

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter of:

ELECTRONIC APPLICATION OF KENTUCKY)	
UTILITIES COMPANY AND LOUISVILLE GAS)	
AND ELECTRIC COMPANY FOR)	Case No. 2025-00045
CERTIFICATES OF PUBLIC CONVENIENCE)	
AND NECESSITY AND SITE COMPATIBILITY)	
CERTIFICATES		

**SIERRA CLUB'S RESPONSE TO DATA REQUESTS OF
COMMISSION STAFF TO SIERRA CLUB**

Sierra Club hereby submits this Response to the Data Requests of Commission Staff in the above docket.

Staff's Requests for Information to Sierra Club
Staff-1.1
Case No. 2025-00045

1.1 Refer to the Direct Testimony of Chelsea Hotaling (Hotaling Direct Testimony), page 49. Provide the implementation timeline for the Good Neighbor Plan if it is upheld and goes into effect for Kentucky.

Person responsible for response: Chelsea Hotaling

Objection:

Sierra Club objects to this request as vague and ambiguous, as it is unclear to which Good Neighbor Plan the request is referring.

Response:

Subject to that objection, Ms. Hotaling responds: on December 6, 2024, the U.S. Court of Appeals for the Sixth Circuit vacated EPA's disapproval of Kentucky's so-called good neighbor state implementation plan ("SIP") under the 2015 ozone National Ambient Air Quality Standard ("NAAQS"). *See Kentucky v. U.S. EPA*, No. 23-3216/3225 (6th Cir. Dec. 6, 2024) (attached). As I understand it, under the Clean Air Act, that SIP disapproval was a legal prerequisite for the implementation of a federal good neighbor plan for Kentucky. As a result of the Sixth Circuit's decision vacating EPA's Kentucky SIP disapproval, the federal agency no longer has authority to implement the federal Good Neighbor Plan for Kentucky. In other words, regardless of the D.C. Circuit's resolution of the merits of the Good Neighbor Plan (as it applies to other states), the rule will not go into effect for Kentucky unless and until EPA conducts a new rulemaking to again disapprove the Kentucky plan.

Notably, EPA has requested, and the D.C. Circuit has granted, a stay of the litigation challenging the Good Neighbor Plan while the agency reconsiders the rule. EPA has further represented to the D.C. Circuit that it is reconsidering both the Good Neighbor Plan itself and the predicate SIP disapprovals underlying the rule. Any changes to the rule will be required to undergo notice and comment rulemaking. *See Status Report, Utah v. U.S. EPA*, No. 24-1172 (D.C. Cir. Filed July 14, 2025) (attached).

Staff's Requests for Information to Sierra Club
Staff-1.2
Case No. 2025-00045

1.2 Refer to the Hotaling Direct Testimony, page 49 and the Direct Testimony of Phillip Imber, pages 5–6. Explain whether the State Implementation Plan requires Ozone reductions at Ghent 2.

Person responsible for response: Chelsea Hotaling

Objection:

Sierra Club objects to this request as vague and ambiguous, as it is unclear to which State Implementation Plan the request is referring.

Response:

Subject to this objection, Ms. Hotaling responds: it is my understanding that Kentucky “included no permanent and enforceable emissions controls” for any source to meet its good neighbor plan obligations under the 2015 ozone NAAQS. 88 Fed. Reg. 9336, 9356 (Feb. 13, 2023) (attached). It is also my understanding that a separate regulation, the Cross State Air Pollution Rule, which EPA implemented under the 2008 ozone NAAQS includes emission budgets for many EGUs, including Ghent 2, but that those emissions allocations do not require the installation or operation of SCR at Ghent 2.

Staff's Requests for Information to Sierra Club
Staff-1.3
Case No. 2025-00045

1.3 Refer to the Direct Testimony of Stacy L Sherwood (Sherwood Direct Testimony), pages 3 and 4.

Provide the workpapers relied upon to support the conclusions and calculations when stating that: “the potential savings of one less rate case, which averages a cost of \$3 million, would result in ratepayers paying carrying costs on the regulatory asset in the amount of \$406 million if the assets are in-service for 12 months before being included in the rate base. Provide any formulas or calculations in Excel format with the formulas and cells intact and unlocked.

Person responsible for response: Stacy Sherwood

Response:

That statement, which is discussed further on page 7 of Ms. Sherwood's Direct Testimony, was based upon the Companies' response to SC 2-28. In that response, the Company stated: “The estimated post in service carrying costs for the twelve months following the in-service date of the investments are approximately \$164 million for Brown 12, \$167 million for Mill Creek 6, and \$75 million for Cane Run BESS.”

The \$406 million is the sum of the three carrying costs identified by the Companies. As such, this is not a calculation performed by Ms. Sherwood and therefore no workpapers were relied upon.

Staff's Requests for Information to Sierra Club
Staff-1.4
Case No. 2025-00045

1.4 Refer to the Sherwood Direct Testimony, pages 9 and 10 and Table 1 on page 10.

- a. Provide the workpapers relied on in compiling Table 1. Include in the response any calculations or foundation documents. Provide any calculations or formulas in Excel format with the formulas and cells intact and unlocked.**

Person responsible for response: Stacy Sherwood

Response:

The excel format is provided in Attachment 4a. As noted in footnote 12 of Ms. Sherwood's Direct Testimony, the rate base case allocation is based upon the spreadsheets provided in Docket Nos. 2020-00349 and 2020-00350. The two tabs in those spreadsheets that were utilized are labeled "Summary of Returns" and "Billing Det."

- b. Additionally, assume for the purposes of this request that 1050 MW of economic load growth materializes. State whether the witness would expect the residential rate impact to differ from Table 1. As part of the answer provide the expected residential rate impact to customers with the assumed load growth. Include all workpapers and foundational documents and provide any calculations in Excel format with formulas and cells intact and unlocked.**

Person responsible for response: Stacy Sherwood

Objection:

Sierra Club objects to this to the extent it seeks an analysis that has not been performed.

Response:

Ms. Sherwood has not performed this calculation and would not be able to do as it is unclear without an updated cost of service study how the costs would be allocated to the large load customers that would comprise the proposed load of 1,050 MW. Although the analysis is unable to be performed, assuming that the costs are allocated to these additional customers in a manner consistent with cost causation, then the cost impact to residential customers should decrease from the amount estimated in Table 1 of Ms. Sherwood's Direct Testimony.

Staff's Requests for Information to Sierra Club
Staff-1.5
Case No. 2025-00045

1.5 Refer to the Sherwood Direct Testimony, pages 10 and 11. State whether the witness is aware of other utilities who sought regulatory assets for post-in-service carrying costs, operations, and maintenance expense, property taxes, investment tax credit amortization, and depreciation expenses in similarly situated proceedings to this case. If yes, provide, to the extent practicable, the utility involved, the jurisdiction, and the ultimate disposition of that issue in the identified case.

Person responsible for response: Stacy Sherwood

Response:

Ms. Sherwood is not aware of other utilities that sought regulatory assets for post-in-service carrying costs, operations and maintenance expense, property taxes, investment tax credit amortization, and depreciation expenses in similar proceedings.

Staff's Requests for Information to Sierra Club
Staff-1.6
Case No. 2025-00045

1.6 Refer to the Direct Testimony of Jeremy Fisher, pages 15 and 16.

- a. Explain whether witness Fisher has a recommendation on how many MW of data center load growth should be reflected in Louisville Gas and Electric Company (LG&E) and Kentucky Utilities Company's (KU) (jointly, LG&E/KU) load forecast.**

Person responsible for response: Jeremy Fisher

Response:

Dr. Fisher recommends that LG&E/KU ("Companies") use a data center load forecast of zero additional MW until such time that the identified large load customers have made substantial contractual commitments to the utilities that protect the utilities' incumbent customers. As discussed in the testimony of Ms. Hotaling, "The Companies appear to be basing the evaluation of prospective customers on ongoing conversations the Companies have with those customers and collecting a handful of data points on the prospective customers." As far as Dr. Fisher is aware, none of the customers are the major "hyperscalers" who own and operate their own data center infrastructure, and as discussed by Ms. Hotaling, the two most prominent projects in the Companies' queue are Camp Ground and Project Lincoln (or Meridian), both of which are proposals by real estate companies with little or no background in robust data center development, or a demonstrated business case for the data centers in the Companies' service territory.

As Dr. Fisher discusses in his conclusions, it is his opinion that utility plans to build additional infrastructure to serve data centers must follow, not lead, large load tariffs and financial commitments that reduce speculative risk to both the utility and its incumbent customers.

- b. Explain what forecasting methodology witness Fisher recommends LG&E/KU adopt related to data center load growth. Provide any supporting documentation for the conclusion.**

Person responsible for response: Jeremy Fisher

Response:

Please refer to 6.a. above.

In addition, Dr. Fisher notes that the size of the individual data center customers requesting or inquiring about service (see Companies' response and attachment to AG-KIUC DR1 33(a)) are far in excess of historic customers. In Dr. Fisher's opinion, given the new emergence of this customer class, the tremendous uncertainty about its trajectory, and the lack of substantial data center load in the Companies' service territory today, large data center customers must be evaluated on a case-by-case basis for forecast purposes, rather than relying on underlying economic, weather, or price trends. In light of the apparent speculation around data centers, Dr. Fisher recommends that only large-scale customers with established long-term commitments and under tariff structures that protect incumbent customers and reduce speculation may be included in future load forecasts.

- c. Refer to the Hotaling Direct Testimony, page 51, line 6. Provide details associated with the EPA's current position regarding the continuance of the 2015 Ozone National Ambient Air Quality Standards (NAAQS) regulations.**

Person responsible for response: Chelsea Hotaling

Objection:

Sierra Club objects to this request as vague and ambiguous, and also calls for speculation as to EPA's current position regarding the "continuance" of the 2015 ozone NAAQS.

Response:

Subject to that objection, Ms. Hotaling responds: I am unaware of any intent on behalf of EPA to revisit or amend the 2015 ozone NAAQS itself. As noted in response to Request No. 2, however, EPA has announced its intention to revisit and reconsider both the Good Neighbor Plan and the underlying State Implementation Plan disapprovals through notice-and-comment rulemaking.

Staff's Requests for Information to Sierra Club
Staff-1.7
Case No. 2025-00045

1.7 Refer to Hotaling Direct Testimony, page 18, line 6 through page 20, line 2.

- a. Explain why it would not be unduly discriminatory for the Companies to request a “financial commitment from prospective customers” for making investments in generator resources when they do not do so for other large industrial and commercial customers seeking service.**

Person responsible for response: Chelsea Hotaling

Objection:

To the extent this question seeks a legal conclusion on the meaning of “unduly discriminatory,” Ms. Hotaling is not an attorney and is not offering legal conclusions in this docket.

Response:

It is unclear if this question is directed at requiring a “financial commitment from prospective customers” as it relates to that being a threshold for that customer to be included in the load forecast or if this question is asking about a tariff being in place prior to making investments in generator resources. The response to this question is directed at attempting to answer the question either way.

The pace and scale of prospective large load customers are significantly different from the experience many utilities have with industrial and commercial customers that make them unique relative to many electric utility’s historical experience serving industrial and commercial customers. The size of these prospective new large load customers can dwarf the typical increase in peak load for most utilities. In addition, the energy demands of these large load customers tend to result in the need to build generator resources exclusively to serve them. That is why determining the appropriate amount of new generation needed is so important.

The Companies already recognize this risk to a limited degree. As described on pages 17 – 19 of Ms. Hotaling’s testimony, the Companies have stated that they will require an agreement with a financial commitment before constructing transmission facilities to interconnect these new customers. These customers are distinct from new commercial customers, because, for example, they require infrastructure upgrades on the bulk transmission system to establish service whereas commercial customers likely do not. And their size can mean significantly more transmission expense as well see, for example, the \$47.8 million transmission expense identified in 11-SC_DR1_LGE_KU_Attach_to_Q41(a) - Att_7_TSR-2024-013_FS.

The Companies have stated throughout their case, for example at page 2, lines 12 – 17 of the Direct Testimony of Lonnie Bellar, that new loads, whether from existing or new customers, drive the need for the proposed generation facilities. And yet the Companies are not currently requiring any financial commitment before embarking on construction of these much larger capital projects to support these customers. In EFG’s work, around the country, we see increased focus on the need to guarantee cost recovery so that stranded assets are not charged to rates and increasing willingness to use similar contractual vehicles as have been used for new transmission infrastructure to ensure generator capital cost recovery. Electric utilities and state commissions have repeatedly recognized the need to plan to meet new large load customers without exposing the existing customer rate base to the financial risks of those customers do not materialize or that the cost to serve those new large loads is not borne by the existing customers.

In addition to the PJM examples provided in Table 5 on page 21 of Ms. Hotaling’s testimony, Ms. Hotaling is aware of two other examples to provide as it relates to the load forecasting process. Dominion Energy South Carolina (“DESC”) reported that the “The Economic Development forecast includes only known, contracted projects (i.e., it does not consider any uncommitted or speculative projects).”¹ The Electric Reliability Council of Texas (“ERCOT”) develops its forecast of new large loads based on contracts and Office Letters. Contracts represent new large loads that have signed an agreement and made a financial commitment, and Office Letters, which represent a request without a signed agreement, but the Transmission System Provider (“TSP”) attests to the viability of the request between an officer of the TSP and an officer of ERCOT.²

- b. Provide examples of other state commissions, including any relevant case reference, that have issued orders that their incumbent load serving entities (LSE) establish large load tariffs that include a requirement “to post collateral” or “some other financial mechanism” to establish a level of commitment.**

Person responsible for response: Chelsea Hotaling

Response:

As it relates to jurisdictions with tariffs that have either been approved or proposed, the table below outlines the utilities that Ms. Hotaling is aware of. Staff may also wish to review the Smart Electric Power Alliance’s database of large load tariffs.³

¹ Dominion Energy South Carolina (“DESC”) IRP Advisory Group Session XIV at slide 27. Retrieved from https://www.desc-irp-stakeholder-group.com/Portals/0/Documents/MeetingMaterials/DESC_IRP_Stakeholder_Advisory_Group_Session_XIV_update_20240124.pdf

² 2025 ERCOT System Planning Long-Term Hourly Peak Demand and Energy Forecast (April 8, 2025) at 8. Retrieved from <https://www.ercot.com/files/docs/2025/04/08/2025-LTLF-Report.pdf>

³ Available at: <https://sepapower.org/large-load-tariffs-database/>

State	Utility
Ohio	AEP
Indiana	Indiana Michigan Power
Missouri	Evergy Missouri Metro
Colorado	Public Service Company of Colorado

Ms. Hotaling is also aware of several Commissions, outlined in the table below, that have used their authority to open dockets specifically to explore setting requirements on a range of issues surrounding new large load customers not just collateral requirements. For example, the Arizona Public Service Commission opened a docket to review existing rate classifications as it relates to data centers. The North Carolina Utilities Commission opened a docket to request comments on questions posed by the Commission and is planning to hold a technical conference in October. The Pennsylvania Public Utility Commission has also opened a docket where the Commission has posed questions to stakeholders and requested feedback on those questions. The Virginia State Corporation Commission also opened a docket where a technical conference was held, which included presentations from IOUs, co-ops, hyperscalers, local government and advocacy organizations.

Commission	Reference
Arizona Corporation Commission	Docket No. E-00000A-25-0069
North Carolina Utilities Commission	Docket No. E-100, SUB 208
Pennsylvania Public Utility Commission	Docket No. M-2025-3054271
Virginia State Corporation Commission	Case No. PUR-2024-00144

Dated: July 30, 2025

Respectfully submitted,

/s/ Joe F. Childers

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CERTIFICATE OF SERVICE

This is to certify that the foregoing copy of Sierra Club's Response to Commission Staff's Data Requests in this action is being electronically transmitted to the Commission on July 30, 2025, and that there are currently no parties that the Commission has excused from participation by electronic means in this proceeding.

/s/ Joe F. Childers

JOE F. CHILDERS

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

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CERTIFICATES)	

**AFFIDAVIT OF CHELSEA HOTALING
IN SUPPORT OF SIERRA CLUB'S RESPONSE TO COMMISSION STAFF'S
REQUESTS PROPOUNDED TO SIERRA CLUB**

State of Texas)
County of Dallas)

Chelsea Hotaling

Chelsea Hotaling

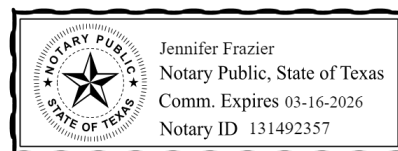
SUBSCRIBED, ACKNOWLEDGED, AND SWORN to before me by Chelsea Hotaling
this 29 day of July, 2025.

JF

Notary Public

Notary ID No.: 131492357

My Commission expires: **03/16/2026**



Notarized Online with NotaryLive.com

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter of:

ELECTRONIC APPLICATION OF KENTUCKY)	
UTILITIES COMPANY AND LOUISVILLE GAS)	
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CERTIFICATES)	

**AFFIDAVIT OF STACY SHERWOOD
IN SUPPORT OF SIERRA CLUB'S RESPONSE TO COMMISSION STAFF'S DATA
REQUESTS PROPOUNDED TO SIERRA CLUB**

COMMONWEALTH OF)
KENTUCKY)

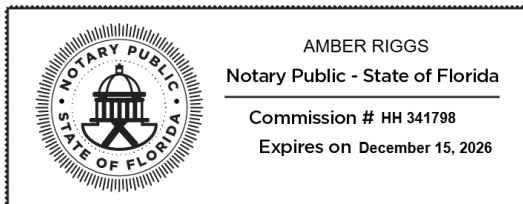
Stacy Lynn Sherwood

Stacy Sherwood

Bay County Florida

SUBSCRIBED, ACKNOWLEDGED, AND SWORN to before me by Stacy Sherwood

this 28th day of July, 2025.



Amber Riggs

Notary Public

Notary ID No.: HH 341798

My Commission expires: 12/15/2026

Notarized remotely online using communication technology via Proof.

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter of:

ELECTRONIC APPLICATION OF KENTUCKY)	
UTILITIES COMPANY AND LOUISVILLE GAS)	
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CERTIFICATES)	

**AFFIDAVIT OF JEREMY FISHER
IN SUPPORT OF SIERRA CLUB'S RESPONSE TO COMMISSION STAFF'S DATA
REQUESTS PROPOUNDED TO SIERRA CLUB**

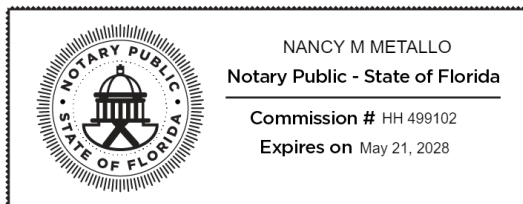
**COMMONWEALTH OF)
KENTUCKY)**



Jeremy Fisher

STATE OF FLORIDA COUNTY OF ORANGE

SUBSCRIBED, ACKNOWLEDGED, AND SWORN to before me by Jeremy Fisher
this 29th day of July, 2025.





Notary Public

Notary ID No.: HH 499102

My Commission expires: 05/21/2028

Produced Identification DRIVER LICENSE

Notarized remotely online using communication technology via Proof.