COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

RESPONSE OF
KENTUCKY UTILITIES COMPANY
TO
THE COMMISSION STAFF'S SIXTH REQUEST FOR INFORMATION

DATED OCTOBER 10, 2025

FILED: OCTOBER 20, 2025

VERIFICATION

COMMONWEALTH OF KENTUCKY)

COUNTY OF JEFFERSON)

The undersigned, **Chad E. Clements**, being duly sworn, deposes and says that he is the Director – Regulated Utility Tax for PPL Services Corporation and currently provides tax related 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 a witness, and that the answers contained therein are true and correct to the best of his information, knowledge, and belief.

Signed by:
Chad Clements
563EC22E6AAC41B...
Chad E. Clements

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 16th day of October 2025.

Caroline J. Davison
Notary Public

Notary Public ID No. KYNP63286

My Commission Expires:

January 22, 2027

CAROLINE J. DAVISON
COMM EXPIRES 1/22/2027
NOTARY PUBLIC
ID # KYNP63286
STATE AT LARGE, KENTUCKY

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 LG&E and KU Services Company, that she has personal knowledge of the matters set forth in the responses for which she is identified as the witness, and 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 17th day of October 2025.

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

KENTUCKY UTILITIES COMPANY

Response to Commission Staff's Sixth Request for Information Dated October 10, 2025

Case No. 2025-00113

Question No. 1

Responding Witness: Chad E. Clements / Andrea M. Fackler

Q-1. Refer to KU's response to Commission Staff's First Request for Information, Item 54, Attachment – Sch B, as supplemented. Specifically, the following Accumulated Deferred Income Tax (ADIT) balances:

Shown on 'BS tab' for Aug. 2025 (excel column P):

Account	Aug 2025 Balance
190.0 – Deferred Income Tax	57,335,686
190.3 – Acc Def Inc Tax NC FASB 109	146,971,361
Total Account 190	204,307,047
282.0 – Def Inc Tax-Other Property	1,014,202,207
283.0 – Def Inc Tax Other non-Current	123,777,005
283.1 – Acc Def Inc Tax NC FASB 109	8,489,920
Total Accounts 282 and 283	1,146,469,132
Total Accounts 190, 282, and 283	1,350,776,179

Refer also to Schedule B-6, page 1, line no. 3, in the column labeled 'Jurisdictional Total': Deferred Income Taxes (a): 1,342,239,306.

a. Reconcile the Accumulated Deferred Income Tax (ADIT) balance of 1,342,239,306 shown on Schedule B-6 with the total ADIT Account 190, 282, and 283 balance of 1,350,776,179 shown on the Balance Sheet.

b. Provide a detailed explanation of why any ADIT balances from the balance sheet were excluded from rate base in the calculation of the revenue requirement in this case.

A-1.

a. The table above adds the Deferred Tax Asset and Liability balances together, whereas these balances should be netted. This would result in a net ADIT balance of $942,162,085 per the balance sheet. The following table reconciles this net ADIT balance of $942,162,085 with the ADIT balance of $1,342,239,306 shown on Schedule B-6. Also included are the

ADIT amounts reflected in the Company's updated revenue requirement schedules filed on August 25, 2025 as a supplemental response to PSC 1-54.

Per Filing	Per Supplemental Filing	
$ 1,014,202,207	$ 1,014,695,368	282.0 - Def Inc Tax - Other property
$ 123,777,005	$ 123,773,017	283.0 - Def Inc Tax - Other non-current
$ 8,489,920	$ 8,489,920	283.1 - Acc Def Inc Tax NC FASB 109
$ 1,146,469,132	$ 1,146,958,305	ADIT Liability - 'BS tab', excel row 239, column P
$ (57,335,686)	$ (57,352,323)	190.0 - Deferred Inc Tax
$ (146,971,361)	$ (146,971,361)	190.3 - Acc Def Inc Tax NC FASB 109
$ (204,307,047)	$ (204,323,684)	ADIT Asset - 'BS tab', excel row 110, column P
$ 942,162,085	$ 942,634,621	Net ADIT Liability
$ (36,821,589)	$ (37,106,140)	182.27 - Other Reg Assets Def Tax (Liab LT)
$ 520,172,049	$ 520,172,049	254.9 - Other Reg Liab LT Def Tax
$ 985,181	$ 985,181	Electric Below the Line Deferred Taxes
$ 2,849,205	-	AFUDC Debt ADIT Adj corrected in the supplemental filing
$ 1,429,346,931	$ 1,426,685,712	Total - Schedule B-6, page 1, line no. 3
93.91%	93.90%	Juris. Percent Schedule B-6, page 1, line no. 3
$ 1,342,239,306	$ 1,339,648,709	Juris Total - Schedule B-6, page 1, line no. 3

b. The ADIT balance shown on Schedule B-6 encompasses all ADIT assets and liabilities, adjusted for (1) ASC 740 Income Tax Regulatory Assets and Liabilities and (2) Non-Operating ADIT.

(1) ASC 740 (formerly FAS 109) is the U.S. GAAP standard for income tax accounting, while ASC 980 (formerly FAS 71) specifies the treatment of deferred taxes for regulated utilities. Under ASC 740, deferred tax balances are required to be remeasured when tax laws or tax rates change, as occurred in 2017 with the Tax Cuts and Jobs Act. ASC 980 requires that any excess ADIT resulting from a tax rate reduction shall be treated as a regulatory liability and returned to customers over an agreed period, or, for "protected" ADIT, according to IRS normalization rules using the average rate assumption method. ASC 740 also requires adjustments for tax gross ups on future tax items such as AFUDC Equity, unamortized ITC, and ITC basis adjustments, which create ASC 980 regulatory assets and liabilities. These ASC 740

adjustments are used to adjust the GAAP ADIT balances to ensure that only regulatory ADIT balances offset rate base. Refer to accounts 182 and 254 in the response to part (a).

(2) ADIT associated with non-operating income and expenses is excluded from this balance. See the amount labeled "Electric Below the Line Deferred Taxes" in the response to part (a).

KENTUCKY UTILITIES COMPANY

Response to Commission Staff's Sixth Request for Information
Dated October 10, 2025

Case No. 2025-00113

Question No. 2

Responding Witness: Chad E. Clements / Andrea M. Fackler

Q-2. Refer to Schedule B-6, page 1, line 3. Provide a detailed breakdown of ADIT balances by plant function and by non-plant item for August 2025 and each month through December 2026. In the response, use at least the same level of detail for non-plant items as reported on FERC Form 1 on pages 234, 274-275, and 276-77.

A-2. See the attachment to the response to AG-KIUC 1-77(a), tab "Deferred Tax Detail" for the detailed breakdown of ADIT balances reflected in the Company's original revenue requirement schedules provided in the response to PSC 1-54.

KENTUCKY UTILITIES COMPANY

Response to Commission Staff's Sixth Request for Information
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Case No. 2025-00113

Question No. 3

Responding Witness: Chad E. Clements / Andrea M. Fackler

Q-3. Refer to Schedule B-6, page 2, line 3. Confirm the forecasted Accumulated Deferred Income Taxes balances shown is prorated. If so, provide the proration calculations. If not, provide an explanation as to why they have not been prorated.

A-3. Confirmed. See the attachment to the response to AG-KIUC 1-77(a), tab "Pro rata Def Tax" for the prorated ADIT calculation reflected in the Company's original revenue requirement schedules provided in the response to PSC 1-54. See below for the prorated ADIT calculation reflected in the Company's updated revenue requirement schedules provided in the supplemental response to PSC 1-54 on August 25, 2025.

KENTUCKY UTILITIES COMPANY
ELECTRIC
Accumulated Deferred Taxes on Income
As of December 31, 2026
Reg 1.167(l)-(h)(6)ii
(Dollars)

Line No.		Quarterly Decrease	Proration	Amount
1	Projected Accumulated Deferred Taxes at December 31, 2025			$ 1,430,645,856
2	Projected Accumulated Deferred Taxes at December 31, 2026			1,421,303,720
3	Decrease in Accumulated Deferred Taxes for the forward year			$ (9,342,136)
4	Balance December 31, 2025			$ 1,430,645,856
5	January 1- March 31, 2026	$ (1,328,214)	275/365	(1,000,709)
6	April 1- June 30, 2026	(2,964,321)	185/365	(1,502,464)
7	July 1- September 30, 2026	(2,930,477)	93/365	(746,669)
8	October 1- December 31, 2026	(2,119,125)	1/365	(5,806)
9	Pro rata Balance December 31, 2026	0		$ 1,427,390,207