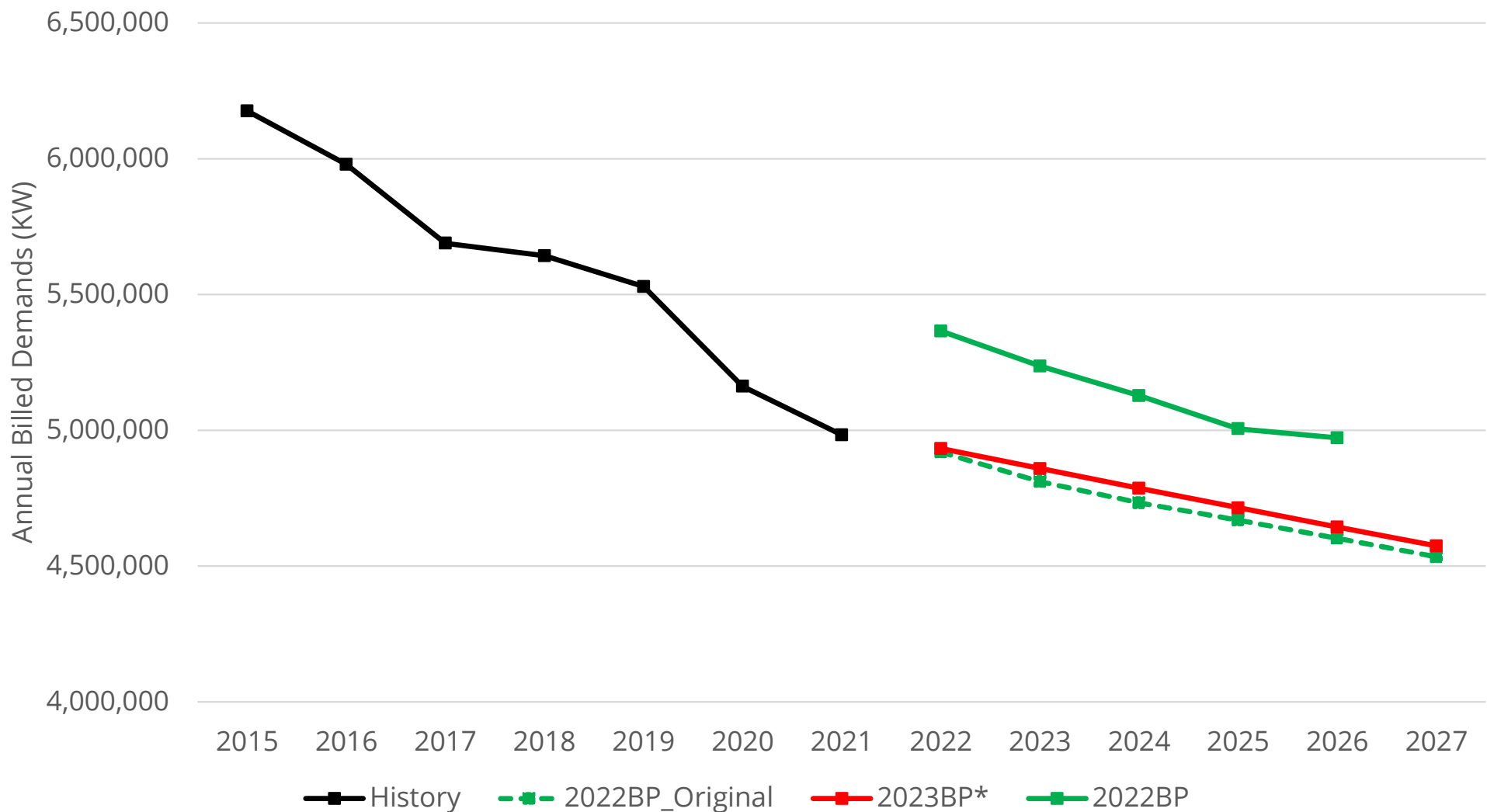
CC Plan-over-Plan KVA



CC Plan-over-Plan KW



KU PS Secondary demands did not rebound as anticipated in 2021



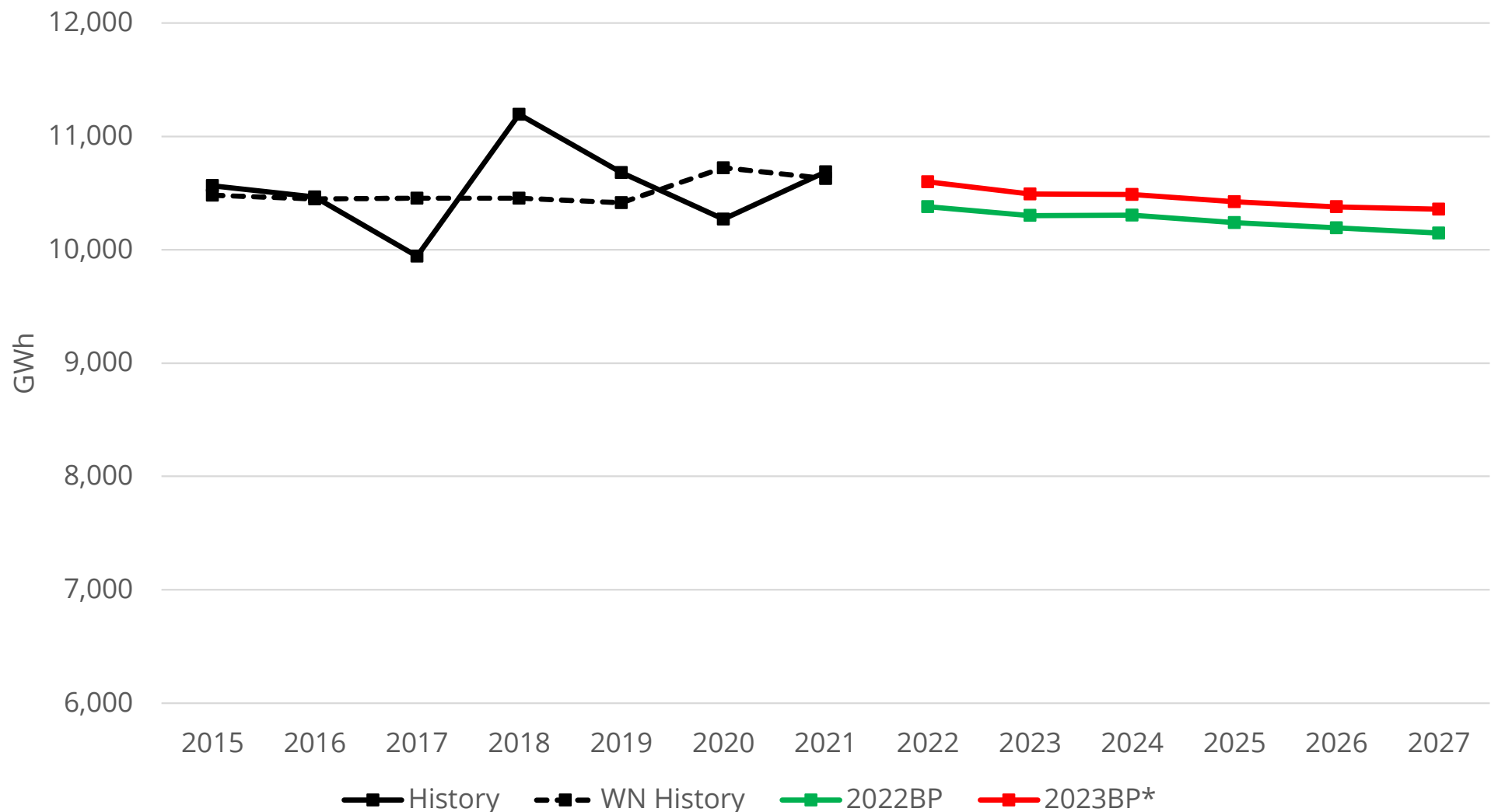
Major Risks to the Business Plan

- Weather (annual variation +/-500 GWh or ~1.5%)
- Upside Risk to Sales and Demands
 - Commercial rebound, particularly in the secondary rates
- Downside Risk to Sales and Demands
 - Federal Reserve-induced recession to address inflation
 - Delayed expansion of new MA
 - Higher-than-anticipated customer investment / operating changes to reduce sales and billing demands

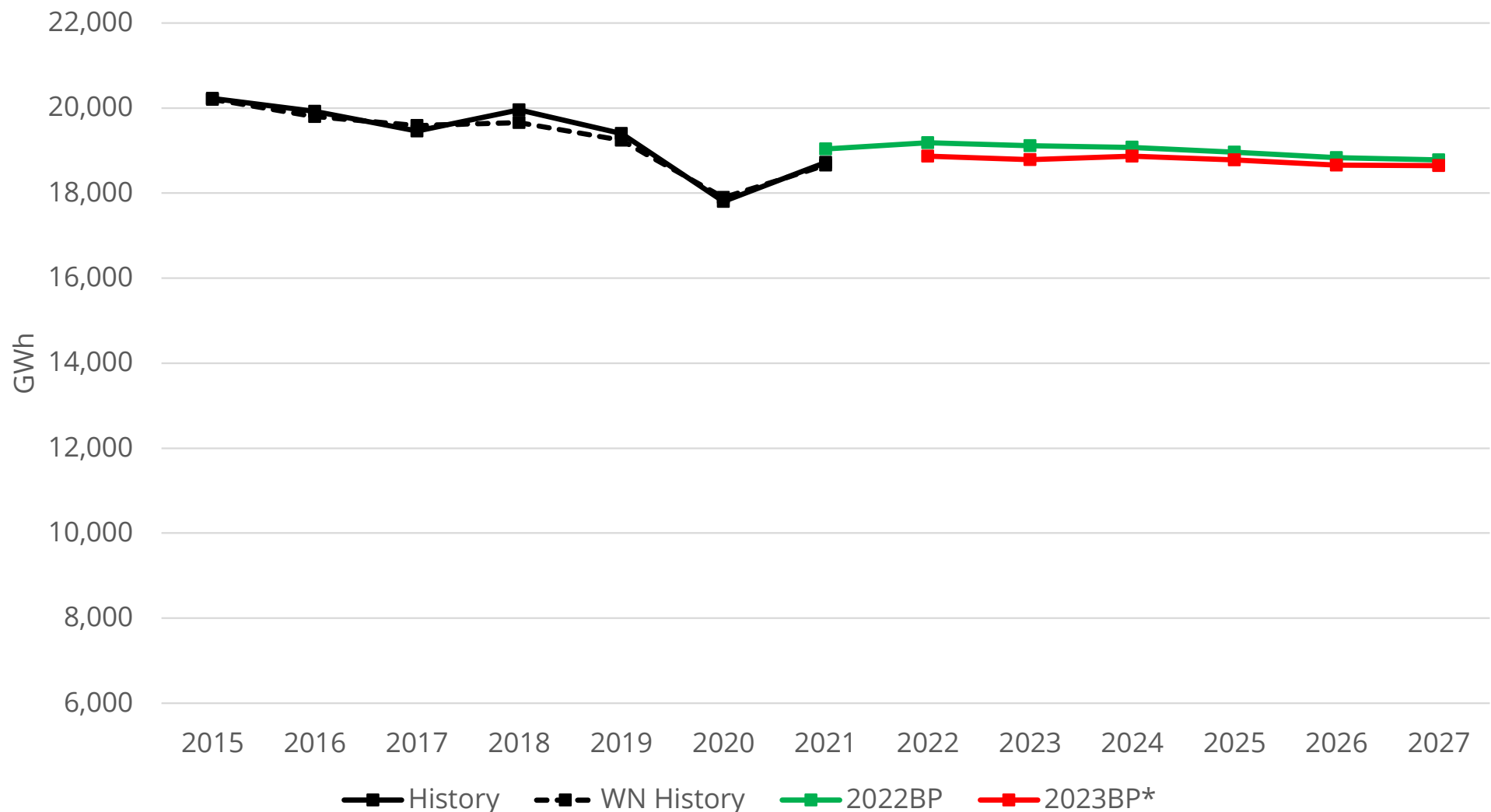
Appendix



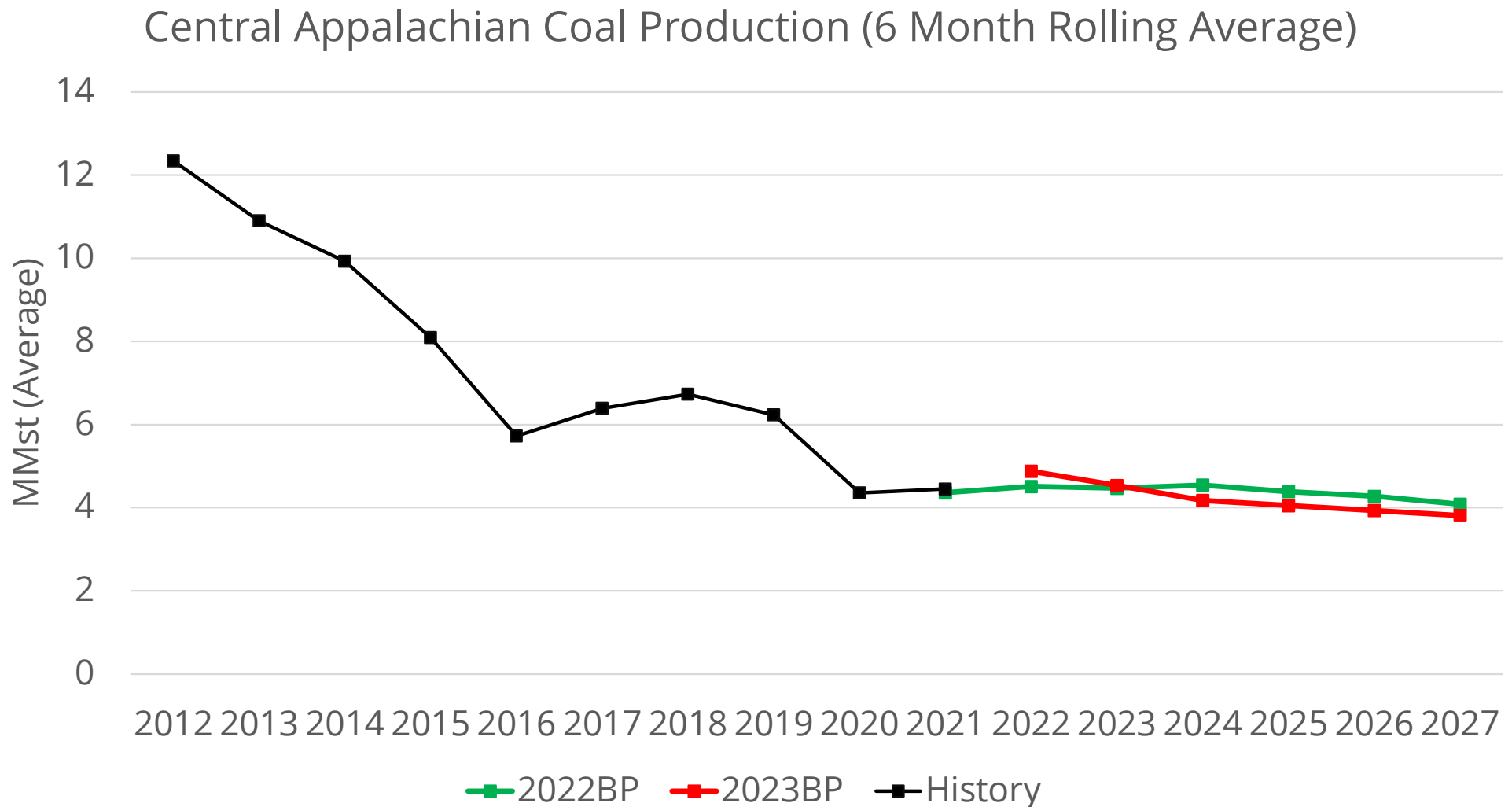
Combined company residential sales up about 2% in every year of the BP period



Combined company C&I sales down primarily due to decreases in secondary



Coal forecast higher in near-term, but lower long-term than 2022BP



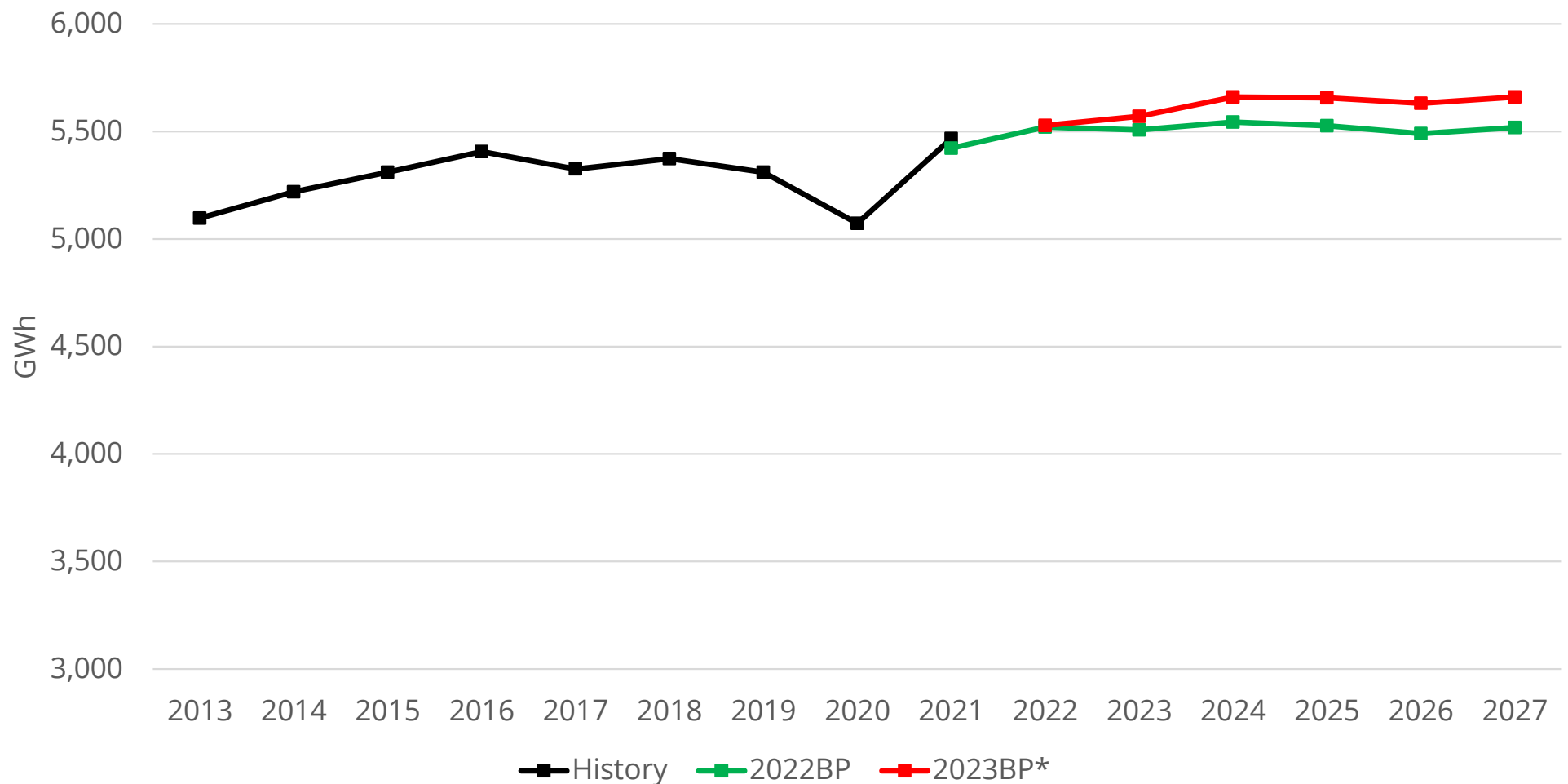
Source: S&P Global; May 2022

Major Account (“MA”) Forecast Process

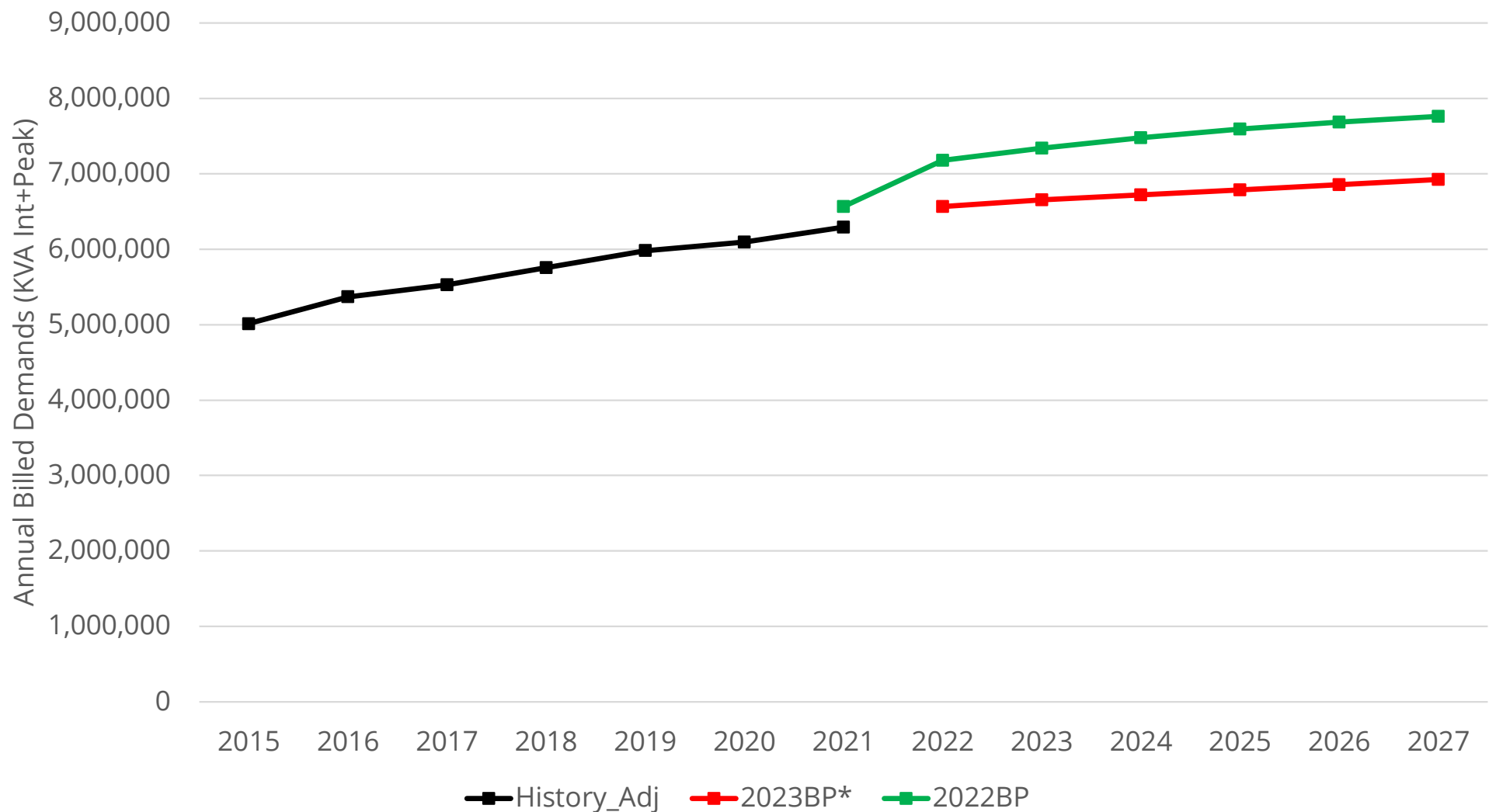
- Communicate throughout the year with the Key Accounts team to remain informed of changes with top 25 customers (“major accounts”)
- Based upon that knowledge, create in-house sales and measured demand forecasts for MA customers
- Send forecasts to MA customers to get their thoughts and suggested edits
- Finalize the forecasts based upon customer feedback

Excluding new MA customer, total sales for other MA customers higher on increases from a few customers

Major Account Sales (Excluding New MA Customer)



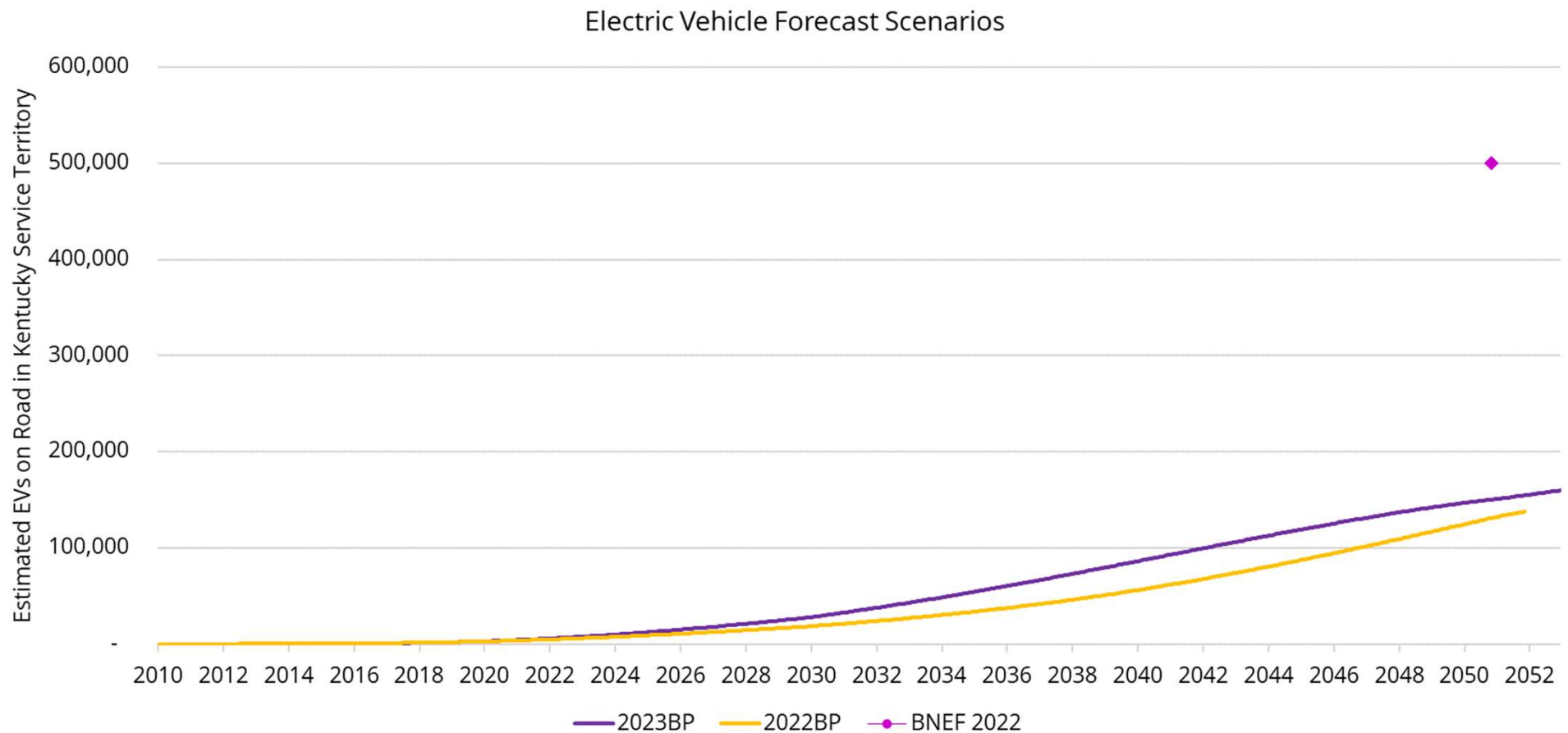
LG&E TOD Secondary demands also did not rebound in 2021 to the level anticipated



EV assumptions

- Blend to EIA long-term
- Slightly more than 10,000 miles driven per year
- 3.33 miles per kWh; 3 MWh per year per EV
- At-home charging impacts residential sales
- Added load associated with interstate charging based upon recent infrastructure bill
- Managed, Overnight Charging
 - No impact to monthly sales forecast, but will impact load shapes provided to Gen Planning

EV cars on road higher PoP; ties to EIA long-term forecast



Net metering capacity increases PoP with continued rapid growth and hits the 1% cap in LG&E and KU in 2026

