

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

In the Matter of:

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

DIRECT TESTIMONY OF
JOHN R. CROCKETT III
PRESIDENT OF LG&E AND KU ENERGY LLC
AND SENIOR VICE PRESIDENT AND
CHIEF DEVELOPMENT OFFICER,
PPL SERVICES CORPORATION
ON BEHALF OF
KENTUCKY UTILITIES COMPANY AND
LOUISVILLE GAS AND ELECTRIC COMPANY

Filed: May 30, 2025

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1 **INTRODUCTION**

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

3 A. My name is John R. Crockett III. I am the President of LG&E and KU Energy LLC
4 and Senior Vice President and Chief Development Officer, PPL Services Corporation.
5 My testimony is on behalf of Kentucky Utilities Company (“KU”) and Louisville Gas
6 and Electric Company (“LG&E”) (collectively, the “Companies”). My business
7 address is 820 West Broadway, Louisville, Kentucky 40202. A complete statement of
8 my education and work experience is attached to this testimony as Appendix A.

9 **Q. Have you previously testified before this Commission?**

10 A. Yes, I testified before this Commission in Case No. 2022-00402, in which the
11 Companies requested approval of demand and supply side proposals.¹

12 **Q. Are you sponsoring any required schedules or exhibits?**

13 A. Yes, I am sponsoring and providing the attestation required under 807 KAR 5:001
14 Section 16(7)(e), which confirms that the Companies’ most recent business plan is the
15 source of financial projections for these proceedings.

16 **SUMMARY OF TESTIMONY**

17 **Q. What is the purpose of your testimony?**

18 A. I first identify the main drivers behind our decision to file these cases. I then explain
19 how the Companies continue to provide a good value for the service we provide to our
20 customers along with insight into the business philosophy of our organization and a
21 review of important performance factors for our Companies. I discuss our focus on

¹ *In the Matter of: 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* (Case No. 2022-00402).

1 economic development, which is moving in lockstep with the Commonwealth's focus
2 on economic development, including the focus on attracting data centers to the
3 Commonwealth. On this issue, I provide my perspective on significant changes we are
4 seeing in the energy industry along with our ingrained commitment to serve all
5 customers at fair, just, and reasonable rates which includes our assistance to low-
6 income customers. Finally, throughout my testimony, I highlight our ongoing
7 efficiency and productivity efforts.

8 **Q. As President of LG&E and KU, what is the primary focus of the Companies?**

9 A. Customer service is always at the forefront of our actions, whether it involves a brief
10 dialogue with a customer to establish service or to respond to a need for a long-term
11 investment of hundreds of millions of dollars to serve customers in the decades ahead.
12 I am very proud of the Companies' ongoing satisfaction of our obligation to serve our
13 customers. I believe that, based on an objective review of the Companies' record, we
14 have a history of making very sound and prudent short- and long-term decisions.

15 Our business processes and employee culture are designed to encourage
16 thoughtful and customer-focused decision-making. We identify the needs to be met,
17 we conduct a thorough analysis of our options, evaluate past decisions for lessons
18 learned, and reach our recommendations. We then take action, which is why we
19 recently filed a case² seeking approval for the construction of new generation.
20 Throughout every step in the process, our customers' interest is the driving force. And
21 we always endeavor to improve our performance. We strive to serve as a trusted energy
22 partner with our customers to power our communities and to explore new opportunities

² *Electronic Application of Louisville Gas and Electric Company for Certificates of Public Convenience and Necessity and Site Compatibility Certificates*, Case No. 2025-00045 Application (Feb. 28, 2025).

1 to better serve our customers. My role as the President is to ensure that we continuously
2 act in this way. I am proud of the way we balance all stakeholder interests and deliver
3 safe, reliable, environmentally sound energy to our customers at low costs.

4 **Q. What conditions have prompted the filing of these applications?**

5 A. The Companies filed their last rate cases in 2020, so it has been nearly five years since
6 we have sought a base rate increase. In agreeing to a partial resolution of those cases,
7 we committed to a four-year stay-out, which was a significant commitment.³ Since
8 then, we have been intensely focused on improving our service reliability and planning
9 for the future. At that time, we did not know what economic impacts like inflation
10 would occur. Of course, during that time, we have seen extremely high levels of
11 inflation which have impacted our ability to achieve our financial goals. For context,
12 for the years 2021 – 2024, the cumulative amount of inflation was 19.7% (2021 of 4.7%
13 + 2022 of 8.0% + 2023 of 4.1% + 2024 of 2.9% = 19.7%).⁴ This amount is significantly
14 higher than the overall percentage increase the Companies are requesting in these cases
15 of 10.7%.

16 Our ability to keep the requested increase in these cases to an amount
17 significantly lower than the levels of inflation since our last rate cases are a testament

³ The Companies committed not to seek to have new base rates put into effect prior to July 1, 2025 (though they could file base rate applications prior to that if the rates would not go into effect prior to July 1, 2025). See *Electronic Application of Kentucky Utilities Company for an Adjustment of Its Electric 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. 2020-00349 and *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, Order (Ky. PSC June 30, 2021), Stipulation Testimony of Kent W. Blake at 5 (Apr. 19, 2021) (“The Companies have committed in the Stipulation not to seek to have new base rates put into effect prior to July 1, 2025 (though they may file base rate applications in calendar year 2024 if the rates will not go into effect prior to July 1, 2025).”).

⁴ <https://www.usinflationcalculator.com/inflation/historical-inflation-rates/>

1 to our focus on controlling our operation and maintenance expenses. However,
2 notwithstanding that, our intense focus on improving service and reliability and
3 planning for the future requires us to file these cases for three main reasons.

4 First, although the Companies' transmission system performs incredibly well
5 most of the time, the data shows that we need to harden it to ensure continued service
6 reliability to our customers. Second, the same is true for the Companies' distribution
7 system. It, too, performs very well most of the time, but it also needs to be hardened
8 to ensure continued service reliability. Third, the Companies must make significant
9 investments in our information technology ("IT") systems and platforms to replace
10 outdated and obsolete systems and to ensure the security of our systems. These three
11 initiatives are significant both in importance and cost. But they are critical and
12 necessary for the continued provision of reliable service. And, of course, we do not
13 undertake these initiatives without also having a sharp focus on operating and
14 maintenance efficiencies to minimize the rate impact to customers. At all times,
15 whether the world is relatively stable or rather tumultuous, we carefully consider our
16 options with an eye towards the future. I believe if you look at our Companies' history
17 and our results, it is clear that we carefully plan and strategically execute for the benefit
18 of our customers.

19 **PERFORMANCE OF KU AND LG&E**

20 **Q. Will you please comment on how the Companies measure operational**
21 **effectiveness?**

22 A. The generation and delivery of safe and reliable energy to over a million customers is
23 a data-intensive business. Every day there are thousands of operating parameters that
24 are captured, analyzed, and acted upon by the Companies. This mode of operation is

1 required to achieve operational excellence. But in a changing environment with new
2 demands and challenges, the Companies must continuously explore opportunities for
3 improvement. Accordingly, I regularly focus on certain parameters from various parts
4 of the Companies that capture and indicate overall operational effectiveness. The
5 metrics I reference below demonstrate the very strong performance of the Companies
6 and our continuous improvement efforts. We have enhanced the safety, operation and
7 efficiency of our already reliable generation fleet, electrical transmission and
8 distribution network, and natural gas distribution network. But there is more to be
9 done. And all of it will be done with an intense focus on our customers.

10 **Q. What are some of the Companies' significant operational achievements with the**
11 **generation of electricity?**

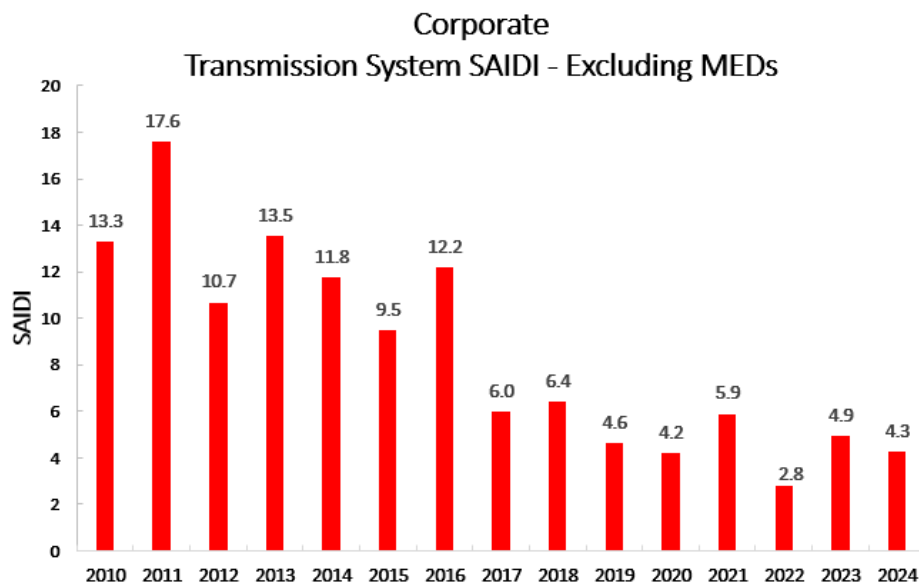
12 A. Our generation fleet has the largest capital investment among the lines of business. The
13 reliability of the Companies' generation resources, particularly over the past few years,
14 has significantly exceeded that of our peers. Average Equivalent Forced Outage Rate
15 ("EFOR") is an established industry measure of reliability and is the best indicator of
16 overall performance level. The data shown in the following chart demonstrates the
17 Companies' excellent EFOR results in generation reliability over the past six years
18 using the EFOR metric, as well as our sustained excellence in this area compared to
19 industry benchmarked performance:
20

1

Reporting Year	Companies' Fleet	NERC Industry Top Quartile EFOR	NERC Industry Top Decile EFOR
2024	2.04	Not available	Not available
2023	1.64	8.03	5.03
2022	2.74	6.15	4.73
2021	1.76	6.00	2.75
2020	1.51	6.30	3.67
2019	2.34	4.23	2.80
2018	2.79	5.38	2.80

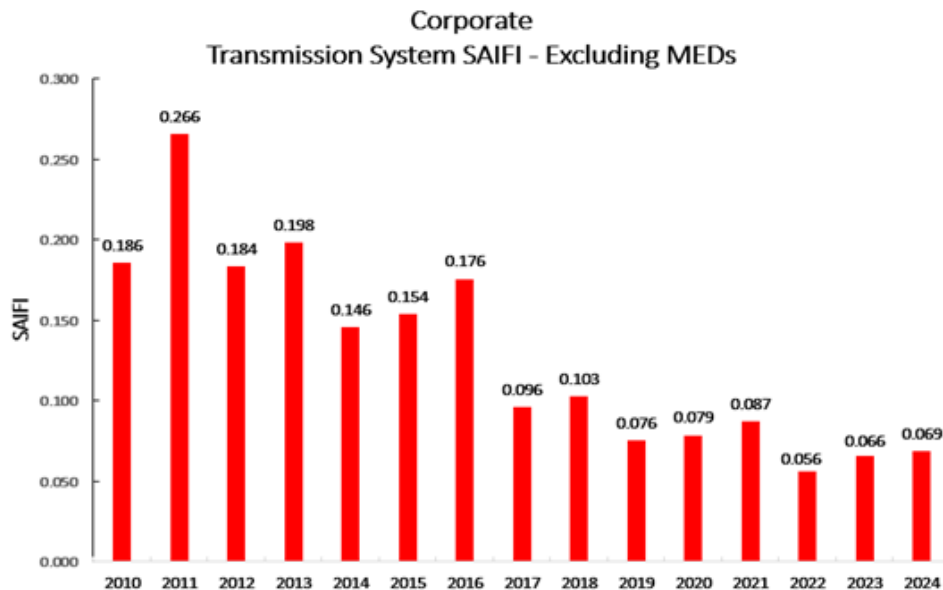
2 **Q. Have the Companies' achieved operational excellence with their electric**
3 **transmission and distribution network?**

4 A. Yes. For electric transmission and distribution, key indicators are the System Average
5 Interruption Duration Index ("SAIDI") and System Average Interruption Frequency
6 Index ("SAIFI"). The data in the following chart shows the Companies' historical
7 Transmission SAIDI dating back to 2010 and demonstrates the Companies' strong
8 SAIDI performance for transmission excluding major weather event days ("MED").



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1 Likewise, the SAIFI (outage frequency) has also been strong excluding MEDs:



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These metrics demonstrate that the Companies' historical transmission investments are paying off and the same is true for the Companies' distribution system. But further investment in both the transmission and distribution systems is needed to ensure long-term resiliency and reliability for the benefit of customers..

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As Elizabeth McFarland explains in her testimony, the Companies have implemented a risk-based, data driven approach to investment in the transmission system which reduces reliability risk and applies cost/benefit modeling to guide strategies for asset replacements and optimize value for customers. And as explained in Peter Waldrab's testimony, the Companies have likewise developed an investment strategy for the distribution system which focuses on system hardening and resiliency, particularly focused on improving system performance and reliability during extreme weather events which are becoming more frequent. Ms. McFarland and Mr. Waldrab explain those needed investments in detail in their respective testimonies.

16

Q. Has LG&E's gas business also performed well?

1 A. Yes, LG&E's gas distribution business has also excelled. The safety of LG&E's
2 employees, customers, and the general public is the highest priority of the Company's
3 gas operations. LG&E's performance in several key safety metrics reflects that
4 commitment. For example, in 2024 the Recordable Injury Incident Rate for employees
5 in gas operations was 1.46, which is below LG&E's target rate of 1.58. Also, gas
6 operations did not have any serious injury events in 2024.

7 As Tom Rieth explains, LG&E is engaged in several capital projects to expand
8 and improve safe and reliable gas service to its customers. The three most significant
9 new capital investments that will be in rate base for the forecast period in LG&E's case
10 are: (1) the construction of an approximately 12-mile pipeline in Bullitt County,
11 Kentucky ("Bullitt County Pipeline"); (2) the relocation of gas infrastructure due to
12 public works projects; and (3) the continued deployment of inline inspection
13 technologies that enhance the Company's compliance with federal safety requirements.
14 The most high-profile of those investments is the Bullitt County Pipeline. After a series
15 of delays and legal challenges to the project which the Commission approved in
16 LG&E's 2016 rate case, LG&E now expects that line to be operational by the end of
17 2025. This will allow LG&E to improve reliability and provide capacity needed to
18 serve new and expanded demand for gas service in the Bullitt County area. We very
19 much look forward to placing that line in service for our gas customers.

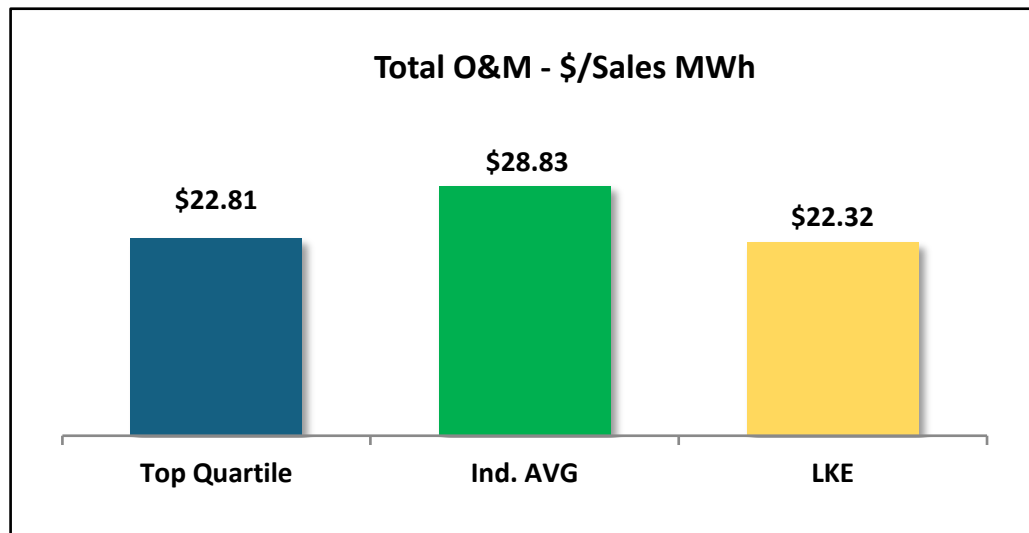
20 **Q. Have the Companies achieved operational excellence in their customer services**
21 **operations?**

22 A. Yes. All of our actions are driven by customer interests. Our customer commitment is
23 reflected in positive customer feedback and industry recognition. We have several

1 methods for evaluating our customers' experience and their satisfaction. A widely used
2 comparative measure is the J.D. Power study. As Shannon Montgomery summarizes
3 in her testimony, both KU and LG&E are consistently high performers in J.D. Power
4 electric surveys for residential and business customer satisfaction within their peer
5 group for the Midwest region.

6 **Q. Will you please comment on the Companies' efforts to effectively manage costs?**

7 A. Yes, based on data obtained from FERC, the Companies are in the top quartile for total
8 O&M expense compared to other vertically integrated utilities for the years 2019-2023.
9 As shown in the chart below, the industry average is \$28.83/sales MWh. Top quartile
10 performers are those with less than \$22.82/sales MWh. The Companies were at \$22.32
11 for that same time period. We have used a five-year average to smooth out single-year
12 anomalies.



13
14 These results demonstrate that the Companies continue their excellent performance in
15 cost containment. The Companies are very proud of their favorable cost position
16 highlighted in this analysis, and we continue to balance cost control with providing the
17 safe and reliable service our customers expect.

1 **Q. Are these low operating costs reflected in the Companies’ residential rates?**

2 A. Absolutely. Better cost containment means our customers pay less for costs embedded
3 in rates than customers of most of our peers throughout the country. According to an
4 Electric Edison Institute Report from 2024, the national average for residential electric
5 rates is 16.93 cents/kWh. KU’s is 11.85 cents/kWh and LG&E’s is 12.28 cents/kWh.
6 Even with the proposed increase in these rate proceedings, residential rates for both
7 LG&E and KU electric service will remain below average U.S. residential rates.

8 **Q. What do these achievements say about the Companies’ planning and decision-**
9 **making processes?**

10 A. In sum, the Companies have demonstrated the ability over many years to deliver
11 excellent operational performance while containing costs and maintaining reasonable
12 rates, resulting in high customer satisfaction rankings. This is a testament to our
13 prudent decision-making and shows that we have the business processes in place to
14 continue making good business decisions. Our employees are acutely focused on
15 customer satisfaction and always try to do the “right thing.” We also continuously
16 search for improvements. We know what we are doing and can be trusted to perform.

17 We use the Companies’ five-year business planning process, described in detail
18 in Heater Metts’ testimony, to prioritize investments and manage and control costs with
19 accountability. Each line of business proposes a budget with capital projects within the
20 five-year planning horizon. But our business planning process is not merely a budget
21 exercise – it extends to careful and ongoing evaluation of every operational area of the
22 business.

1 We recognize that we filed a CPCN case in February of this year in which
2 significant investments are proposed to meet expected load growth, which includes two
3 new natural gas combined cycle (“NGCC”) generating facilities, a battery energy
4 storage systems, and a pollution control facility for one of our generating units at the
5 Ghent Generating Station. We also recognize the rate impact to customers those
6 investments will have and the regulatory burden that case and these rate cases places
7 on the Commission and other stakeholders. We take these steps only because they are
8 critical to make the appropriate investments to serve our customers, as we are required
9 to do under the law. I can assure the Commission we have taken these steps with
10 caution, great care, and the emphasis on customers that is and should be expected from
11 the Companies.

12 **ECONOMIC DEVELOPMENT AND COMMUNITY SERVICE**

13 **Q. The subject of data centers and their location in Kentucky is an important issue**
14 **in the Companies’ pending CPCN case. Please explain why.**

15 A. In my role as Chief Development Officer for PPL Services Corporation, I am keenly
16 aware of the surge in data center demand in the Companies’ service territories. That
17 surge is not an accident: The General Assembly, in enacting legislation to encourage
18 data center development, stated that “the inducement of the location of data center
19 projects within the Commonwealth is of *paramount importance* to the economic well-
20 being of the Commonwealth.”⁵ In that vein, Governor Beshear’s administration,
21 particularly Kentucky’s Secretary for Economic Development, Jeff Noel, worked with

⁵ KRS 154.20-222(3) (emphasis added).

1 the General Assembly to create tax incentives to induce data centers to locate in
2 Jefferson County in 2024⁶ and beyond Jefferson County in 2025.⁷

3 Kentucky's efforts in this regard are working, with the first hyperscale data
4 center (402 MW) ever to be located in Kentucky announced in January 2025. That is
5 only part of the more than 6,100 MW of potential data center projects and more than
6 2,300 MW of other economic development projects in the Companies' current
7 economic development queue.

8 **Q. Does the surge of data center demand have any impact on the rate relief requested**
9 **in these cases?**

10 A. No. The Companies are not asking for any change in rates in these cases for the projects
11 proposed in the pending CPCN case. The issue of rate recovery for those projects will
12 be the subject of future rate cases.

13 **Q. Is the Commonwealth's policy of encouraging the location of data centers in**
14 **Kentucky consistent with the Companies' own promotion of economic**
15 **development?**

⁶ Green, Marcus, "Developers unveil plans for large tech data center in Louisville, the 1st of its kind in Kentucky," WDRB (Jan. 16, 2025) ("Bringing data center projects to Kentucky is 'of paramount importance to the economic well-being of the Commonwealth,' according to the legislation passed by state lawmakers. ... Kentucky Senate President Robert Stivers, R-Manchester, credited Jeff Noel, secretary of Gov. Andy Beshear's economic development cabinet, and Katie Smith, the agency's deputy secretary, with helping craft the legislation with lawmakers. He called the effort 'a really good example of how the system can work.'"), available at https://www.wdrb.com/in-depth/developers-unveil-plans-for-large-tech-data-center-in-louisville-the-1st-of-its-kind/article_e7adef68-c92f-11ef-b262-bf1780db36c6.html (accessed Jan. 16, 2025). "Stivers on Tax Incentive for Kentucky's First Data Center: Incentive will attract major business to Louisville" (Jan. 16, 2025) ("I worked closely with Secretary Jeff Noel from the Kentucky Cabinet for Economic Development and top private sector leaders to craft and pass groundbreaking legislation that will spark job creation and expand the tax base, which creates more revenue," Stivers said. "This project is a game-changer, driving long-term economic growth in our major metropolitan center and boosting Kentucky as a regional business hub."), available at <https://kysenaterepublicans.com/press-releases> (accessed Jan. 16, 2025).

⁷ See 2025 Kentucky General Assembly Session, House Bill 775, Section 34: <https://apps.legislature.ky.gov/record/25rs/hb775.html>

1 A. Yes. We work hard to empower business growth and expansion throughout Kentucky
2 which are the same goals the Commonwealth has in its efforts to attract data centers to
3 Kentucky. So, in that regard, we are moving in lockstep with the Commonwealth
4 regarding the development of data centers because of the advantages data centers bring
5 to all Kentuckians, including our customers.

6 Data centers create direct and indirect jobs; the number of jobs and other
7 economic benefits associated with each data center varies based on project parameters.
8 For example, a Meta data center announced in Indiana in 2024 involves at least \$800
9 million of capital investment, approximately 100 operational jobs, and more than 1,250
10 jobs at peak construction.⁸ More recently, Entergy Louisiana announced a new \$10
11 billion Meta data center project expected to result in 500 or more direct new jobs, more
12 than 1,000 indirect jobs, and 5,000 construction jobs at peak.⁹ Meta has pledged to
13 invest more than \$200 million in local infrastructure improvements, contribute up to
14 \$1 million annually to Entergy's low-income customer support program, and work with
15 Entergy to bring at least 1,500 MW of new renewable energy to the grid.¹⁰ To support
16 the new data center and broader economic development, Entergy Louisiana is building
17 three new NGCCs with a combined capacity of 2,260 MW in addition to other

⁸ Indiana Economic Development Corp., "Gov. Holcomb announces Meta to build an \$800M Data Center Campus in Indiana" (Jan. 25, 2024), available at <https://iedc.in.gov/events/news/details/2024/01/25/gov.-holcomb-announces-meta-to-build-an-800m-data-center-campus-in-indiana> (accessed Jan. 5, 2025).

⁹ Entergy, "Meta selects Entergy, Northeast Louisiana as site of \$10B data center" (Dec. 4, 2024), available at <https://www.entergynewsroom.com/news/meta-selects-northeast-louisiana-as-site-10-billion-data-center/> (accessed Jan. 5, 2025).

¹⁰ *Id.*

1 infrastructure, which will support 44 permanent jobs and thousands of construction
2 jobs.¹¹

3 Amazon Web Services (“AWS”) reports that its data centers contribute \$21.31
4 billion to Virginia’s GDP, \$6.4 billion to Oregon’s GDP, \$2.23 billion to Ohio’s GDP,
5 and \$2.11 billion to California’s GDP.¹² AWS reports that it supports 16,600 local jobs
6 in Virginia, 5,300 local jobs in Oregon, 2,000 local jobs in Ohio, and at least 1,500 jobs
7 in northern California.¹³ These are good examples of the type of growth and benefits
8 data centers can bring to the Commonwealth and the Companies are eager to be a part
9 of facilitating those benefits for Kentuckians and our customers.

10 **Q. Please describe the ways in which KU and LG&E promote economic development**
11 **in the communities they serve.**

12 A. Some of LG&E and KU’s efforts include working with communities to identify the
13 possibility of new industrial and commercial sites throughout their service territories,
14 while also helping to evaluate existing sites to determine if additional investment may
15 increase exposure to local communities. For the eleventh time since 2012, the
16 Companies were recognized as a top utility for economic development by *Site*
17 *Selection* magazine, which is an industry trade publication that highlights economic
18 development topics including site location, workforce development, and industry
19 sector topics for private sector companies, site selection consultants, and economic
20 developers all over the U.S. and abroad. In 2024, only 21 utilities in the nation were

¹¹ Entergy, “Entergy Louisiana to power Meta’s data center in Richland Parish” (Dec. 5, 2024), available at <https://entergynewsroom.com/news/entergy-louisiana-power-meta-s-data-center-in-richland-parish/> (accessed Jan. 5, 2025).

¹² Amazon, “5 ways AWS data centers benefit local communities,” available at <https://www.aboutamazon.com/news/aws/aws-data-center-economic-impact-study> (accessed Jan. 5, 2025).

¹³ *Id.*

1 selected amongst thousands of applicants. Winners were chosen by the number of
2 projects worked in 2023, the amount of private sector capital investment and jobs
3 associated with those projects, and creativity and strategy employed by the utility
4 including incentive programs offered.

5 **Q. In what other ways do the Companies serve their communities?**

6 A. Our commitment to the communities we serve is a critical cultural value we have
7 modeled over many decades. The LG&E and KU Foundation reflects that commitment
8 by supporting Kentucky nonprofits that focus on education, the environment, diversity,
9 or health and safety. LG&E, KU and the LG&E and KU Foundation collectively
10 donate \$5 to \$7 million annually to these organizations. All of these contributions are
11 funded solely by our shareholders.

12 Our employees have also demonstrated a deep commitment to giving their time
13 and money to support community causes. Since 2005, the Companies' annual Power
14 of One campaign has raised over \$35 million dollars to support hundreds of nonprofit
15 organizations throughout Kentucky. More than 1,800 of our active employees
16 participate in this effort, which is nearly 6 times higher the national average for
17 employee participation in charitable giving. Through a Power of One initiative called
18 "Day of Caring," hundreds of employees spend personal time serving agencies or other
19 nonprofits. Also, KU and LG&E employees serve in leadership roles on more than 90
20 community boards throughout Kentucky.

21 **Q. Do the Companies take affirmative steps to assist the low-income customers in**
22 **their service territory?**

1 A. Yes. Helping our low-income customers is another integral part of our culture and
2 commitment to the community principles discussed above. The Companies are aware
3 of our low-income customers' needs through frequent direct contact with our customers
4 and through the Companies' long-standing relationships with several organizations
5 engaged in community-assistance programs and efforts, including the Community
6 Action Kentucky and the Association of Community Ministries based in
7 Louisville. The Companies meet and communicate with these groups on a regular basis
8 to understand low-income customers' needs, how community organizations are
9 working to meet those needs, and how the Companies can help. The Companies have
10 used the information they receive to provide various forms of assistance to low-income
11 customers over the years, both on our own and in conjunction with community groups.
12 Examples of our assistance include Project Warm and the Low-Income Weatherization
13 Program or the "WeCare" program.

14 In 2024, either directly or by the LG&E and KU Foundation, the Companies
15 made nearly \$1.87 million in shareholder contributions to low-income assistance
16 programs (\$609,900 per year for KU and \$1.26 million per year for LG&E). These
17 examples and the specifics of our shareholder assistance to low-income assistance
18 programs are more fully explained in the testimony of Ms. Montgomery.

19 **EFFICIENCY AND PRODUCTIVITY**

20 **Q. Please summarize the Companies' efforts and programs to achieve improvements**
21 **in efficiency and productivity.**

22 A. We continuously strive to operate our business in the most efficient and productive
23 manner possible without sacrificing the safety of our employees and our customers or
24 the reliability of service to our customers. These principles govern the Companies'

1 business practices in the construction, operation, and maintenance of our systems and
2 services. Executing on these principles has produced favorable results for our
3 customers and will continue to do so in the future. As an example, in the Companies'
4 pending CPCN case, we have proposed the construction of one of the proposed NGCCs
5 to be at the Mill Creek Generating Station because of the significant efficiencies to be
6 gained by locating it next to the Mill Creek 5 NGCC that is already under construction
7 pursuant to the Commission's approval. That proximity will maximize the efficient
8 use of labor, gas supply, and transmission facilities. I would also add that the
9 construction of the Mill Creek 5 NGCC is well underway and is expected to be
10 completed on time and within budget.

11 The testimonies of Mr. Rieth, Ms. McFarland, and Mr. Waldrab provide a
12 description of many of the Companies' existing programs and practices to achieve
13 efficiency and productivity. For example, Mr. Rieth describes our efforts to reduce gas
14 line location expense while maintaining a 99.4% compliance with line locate
15 requirements. As another example, Ms. McFarland describes our efforts to optimize
16 electric substation asset inspection and maintenance by reorganizing those activities
17 exclusively under her direction which has led to demonstrable cost savings. These
18 efforts are made for the singular purpose of providing reliable service as efficiently as
19 we can for our customers. This focus on efficiency, along with our focus on safety,
20 reliability, and customer service and satisfaction, are core principles of our business
21 culture that we continue to reinforce with our employees and contractors.

22 **Q. Have these efficiencies been able to completely offset the need for an increase to**
23 **collect additional revenues at this time?**

1 A. Unfortunately, no. Our industry remains a capital-intensive industry. These cases
2 includes planning for significant investments in the transmission, distribution, and
3 information technology systems necessary to provide safe, reliable service to
4 customers. It also involves an environment of increased cost in the operational areas
5 of the business since we last sought a rate increase nearly five years ago.

6 While the Companies are striving through efficiencies and prudent mitigation
7 strategies to minimize the bill impact to our customers, additional resources are
8 required to address current and future challenges and meet the expectations of
9 customers to provide for the delivery of safe and reliable electric and gas service. This
10 request for an increase in rates is in service of, rather than antagonistic to, our
11 commitment to putting customers first and making decisions with customers' best
12 interests at the forefront.

13 **Q. Please briefly describe the proposed increase in revenues.**

14 A. KU is requesting an increase of approximately \$226.1 million a year in its electric
15 revenue. LG&E is requesting an increase of approximately \$104.9 million a year in its
16 electric revenue, and an increase of approximately \$59.5 million a year in its gas
17 revenue. All of the causes or drivers of the need for the additional revenue are
18 discussed in more detail in Robert M. Conroy's testimony. The support for these
19 revenue increases is discussed in specific detail in the testimony of Mr. Conroy, Ms.
20 Fackler, Mr. Garrett, and Ms. Metts. The complete list of the witnesses' testimony is
21 identified in our applications. Together with the application's schedules, they
22 demonstrate that KU's and LG&E's requested increases in base rates are necessary for

1 the Companies to continue to provide safe and reliable high-quality service to
2 customers and earn a fair and reasonable return adequate to attract capital investment.

3 **RECOMMENDATION**

4 **Q. Do you have a recommendation for the Commission?**

5 A. Yes. For these reasons discussed above, in our applications, and in other witnesses'
6 testimony, the Commission should authorize the requested increase in revenues
7 through adjustments to our base rates. By obtaining the requested relief, the Companies
8 hope to continue providing safe, reliable, and excellent service to our customers into
9 the future

10 **Q. Does this conclude your testimony?**

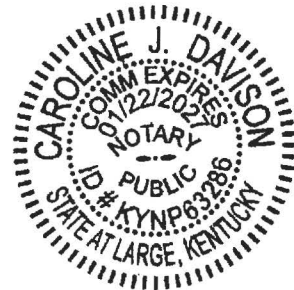
11 A. Yes, it does.

COMMONWEALTH OF KENTUCKY)
)
COUNTY OF JEFFERSON)


John R. Crockett III

Caroline J. Davison
Notary Public

January 22, 2027



APPENDIX A

John R. Crockett III

President LG&E and KU Energy LLC
Senior Vice President and Chief Development Officer, PPL Services Corporation
820 West Broadway
Louisville, Kentucky 40203
Telephone: (502) 627-2556

Previous Positions

LG&E and KU Energy LLC, Louisville, KY

General Counsel, Chief Compliance Officer and Corporate Secretary
January 2018 – October 2021

Frost Brown Todd LLC, Louisville, KY

Chairman 2009-2017
Member 1998-2017
Associate 1990-1997

Education

University of Kentucky - Juris Doctor, 1990
University of North Carolina - Bachelor of Arts: 1986

Civic Activities

Kentucky Chamber of Commerce, Board Member
Greater Louisville Inc. (Chamber), Board Member and Past Board Chair
Gheens Foundation, Trustee
Kentucky Bar Foundation, Board Member and Past Board Chair
Speed Art Museum, Trustee and Board Chair