COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF LOUISVILLE GAS AND ELECTRIC COMPANY FOR APPROVAL OF RETIRED ASSET RECOVERY RIDER COST RECOVERY FOR THE RETIREMENT OF MILL CREEK UNIT 1 AND OF RETIRED ASSET RECOVERY RIDER TARIFF REVISIONS AND MONTHLY REPORTING FORMS	)))))))	**CASE NO. 2024-00317**

DIRECT TESTIMONY OF
ANDREA M. FACKLER
MANAGER, REVENUE REQUIREMENT/COST OF SERVICE
ON BEHALF OF
LOUISVILLE GAS AND ELECTRIC COMPANY

Filed: October 4, 2024

VERIFICATION

COMMONWEALTH OF KENTUCKY)
)
COUNTY OF JEFFERSON)

The undersigned, **Andrea M. Fackler**, being duly sworn, deposes and says that she is Manager - Revenue Requirement/Cost of Service for Louisville Gas and Electric Company, an employee of LG&E and KU Services Company, and that she has personal knowledge of the matters set forth in the foregoing testimony, and that the answers contained therein are true and correct to the best of her information, knowledge, and belief.

Andrea M. Fackler

Andrea M. Fackler

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 1st day of October 2024.

Caroline J. Davison

Notary Public

Notary Public ID No. KYNP63286

My Commission Expires:

January 22, 2027

CAROLINE J. DAVISON
COMM EXPIRES 01/22/2027
NOTARY PUBLIC
ID # KYNP63286
STATE AT LARGE, KENTUCKY

INTRODUCTION

Q. Please state your name, position, and business address.

A. My name is Andrea M. Fackler. I am the Manager of Revenue Requirement/Cost of Service for LG&E and KU Services Company, which provides services to Louisville Gas and Electric Company ("LG&E") and Kentucky Utilities Company ("KU") (collectively, the "Companies"). My business address is 220 West Main Street, Louisville, Kentucky 40202. A statement of my work experience and education is contained in Appendix A.

Q. Have you previously testified before the Kentucky Public Service Commission ("Commission")?

A. Yes. I have submitted testimony and sponsored responses to data requests in a number of the Companies' Environmental Cost Recovery ("ECR") and Fuel Adjustment Clause ("FAC") review proceedings,[1] as well as in the Companies' 2020 ECR Plan cases.[2]

Q. What are the purposes of your testimony?

A. My testimony has several purposes. First, I provide a short history of the Retired Asset Recovery Rider ("Rider RAR") and an overview of how LG&E plans to implement it. Second, I provide and explain some proposed changes to the Rider RAR tariff sheets. Third, I provide, explain, and support the Rider RAR monthly reporting forms LG&E

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[1] *See, e.g., An Electronic Examination by the Public Service Commission of the Environmental Surcharge Mechanism of Louisville Gas and Electric Company for the Six-Month Billing Periods Ending April 30, 2020, October 31, 2020, October 31, 2021, April 30, 2022, October 31, 2022, and October 31, 2023, and for the Two-Year Billing Periods Ending April 30, 2021, and April 30, 2023*, Case No. 2023-00375, Direct Testimony of Andrea M. Fackler (Feb. 14, 2024); *An Electronic Examination of the Application of the Fuel Adjustment Clause of Louisville Gas and Electric Company from November 1, 2020, through October 31, 2022*, Case No. 2023-00011, Direct Testimony of Andrea M. Fackler (Sept. 22, 2023).

[2] *See, e.g., Electronic Application of Kentucky Utilities Company for Approval of Its 2020 Compliance Plan for Recovery by Environmental Surcharge*, Case No. 2020-00060, Direct Testimony of Andrea M. Fackler (Mar. 31, 2020); *Electronic Application of Louisville Gas and Electric Company for Approval of Its 2020 Compliance Plan for Recovery by Environmental Surcharge*, Case No. 2020-00061, Direct Testimony of Andrea M. Fackler (Mar. 31, 2020).

proposes to use to recover costs through Rider RAR. Fourth, I explain and support LG&E's calculations of Mill Creek Unit 1's ("MC1") estimated Retirement Costs, ADIT, and costs embedded in current base rates, all of which affect cost recovery under Rider RAR.

Q. Are you sponsoring any exhibits?

A. Yes, I am sponsoring the following exhibits, which I am providing in PDF format with the exception of Exhibit AMF-4, which I am providing in both PDF and Excel formats:

Exhibit AMF-1	Clean Revised Rider RAR Tariff Sheets
Exhibit AMF-2	Redlined Revised Rider RAR Tariff Sheets
Exhibit AMF-3	LG&E Rider RAR Monthly Reporting Forms Template
Exhibit AMF-4	Illustrative Example of LG&E's Rider RAR Monthly Reporting Forms Based on the Expected Retirement of MC1 by December 31, 2024
Exhibit AMF-5	Calculation of MC1's Estimated Net Book Value as of December 31, 2024 and Changes Since 2020 Rate Case

BACKGROUND OF RIDER RAR AND OVERVIEW OF PROPOSED IMPLEMENTATION

Q. Please provide a summary of the history of Rider RAR.

A. In LG&E's most recent rate case, LG&E proposed to revise depreciation rates for several coal-fired generating units, including MC1 and Mill Creek Unit 2 ("MC2"), to reflect earlier retirement dates than were reflected in LG&E's depreciation rates at that time.[3] The proposed depreciation rates would have relatively increased LG&E's base rates.

As part of disposing of a number of issues in that case, the parties entered into a Stipulation in which LG&E agreed not to change the depreciation rates for the affected units.[4] The Stipulation recognized that continuing to use then-current depreciation rates for those units could result in significant remaining net book value and uncollected costs of removal when LG&E retired the units.[5] The stipulating parties therefore proposed Rider RAR to allow LG&E to recover, over a period of ten years from a generating unit's retirement date, the unit's "Retirement Costs," which comprise the unit's net book value, obsolete materials value (i.e., the value of materials and supplies that cannot be used economically at the Companies' other plants), and costs of removal (i.e., decommissioning and demolition costs net of salvage credits).[6] The stipulating parties further agreed that Rider RAR would allow LG&E to recover a weighted average cost of capital carrying cost using the most recently approved base rate return on equity applied to Retirement Costs net of related accumulated deferred income tax ("ADIT"), including the tax benefits from tax losses.[7]

To ensure that Rider RAR did not result in double recovery of costs for the affected units embedded in base rates, the Stipulation required Rider RAR to include a credit for the depreciation expense and rate of return component for each retired unit

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[3] *See, e.g., Electronic Application of Louisville Gas and Electric Company for an Adjustment of Its Electric and Gas Rates, a Certificate of Public Convenience and Necessity to Deploy Advanced Metering Infrastructure, Approval of Certain Regulatory and Accounting Treatments, and Establishment of a One-Year Surcredit*, Case No. 2020-00350, Direct Testimony of John J. Spanos at 15 (Nov. 25, 2020); Case No. 2020-00350, Direct Testimony of Lonnie E. Bellar at 9-11 (Nov. 25, 2020).
[4] Case No. 2020-00350, Stipulation Testimony of Kent W. Blake, Exhibit KWB-1 at 6 (Apr. 19, 2021).
[5] *Id.* at 13.
[6] *Id.*
[7] *Id.*

embedded in base rates at that time, but no credit for any other expense embedded in base rates.[8]

Finally, the Stipulation required LG&E to use its best efforts to minimize net cost of removal for the affected units.[9]

The Commission approved Rider RAR in its June 30, 2021 Order in that proceeding, stating:

> [T]he Commission determines that the Stipulation provision regarding the RARR is reasonable subject to the clarifying modification that LG&E has the burden of proof to establish the proper level of the remaining net book value and decommissioning costs associated with the retirement of Mill Creek Units 1 or 2, and the appropriateness of recovering those costs.[10]

Since then, LG&E has not retired MC1 or MC2, so it has not previously had occasion to seek cost recovery under Rider RAR, though the rider has been part of LG&E's electric tariff for over three years.

Q. Why is LG&E proposing to implement Rider RAR now?

A. Consistent with the Commission's November 6, 2023 Final Order in Case No. 2022-00402, which approved LG&E's request to retire MC1 by the end of 2024,[11] LG&E will retire MC1 no later than December 31, 2024. Therefore, LG&E is requesting the Commission's approval to implement cost recovery for MC1 under Rider RAR beginning in January 2025 (i.e., the expense month of January 2025 to be billed with the March 2025 billing cycle, as I explain below).

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[8] *Id.*
[9] *Id.*
[10] Case No. 2020-00350, Order at 21 (Ky. PSC June 30, 2021).
[11] *Electronic Joint Application of Kentucky Utilities Company and Louisville Gas and Electric Company for Certificates of Public Convenience and Necessity and Site Compatibility Certificates and Approval of a Demand Side Management Plan and Approval of Fossil Fuel-Fired Generation Unit Retirements*, Case No. 2022-00402, Order at 171, 173-76, and 178 (Ky. PSC Nov. 6, 2023).

Q. What is LG&E requesting in this proceeding regarding Rider RAR implementation?

A. First, LG&E is proposing a number of clarifying revisions to its Rider RAR tariff sheets to more accurately reflect how LG&E will implement the rider, and it requests Commission approval of the revised Rider RAR tariff sheets.

Second, LG&E is proposing a series of monthly reporting forms for Rider RAR that LG&E will file with the Commission in the month following each expense month for billing in the second month following the expense month (e.g., the January 2025 expense month reporting forms will be filed in February 2025 with Rider RAR billing factors billed during the March 2025 billing cycle). LG&E is requesting approval of the proposed monthly reporting forms and the calculations they present.

Third and finally, LG&E requests that the Commission determine that LG&E has met its burden of proof regarding the proper level of MC1's Retirement Costs, ADIT, and MC1-related base rate depreciation and return components, allowing LG&E to implement Rider RAR for MC1 beginning with the expense month of January 2025 to be billed with the March 2025 billing cycle.

PROPOSED REVISIONS TO RIDER RAR TARIFF SHEETS

Q. Please explain the revisions LG&E proposes to make to its Rider RAR tariff sheets.

A. Although the current Rider RAR tariff sheets received Commission approval in 2021, LG&E has not had occasion to seek to implement them until now. In preparing to implement Rider RAR recovery for the first time, the Company recognized that certain tariff revisions were necessary to reflect more accurately how LG&E would implement Rider RAR cost recovery for MC1 and subsequent retired units. Exhibit AMF-1 provides a clean version of the revised Rider RAR tariff sheets, and Exhibit AMF-2 provides a redlined version of the revised Rider RAR tariff sheets.

The changes reflected in the revised tariff sheets are intended to clarify and give effect to the Rider RAR-related substance of the Stipulation approved by the Commission in LG&E's most recent base rate case. The proposed revisions fall into seven categories (note that all references below are to the revised paragraph numbers shown in Exhibit AMF-2 and Exhibit AMF-3):

1. Removing the concept of jurisdictionalizing revenue requirements for LG&E's retired generating units. (See revisions to Rate section and Definitions paragraph 3.) That concept applies to KU, which has retail operations in Virginia and wholesale municipal customers in Kentucky, but not to LG&E. Thus, the jurisdictionalization text does not need to be included in LG&E's Rider RAR tariff sheets.
2. Removing references to regulatory assets. (See revisions to Rate section and Definitions paragraph 2.) As I explain further below, the references to regulatory assets in the Rider RAR tariff sheets do not fully reflect the accounting entries associated with cost recovery under Rider RAR and are not necessary for the tariff to reflect how Rider RAR will function for rate purposes. Therefore, LG&E proposes to delete them.
3. Revising the definitions of "Retirement Costs" and "Retired Asset" (currently "Retirement Asset") for clarity. (See revisions to Definitions paragraphs 1 and 2.)

4. Clarifying that Rider RAR cost recovery begins the month after a unit retires. (See revisions to Definitions paragraph 3.) This revision reflects that a retiring unit is still being depreciated in the month it retires, making it appropriate to begin the unit's Rider RAR cost recovery the month after the unit retires.
5. Clarifying that the weighted average cost of capital return component applies to the Retired Asset balance (i.e., the Retirement Costs net of ADIT). (See revisions to Definitions paragraph 3.)
6. Clarifying pursuant to the Stipulation what costs embedded in base rates should be credited against costs recovered through Rider RAR. (See revisions to Definitions paragraph 3.) Specifically, this revision reflects the Stipulation's requirement that Rider RAR include a credit for the depreciation expense and rate of return component for each retired unit embedded in base rates at that time, but no credit for any other expense embedded in base rates.[12]
7. Adding a reference to Environmental Cost Recovery Surcharge revenues to indicate the Rider RAR is calculated on these revenues as well for Group 2 customers, not just Group 1 customers. (See revisions to Definitions paragraph 6.) This was an inadvertent omission when the RAR tariff was first developed and will synchronize the tariff with the inclusion of these revenues for Group 1 customers as noted in Definitions paragraph 5.

Q. Expanding on your point in numbered paragraph 2 above concerning regulatory assets, please explain further LG&E's proposed approach to regulatory asset accounting for Rider RAR.

[12] Case No. 2020-00350, Stipulation Testimony of Kent W. Blake, Exhibit KWB-1 at 13 (Apr. 19, 2021)..

A. Once a generating unit is retired, the net book value and obsolete materials value will be reclassified to a regulatory asset account (FERC account 182) as approved by the Commission when Rider RAR was first approved. When costs of removal are incurred, those amounts will be recorded as a debit to the regulatory asset (absent Rider RAR, these costs would have been recorded to the depreciation reserve). The portion of the monthly levelized expense related to recovering the net book value, obsolete materials value, and costs of removal collected through Rider RAR will be recorded as a credit to the regulatory asset each month.

PROPOSED MONTHLY RIDER RAR REPORTING FORMS

Q. Please describe how LG&E proposes to file its support for cost recovery under Rider RAR on an ongoing basis using the monthly reporting forms template.

A. Consistent with LG&E's Rider RAR tariff provisions and similar to how LG&E implements its Environmental Surcharge Mechanism ("ECR"), LG&E proposes to file with the Commission Rider RAR monthly reporting forms beginning with the month after a generating unit retires and continuing monthly for ten years until all costs have been collected from customers.

Consistent with LG&E's ECR and fuel adjustment clause mechanisms, LG&E proposes filing the Rider RAR monthly reporting forms with the Commission ten days prior to the effective date of the Rider RAR billing factors via electronic mail to the Executive Director.

Q. Please explain the Rider RAR monthly reporting forms LG&E proposes to use to implement Rider RAR cost recovery.

A. LG&E proposes to file with the Commission for each expense month, beginning with the expense month of January 2025, all of the forms contained in Exhibit AMF-3. Overall, the forms reflect the following:

- First, on RAR Form 2.20 the retired generating unit's Retirement Costs are calculated based on actual data available at the time of retirement and estimated data for any remaining items. This includes the calculation of ADIT. Also on RAR Form 2.20 is a summary of the retired generating unit's costs embedded in base rates at the time of retirement. This includes net book value, ADIT, and depreciation expense. Finally, RAR Form 2.20 calculates the over- or under-collection from the second prior expense month by calculating the difference between the second prior expense month's revenue requirement and the Rider RAR revenues in the current month (e.g., RAR Form 2.20 for the March expense month will true-up the over- or under-collection from the January expense month).
- Second, on RAR Form 2.00 the monthly levelized amount necessary to recover the retired generating unit's unrecovered Retirement Costs over ten years, including a return component (based on the weighted average cost of capital return from the most recent base rate case applied to the Retired Asset balance), would be calculated, similar to how mortgage payments are calculated. This levelized expense would remain constant until LG&E experiences a change in its weighted average cost of capital, corporate tax rates, or estimated costs for actual costs (e.g., at the time of retirement, costs of removal are an estimate; once the costs are incurred, an adjustment will be made in the month incurred to increase or decrease the original estimate). When one of these changes occurs, LG&E will recalculate

the remaining months' levelized expense using the updated information. Past months will be unaffected. This process will be repeated when a new generating unit retires and is included for recovery through Rider RAR, and the sum of the monthly levelized expense for each retired generating unit calculated on RAR Form 2.00 will be reported on RAR Form 1.10.

- Third, on RAR Form 2.10 the monthly revenue requirement embedded in base rates for the retired generating unit is calculated using the data on RAR Form 2.20 and the weighted average cost of capital approved in the Company's most recent base rate case.
- Fourth, on RAR Form 1.10 the total monthly amount to be recovered or refunded through Rider RAR (called "E(m)" in the tariff provisions) for all applicable retired generating units is determined by subtracting the monthly revenue requirement recovered through base rates from the monthly levelized amount described in step two. Any over- or under-collection from the second previous expense month (i.e., two calendar months prior to the current expense month) is added to or subtracted from this amount. Any prior period adjustments can also be accounted for as an adjustment to arrive at Adjusted E(m).

Next, using the same allocation methodology first established for LG&E's ECR mechanism, the Adjusted E(m) to be recovered or refunded is allocated among two groups of customers, Group 1 and Group 2, based on their respective share of 12-

month average total revenue ending with the current expense month and calculated on RAR Form 3.00.[13]

Finally, Rider RAR billing factors for each group are calculated to recover or refund that group's share of the total monthly Rider RAR amount (i.e., each group's E(m)). For Group 1, the billing factor is based on 12-month average revenue *including* fuel revenues; for Group 2, the billing factor is based on 12-month average revenue *excluding* fuel revenues. The bills of customers in each group will be adjusted by an amount determined by multiplying the applicable group billing factor by the customer's current total revenues if a Group 1 customer or by the customer's current non-fuel revenues if a Group 2 customer.

This expense month and billing month approach described for RAR Form 1.10 is consistent with the explicit terms of Rider RAR and is consistent with LG&E's longstanding approach to implementing its ECR mechanism, upon which LG&E's Rider RAR is based.

- Finally, RAR Form 1.00 summarizes each group's E(m) and Rider RAR billing factor and states the effective date for the billing factors.

CALCULATING MC1 RETIREMENT COSTS UNDER RIDER RAR

Q. Why are you providing an illustrative example of the proposed Rider RAR reporting forms if MC1 has not retired?

A. Because Rider RAR has not been used for cost recovery since the establishment of the tariff in 2021, the Company needs to establish the reporting forms and mechanism

[13] Group 1 customers are those taking service under Rates RS, RTOD-Energy, RTOD-Demand, VFD, LS, RLS, LE, and TE. Group 2 customers are those taking service under Rates GS, GTOD-Energy, GTOD-Demand, PS, TODS, TODP, RTS, FLS, EVSE, EVC-L2, EVC-FAST, and OSL.

mechanics to ensure they meet the Commission's needs in evaluating the reasonableness of costs to be recovered through Rider RAR. Therefore, in this filing I am providing a Rider RAR monthly reporting forms template as well as a populated version using estimated costs for MC1 at its retirement date, which is currently anticipated for December 31, 2024.

Q. Is LG&E providing support for the estimated values shown in the illustrative example of the proposed Rider RAR reporting forms for MC1?

A. Yes. LG&E recognizes that in approving the Stipulation concerning Rider RAR, the Commission stated:

> [T]he Commission determines that the Stipulation provision regarding the RARR is reasonable subject to the clarifying modification that LG&E has the burden of proof to establish the proper level of the remaining net book value and decommissioning costs associated with the retirement of Mill Creek Units 1 or 2, and the appropriateness of recovering those costs.[14]

Therefore, to demonstrate the reasonableness of MC1's remaining net book value, attached to my testimony as Exhibit AMF-5 is a calculation of MC1's estimated net book value at its future retirement date (December 31, 2024) as well as its net book value as of the end of LG&E's most recent rate case's fully forecasted test year (June 30, 2022), actuals as of the end of the rate case test year (June 30, 2022), actuals as of December 31, 2022, and actuals as of December 31, 2023, all of which show a continued decline in net book value. Relatedly, the Direct Testimony of David L. Tummonds shows how LG&E has sought to minimize investments in MC1 after LG&E determined in 2020 that retiring MC1 by the end of 2024 would be least cost.

[14] Case No. 2020-00350, Order at 21 (Ky. PSC June 30, 2021).

Additionally, the testimony of Mr. Tummonds supports and shows the reasonableness of the decommissioning and demolition costs associated with the retirement of MC1 (i.e., the “Obsolete Materials and Supplies – Estimate” and “Cost of Removal Expenses – Estimate”), including how LG&E has sought to maximize the amount of MC1’s materials and supplies that can be used by other units.

The ADIT value is supported by a straightforward calculation on RAR Form 2.20, which applies the current combined statutory income tax rate applicable to LG&E (i.e., 24.95%) to the unrecovered Retirement Costs balance.

Regarding the MC1 depreciation and return components embedded in current base rates:

- The Plant in Service, Construction Work in Progress, and Depreciation Reserve components of Net Book Value in Base Rates shown on RAR Form 2.20 are derived from the Company’s Business Plan used in the 2020 base rate case. The amounts are adjusted to exclude common assets utilized by other Mill Creek generating units that will not be retired when MC1 retires.
- The ADIT shown on RAR Form 2.20 is derived from the Company’s Business Plan used in the 2020 base rate case. The amount is adjusted to exclude the ADIT related to common assets utilized by other Mill Creek generating units that will not be retired when MC1 retires.
- The Annual Depreciation Expense shown on RAR Form 2.20 results from applying the depreciation rates approved in LG&E’s 2020 rate case to the appropriate components of Plant in Service.[15]

[15] *See* Case No. 2020-00350, Joint Errata – Stipulation Exhibit 1 at 14-18 (May 7, 2021).

- RAR Form 2.10 calculates the return component embedded in base rates by applying the weighted average cost of capital approved in LG&E's 2020 rate case to the Total Retired Generating Unit Costs Embedded in Base Rates shown on RAR Form 2.20 (i.e., the Net Book Value less ADIT).[16]

Finally, the monthly average revenues computed on RAR Form 3.00 are the actual revenues for the 12 months ended August 31, 2024, which are used as an estimate to determine the Group 1 and Group 2 amounts used on RAR Form 1.10 to allocate Adjusted E(m) and to determine the Group RAR billing factors.

Q. If the Commission approves LG&E's proposed Rider RAR implementation approach, using MC1's retirement as an example, what would the initial effect be on customers' bills?

A. Because the total monthly amount for MC1 to be recovered or refunded through Rider RAR (called "E(m)" in the tariff provisions) is less than the MC1-related cost recovery embedded in LG&E's current base rates, LG&E's proposed Rider RAR cost recovery for MC1 will initially result in net bill *decreases* for all affected LG&E customer classes. I estimate that Group 1 customers' Rider RAR billing factor will be -0.28%, and Group 2 customers' Rider RAR billing factor will be -0.39% for the expense month of January 2025, which would reduce customers' bills by the same amount beginning in the March 2025 billing cycle.

CONCLUSION AND RECOMMENDATION

Q. What is your closing recommendation to the Commission?

[16] *See* Case No. 2020-00350, Order at 25 (Ky. PSC June 30, 2021) (finding a 9.425% return on equity for LG&E's electric and gas operations to be fair, just ,and reasonable).

A. I recommend the Commission approve LG&E's proposed Rider RAR implementation approach, associated monthly reporting forms, and tariff changes. I further recommend that the Commission find that LG&E has met its burden of proof regarding the proper level of MC1's Retirement Costs and that it is therefore appropriate for LG&E to recover those costs under Rider RAR beginning with the expense month of January 2025 to be billed with the March 2025 billing cycle and continuing monthly thereafter for 10 years. The calculations LG&E presents for Rider RAR are based on reasonable underlying costs and cost estimates, and they are consistent with the Stipulation as approved by the Commission in LG&E's 2020 base rate case. Moreover, approving all of LG&E's requested relief will have the effect of reducing customers' bills relative to current base rates beginning in March 2025 and will continue to do so until base rates are reset following LG&E's next base rate case. Therefore, I recommend the Commission approve all of LG&E's requested relief in this proceeding by January 1, 2025, to ensure LG&E has adequate time to implement Rider RAR beginning with the January 2025 expense month to be billed with the March 2025 billing cycle.

Q. Does this conclude your testimony?

A. Yes.

APPENDIX A

Andrea M. Fackler, CPA, CGMA
Manager, Revenue Requirement/Cost of Service
LG&E and KU Services Company
220 West Main Street
Louisville, Kentucky 40202

Relevant Work and Professional Experience

LG&E and KU Services Company	
Manager, Revenue Requirement/Cost of Service	2019 – Present
Rate & Regulatory Analyst III & Senior	2016 – 2019
Accounting Analyst III & Senior	2012 – 2016
Accounting Analyst II & III	2010 – 2012
Dean Dorton Ford, PSC	
Supervisor in Accounting and Compliance Services	2007 – 2010

Professional and Trade Memberships

American Institute of Certified Public Accountants
Kentucky Society of Certified Public Accountants
Institute of Management Accountants

Education, Professional Credentials, and Training

Bachelor of Science in Accounting, University of Kentucky	2006
Bachelor of Business Administration, University of Kentucky	2006
Certified Public Accountant License	2009
Chartered Global Management Accountant Designation	2014
LG&E and KU Strategic Business Integration	2017-2018 Cohort

Civic Activities

Troop Leader, Girl Scouts of Kentuckiana	2021 – Present
Parent Volunteer, Budget Committee, St. John United Methodist Church	2021 – Present
President, LG&E and KU CARE Business Resource Group	2021 – Present
Committee Member, Harmony Elementary PTA	2020 – Present
Committee Member, Members in Business and Industry, KYCPA	2017 – Present
President-Elect, President, and Immediate Past President, LG&E and KU Young Energy Professionals Business Resource Group	2015 – 2017

Exhibit AMF-1

Clean Revised Rider RAR Tariff Sheets

Louisville Gas and Electric Company

Retired Asset Recovery Rider

APPLICABLE

In all territory served.

AVAILABILITY OF SERVICE

This schedule is mandatory to all rate schedules listed in Section 1 of the General Index except Rate PSA and Special Charges and all Pilot Programs listed in Section 3 of the General Index. Rate schedules subject to this adjustment clause are divided into Group 1 or Group 2 as follows:

Group 1: Rates RS; RTOD-Energy; RTOD-Demand; VFD; LS; RLS; LE; and TE.

Group 2: Rates GS; GTOD-Energy; GTOD-Demand; PS; TODS; TODP; RTS; FLS; EVSE; EVC-L2; EVC-FAST; and OSL.

RATE

The monthly billing amount under each of the schedules to which this rider is applicable shall be increased or decreased by a percentage factor calculated in accordance with the following formula. T

Group RAR Billing Factor = Group E(m) / Group R(m)

As set forth below, Group E(m) is Adjusted E(m) for the current expense month allocated to each of Group 1 and Group 2. Group R(m) for Group 1 is the twelve (12) month average revenue for the current expense month and for Group 2 it is the twelve (12) month average non-fuel revenue for the current expense month. D/T

DEFINITIONS

1. For a retired generating unit and its other site-related assets that will not continue in use, N
   Retirement Costs are the unrecovered amounts of net book value, materials and supplies N
   that cannot be used economically at other plants owned by Company, and costs of removal N
   (i.e., decommissioning and demolition costs net of salvage credits). N

2. A Retired Asset is a retired generating unit's Retirement Costs net of related accumulated D/N
   deferred income tax ("ADIT"). Related ADIT shall include the tax benefits from tax losses. D/N

Louisville Gas and Electric Company

DEFINITIONS (continued)

3. E(m) is (a) the sum of the monthly levelized expense required to amortize each retired generating unit's Retirement Costs over a 10-year amortization period beginning with the month after the month in which the related generating unit retires less (b) the sum of the depreciation expense and return component embedded in base rates for each retired generating unit. E(m) includes a weighted average cost of capital component applied to the Retired Asset using the most recently approved base rate return on equity and adjusted for the Company's composite federal and state income tax rate. D/T T N N N/T T

4. E(m) is adjusted for any (Over)/Under collection or prior period adjustment to arrive at Adjusted E(m). Adjusted E(m) is allocated to Group 1 and Group 2 on the basis of Revenue as a Percentage of Total Revenue for the twelve (12) months ending with the Current Month to arrive at Group 1 E(m) and Group 2 E(m). D T

5. The Group 1 R(m) is the average of total Group 1 monthly base revenue for the twelve (12) months ending with the current expense month. Base revenue includes customer, energy, and lighting charges for each rate schedule included in Group 1 to which this rider is applicable and automatic adjustment clause revenues for the Fuel Adjustment Clause, Environmental Cost Recovery Surcharge, Off-System Sales Adjustment Clause, and the Demand-Side Management Cost Recovery Mechanism as applicable for each rate schedule in Group 1.

6. The Group 2 R(m) is the average of total Group 2 monthly base non-fuel revenue for the twelve (12) months ending with the current expense month. Base non-fuel revenue includes customer, non-fuel energy, and demand charges for each rate schedule included in Group 2 to which this rider is applicable and automatic adjustment clause revenues for the Environmental Cost Recovery Surcharge and the Demand-Side Management Cost Recovery Mechanism as applicable for each rate schedule in Group 2. Non-fuel energy is equal to the tariff energy rate for each rate schedule included in Group 2 less the base fuel factor as defined on Sheet No. 85.1, Paragraph 6. T

7. Current expense month (m) shall be the second month preceding the month in which the Retired Asset Recovery Rider is billed.

Exhibit AMF-2

Redlined Revised Rider RAR Tariff Sheets

Louisville Gas and Electric Company

P.S.C. Electric No. 13, First Revision of Original Sheet No. 77
Canceling P.S.C. Electric No. 13, Original Sheet No. 77

Standard Rate Rider **RAR**
Retired Asset Recovery Rider

APPLICABLE
In all territory served.

AVAILABILITY OF SERVICE
This schedule is mandatory to all rate schedules listed in Section 1 of the General Index except Rate PSA and Special Charges and all Pilot Programs listed in Section 3 of the General Index. Rate schedules subject to this adjustment clause are divided into Group 1 or Group 2 as follows:

Group 1: Rates RS; RTOD-Energy; RTOD-Demand; VFD; LS; RLS; LE; and TE.

Group 2: Rates GS; GTOD-Energy; GTOD-Demand; PS; TODS; TODP; RTS; FLS; EVSE; EVC-L2; EVC-FAST; and OSL.

RATE
The monthly billing amount under each of the schedules to which this rider is applicable shall be increased or decreased by a percentage factor calculated in accordance with the following formula. T

Group RAR Billing Factor = Group E(m) / Group R(m)

As set forth below, Group E(m) is Adjusted E(m) for the current expense month allocated to each of Group 1 and Group 2. Group R(m) for Group 1 is the twelve (12) month average revenue for the current expense month and for Group 2 it is the twelve (12) month average non-fuel revenue for the current expense month. D/T

DEFINITIONS
1. For a retired generating unit and its other site-related assets that will not continue in use, Retirement Costs are the unrecovered amounts of net book value, materials and supplies that cannot be used economically at other plants owned by Company, and costs of removal (i.e., decommissioning and demolition costs net of salvage credits). N N N N

2. A Retired Asset is a retired generating unit's Retirement Costs net of related accumulated deferred income tax ("ADIT"). Related ADIT shall include the tax benefits from tax losses. D/N D/N

Deleted: ,
Deleted: the sum of Jurisdictional E(m) of each approved retirement-related regulatory asset revenue requirement
Deleted: ment
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Deleted: are the regulatory assets and associated ADIT created after the date of the Commission's Final Order in Case No. 2020-00350 for the Retirement Costs of generating assets retired and other site-related assets that will not continue in use.
Deleted: July 20, 2021
Deleted: Service
Deleted: July 1, 2021
Deleted: **2020-00350**
Deleted: **June 30, 2021**

DATE OF ISSUE: October 4, 2024

DATE EFFECTIVE: With Bills Rendered
On and After January 1, 2025

ISSUED BY: /s/ Robert M. Conroy, Vice President
State Regulation and Rates
Louisville, Kentucky

Issued by Authority of an Order of the Public Service Commission in Case No. 2024-00317 dated XXXX

Louisville Gas and Electric Company

P.S.C. Electric No. 13, First Revision of Original Sheet No. 77.1
Canceling P.S.C. Electric No. 13, Original Sheet No. 77.1

Standard Rate Rider **RAR**
Retired Asset Recovery Rider

DEFINITIONS (continued)

3. E(m) is (a) the sum of the monthly levelized expense required to amortize each retired D/T
generating unit's Retirement Costs over a 10-year amortization period beginning with the T
month after the month in which the related generating unit retires less (b) the sum of the N
depreciation expense and return component embedded in base rates for each retired N
generating unit. E(m) includes a weighted average cost of capital component applied to N/T
the Retired Asset using the most recently approved base rate return on equity and T
adjusted for the Company's composite federal and state income tax rate.

4. E(m) is adjusted for any (Over)/Under collection or prior period adjustment to arrive at D
Adjusted E(m). Adjusted E(m) is allocated to Group 1 and Group 2 on the basis of T
Revenue as a Percentage of Total Revenue for the twelve (12) months ending with the Current Month to arrive at Group 1 E(m) and Group 2 E(m).

5. The Group 1 R(m) is the average of total Group 1 monthly base revenue for the twelve (12) months ending with the current expense month. Base revenue includes customer, energy, and lighting charges for each rate schedule included in Group 1 to which this rider is applicable and automatic adjustment clause revenues for the Fuel Adjustment Clause, Environmental Cost Recovery Surcharge, Off-System Sales Adjustment Clause, and the Demand-Side Management Cost Recovery Mechanism as applicable for each rate schedule in Group 1.

6. The Group 2 R(m) is the average of total Group 2 monthly base non-fuel revenue for the twelve (12) months ending with the current expense month. Base non-fuel revenue includes customer, non-fuel energy, and demand charges for each rate schedule included in Group 2 to which this rider is applicable and automatic adjustment clause
revenues for the Environmental Cost Recovery Surcharge and the Demand-Side T
Management Cost Recovery Mechanism as applicable for each rate schedule in Group 2. Non-fuel energy is equal to the tariff energy rate for each rate schedule included in Group 2 less the base fuel factor as defined on Sheet No. 85.1, Paragraph 6.

7. Current expense month (m) shall be the second month preceding the month in which the Retired Asset Recovery Rider is billed.

Deleted: <#>Retirement Costs include the net book value, materials and supplies that cannot be used economically at other plants owned by Company, and removal costs and salvage credits, net of related accumulated deferred income tax ("ADIT"). Related ADIT shall include the tax benefits from tax losses.¶
¶
For each Retirement Asset,

Deleted: <#>the Retirement Asset

Deleted: <#>in which the Retirement Asset is created

Deleted: Total E(m) (sum of each approved Retirement Asset revenue requirement) is multiplied by the Jurisdictional Allocation Factor. Jurisdictional

Deleted: and by the subtraction of the Revenue Collected through Base Rates for the Current Expense month

Deleted: Net Jurisdictional

Deleted: Net Jurisdictional

DATE OF ISSUE: October 4, 2024

DATE EFFECTIVE: With Bills Rendered
On and After January 1, 2025

ISSUED BY: /s/ Robert M. Conroy, Vice President
State Regulation and Rates
Louisville, Kentucky

Issued by Authority of an Order of the Public Service Commission in Case No. 2024-00317 dated XXXX

Deleted: July 20, 2021

Deleted: Service

Deleted: July 1, 2021

Deleted: **2020-00350**

Deleted: **June 30, 2021**

Exhibit AMF-3

LG&E Rider RAR Monthly Reporting Forms
Template

RAR FORM 1.00

LOUISVILLE GAS AND ELECTRIC COMPANY
RETIRED ASSET RECOVERY RIDER REPORT

Summary of Group E(m) and Group RAR Billing Factors

For the Expense Month of

GROUP 1 (Total Revenue)

Group 1 E(m) -- RAR Form 1.10 =

Group 1 RAR Billing Factor -- RAR Form 1.10 =

GROUP 2 (Net Revenue)

Group 2 E(m) -- RAR Form 1.10 =

Group 2 RAR Billing Factor -- RAR Form 1.10 =

Effective Date for Billing:

Submitted by: ______________________________

Title:

Date Submitted:

RAR FORM 1.10

LOUISVILLE GAS AND ELECTRIC COMPANY
RETIRED ASSET RECOVERY RIDER REPORT

Calculation of E(m) and Group RAR Billing Factors

For the Expense Month of

Calculation of E(m)

E(m) = LE - BR
Where:
LE = Monthly Levelized Expense
BR = Monthly Base Rate Revenue Requirement for Retired Generating Units Embedded in Base Rates

			Retired Asset Costs
(1)	LE -- RAR Form 2.00	=	
(2)	BR -- RAR Form 2.10	=	
(3)	E(m) = (1) - (2)	=	

Calculation of Adjusted E(m)

(4)	Adjustment for (Over)/Under Recovery from Prior Expense Month -- RAR Form 2.20	=	
(5)	Prior Period Adjustment (if necessary)	=	
(6)	Adjusted E(m) = (3) + (4) + (5)	=	

Calculation of Group RAR Billing Factors

			GROUP 1 (Total Revenue)	GROUP 2 (Net Revenue)
(7)	Revenue as a Percentage of 12-month Total Revenue Ending with the Current Expense Month -- RAR Form 3.00	=		
(8)	Group E(m) = (6) x (7)	=		
(9)	Group R(m) = Average Monthly Group Revenue for the 12 Months Ending with the Current Expense Month -- RAR Form 3.00	=		
(10)	Group RAR Billing Factors = (8) ÷ (9)	=		

RAR FORM 2.00

LOUISVILLE GAS AND ELECTRIC COMPANY
RETIRED ASSET RECOVERY RIDER REPORT

Calculation of Monthly Levelized Expense

For the Month Ended:

Month	Retirement Costs (including Adjustments)	Return	Levelized Expense	Retirement Costs Balance to Recover	ADIT	Retired Asset Balance Subject to Return

Month	Retirement Costs (including Adjustments)	Return	Levelized Expense	Retirement Costs Balance to Recover	ADIT	Retired Asset Balance Subject to Return

RAR FORM 2.10

LOUISVILLE GAS AND ELECTRIC COMPANY
RETIRED ASSET RECOVERY RIDER REPORT

Calculation of Monthly Base Rate Revenue Requirement for Retired Generating Units Embedded in Base Rates

For the Expense Month of

Cost Embedded in Base Rates from RAR Form 2.20				
WACC Approved in Case No.				
Subtotal Annual Return on Rate Base				
Annual Depreciation Expense -- RAR Form 2.20				
Total Annual Base Rate Revenue Requirement				
Total Revenue Requirement / 12 Months				

RAR FORM 2.20

LOUISVILLE GAS AND ELECTRIC COMPANY
RETIRED ASSET RECOVERY RIDER REPORT

Calculation of Retired Asset Costs, Costs Embedded in Base Rates, and (Over)/Under Recovery

For the Month Ended:

Calculation of Retired Asset Costs at Retirement

(1)	Retirement Date				
(2)	Retired Unit Net Book Value				
(3)	Plant in Service				
(4)	Construction Work in Progress				
(5)	Depreciation Reserve				
(6)	Subtotal Net Book Value = (3) + (4) - (5)				
(7)	Obsolete Materials and Supplies -- Estimate				
(8)	Cost of Removal Expenses -- Estimate				
(9)	Decommissioning Costs				
(10)	Demolition Costs				
(11)	Subtotal Cost of Removal Expenses = (9) + (10)				
(12)	**Total Retirement Costs = (6) + (7) + (11)**				
(13)	**ADIT = (12) x 24.95%[1]**				
(14)	**Total Retired Assets = (12) - (13)**				

Calculation of Retired Generating Unit Costs Embedded in Base Rates

(15)	Net Book Value in Base Rates				
(16)	Plant in Service				
(17)	Construction Work in Progress				
(18)	Depreciation Reserve				
(19)	Subtotal Net Book Value = (16) + (17) - (18)				
(20)	ADIT[1]				
(21)	**Total Retired Generating Unit Costs Embedded in Base Rates = (19) - (20)**				
(22)	**Annual Depreciation Expense**				

Note 1: Excess ADIT is excluded as it will continue to be returned to customers through base rates.

Calculation of Prior Expense Month (Over)/Under Recovery

(23)	Revenue Requirement for the Expense Month	
(24)	Retired Asset Recovery Rider Revenues in Current Expense Month	
(25)	**Net (Over)/Under Recovery = (22) - (23)**	

LOUISVILLE GAS AND ELECTRIC COMPANY
RETIRED ASSET RECOVERY RIDER REPORT

Monthly Average Revenue Computation of R(m) for Group 1 and Group 2

For the Month Ended:

	GROUP 1 - Total Revenues							
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Month	Non-fuel Base Rate Revenues	Base Rate Fuel Component	Fuel Clause Revenues Including Off-System Sales Tracker	DSM Revenues	Environmental Surcharge Revenues	RAR Rider Revenues	Total (2)+(3)+(4)+(5)+(6)+(7)	Total Excluding RAR Rider (8)-(7)
Average Monthly Revenues Excluding Retired Asset Recovery Rider for 12 Months Ending Current Expense Month =								
Total Average Revenues Excluding Retired Asset Recovery Rider for 12 Months Ending Current Expense Month =								
GROUP 1 Revenues as a Percentage of Total Revenues for 12 Months Ending Current Expense Month =								

	GROUP 2 - Net Revenues								
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Month	Non-fuel Base Rate Revenues	Base Rate Fuel Component	Fuel Clause Revenues Including Off-System Sales Tracker	DSM Revenues	Environmental Surcharge Revenues	RAR Rider Revenues	Total (2)+(3)+(4)+(5)+(6)+(7)	Total Excluding RAR Rider (8)-(7)	Total Non-Fuel Revenues plus DSM and ECR (2)+(5)+(6)
Average Monthly Revenues Excluding Retired Asset Recovery Rider and Fuel for 12 Months Ending Current Expense Month =									
Total Average Revenues Excluding Retired Asset Recovery Rider for 12 Months Ending Current Expense Month =									
GROUP 2 Revenues as a Percentage of Total Revenues for 12 Months Ending Current Expense Month =									

Exhibit AMF-4

Illustrative Example of LG&E's Rider RAR Monthly Reporting Forms Based on the Expected Retirement of MC1 by December 31, 2024

RAR FORM 1.00

LOUISVILLE GAS AND ELECTRIC COMPANY
RETIRED ASSET RECOVERY RIDER REPORT

Summary of Group E(m) and Group RAR Billing Factors

For the Expense Month of January 2025

GROUP 1 (Total Revenue)

Group 1 E(m) -- RAR Form 1.10	=	$	**(127,176)**
Group 1 RAR Billing Factor -- RAR Form 1.10	=		**-0.28%**

GROUP 2 (Net Revenue)

Group 2 E(m) -- RAR Form 1.10	=	$	**(161,795)**
Group 2 RAR Billing Factor -- RAR Form 1.10	=		**-0.39%**

Effective Date for Billing: March billing cycle beginning March 3, 2025

Submitted by: ______________________________

Title: Manager, Revenue Requirement/Cost of Service

Date Submitted: February 19, 2025

RAR FORM 1.10

LOUISVILLE GAS AND ELECTRIC COMPANY
RETIRED ASSET RECOVERY RIDER REPORT

Calculation of E(m) and Group RAR Billing Factors

For the Expense Month of January 2025

Calculation of E(m)

E(m) = LE - BR
Where:
LE = Monthly Levelized Expense
BR = Monthly Base Rate Revenue Requirement for Retired Generating Units Embedded in Base Rates

				Retired Asset Costs
(1)	LE -- RAR Form 2.00	=	$	1,416,362
(2)	BR -- RAR Form 2.10	=	$	1,705,333
(3)	E(m) = (1) - (2)	=	$	(288,971)

Calculation of Adjusted E(m)

(4)	Adjustment for (Over)/Under Recovery from Prior Expense Month -- RAR Form 2.20	=	$	-
(5)	Prior Period Adjustment (if necessary)	=	$	-
(6)	Adjusted E(m) = (3) + (4) + (5)	=	$	(288,971)

Calculation of Group RAR Billing Factors

				GROUP 1 (Total Revenue)		GROUP 2 (Net Revenue)
(7)	Revenue as a Percentage of 12-month Total Revenue Ending with the Current Expense Month -- RAR Form 3.00	=		44.01%		55.99%
(8)	Group E(m) = (6) x (7)	=	$	(127,176)	$	(161,795)
(9)	Group R(m) = Average Monthly Group Revenue for the 12 Months Ending with the Current Expense Month -- RAR Form 3.00	=	$	44,911,796	$	41,135,504
(10)	Group RAR Billing Factors = (8) ÷ (9)	=		**-0.28%**		**-0.39%**

RAR FORM 2.00

LOUISVILLE GAS AND ELECTRIC COMPANY
RETIRED ASSET RECOVERY RIDER REPORT

Calculation of Monthly Levelized Expense

For the Month Ended: January 31, 2025

Mill Creek Unit 1

Month	Retirement Costs (including Adjustments)	Return	Levelized Expense	Retirement Costs Balance to Recover	ADIT	Retired Asset Balance Subject to Return
Dec-24	125,232,778			125,232,778	(31,245,578)	93,987,200
Jan-25		669,111	($1,416,362)	124,485,528	(31,059,139)	93,426,388
Feb-25		665,118	($1,416,362)	123,734,284	(30,871,704)	92,862,580
Mar-25		661,105	($1,416,362)	122,979,027	(30,683,267)	92,295,760
Apr-25		657,069	($1,416,362)	122,219,734	(30,493,824)	91,725,911
May-25		653,012	($1,416,362)	121,456,385	(30,303,368)	91,153,017
Jun-25		648,934	($1,416,362)	120,688,957	(30,111,895)	90,577,062
Jul-25		644,834	($1,416,362)	119,917,429	(29,919,398)	89,998,030
Aug-25		640,711	($1,416,362)	119,141,778	(29,725,874)	89,415,905
Sep-25		636,567	($1,416,362)	118,361,984	(29,531,315)	88,830,669
Oct-25		632,401	($1,416,362)	117,578,022	(29,335,717)	88,242,306
Nov-25		628,212	($1,416,362)	116,789,873	(29,139,073)	87,650,799
Dec-25		624,001	($1,416,362)	115,997,512	(28,941,379)	87,056,133
Jan-26		619,767	($1,416,362)	115,200,918	(28,742,629)	86,458,289
Feb-26		615,511	($1,416,362)	114,400,067	(28,542,817)	85,857,250
Mar-26		611,232	($1,416,362)	113,594,938	(28,341,937)	85,253,001
Apr-26		606,931	($1,416,362)	112,785,506	(28,139,984)	84,645,523
May-26		602,606	($1,416,362)	111,971,751	(27,936,952)	84,034,799
Jun-26		598,258	($1,416,362)	111,153,647	(27,732,835)	83,420,812
Jul-26		593,887	($1,416,362)	110,331,172	(27,527,627)	82,803,545
Aug-26		589,493	($1,416,362)	109,504,303	(27,321,324)	82,182,979
Sep-26		585,075	($1,416,362)	108,673,016	(27,113,917)	81,559,098
Oct-26		580,633	($1,416,362)	107,837,287	(26,905,403)	80,931,884
Nov-26		576,168	($1,416,362)	106,997,093	(26,695,775)	80,301,318
Dec-26		571,679	($1,416,362)	106,152,410	(26,485,026)	79,667,384
Jan-27		567,166	($1,416,362)	105,303,214	(26,273,152)	79,030,062
Feb-27		562,628	($1,416,362)	104,449,481	(26,060,145)	78,389,335
Mar-27		558,067	($1,416,362)	103,591,186	(25,846,001)	77,745,185
Apr-27		553,481	($1,416,362)	102,728,305	(25,630,712)	77,097,593
May-27		548,871	($1,416,362)	101,860,814	(25,414,273)	76,446,541
Jun-27		544,236	($1,416,362)	100,988,689	(25,196,678)	75,792,011
Jul-27		539,576	($1,416,362)	100,111,903	(24,977,920)	75,133,983
Aug-27		534,892	($1,416,362)	99,230,433	(24,757,993)	74,472,440
Sep-27		530,182	($1,416,362)	98,344,253	(24,536,891)	73,807,362
Oct-27		525,447	($1,416,362)	97,453,338	(24,314,608)	73,138,731
Nov-27		520,687	($1,416,362)	96,557,664	(24,091,137)	72,466,527
Dec-27		515,902	($1,416,362)	95,657,204	(23,866,472)	71,790,731
Jan-28		511,090	($1,416,362)	94,751,932	(23,640,607)	71,111,325
Feb-28		506,254	($1,416,362)	93,841,824	(23,413,535)	70,428,289
Mar-28		501,391	($1,416,362)	92,926,853	(23,185,250)	69,741,603
Apr-28		496,502	($1,416,362)	92,006,994	(22,955,745)	69,051,249
May-28		491,588	($1,416,362)	91,082,220	(22,725,014)	68,357,206
Jun-28		486,647	($1,416,362)	90,152,504	(22,493,050)	67,659,455
Jul-28		481,679	($1,416,362)	89,217,822	(22,259,847)	66,957,975
Aug-28		476,685	($1,416,362)	88,278,145	(22,025,397)	66,252,748
Sep-28		471,665	($1,416,362)	87,333,448	(21,789,695)	65,543,753
Oct-28		466,617	($1,416,362)	86,383,703	(21,552,734)	64,830,969
Nov-28		461,543	($1,416,362)	85,428,884	(21,314,507)	64,114,378
Dec-28		456,441	($1,416,362)	84,468,964	(21,075,006)	63,393,957
Jan-29		451,312	($1,416,362)	83,503,914	(20,834,227)	62,669,688
Feb-29		446,156	($1,416,362)	82,533,709	(20,592,160)	61,941,548
Mar-29		440,972	($1,416,362)	81,558,319	(20,348,801)	61,209,519
Apr-29		435,761	($1,416,362)	80,577,719	(20,104,141)	60,473,578
May-29		430,522	($1,416,362)	79,591,879	(19,858,174)	59,733,705
Jun-29		425,254	($1,416,362)	78,600,771	(19,610,892)	58,989,879
Jul-29		419,959	($1,416,362)	77,604,368	(19,362,290)	58,242,079
Aug-29		414,635	($1,416,362)	76,602,642	(19,112,359)	57,490,283

Mill Creek Unit 1

Month	Retirement Costs (including Adjustments)	Return	Levelized Expense	Retirement Costs Balance to Recover	ADIT	Retired Asset Balance Subject to Return
Sep-29		409,283	($1,416,362)	75,595,563	(18,861,093)	56,734,470
Oct-29		403,902	($1,416,362)	74,583,104	(18,608,484)	55,974,619
Nov-29		398,493	($1,416,362)	73,565,235	(18,354,526)	55,210,709
Dec-29		393,054	($1,416,362)	72,541,928	(18,099,211)	54,442,717
Jan-30		387,587	($1,416,362)	71,513,153	(17,842,532)	53,670,621
Feb-30		382,090	($1,416,362)	70,478,881	(17,584,481)	52,894,400
Mar-30		376,564	($1,416,362)	69,439,084	(17,325,051)	52,114,032
Apr-30		371,009	($1,416,362)	68,393,731	(17,064,236)	51,329,495
May-30		365,423	($1,416,362)	67,342,792	(16,802,027)	50,540,766
Jun-30		359,808	($1,416,362)	66,286,239	(16,538,417)	49,747,822
Jul-30		354,163	($1,416,362)	65,224,040	(16,273,398)	48,950,642
Aug-30		348,488	($1,416,362)	64,156,166	(16,006,964)	48,149,203
Sep-30		342,782	($1,416,362)	63,082,587	(15,739,105)	47,343,482
Oct-30		337,046	($1,416,362)	62,003,272	(15,469,816)	46,533,455
Nov-30		331,280	($1,416,362)	60,918,189	(15,199,088)	45,719,101
Dec-30		325,482	($1,416,362)	59,827,310	(14,926,914)	44,900,396
Jan-31		319,654	($1,416,362)	58,730,601	(14,653,285)	44,077,316
Feb-31		313,794	($1,416,362)	57,628,034	(14,378,194)	43,249,839
Mar-31		307,903	($1,416,362)	56,519,575	(14,101,634)	42,417,941
Apr-31		301,981	($1,416,362)	55,405,194	(13,823,596)	41,581,598
May-31		296,026	($1,416,362)	54,284,858	(13,544,072)	40,740,786
Jun-31		290,041	($1,416,362)	53,158,537	(13,263,055)	39,895,482
Jul-31		284,023	($1,416,362)	52,026,198	(12,980,536)	39,045,662
Aug-31		277,973	($1,416,362)	50,887,809	(12,696,508)	38,191,301
Sep-31		271,890	($1,416,362)	49,743,338	(12,410,963)	37,332,375
Oct-31		265,776	($1,416,362)	48,592,751	(12,123,891)	36,468,860
Nov-31		259,628	($1,416,362)	47,436,018	(11,835,286)	35,600,731
Dec-31		253,448	($1,416,362)	46,273,103	(11,545,139)	34,727,964
Jan-32		247,234	($1,416,362)	45,103,976	(11,253,442)	33,850,534
Feb-32		240,988	($1,416,362)	43,928,602	(10,960,186)	32,968,416
Mar-32		234,708	($1,416,362)	42,746,948	(10,665,363)	32,081,584
Apr-32		228,394	($1,416,362)	41,558,980	(10,368,966)	31,190,015
May-32		222,047	($1,416,362)	40,364,666	(10,070,984)	30,293,682
Jun-32		215,666	($1,416,362)	39,163,970	(9,771,410)	29,392,559
Jul-32		209,251	($1,416,362)	37,956,859	(9,470,236)	28,486,622
Aug-32		202,801	($1,416,362)	36,743,298	(9,167,453)	27,575,845
Sep-32		196,317	($1,416,362)	35,523,253	(8,863,052)	26,660,202
Oct-32		189,799	($1,416,362)	34,296,690	(8,557,024)	25,739,666
Nov-32		183,245	($1,416,362)	33,063,573	(8,249,362)	24,814,212
Dec-32		176,657	($1,416,362)	31,823,868	(7,940,055)	23,883,813
Jan-33		170,033	($1,416,362)	30,577,539	(7,629,096)	22,948,443
Feb-33		163,374	($1,416,362)	29,324,551	(7,316,476)	22,008,076
Mar-33		156,679	($1,416,362)	28,064,869	(7,002,185)	21,062,684
Apr-33		149,949	($1,416,362)	26,798,456	(6,686,215)	20,112,241
May-33		143,182	($1,416,362)	25,525,277	(6,368,556)	19,156,720
Jun-33		136,380	($1,416,362)	24,245,295	(6,049,201)	18,196,094
Jul-33		129,541	($1,416,362)	22,958,474	(5,728,139)	17,230,335
Aug-33		122,666	($1,416,362)	21,664,778	(5,405,362)	16,259,416
Sep-33		115,754	($1,416,362)	20,364,170	(5,080,860)	15,283,309
Oct-33		108,804	($1,416,362)	19,056,612	(4,754,625)	14,301,988
Nov-33		101,818	($1,416,362)	17,742,069	(4,426,646)	13,315,423
Dec-33		94,795	($1,416,362)	16,420,502	(4,096,915)	12,323,587
Jan-34		87,734	($1,416,362)	15,091,874	(3,765,423)	11,326,451
Feb-34		80,635	($1,416,362)	13,756,147	(3,432,159)	10,323,988
Mar-34		73,498	($1,416,362)	12,413,283	(3,097,114)	9,316,169
Apr-34		66,323	($1,416,362)	11,063,245	(2,760,280)	8,302,965
May-34		59,110	($1,416,362)	9,705,993	(2,421,645)	7,284,348
Jun-34		51,859	($1,416,362)	8,341,490	(2,081,202)	6,260,288
Jul-34		44,568	($1,416,362)	6,969,696	(1,738,939)	5,230,757
Aug-34		37,239	($1,416,362)	5,590,573	(1,394,848)	4,195,725
Sep-34		29,870	($1,416,362)	4,204,082	(1,048,918)	3,155,163
Oct-34		22,462	($1,416,362)	2,810,182	(701,140)	2,109,042
Nov-34		15,015	($1,416,362)	1,408,835	(351,504)	1,057,331
Dec-34		7,527	($1,416,362)	0	(0)	0

RAR FORM 2.10

LOUISVILLE GAS AND ELECTRIC COMPANY
RETIRED ASSET RECOVERY RIDER REPORT

Calculation of Monthly Base Rate Revenue Requirement for Retired Generating Units Embedded in Base Rates

For the Expense Month of January 2025

	Mill Creek Unit 1			
Cost Embedded in Base Rates from RAR Form 2.20	$ 103,378,424	$ -	$ -	$ -
WACC Approved in Case No. 2020-00350	8.543%			
Subtotal Annual Return on Rate Base	$ 8,831,623	$ -	$ -	$ -
Annual Depreciation Expense -- RAR Form 2.20	$ 11,632,368	$ -	$ -	$ -
Total Annual Base Rate Revenue Requirement	$ 20,463,991	$ -	$ -	$ -
Total Revenue Requirement / 12 Months	**$ 1,705,333**	**$ -**	**$ -**	**$ -**

RAR FORM 2.20

LOUISVILLE GAS AND ELECTRIC COMPANY
RETIRED ASSET RECOVERY RIDER REPORT

Calculation of Retired Asset Costs, Costs Embedded in Base Rates, and (Over)/Under Recovery

For the Month Ended: January 31, 2025

Calculation of Retired Asset Costs at Retirement

		Mill Creek Unit 1			
(1)	Retirement Date	12/31/2024			
(2)	Retired Unit Net Book Value				
(3)	Plant in Service	$ 215,312,385	$ -	$ -	$ -
(4)	Construction Work in Progress	-	-	-	-
(5)	Depreciation Reserve	132,152,163	-	-	-
(6)	Subtotal Net Book Value = (3) + (4) - (5)	$ 83,160,222	$ -	$ -	$ -
(7)	Obsolete Materials and Supplies -- Estimate	$ 735,700	$ -	$ -	$ -
(8)	Cost of Removal Expenses -- Estimate				
(9)	Decommissioning Costs	$ 1,000,000	$ -	$ -	$ -
(10)	Demolition Costs	40,336,856	-	-	-
(11)	Subtotal Cost of Removal Expenses = (9) + (10)	$ 41,336,856	$ -	$ -	$ -
(12)	**Total Retirement Costs = (6) + (7) + (11)**	**$ 125,232,778**	**$ -**	**$ -**	**$ -**
(13)	**ADIT = (12) x 24.95%[1]**	**$ 31,245,578**	**$ -**	**$ -**	**$ -**
(14)	**Total Retired Assets = (12) - (13)**	**$ 93,987,200**	**$ -**	**$ -**	**$ -**

Calculation of Retired Generating Unit Costs Embedded in Base Rates

(15)	Net Book Value in Base Rates				
(16)	Plant in Service	$ 217,535,164	$ -	$ -	$ -
(17)	Construction Work in Progress	269,642	-	-	-
(18)	Depreciation Reserve	90,681,633	-	-	-
(19)	Subtotal Net Book Value = (16) + (17) - (18)	$ 127,123,173	$ -	$ -	$ -
(20)	ADIT[1]	$ 23,744,749	$ -	$ -	$ -
(21)	**Total Retired Generating Unit Costs Embedded in Base Rates = (19) - (20)**	**$ 103,378,424**	**$ -**	**$ -**	**$ -**
(22)	**Annual Depreciation Expense**	**$ 11,632,368**	**$ -**	**$ -**	**$ -**

Note 1: Excess ADIT is excluded as it will continue to be returned to customers through base rates.

Calculation of Prior Expense Month (Over)/Under Recovery

(23)	Revenue Requirement for November 2024 Expense Month	$ -
(24)	Retired Asset Recovery Rider Revenues in Current Expense Month	-
(25)	**Net (Over)/Under Recovery = (22) - (23)**	**$ -**

RAR FORM 3.00

LOUISVILLE GAS AND ELECTRIC COMPANY
RETIRED ASSET RECOVERY RIDER REPORT

Monthly Average Revenue Computation of R(m) for Group 1 and Group 2

For the Month Ended: January 31, 2025

	GROUP 1 - Total Revenues							
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Month	Non-fuel Base Rate Revenues	Base Rate Fuel Component	Fuel Clause Revenues Including Off-System Sales Tracker	DSM Revenues	Environmental Surcharge Revenues	RAR Rider Revenues	Total (2)+(3)+(4)+(5)+(6)+(7)	Total Excluding RAR Rider (8)-(7)
Sep-23	40,223,896	10,017,414	493,261	442,151	787,344		$ 51,964,065	$ 51,964,065
Oct-23	28,632,241	6,624,142	308,567	291,913	558,540		$ 36,415,402	$ 36,415,402
Nov-23	25,597,487	5,634,533	499,484	247,876	523,833		$ 32,503,213	$ 32,503,213
Dec-23	30,450,843	7,087,371	1,103,438	312,325	813,318		$ 39,767,296	$ 39,767,296
Jan-24	36,945,321	8,949,844	815,931	555,140	1,166,133		$ 48,432,369	$ 48,432,369
Feb-24	33,856,011	8,102,294	941,168	631,300	892,317		$ 44,423,090	$ 44,423,090
Mar-24	27,996,060	6,380,441	2,056,217	497,340	627,389		$ 37,557,448	$ 37,557,448
Apr-24	26,851,068	6,019,459	1,089,586	514,069	585,116		$ 35,059,298	$ 35,059,298
May-24	30,308,158	7,004,213	1,479,320	661,695	606,835		$ 40,060,221	$ 40,060,221
Jun-24	37,160,854	10,012,766	1,045,214	854,311	896,642		$ 49,969,786	$ 49,969,786
Jul-24	46,049,778	14,333,010	1,532,116	1,114,277	1,027,728		$ 64,056,908	$ 64,056,908
Aug-24	44,334,879	13,699,703	(908,681)	1,064,903	541,646		$ 58,732,450	$ 58,732,450
Average Monthly Revenues Excluding Retired Asset Recovery Rider for 12 Months Ending Current Expense Month =								**$ 44,911,796**
Total Average Revenues Excluding Retired Asset Recovery Rider for 12 Months Ending Current Expense Month =								**$ 102,044,123**
GROUP 1 Revenues as a Percentage of Total Revenues for 12 Months Ending Current Expense Month =								**44.01%**

	GROUP 2 - Net Revenues								
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Month	Non-fuel Base Rate Revenues	Base Rate Fuel Component	Fuel Clause Revenues Including Off-System Sales Tracker	DSM Revenues	Environmental Surcharge Revenues	RAR Rider Revenues	Total (2)+(3)+(4)+(5)+(6)+(7)	Total Excluding RAR Rider (8)-(7)	Total Non-Fuel Revenues plus DSM and ECR (2)+(5)+(6)
Sep-23	43,962,467	15,487,174	706,990	759,659	1,016,333		$ 61,932,623	$ 61,932,623	$ 45,738,460
Oct-23	39,968,208	14,145,352	648,559	641,431	904,432		$ 56,307,982	$ 56,307,982	$ 41,514,071
Nov-23	34,783,233	11,828,070	899,575	565,362	816,656		$ 48,892,896	$ 48,892,896	$ 36,165,251
Dec-23	35,224,760	12,165,781	1,664,824	582,219	1,026,957		$ 50,664,540	$ 50,664,540	$ 36,833,935
Jan-24	37,744,637	13,379,508	1,363,935	885,423	1,313,309		$ 54,686,812	$ 54,686,812	$ 39,943,369
Feb-24	37,512,837	13,481,259	1,433,171	1,030,304	1,134,260		$ 54,591,832	$ 54,591,832	$ 39,677,401
Mar-24	36,070,330	12,338,331	3,273,560	977,086	897,226		$ 53,556,533	$ 53,556,533	$ 37,944,642
Apr-24	36,302,948	12,542,078	2,580,790	932,558	877,572		$ 53,235,945	$ 53,235,945	$ 38,113,078
May-24	38,620,303	13,170,139	2,613,548	1,011,578	857,526		$ 56,273,094	$ 56,273,094	$ 40,489,407
Jun-24	40,140,341	15,920,190	1,940,808	1,132,641	1,033,038		$ 60,167,019	$ 60,167,019	$ 42,306,021
Jul-24	45,487,600	19,329,100	1,974,423	1,277,800	1,078,656		$ 69,147,579	$ 69,147,579	$ 47,844,056
Aug-24	45,133,452	19,569,120	(494,401)	1,259,000	663,908		$ 66,131,078	$ 66,131,078	$ 47,056,360
Average Monthly Revenues Excluding Retired Asset Recovery Rider and Fuel for 12 Months Ending Current Expense Month =								**$ 57,132,328**	**$ 41,135,504**
Total Average Revenues Excluding Retired Asset Recovery Rider for 12 Months Ending Current Expense Month =								**$ 102,044,123**	
GROUP 2 Revenues as a Percentage of Total Revenues for 12 Months Ending Current Expense Month =								**55.99%**	

Exhibit AMF-5

Calculation of MC1's Estimated Net Book Value as of December 31, 2024 and Changes Since the 2020 Rate Case

Depreciation Group	Aug-24 Actuals Gross Plant	Reserve	NBV	Monthly Depreciation	Forecasted Depreciation	Forecasted Reserve	Forecasted NBV 12/31
LGE-131100-MC Unit 1 Struc ECR 2011	-	-	-	-	-	-	-
LGE-131100-Mill Creek Unit 1 SO2-St	-	0	0	-	-	0	0
LGE-131100-Mill Creek Unit 1 Struct	5,647,983	(5,855,851)	(207,868)	8,284	28,993	(5,884,844)	(236,861)
LGE-131200-MC Unit 1 Boil	158,770,454	(88,305,304)	70,465,149	813,699	2,847,945	(91,153,249)	67,617,204
LGE-131200-MC Unit 1 Boil ECR 2006	-	-	-	-	-	-	-
LGE-131200-MC Unit 1 Boil ECR 2011	-	-	-	-	-	-	-
LGE-131200-MC Unit 1 Boil-Ash Pond	-	(5,529)	(5,529)	-	-	(5,529)	(5,529)
LGE-131200-Mill Creek Unit 1 SO2 Bo	14,056,585	(10,314,720)	3,741,864	42,990	150,464	(10,465,184)	3,591,400
LGE-131400-Mill Creek Unit 1Turboge	25,312,177	(15,613,189)	9,698,988	100,405	351,417	(15,964,606)	9,347,570
LGE-131500-MC Unit 1 Acc ECR 2011	-	-	-	-	-	-	-
LGE-131500-Mill Creek Unit 1 Access	11,098,744	(8,329,466)	2,769,278	30,614	107,149	(8,436,615)	2,662,129
LGE-131500-Mill Creek Unit 1 SO2 Ac	202,167	(37,474)	164,694	12	41	(37,515)	164,652
LGE-131600-MC Unit 1 Misc ECR 2011	-	-	-	-	-	-	-
LGE-131600-Mill Creek Unit 1 Misc P	224,276	(201,853)	22,423	791	2,767	(204,620)	19,656
Total Mill Creek Unit 1	**215,312,385**	**(128,663,386)**	**86,648,999**	**996,793**	**3,488,777**	**(132,152,163)**	**83,160,222**

in millions	Fully Forecasted Test Year Ended Jun-2022[1]	Jun-2022 Actual	Dec-2022 Actual	Dec-2023 Actual	Dec-2024 Estimated
Beginning NBV			$ 133.0	$ 106.4	$ 94.6
Additions			0.0	0.1	-
Transfers[2]			(20.7)	-	-
Depreciation			(6.1)	(12.0)	(11.5)
Removals			0.1	0.1	0.0
Ending NBV	**$ 124.7**	**$ 133.0**	**$ 106.4**	**$ 94.6**	**$ 83.2**

[1] Excludes common assets utilized by other Mill Creek generating units that were transferred from MC1 in asset records in Q3 of 2022

[2] Transfer of common assets to other units at the Mill Creek Generating Station in Q3 of 2022; these assets will not be retired when MC1 retires

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF LOUISVILLE GAS AND ELECTRIC COMPANY FOR APPROVAL OF RETIRED ASSET RECOVERY RIDER COST RECOVERY FOR THE RETIREMENT OF MILL CREEK UNIT 1 AND OF RETIRED ASSET RECOVERY RIDER TARIFF REVISIONS AND MONTHLY REPORTING FORMS	)))))))	**CASE NO. 2024-00317**

DIRECT TESTIMONY OF
DAVID L. TUMMONDS
SENIOR DIRECTOR, PROJECT ENGINEERING
ON BEHALF OF
LOUISVILLE GAS AND ELECTRIC COMPANY

Filed: October 4, 2024

VERIFICATION

COMMONWEALTH OF KENTUCKY)
)
COUNTY OF JEFFERSON)

The undersigned, **David L. Tummonds**, being duly sworn, deposes and says that he is Senior Director - Project Engineering for Louisville Gas and Electric Company, an employee of LG&E and KU Services Company, and that he has personal knowledge of the matters set forth in the foregoing testimony, and that the answers contained therein are true and correct to the best of his information, knowledge and belief.

David L. Tummonds

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 2nd day of October 2024.

Venita M. DeFreeze
Notary Public

Notary Public, ID No. KYNP4577

My Commission Expires:

April 1, 2028

VENITA M. DEFREEZE NOTARY COMM. # KYNP4577 MY COMMISSION EXPIRES 04/01 2028 PUBLIC KENTUCKY, STATE AT LARGE

INTRODUCTION

Q. Please state your name, position, and business address.

A. My name is David L. Tummonds. I am the Senior Director, Project Engineering for LG&E and KU Services Company, which provides services to Louisville Gas and Electric Company ("LG&E") and Kentucky Utilities Company ("KU") (collectively, the "Companies"). My business address is 220 West Main Street, Louisville, Kentucky 40202. A statement of my relevant work and professional experience and education is contained in Appendix A.

Q. Have you previously testified before this Commission?

A. Yes, I testified before the Commission in a number of fuel adjustment clause review proceedings between 2011 and 2012 in my role as Director, Generation Services.[1] More recently, I participated in preparing and sponsored a number of responses to data requests on behalf of the Companies in Case No. 2023-00361, *Electronic Joint Application of Kentucky Utilities Company and Louisville Gas and Electric Company for a Site Compatibility Certificate for the Construction of a Solar Facility in Mercer County, Kentucky*.[2]

Q. Please summarize your education and work and professional experience.

A. After graduating from the United States Military Academy (West Point) with a B.S. in mechanical engineering in 1994, I served as an officer in the Army's 1st Battalion 41st

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[1] *See, e.g.*, *An Examination of the Application of the Fuel Adjustment Clause of Louisville Gas and Electric Company from November 1, 2011 through April 30, 2012*, Case No. 2012-00321, Notice of Filing (Ky. PSC Oct. 22, 2012), available at https://psc.ky.gov/pscscf/2012%20cases/2012-00321/20121022_psc_notice%20of%20filing%20hearing%20documents.pdf.

[2] Case No. 2023-00361, Companies' Responses to PSC 1-1 – 1-8, 1-10 – 1-15, and 1-17 – 1-20 (Jan. 19, 2024).

Field Artillery, advancing from Lieutenant to Captain and graduating first in my class at the Post Nuclear, Biological, and Chemical School.

Following my military service, I worked briefly for General Electric Lighting Systems before moving to Alstom Power, where I served as a thermal commissioning engineer for two years.

I came to work for the Companies in 2002 and have held a variety of posts where I have had direct responsibility for fossil-fuel-fired generation at three of the Companies' generating stations (E.W. Brown, Ghent, and Cane Run), including as the general manager of coal-fired and gas-fired operations for Cane Run and the general manager of Ghent. During part of the time that E.ON A.G. owned the Companies, I was the Deputy Director-Center of Competence (Fossil) and located at E.ON's global generation center in Hannover, Germany, where I was responsible for identifying and leveraging best practices for E.ON's fossil fuel generation facilities across nine countries throughout Europe and North America. Therefore, I have extensive knowledge of and experience with all facets of fossil-fuel-fired generating station operations.

I assumed my current position as Senior Director, Project Engineering in November 2022. In my current role, I lead the groups responsible for the Companies' large scale capital installations, real estate and right of way function, and facilities projects and services.

Q. What is the purpose of your testimony?

A. I will (1) explain how LG&E has sought to minimize Mill Creek Unit 1's ("MC1") net book value as the unit approaches retirement by making only those additional capital investments necessary to enable the unit to function through the end of 2024 and (2) support the estimated obsolete materials and supplies value and cost of removal expenses included in the MC1 Retirement Costs calculations for LG&E's Retired Asset Recovery Rider ("Rider RAR") as shown in the illustrative RAR Form 2.20 in Exhibit AMF-4 to the Direct Testimony of Andrea M. Fackler.

HOW LG&E'S CAPITAL INVESTMENTS IN MC1 PRUDENTLY MINIMIZED ITS NET BOOK VALUE

Q. Please explain how LG&E's capital investments in MC1 in recent years anticipated its retirement at the end of 2024 and minimized its net book value to be recovered through Rider RAR.

A. For context, from 2010 through 2019, the average annual planned capital expenditure for MC1 was almost $5 million (almost $50 million total over ten years). Similarly, prior to LG&E's determination in 2020 that retiring MC1 by the end of 2024 would be least cost,[3] LG&E's 2020-2029 average annual planned capital expenditure for MC1 was over $4.6 million (over $46 million total over ten years).

But after LG&E made its MC1 retirement decision in 2020, it decreased the average annual planned capital expenditure for MC1 to just over $1.4 million ($5.7 million total). Notably, the actual capital expenditures for MC1 from 2020 to date have been *less* than the planned total: just $5.3 million including MC1's share of common plant expenditures. Of the planned total, 97% was front-loaded into the first two years to address potential environmental and reliability concerns to assure reasonably reliable

[3] *See, e.g., Electronic Application of Louisville Gas and Electric Company for an Adjustment of Its Electric and Gas Rates, a Certificate of Public Convenience and Necessity to Deploy Advanced Metering Infrastructure, Approval of Certain Regulatory and Accounting Treatments, and Establishment of a One-Year Surcredit*, Case No. 2020-00350, Direct Testimony of Lonnie E. Bellar at 9-11 (Nov. 25, 2020).

operation through 2024. This included completion of a previously planned boiler re-heat project in 2021 and necessary replacement of pulse jet fabric filter bags in 2020.

Since the end of 2021, LG&E has made MC1-related capital expenditures of less than $375,000 (including MC1's share of common plant expenditures). Of that amount, less than $45,000 was for MC1 only.

In short, LG&E decreased its planned and actual capital expenditures for MC1 to the bare minimum necessary for the unit to reliably remain in service through the end of 2024.

MC1 OBSOLETE MATERIALS VALUE

Q. Please explain the "Obsolete Materials and Supplies – Estimate" value shown on RAR Form 2.20 in Exhibit AMF-4 to Ms. Fackler's testimony.

A. When any generating unit retires, some amount of remaining materials cannot be used for fleet generating units still in service due to the unique nature of each generating unit and its associated equipment. Therefore, not all parts, materials, and supplies are interchangeable across generating units even for generating units of similar design at the same generating station.

However, LG&E has initiated a rigorous and thorough process to ensure any MC1 materials and supplies that can be used for other units will be so used. The warehouse and maintenance teams at the Mill Creek generating station ("Mill Creek") are analyzing MC1's list of items of potentially obsolete materials and supplies line by line to determine which items can be used on other units at Mill Creek and across the fleet. Because Mill Creek Units 1 and 2 have a very similar design basis, many of the items can be used on Unit 2. We anticipate that this thorough and ongoing review will ultimately result in a total value of obsolete materials and supplies that is lower than the estimated value shown in the illustrative RAR Form 2.20 in Exhibit AMF-4.

Q. Is this level of obsolete materials and supplies reasonable?

A. Yes. For context, the current materials and supplies inventory for all four of the current generating units at Mill Creek is almost $17.4 million, and MC1's materials and supplies value at the end of 2020 was about $3 million. Therefore, the MC1 obsolete materials and supplies estimate of $735,700 shown in the illustrative RAR Form 2.20 in Exhibit AMF-4 is about 4% of the station's current materials and supplies value and less than a quarter of what MC1's materials and supplies value was when LG&E determined it would be cost-effective to retire MC1 by the end of 2024. Based on the Companies' experience with and knowledge of coal unit retirements, as well as my own experience in these matters, I believe this level of obsolete materials and supplies is reasonable.

Also, LG&E will continue to seek to use MC1's remaining materials and supplies for other units to the greatest reasonable extent, which will further reduce the ultimate obsolete materials and supplies cost.

MC1 COST OF REMOVAL EXPENSES

Q. Please explain the two cost categories shown in "Cost of Removal Expenses – Estimate" on RAR Form 2.20 in Exhibit AMF-4 to Ms. Fackler's testimony.

A. The first category, "Decommissioning Costs," includes estimated costs required to cease unit operations and make the facilities safe while they remain in place prior to demolition. The second category, "Demolition Costs," includes costs—net of salvage value—required to fully demolish the unit and its share of generating station facilities and to return the site to a state suitable for other purposes, including being the site of future generating facilities.

Q. Please explain further what is included in LG&E's estimate of MC1's decommissioning costs.

A. LG&E's estimated decommissioning cost of $1 million includes estimated costs to:

- Ensure that all equipment is de-energized and disconnected from power sources as necessary to facilitate eventual demolition, with the exception of equipment needed to ensure ongoing safety (e.g., ventilation and lighting);
- Drain all fluids from equipment to ensure an environmentally safe state;
- Ensure prudent general cleaning of the equipment to minimize safety and environmental risk and to prepare for eventual demolition, including cleaning the boiler, structural steel, precipitator, air heater, economizer, and coal mills and associated basement areas; and
- Close ductwork to seal MC1 from the combined Mill Creek Units 1 and 2 flue-gas desulfurization unit.

Q. How did LG&E develop its estimate of decommissioning costs?

A. LG&E developed this cost estimate based on recent decommissioning cost experiences at its Cane Run generating station and at KU's E.W. Brown and Green River generating stations, adjusted for the amount of comparable equipment at Mill Creek. LG&E then escalated these past costs using known labor cost increases at a rate of 4% per year and rounded the result to the estimate shown on RAR Form 2.20 of $1 million. The Company is currently seeking bids for the decommissioning work for MC1 and will update this estimate after it has received and evaluated the bids it receives.

Q. Please explain what is included in LG&E's estimate of MC1's demolition costs and how LG&E developed it.

A. LG&E's total estimate of MC1 demolition costs of $40.3 million consists of three estimates, one for each of three phases of demolition work: air quality control system ("AQCS") demolition (net of salvage value), boiler and steam turbine asbestos abatement, and boiler and steam turbine demolition (also net of salvage value).

Demolition Component	Estimated Cost ($ million)
AQCS demolition (net of salvage)	6.7
Asbestos abatement	10.1
Boiler and steam turbine demolition (net of salvage)	23.5
Total	40.3

In developing these estimates, LG&E sequenced the demolition work based on the interdependency of MC1's demolition work with the other Mill Creek units' eventual demolition work and designed the proposed demolition sequence to reduce operational risk and total cost. All three estimates include ratable portions of owner's engineer expense, overheads, and contingencies. I explain the basis for the three components of MC1's demolition cost below.

- AQCS demolition (net of salvage): LG&E estimated this portion of the MC1 demolition on similar elements of Cane Run's demolition, with an added cost for certain work unique to the MC1 AQCS relative to Cane Run, escalating Cane Run's costs by 4% annually, which is a reasonable escalation based on the Companies' experience with recent major demolition work.
- Asbestos abatement: LG&E obtained bids for asbestos abatement for all four Mill Creek units in 2015. The $10.1 million shown above results from

escalating the 2015 bid by the same 4% annually to arrive at estimated costs for MC1.

- Boiler and steam turbine demolition (net of salvage): LG&E used an industry practice to develop this high-level estimate, specifically multiplying the estimated asbestos abatement cost by 2 to 2.5, depending on plant configuration and layout. LG&E based its multiplier of about 2.3 for MC1 on its recent Cane Run coal plant demolition estimation experience because Cane Run's boiler and steam turbine layout was similar to that of Mill Creek.

Q. Are these estimates of decommissioning and demolition costs reasonable?

A. Yes. These estimates are based on the Companies' recent actual experience with such costs, and they are consistent with my over two decades of experience in working with fossil-fuel-fired generating units.

CONCLUSION

Q. What are your conclusions concerning (1) LG&E's efforts to minimize MC1's net book value and (2) MC1's estimated obsolete materials and supplies value and estimated costs of removal?

A. I conclude that LG&E has reasonably and prudently sought to make only those additional capital investments necessary to enable MC1 to function through the end of 2024, helping to minimize its net book value as the unit approaches retirement.

Regarding MC1's estimated obsolete materials and supplies value and estimated costs of removal, I conclude that LG&E derived these estimates reasonably by relying on recent relevant experience with retiring, decommissioning, and demolishing other coal-fired generating units, and they are consistent with my extensive experience in this field. They are reasonable to include in the illustrative Rider RAR calculations performed and sponsored by Ms. Fackler.

Q. Does this conclude your testimony?

A. Yes.

APPENDIX A

David L. Tummonds
Senior Director, Project Engineering
LG&E and KU Services Company
220 West Main Street
Louisville, Kentucky 40202

Relevant Work and Professional Experience

LG&E and KU Services Company	
Senior Director, Project Engineering	2022 – Present
General Manager, Ghent Generating Station	2020 – 2022
General Manager, Cane Run Generating Station (Natural Gas Fired)	2015 – 2020
General Manager, Cane Run Generation Station (Coal Fired)	2013 – 2015
Director, Generation Services	2011 – 2013
Manager, Generation Engineering	2010 – 2011
Deputy Director, Center of Competence (Fossil)	2008 – 2010
Production Supervisor, E.W. Brown Generating Station	2006 – 2008
Production Supervisor, E.W. Brown Combustion Turbines	2002 – 2006
Alstom Power, Richmond, Virginia	
Thermal Commissioning Engineer	2000 – 2002

Professional and Trade Memberships

Combustion Turbine Operations Technical Forum (CTOTF) Member	2003 – Present
National Chairman	2021 – Present

Education and Training

Executive Development Program Graduate	
Northwestern University, Kellogg School of Management	2013
Strategic Business Integration Training	2011
Personal Awareness and Effective Leadership Training	2011
Six Sigma and Advanced Statistics Trainings	2000
Bachelor of Science in Mechanical Engineering	
United States Military Academy, West Point, New York	1994

Civic Activities

Louisville Zoo Foundation, Chairman of Exhibits and Facilities Committee	2020
Carroll County Community Development Corporation, Industrial Chairman	2020
Leadership Louisville, Bingham Fellowship	2017