

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

**In the Matter of:**

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

**In the Matter of:**

<b>ELECTRONIC APPLICATION OF</b>	)	
<b>LOUISVILLE GAS AND ELECTRIC</b>	)	
<b>COMPANY FOR AN ADJUSTMENT OF ITS</b>	)	<b>CASE NO. 2025-00114</b>
<b>ELECTRIC AND GAS RATES, AND</b>	)	
<b>APPROVAL OF CERTAIN REGULATORY</b>	)	
<b>AND ACCOUNTING TREATMENTS</b>	)	

**KENTUCKY UTILITIES COMPANY AND  
LOUISVILLE GAS AND ELECTRIC COMPANY’S  
JOINT RESPONSE TO  
KENTUCKY BROADBAND AND CABLE ASSOCIATION’S  
PETITION FOR REHEARING**

Kentucky Utilities Company (“KU”) and Louisville Gas and Electric Company (“LG&E”) (collectively, the “Companies”) hereby respond to the Petition for Rehearing (“Petition”) of the Kentucky Broadband and Cable Association (“KBCA”) filed in these cases on March 9, 2026, and ask the Kentucky Public Service Commission (“Commission”) to deny the Petition for three reasons: (1) the Commission-approved Rate PSA rates are consistent with previously approved Rate PSA rates and have support in the evidentiary record of these cases;<sup>1</sup> (2) the Rate PSA rates

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<sup>1</sup> Case No. 2025-00113, Order at 182-190, 302-303, 307 (Ky. PSC Feb. 16, 2026) (“KU Order”); Case No. 2025-00114, Order at 191-199, 310, 315 (Ky. PSC Feb. 16, 2026) (“LG&E Order”).

are reasonable in the context of the Commission-approved Stipulation;<sup>2</sup> and (3) any change to Rate PSA rates will require a change to all approved rates to reallocate revenues, meaning that any reduction in Rate PSA rates will burden other customers.

**A. The approved Rate PSA rates are reasonable, consistent with prior precedent, and supported by the evidentiary record.**

Contrary to the assertions of KBCA's Petition,<sup>3</sup> the Commission's approved Rate PSA rates are reasonable, consistent with prior precedent, and supported by the evidentiary record in these cases. Notwithstanding the prospective guidance within the Commission's Final Orders concerning Rate PSA rates,<sup>4</sup> the Companies formulated Rate PSA rates in these proceedings using the same methodology they have used for multiple rate cases.<sup>5</sup> This is the same methodology that undergirded the Rate PSA rates to which KBCA's predecessor entity agreed in the Companies' 2014 rate cases and have remained unchanged until these cases—including having a single set of Rate PSA rates for both Companies.<sup>6</sup> Indeed, KBCA has acknowledged it is possible the Companies could merge in the near future,<sup>7</sup> making it the *least* appropriate time to separate rates that have been combined for more than ten years. Moreover, the Commission has acknowledged the Companies' stated intention to file a merger application in the first quarter of this year and to

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<sup>2</sup> Case Nos. 2025-00113 and 2025-00114, Joint Stipulation Testimony of Robert M. Conroy and Christopher M. Garrett, Exh. 1 (Oct. 20, 2025) ("Stipulation").

<sup>3</sup> KBCA Petition at 7-9.

<sup>4</sup> KU Order at 188-190, 307; LG&E Order at 197-199, 315.

<sup>5</sup> See Companies' Post-Hearing Brief at 29-40.

<sup>6</sup> Hornung Rebuttal at 19; *Application of Kentucky Utilities Company for an Adjustment of Its Electric Rates*, Case No. 2014-00371, and *Application of Louisville Gas and Electric Company for an Adjustment of Its Electric and Gas Rates*, Case No. 2014-00372, Order Appx. A, Settlement Agreement at 1 and 7 (Ky. PSC June 30, 2015); *Application of Kentucky Utilities Company For an Adjustment of Its Electric Rates and For Certificates of Public Convenience and Necessity*, Case No. 2016-00370, and *Application of Louisville Gas and Electric Company For An Adjustment of Its Electric and Gas Rates and For Certificates of Public Convenience and Necessity*, Case No. 2016-00371, Order Appx. A, Second Stipulation and Recommendation at 1 and 2 (Ky. PSC June 22, 2017).

<sup>7</sup> *Id.* at 10 ("I understand that the Companies are considering a merger.").

merge in early 2027.<sup>8</sup> Thus, the methodology for formulating the approved Rate PSA rates, including having a single set of Rate PSA rates for both Companies, was and is reasonable.

Most importantly -- and contrary to KBCA's assertions -- there is ample evidence in the record of these proceedings to support both the Companies' proposed Rate PSA rates and the stipulated Rate PSA rates.<sup>9</sup> *Indeed, in response to the Commission's Final Orders, the Companies provided additional item-by-item clarification about the source and derivation of each component of their proposed Rate PSA rates. This demonstrates how thoroughly grounded in the record of evidence the Rate PSA rates are.*<sup>10</sup> Importantly, this is information KBCA could have requested in third-round data requests or post-hearing data requests, *yet KBCA chose not to do so* even though the Companies' witness Michael E. Hornung repeatedly offered during the hearing held in these proceedings to provide such information in response to post-hearing data requests.<sup>11</sup> There is, therefore, ample and well-supported data in the record of these proceedings to support the stipulated Rate PSA wireline rates—or even higher rates, and KBCA should not be heard to complain of a lack of information it failed to adequately request.<sup>12</sup> Therefore, the Commission should deny KBCA's Petition.

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<sup>8</sup> KU Order at 287; LG&E Order at 295.

<sup>9</sup> *See, e.g.,* Companies' Corrected and Supplemental Response to KBCA's Second Request for Information, No. 2 (providing cost support for PSA wireline rates higher than the filed rates of \$10.13 for two-user poles and \$10.46 for three-user poles). *See also* Companies' Response to Commission Staff's First Request for Information, No. 54; Companies' Corrected Response to KBCA's First Request for Information, No. 13(d); Companies' Response to KBCA's First Request for Information, No. 13.

<sup>10</sup> Case Nos. 2025-00113 and 2025-00114, Companies' Rate PSA Calculations to Comply with Commission Orders (Feb. 26, 2026). In purple font in the far-right columns of the tabs in the spreadsheet labeled "Combined UG," "LG&E OH," and "KU OH," the Companies noted the source as filed in the record from which each of the inputs in the calculation was drawn.

<sup>11</sup> *See, e.g.,* November 6, 2025 Hearing, 2:31:25 p.m. – 2:31:38 p.m. ("Due to a post data hearing request, I'll be glad to get the appropriate witness to provide all justification and where it is within the record [in] which has already been filed all the numbers associated with the spreadsheet."), 2:34:22 p.m. – 2:34:38 p.m. ("All of those numbers are filed within the case and as such those witnesses who assisted in preparing this have provided that information would have the justification support associated [with] that which is already within this with it which is already filed within this case."), and 3:06:22 p.m. – 3:06:55 p.m., especially 3:06:47 p.m. – 3:06:55 p.m. ("In a post-hearing data request, we can clearly share with you specific numbers that were changed and a justification as to why ...").

<sup>12</sup> The Commission is generally unsympathetic to an intervenor's failure to investigate issues when it has an opportunity to do so. *See e.g. Electronic Application of Kenergy Corp. for a Certificate of Public Convenience and*

**B. The Commission-approved Rate PSA rates are reasonable per se and as part of a reasonable Stipulation.**

The Commission has long acknowledged there is no one exact rate or set of rates that is objectively correct; rather, there is a range or zone of reasonableness,<sup>13</sup> and it has approved rates, particularly those resulting from settlements or stipulations that fall within the bounds of reasonableness,<sup>14</sup> even when a rate might differ from what the Commission or Commission Staff might otherwise recommend.<sup>15</sup> Here, as shown above, there is ample evidence in the evidentiary

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*Necessity for the Construction of a High Speed Fiber Network and for Approval of the Leasing of the Network's Excess Capacity to an Affiliate to be Engaged in the Provision of Broadband Service to Unserved and Underserved Households and Businesses of the Commonwealth*, Case No. 2021-00365, Order at 4 (Ky. PSC Jan. 5, 2022) (denying KBCA's motion to amend the procedural schedule because, "It appears that KBCA sat on the issue of responses to data requests, and now requests to amend the procedural schedule to accommodate a delay that KBCA took no steps to address."); *Electronic Application of Kentucky-American Water Company for an Adjustment of Rates*, Case No. 2018-00358, Order at 5-6 (Ky. PSC June 27, 2019) ("Had LFUCG's goal been to get at the truth of the matter, i.e. the reasonableness of rate case expenses, it had more than ample opportunity to do so. Furthermore, we note that LFUCG took no effort to resolve the discovery dispute, which, it appears to the Commission, had it genuinely wanted to examine the reasonableness of rate case expenses, LFUCG would have taken the simple steps to contact Kentucky-American to obtain the detailed invoices. LFUCG then would have had ample time to address the unredacted invoices in its post-hearing brief.... Any 'harm' that LFUCG alleges is self-inflicted.").

<sup>13</sup> See, e.g., *Electronic Application of Atmos Energy Corporation for an Adjustment of Rates*, Case No. 2021-00214, Order at 53 (Ky. PSC May 19, 2022) ("The Commission further finds that the proposed customer charges for the remaining rate classes are within the range of reasonableness and are approved."); *Application of Kentucky Utilities Company for an Adjustment of Its Electric Rates*, Case No. 2012-00221, Order at 6 (Ky. PSC Dec. 20, 2012) ("Likewise, the parties' agreed-upon \$51,000,000 increase in KU's electric revenues is within the range of reasonableness produced by the Commission's ratemaking analysis ...."); *Adjustment of Rates of Kentucky-American Water Company*, Case No. 2008-00427, Order at 4-5 (Ky. PSC June 1, 2009) ("The signatories recommend rates that will produce additional annual operating revenues of \$10,300,000 and that are within the zone of reasonableness. We further find that the recommended tap fees are reasonable. ... Kentucky-American's Motion to Approve Settlement Agreement is granted."); *Proposed Adjustment of the Wholesale Water Service Rates of the Frankfort Electric and Water Plant Board*, Case No. 96-595, Order at 2 (Ky. PSC Aug. 11, 1997) ("Having considered the Settlement Agreement and being otherwise sufficiently advised, the Commission finds that the agreed rate falls within the zone of reasonableness and should be approved."). See also *Ky. PSC v. Commonwealth ex rel. Conway*, 324 S.W.3d 373, 383 (Ky. 2010) ("[B]ecause [KRS Chapter 278] generally recognize[s] a duty to establish 'fair, just, and reasonable' rates... the *Hope* doctrine that '[it is] the result reached rather than the method employed which is controlling' is applicable.").

<sup>14</sup> See, e.g., Case No. 2012-00221, Order at 7 (Ky. PSC Dec. 20, 2012) ("Based on its review of the provisions of the Settlement and the exhibits attached thereto; the voluminous record, including intervenor testimony and data responses; and the public comments, the Commission finds that the provisions of the Settlement are in the public interest and should be approved. The Settlement is the product of arms'- length negotiations involving many hours over several days among knowledgeable, capable parties. Approval of the Settlement is based solely on its reasonableness in total and does not constitute precedent on any issue except as specifically provided for therein.").

<sup>15</sup> See, e.g., *Application of Big Bear Wastewater, Inc. for an Adjustment of Rates*, Case No. 2009-00171, Order at 4 (Ky. PSC Feb. 26, 2010) ("Based upon our review of the evidence of record, we find that the stipulated rate should be accepted and authorized for service rendered on and after the date of this Order. The record contains sufficient evidence to demonstrate that the stipulated rate, while producing an annual level of revenue that exceeds that which Commission Staff recommended, is within the zone of reasonableness. Moreover, it was the product of extensive negotiations

record to support the stipulated Rate PSA rates, consistent with the Stipulation entered into in these proceedings by representatives of all customer classes and diverse interests.<sup>16</sup> Indeed, it is a Stipulation the Commission called “compelling” when viewed “holistically” based upon the extensive record developed in these proceedings.<sup>17</sup> Thus, contrary to KBCA’s Petition, the Commission’s approved Rate PSA rates are both reasonable per se and reasonable as part of a compelling overall Stipulation. The Commission should therefore deny KBCA’s Petition.

**C. Any changes to the approved Rate PSA rates will require changes to all rates to reallocate revenue, which would negatively impact all other customers if Rate PSA rates decreased.**

Finally, if the Commission does revise Rate PSA rates on rehearing, it must account for any revenue increase or decrease relative to the stipulated rates by reallocating that revenue increase or decrease across all other customer classes. As the Commission has acknowledged for over 40 years, pole attachment revenues do not affect the amount of a utility’s overall revenue requirement but rather appropriately offset revenue from other customers.<sup>18</sup> Thus, any change in revenue from Rate PSA customers must be reallocated to or from other customer classes, and any decrease in approved Rate PSA rates would thus harm all other customers of the affected utility. It is also worth repeating that, until now, the Companies’ Rate PSA rates have not increased since 2014.

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between the utility and its customers, each of whom was represented by legal counsel with significant experience before this agency”).

<sup>16</sup> See generally Stipulation at 1.

<sup>17</sup> KU Order at 18; LG&E Order at 18.

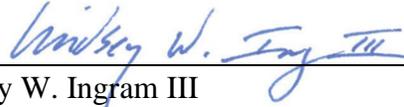
<sup>18</sup> See, e.g., Case Nos. 8040 & 8090, Order at 8 (Ky. PSC Aug. 26, 1981) (emphases original):

[Pole attachers] argued at the hearing that revenue from pole attachment charges are like “money from the wife’s folks,” i.e., that since the utility already has the pole in place and there is unused space on the pole, any charge therefor[e] is ‘reasonable.’ However, this Commission is of the opinion that all utility facilities should be operated to produce the optimal results; that if a utility facility can produce revenue from other uses without interference with essential utility operations, it must do so and for a fair, just and reasonable rate. In turn, the revenue from such ‘other uses’ reduces, pro tanto, the revenue that must be earned from conventional utility services rendered by the utility, thereby lowering the utility consumers’ overall rate.

**WHEREFORE,** Kentucky Utilities Company and Louisville Gas and Electric Company respectfully ask the Commission to issue an order denying KBCA's Petition for Rehearing.

Dated: March 16, 2026

Respectfully submitted,



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## CERTIFICATE OF SERVICE

In accordance 807 KAR 5:001, Section 8 as modified by the Commission's Order of July 22, 2021 in Case No. 2020-00085 (Electronic Emergency Docket Related to the Novel Coronavirus COVID-19), this is to certify that the electronic filing has been transmitted to the Commission on March 16, 2026; and that there are currently no parties in this proceeding that the Commission has excused from participation by electronic means.



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*Counsel for Kentucky Utilities Company  
and Louisville Gas and Electric Company*