

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

**In the Matter of:**

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

**RESPONSE OF**  
**KENTUCKY UTILITIES COMPANY**  
**TO**  
**THE SIERRA CLUB'S SECOND REQUEST FOR INFORMATION**  
**DATED JULY 31, 2025**

**FILED: AUGUST 12, 2025**

**VERIFICATION**

**COMMONWEALTH OF KENTUCKY** )  
 )  
**COUNTY OF JEFFERSON** )

The undersigned, **John Bevington**, being duly sworn, deposes and says that he is Senior Director – Business and Economic Development for PPL Services Corporation and he provides services to Louisville Gas and Electric Company and Kentucky Utilities Company, that he has personal knowledge of the matters set forth in the responses for which he is identified as the witness, and the answers contained therein are true and correct to the best of his information, knowledge, and belief.

  
\_\_\_\_\_  
**John Bevington**

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 7<sup>th</sup> day of August 2025.

  
\_\_\_\_\_  
Notary Public

Notary Public ID No. KYNP4577

My Commission Expires:

April 1, 2028



**VERIFICATION**

**COMMONWEALTH OF KENTUCKY** )  
 )  
**COUNTY OF JEFFERSON** )

The undersigned, **Robert M. Conroy**, being duly sworn, deposes and says that he is Vice President, State Regulation and Rates, for Kentucky Utilities Company and Louisville Gas and Electric Company and an employee of LG&E and KU Services Company, that he has personal knowledge of the matters set forth in the responses for which he is identified as the witness, and the answers contained therein are true and correct to the best of his information, knowledge, and belief.

  
\_\_\_\_\_  
**Robert M. Conroy**

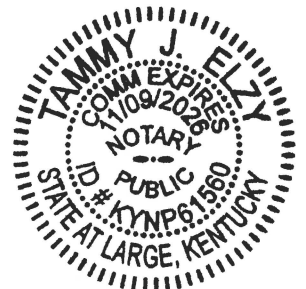
Subscribed and sworn to before me, a Notary Public in and before said County and State, this 11<sup>th</sup> day of August 2025.

  
\_\_\_\_\_  
Notary Public

Notary Public ID No. KYNP61560

My Commission Expires:

November 9, 2026



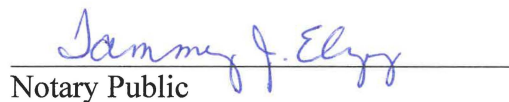
# VERIFICATION

COMMONWEALTH OF KENTUCKY )  
 )  
COUNTY OF JEFFERSON )

The undersigned, **Michael E. Hornung**, being duly sworn, deposes and says that he is Manager of Pricing/Tariffs for LG&E and KU Services Company, that he has personal knowledge of the matters set forth in the responses for which he is identified as the witness, and the answers contained therein are true and correct to the best of his information, knowledge, and belief.

  
**Michael E. Hornung**

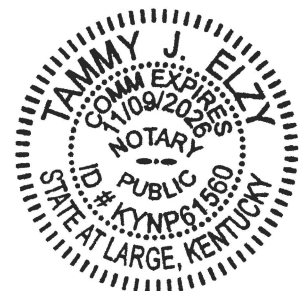
Subscribed and sworn to before me, a Notary Public in and before said County and State, this 11<sup>th</sup> day of August 2025.

  
Notary Public

Notary Public ID No. KYNP61560

My Commission Expires:

November 9, 2026



**VERIFICATION**

**STATE OF VERMONT**

)

**COUNTY OF CHITTENDEN**

)

)

The undersigned, **Timothy S. Lyons**, being duly sworn, deposes and says that he is a Partner with ScottMadden Inc., that he has personal knowledge of the matters set forth in the responses for which he is identified as the witness, and the answers contained therein are true and correct to the best of his information, knowledge and belief.

Timothy S. Lyons

**Timothy S. Lyons**

On this 11 day of August, 2025, before me, the undersigned notary public, personally appeared **Timothy S. Lyons**, proved to me through satisfactory evidence of identification, which were Drivers license to be the person whose name is signed on the preceding or attached document in my presence.

(seal)



Sara Goewey

Notary Public Signature

**KENTUCKY UTILITIES COMPANY**

**Response to Sierra Club's Second Request for Information  
Dated July 31, 2025**

**Case No. 2025-00113**

**Question No. 2-1**

**Responding Witness: Michael E. Hornung**

- Q-2-1. Refer to the Direct Testimony of Mr. Hornung, page 5 at lines 1-2 with respect to proposed rate EHLF. Have the Companies developed a proposed rate sheet (e.g. Rates, Terms, and Conditions for Furnishing Electric Service) or similar for proposed rate EHLF? If so, please provide the proposed rate sheet. If not, when will the Companies seek Commission approval of the specific terms of proposed rate EHLF?
- A-2-1. See the following schedules for the corresponding filing requirements for both Companies, specifically proposed Tariff Sheet Nos. 26 to 26.2:

Proposed Tariff Section	16(1)(b)(3) Tab 4
Proposed Tariff Changes Section	16(1)(b)(4) Tab 5

**KENTUCKY UTILITIES COMPANY**

**Response to Sierra Club's Second Request for Information**

**Dated July 31, 2025**

**Case No. 2025-00113**

**Question No. 2-2**

**Responding Witness: Robert M. Conroy / Michael E. Hornung**

Q-2-2. Refer to the Direct Testimony of Mr. Hornung, page 4 at lines 9-16 with respect to proposed rate EHLF.

- (a) Please explain how the Companies arrived at a 100 MVA threshold for customers that would take service under Rate EHLF. Provide any workpapers or evidence that 100 MVA is a reasonable threshold for this customer class.
- (b) Please explain how the Companies arrived at an 85 percent average monthly load factor threshold for customers that would take service under Rate EHLF. Provide any workpapers or evidence that an 85 percent average monthly load factor is a reasonable threshold for this customer class.
- (c) Does proposed Rate EHLF sufficiently provide for the recovery of accelerated costs to "acquire additional generation resources to supply [customers with large demands] needs" without imposing cost shift to incumbent customers. Provide any evidence or workpapers to support the response to this question.

A-2-2.

- (a) See the response to PSC 3-70.
- (b) See the response to PSC 3-70.
- (c) It is unclear what "accelerated costs" are. Regardless, Rate EHLF creates no "cost shift"; the Company has no Rate EHLF customers, and it assumes none in the test year in this case. Therefore, it is not possible for Rate EHLF to shift any costs, "accelerated" or otherwise, for the purposes of setting rates in this proceeding.

Regardless, the Company has an obligation to serve all customers in its service territory. The obligation to serve an existing or new customer is not contingent upon how or whether serving that customer has provided or will

provide benefits to other customers relative to not serving that customer.<sup>1</sup> Only when a utility offers economic development demand-charge discounts to tariffed rates to a prospective customer does a utility have to demonstrate that serving that customer will not increase costs to other customers and will provide some marginal benefit by providing additional revenues to cover already existing fixed costs.<sup>2</sup> In this proceeding, the Company is not proposing any rate discounts for prospective Rate EHLF customers.

Also, with the exception of purely voluntary, elective renewable generation resources individual customers ask the Company to acquire that are above and beyond what is required to provide safe and reliable service at the lowest reasonable cost (e.g., the Solar Share Program, Business Solar, and Green Tariff Option #3), the Company does not have generation resources dedicated to a particular customer or group of customers. Rather, except those elective generation resources—for which the requesting customers pay—all customers benefit from *all* of the Company's generation resources. Thus, all customers appropriately pay cost-based rates for all such resources based on

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<sup>1</sup> See, e.g., KRS 278.010(14) (“‘Adequate service’ means having sufficient capacity to meet the maximum estimated requirements of the customer to be served during the year following the commencement of permanent service and to meet the maximum estimated requirements of other actual customers to be supplied from the same lines or facilities during such year and to assure such customers of reasonable continuity of service”); KRS 278.018(3); KRS 278.030(2); *Electronic Application of Kentucky Utilities Company for a Certificate of Public Convenience and Necessity for the Construction of Transmission Facilities in Hardin County, Kentucky*, Case No. 2022-00066, Order at 18 (Ky. PSC July 28, 2022) (“KU has a statutory obligation to serve Ford, and meet Ford's needs for retail electric service, even though Ford will require more power than any other customer on KU's system when Ford becomes fully operational. KU's obligation to serve is not altered or diminished in any way simply because Ford is uniquely situated and meeting Ford's needs for power will require KU to construct transmission facilities.”); *An Assessment of Kentucky's Electric Generation, Transmission, and Distribution Needs*, Admin. Case No. 2005-0090, Order Appx. A at 60 (Ky. PSC Sept. 15, 2005) (“[T]he Commission concludes that Kentucky should preserve its current statutory and regulatory framework, which focuses primarily on the utilities' obligation to serve the electrical needs of customers within a defined service territory.”); *Joint Application of Powergen PLC, LG&E Energy Corp., Louisville Gas and Electric Company, and Kentucky Utilities Company for Approval of a Merger*, Case No. 2000-00095, Order at 22-24 (Ky. PSC May 15, 2000) (“NAS asserted that serving existing and new Kentucky loads must be LG&E Energy's top priority. ... The Commission concurs that serving existing and new Kentucky load must be a high priority for LG&E Energy. ... In response to these concerns, PowerGen has committed to allowing LG&E and KU to acquire the necessary resources, whether through new generating capacity or firm contracts, in an effort to give priority to new and existing native load. ... The Commission will monitor the fulfillment of this commitment by the Applicants, including, if appropriate, the consideration of new base-load or intermediate-load generation.”); *The Consideration and Determination of the Appropriateness of Implementing a Ratemaking Standard Pertaining to the Purchase of Long-Term Wholesale Power by Electric Utilities as Required in Section 172 of the Energy Policy Act of 1992*, Admin. Case No. 350, Order at 7 (Ky. PSC Oct. 25, 1993) (“However, the Commission notes that a utility has a statutory obligation to serve the public.”); *Walter Callihan and Goldie Callihan v. Grayson RECC*, Case No. 10233, Order at 2-3 (Ky. PSC May 1, 1989) (“As a public utility, it has an obligation to serve all applicants for service located within its service territory.”).

<sup>2</sup> See, e.g., *An Investigation into the Implementation of Economic Development Rates by Electric and Gas Utilities*, Admin. Case No. 327 at 8 (Ky. PSC Sept. 24, 1990).



allocations of those costs determined in fully allocated embedded cost of service studies.<sup>3</sup>

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<sup>3</sup> See, e.g., *General Adjustment of Electric Rates of East Kentucky Power Cooperative, Inc.*, Case No. 2006-00472, Order at 36-37 (Ky. PSC Dec. 5, 2007) (“EKPC filed a fully allocated, embedded cost-of-service study in order to determine the contribution that each customer class was making toward its overall rate of return and as an indicator of whether its rates reflect the cost to serve each customer class. ... The Commission finds that EKPC’s cost-of-service study is reasonable and consistent with the methodology accepted in previous rate cases ....”).

**KENTUCKY UTILITIES COMPANY**

**Response to Sierra Club's Second Request for Information  
Dated July 31, 2025**

**Case No. 2025-00113**

**Question No. 2-3**

**Responding Witness: Michael E. Hornung**

Q-2-3. Refer to the Companies' response to Walmart Discovery Set 1, Q-8(b) with respect to proposed rate EHLF ("Q: For customers with multiple locations within the Companies' service territory, will the Companies aggregate the customers' load to satisfy the 100 MVA threshold? A: No.").

- (a) Please clarify if the Company would seek to exclude from EHLF potentially eligible customers who develop multiple facilities in proximity, but connected through separate meters. For example, if a customer sought to develop four 25 MW data centers as a "campus" but connected through separate meters, would they be rendered ineligible for EHLF?
- (b) Please explain the Companies' reasoning for excluding customers that may exceed the EHLF thresholds in aggregate.

A-2-3.

- (a) The Commission's regulations prohibit load aggregation. See 807 KAR 5:041 Sec. 9(2): "The utility ***shall*** regard each point of delivery as an independent customer and meter the power delivered at each point. Combined meter readings ***shall not*** be taken at separate points ...." (Emphases added.) That notwithstanding, nothing would preclude the Company from seeking to require a customer who so clearly sought solely to evade the Company's Rate EHLF tariff provisions to enter into special contracts that included all the same rates, terms, and conditions as Rate EHLF (except the greater-than-100 MVA eligibility requirement).
- (b) See the response to part (a).

**KENTUCKY UTILITIES COMPANY**

**Response to Sierra Club's Second Request for Information**

**Dated July 31, 2025**

**Case No. 2025-00113**

**Question No. 2-4**

**Responding Witness: Robert M. Conroy / Michael E. Hornung / Timothy S. Lyons**

Q-2-4. Refer to the Direct Testimony of Mr. Hornung, page 5 at 11-13 ("Having a single demand charge ensures these extremely high load factor customers pay their full and fair share of demand-related transmission and generation costs.")

- (a) Please explain how a "single demand charge ensures that ... extremely high load factor customers pay their full and fair share ..."
- (b) Is it the Company's assertion that a demand charge unto itself is sufficient to ensure that EHLF customers are paying their full and fair share, or that appropriate rate allocation mechanisms ensure that EHLF customers pay their full and fair share?
- (c) If EHLF is approved, are the Companies proposing to maintain 6-CP (six month coincident peak) as their primary allocator for production- and transmission-related expenses? If so, please explain why in the Companies view, 6-CP remains relevant for high load factor customers under rate EHLF.
- (d) Have the Companies produced a cost of service study or any assessments that incorporate prospective customers taking service under EHLF? If so, please provide such studies or assessments in their original form, and any memoranda or communications assessing the outcome of such studies. If not, why not?
- (e) Have the Companies assessed how demand allocators other than 6-CP would change projected costs for other customer classes or EHLF customers, or if 6-CP results in cost shifting between customer classes? If so, please provide these assessments. If not, why not?
- (f) Please explain if the Company expects to allocate resources built for or because of EHLF customers to those customers or EHLF class, or use traditional rate allocation mechanisms. Specifically, please discuss line extension costs and substations, network upgrade or transmission costs, and new generation costs.

A-2-4.

- (a) See Mr. Hornung's testimony at page 5 lines 5-13 and the Company's response to JI 2-7.
- (b) See the response to part (a).
- (c) Because the Company does not expect Rate EHLF customers' demand to fluctuate appreciably daily or seasonally, a 6-CP allocation will continue to be appropriate to allocate costs to this new rate class.
- (d) No. See the response to Question No. 2-2(c).
- (e) See the response to part (c).
- (f) The Company will continue to apply a combination of traditional rate allocation mechanisms, tariff provisions associated with line extensions, applicable Open Access Transmission Tariff provisions and requirements regarding transmission costs, and potential excess facilities to address Rate EHLF customers as applicable.

See also the response to Question No. 2-2(c).

**KENTUCKY UTILITIES COMPANY**

**Response to Sierra Club's Second Request for Information  
Dated July 31, 2025**

**Case No. 2025-00113**

**Question No. 2-5**

**Responding Witness: John Bevington / Michael E. Hornung**

Q-2-5. Refer to the Direct Testimony of Mr. Hornung, page 4 at 9-13.

- (a) Are the Companies aware that numerous "customers with large demands and very high load factors" have expressed public interest in acquiring or contracting for significant renewable energy with host utilities? If so, what provisions are the Companies proposing to accommodate those customers' interests, if any?
- (b) Please provide an updated assessment of the queue for potential EHLF customers, referring to Companies response in docket 2025-00045 (CPCN) to Attorney General 1.33(a), (file "15-AG-KIUC\_DR1\_LGE\_KU\_Attach\_to\_Q33(a) - \_03.31.25\_C4\_Project\_Tracking.xlsx")
- (c) Amongst the Company's prospective EHLF customers, are any in the set of industry- parlance "hyperscalers" (commonly known to include Amazon, Apple, Google, Meta, and Microsoft)

A-2-5.

- (a) Yes. The potential customers referenced in Mr. Hornung's testimony may be ones that have expressed interest in renewable energy availability publicly. See the response to LFUCG 2-15.
- (b) See the response to PSC 2-32.
- (c) Yes.