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 CERTAIN REGULATORY AND ACCOUNTING TREATMENTS	))))))	**CASE NO. 2025-00113**

In the Matter of:

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

DIRECT TESTIMONY OF
VINCENT POPLASKI
VICE PRESIDENT, TOTAL REWARDS
FOR PPL SERVICES CORPORATION
ON BEHALF OF
KENTUCKY UTILITIES COMPANY AND
LOUISVILLE GAS AND ELECTRIC COMPANY

Filed: May 30, 2025

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INTRODUCTION

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

A. My name is Vincent Poplaski. I am Vice President of Total Rewards for PPL Services Corporation, which provides services to Kentucky Utilities Company ("KU") and Louisville Gas and Electric Company ("LG&E") (collectively, "Companies"). My business address is Two City Center, 645 Hamilton Street, 6th Floor, Allentown, PA 18101. A complete statement of my education and work experience is attached to this testimony as Appendix A.

Q. Have you previously testified before this Commission?

A. No.

Q. What is the purpose of your direct testimony?

A. I will inform the Commission of the overall reasonableness of the compensation and benefits structure we offer to current and prospective employees. More specifically, I will: (1) explain the Companies' compensation and employee benefit expenses and sponsor a schedule required by 807 KAR 5:001, Section 16, as set forth at Tab 60 of the filing requirements attached to the applications; (2) describe the results of Willis Towers Watson's ("WTW") Total Remuneration Study, which examines the Companies' mix of base and incentive pay and benefits compared to market; and (3) describe the results of a separate WTW study that examined the Companies' retirement and welfare benefits offerings compared to market and the overall value of the Companies' retirement benefits. My testimony shows that the Companies diligently manage compensation and benefit offerings so that they are reasonable, prudent, market competitive, and, therefore, should be fully recovered in rates.

Q. Are you sponsoring any schedules required by the Commission's regulation 807 KAR 5:001 Section 16?

A. Yes. I am sponsoring Section 16(8)(g), analyses of payroll costs including schedules for wages and salaries, employee benefits, payroll taxes, straight time and overtime hours, and executive compensation by title.

WORKFORCE AND TOTAL REMUNERATION

Q. Please describe the general composition of the Companies' workforce.

A As of March 31, 2025, a total of 2,708 employees perform work for the Companies through employment by KU, LG&E, or the LG&E and KU Services Company ("Service Company"). More specifically, KU has 723 employees, LG&E has 914 employees, and the Service Company has 1,071 employees.

Q. What sort of expertise and knowledge are required by the Companies' employees?

A. A large segment of our employment force requires specialized and technical skills for their work involving electric generating plants, gas facilities, transmission substations, and electric and gas transmission and distribution equipment. Our employees must have the requisite knowledge and technical skills to plan, design, operate, and maintain electric generating plants, high voltage equipment, gas storage fields, and gas lines in a manner that provides safe and reliable service. They must also have an aptitude for continuous learning and training on computer software systems.

The operation and maintenance of an operations center and a customer contact center requires detailed knowledge of all aspects of customer service. Operations center employees and customer contact center employees must understand the characteristics of electric generating and delivery service, metering, billing and collection processes, and various other customer service matters. At the corporate level, highly skilled managers, attorneys, engineers, accountants, computer hardware and software professionals, cyber security experts, and other highly trained professionals are needed to support the employees who are directly responsible for generating and delivering utility service to the Companies' customers. Competition for such employees has always been and will continue to be fierce.

Q. Can you elaborate on the skills required of employees, the training they must complete to develop those skills, and the cost of that training?

A. Yes. When recruiting for talent, the Companies look for the required skills or the ability to acquire these skills (evaluated via pre-employment testing) in order to provide safe and reliable service to our customers. Understanding it takes a minimum of three, and in some areas as many as five, years of training before most of our field employees can work independently, it is critically important to hire the right candidate.

Employee training is an investment. If the right hiring decision is not made, the Companies' overall turnover costs are increased, leading to inefficiencies and a lack of productivity. Therefore, we do not take the hiring decision lightly. Being market competitive and providing a culture of engagement and growth are critical for retention. For example, the Companies, other utilities, municipals, and co-ops recruit for line technicians from Somerset Community and Technical College and Madisonville Community College. Our safety record, along with a reputation for operational excellence, has made us an employer of choice among the skilled trades at those institutions and other areas where we recruit.

Q. Please explain the Companies' overarching goal in determining the level of compensation and benefits offered to employees.

A. It is imperative that the Companies offer a *total* compensation and benefits package to existing and prospective employees that is competitive within the utility sector. When we set compensation and benefit levels, we do not look at any one part of compensation or a single benefit offering in isolation. Instead, by any rational measure, the entire compensation and benefits package should be evaluated on an *aggregated* basis to determine whether the total package is aligned with utility market median levels. That is exactly how we strive to ensure compensation and benefit levels are set at a reasonable level. Likewise, when existing and potential employees consider employment with the Companies, they do not look solely at base compensation, retirement benefits, healthcare coverage, or any other single element of compensation or benefits. Instead, they rationally consider all aspects of compensation and benefits in making their employment decisions. The Companies set compensation and benefit levels in exactly the same way.

While one element of our compensation and benefits package may be slightly above market median, another element may be slightly below. Those variances to market are unimportant and frankly irrelevant as long as the overall package offered to employees is in line with market median levels. In our experience, offering a competitive package of compensation and benefits is precisely how the Companies have maintained the excellent, dedicated, and productive workforce they have, which, of course, leads directly to providing value to customers. The Companies' excellent operational results, described in Mr. Crockett's testimony, could not be achieved without such a workforce.

Just as the Companies and employees do not overly emphasize any one element of compensation and benefits in making rational decisions, any objective analysis should not cherry pick any compensation or benefit levels that are above market as long as the entire package of compensation and benefits on balance is reasonable. As set forth below and in independent studies the Companies have provided, it is clear that the entire package is competitive in the utility market, which is the appropriate comparator and is therefore reasonable. Ultimately a competitive compensation and benefits package is essential to meet the Companies' obligation to provide safe, reliable, and adequate service and to do so efficiently and productively.

Q. Would customers suffer if the Companies' employees are not provided competitive compensation and benefits?

A. Yes, definitely. If compensation and benefits are not competitive with market levels in the labor market in which we compete for talent (e.g., utility sector), customers would suffer substantial negative consequences through unreliable service and higher costs of service. Many of our employment positions require lengthy apprenticeships and training to learn the skills needed to perform technical or skilled work independently and safely. The delivery of electricity and gas is inherently dangerous. Our society demands that those entrusted with this critical public function exercise the highest standard of care. The expense incurred to hire and train new employees, and the loss of productivity realized through high turnover rates would negatively affect the ability of the Companies to serve customers at expected levels and increase our cost of providing the service.

To maintain our current high levels of service, we must avoid excessive turnover by attracting and retaining highly skilled employees. Our existing compensation and benefits package allows us to avoid high turnover. This means that we can serve customers while keeping our costs, and therefore our rates, as low as reasonably possible**.**

Q. Please explain the Companies' compensation philosophy.

A. The Companies' compensation philosophy and practices continue to be grounded in the goal of producing sustainable operating results by attracting and retaining talented and experienced individuals. Compensation reflects the long-established commitment to a "pay-for-performance" model while targeting the market median. We want our compensation to be market-based and competitive while also driving performance.

The Companies have a written compensation policy that was most recently amended as of January 1, 2024, and which is reviewed on a regular basis by Human Resources. Compensation decisions made under this policy are supported by various levels of approval. Individual salary recommendations made under the Companies' written compensation policy are reviewed and approved by the manager, next level manager, and Human Resources, thus ensuring base salaries are competitive based on the nature and responsibilities of the employee's position and are fair relative to the pay for other similarly-situated positions within the organization. In addition, the annual salary increase budget is included in the Companies' budgeting process, which is reviewed and approved by the Companies' President, PPL's Corporate Leadership Council, PPL's Finance Committee, and PPL's Board of Directors.

We establish job-specific base pay ranges by using external market compensation data aligning the Companies' base pay midpoint to the 50th percentile of the national general or utility industry data. We establish salary range minimums and maximums by using a 50% range spread approach resulting in the minimum base pay level at 80% of the market midpoint and the maximum base pay level at 120% of the market midpoint (i.e., market median). We then manage individual employee compensation within this market competitive pay range. As detailed in the 2025 WTW Total Remuneration Study, compensation is considered competitive if it is within +/- 10% of the midpoint when considering factors that include performance, time in position, tenure, education, and experience.

Q. Describe how the Companies undertake the process of setting the compensation and benefit levels for their employees as that information is proposed at Tab 60 of the filing requirements.

A. Certainly. Although Heather Metts' testimony explains the process by which labor costs are budgeted and then used in the forecasted test period, I can provide information on how the Companies set their compensation and benefit levels. On an annual basis, the Companies rely on market benchmark information in calibrating the level of certain components of compensation and benefits arrangements.

With regard to compensation, total compensation paid to employees is comprised of base compensation and at-risk, incentive compensation. Base pay adjustments may be awarded, based on a combination of factors, including the employee's individual performance, performance relative to their peers, the position of their salary within the salary range as compared to peers, and the size of the approved annual salary budget. Incentive compensation is provided via the Short-Term Incentive ("STI") Plan which is attached as Exhibit VP-1. As described above, the Companies strive to ensure that total compensation paid is consistent with the market and rely on third-party benchmarking and salary planning surveys from the energy services and general industries to do so.

Q. Although the Companies routinely rely on such benchmarking and salary planning surveys in setting total compensation, have they commissioned a study to look specifically at their total compensation relative to market?

A. Yes. The Companies commissioned WTW to provide a separate and independent study that specifically examines the Companies' compensation levels. They did so to provide the Commission with the most current and specific information possible on those compensation levels. The study is attached at Tab 60 of the filing requirements. It is entitled the 2025 Total Remuneration Study because it studied all compensation and benefits paid to the Companies' employees and measures that total remuneration relative to market.

Q. Who is WTW?

A. WTW is a leading global professional services company which has 45,000 associates throughout the world and offers solutions in the areas of corporate risk and broking; human capital and benefits; health care exchange solutions; and investment, risk, and reinsurance. WTW has extensive experience serving clients in the utility industry, having served approximately 100 utilities in the U.S. within the last year. Because they invest so heavily in its utility industry capabilities, they have rich competitive industry compensation and benefits information that enables them to benchmark LG&E and EU against similar companies in the U.S. Given WTW's breadth and depth of resources, they are frequently engaged by companies to evaluate the competitiveness of their compensation philosophy, compensation and benefit levels, performance compensation and benefits program design, pay structures, and other consulting services.

Q. Please describe the results of the WTW study.

A. The WTW Total Remuneration Study found the following:

- When compared to available published survey data, the Companies' projected and actual base salary budgets were slightly below market median levels;
- The Companies' use of base salary and target incentive compensation as its primary pay vehicles for employees is consistent and aligned with market pay vehicles used by utility and general industry peers. Likewise, when compared to available published survey data, the Companies' compensation levels fall within the competitive range of the market 50th percentile for base salary and target total cash compensation, and, in fact, are actually approximately 4% below market median when compared specifically to other utilities;
- When compared to available published survey data, LG&E's and KU's pay mix (base salary and target incentive compensation) approximates market practice overall; and
- When compared to available published survey data, the total remuneration the Companies provide to their employees is approximately 3.5% below market median when compared to other utilities.

The WTW Total Remuneration Study confirms that our compensation-setting philosophy and process has resulted in exactly what we strive to achieve -- that *with* the inclusion of incentive compensation, our total compensation levels are closely aligned with market medians. And the converse is also true in that *without* incentive compensation as part of the total compensation, the Companies' compensation levels would fall well below market and therefore jeopardize our ability to attract and retain an adequate workforce.

Q. Please describe the Companies' STI Plan.

A. The STI Plan provides an "at risk" component of pay in which a portion of an employee's annual cash compensation is considered "at risk" and earned only if certain objectives are met. In other words, if certain performance results are achieved, a cash incentive award will be earned. The actual amount of the award depends upon the achieved results. The STI Plan (either the STI Plan or a predecessor incentive compensation plan has been in place since the 1990s) was developed to motivate, focus, and direct employees toward the achievement of strategic goals and is part of an overall corporate strategy to attract and retain skilled employees by providing competitive financial awards that are commensurate with the employees' talents, teamwork, and contribution. It is intended to set high expectations and motivate participants to achieve higher levels of performance, communicate and focus on critical success measures, reinforce desired behaviors including increased focus on the customer by motivating employees to lower costs and achieve higher reliability and customer satisfaction results, and bolster an employee ownership culture and reward results if achieved.

Q. Why should the incentive compensation pay be recovered in rates?

A. The Companies' incentive compensation expense is reasonable, and it should be recovered in full for several reasons. First, the incentive compensation aligns the interests of our employees with those of our customers. Through the measures used in the plan, employees' compensation depends upon an unwavering focus on the customer. Customers undoubtedly benefit from this focus. Second, the WTW Total Remuneration Study demonstrates that the total compensation paid to employees, which includes both base salary and incentive compensation, is reasonable and consistent in the competitive marketplace. Without incentive compensation, the compensation paid would fall below market rates and hinder the Companies' ability to attract and retain a qualified workforce. Third, the WTW Total Remuneration Study shows that the relative mix of base salaries and incentive compensation in determining overall cash compensation is reasonable and at a competitive level when compared to the competitive marketplace. In other words, the amount of incentive compensation offered is consistent with the marketplace levels. Finally, in the competitive market for talent, employees consider all aspects of compensation and benefits – including incentive compensation – in making employment decisions.

Q. How are STI payments determined?

A. All eligible employees have an STI target award denominated as a percentage of base salary that varies by job level and is aligned with market competitive practices. The attached Exhibit VP-1 sets forth the criteria for and calculation of those awards for 2025. For an individual employee in 2025, the calculation of incentive compensation is determined using the following objectives and percentages: (1) customer satisfaction (12.5%); (2) electric reliability (17.5%); (3) generation reliability EFOR (5%); (4)

generation reliability EAF (5%); (5) gas operations gas leak response time – on hours (5%); (6) gas operations gas leak response time – off hours (5%); (7) corporate strategic initiatives (15%); (8) individual/team achievement (35%).

Q. Please describe the customer satisfaction and service reliability criteria.

A. Certainly.

- **Customer Satisfaction** as measured by national J.D. Power Electric Residential Customer Satisfaction Index excluding Cooperatives.
- **Electric Reliability** as measured by The Institute of Electrical and Electronics Engineers (IEEE) non-storm System Average Interruption Frequency (SAIFI).
- **Gas Operations** as measured by Gas Leak Response Time.
- **Generation Reliability** as measured by Equivalent Forced Outage Rate (EFOR) and Equivalent Availability Factor (EAF).

As one can see, like many incentive compensation plans offered by employers, the STI Plan seeks to reward high-performing employees for successful efforts in the areas of customer service, service reliability, and general operational metrics and outcomes. In doing so, it aligns our employees with our customers, while helping to attract and retain quality employees by ensuring their total compensation is consistent with the market.

RETIREMENT AND WELFARE BENEFITS

Q. Please describe the Companies' philosophy with respect to retirement and welfare benefits.

A. As discussed above, the Companies' overarching goal is to offer a *total* package of compensation and benefits that is competitive to market. Since benefits are essential to attracting and retaining an adequate workforce, it is imperative that the overall benefits package be market competitive. Therefore, when we establish retirement and welfare benefit programs, we do not look at each individual benefit or segment of the employee population in isolation and neither should any objective analysis. Instead, we strive to ensure that the aggregated package of benefits, including both retirement and welfare benefits, is aligned with market for the aggregate workforce.

Q. Please describe the retirement benefits the Companies offer to employees.

A. In addition to providing a compensation package that is consistent with the market, the Companies also offer certain retirement and welfare benefits to their employees at levels that ensure the entire benefits "package" is consistent with the market. We believe that offering a competitive benefits package is just as important as compensation to attract and retain an adequate workforce. The Companies' retirement benefits include:

(1) A traditional defined benefit pension plan ("DB Plan") available to those who were hired prior to January 1, 2006, which was closed to all those hired after that date. Under the DB Plan, pension payments are made by the Companies to eligible retirees based on a mathematical formula and actuarial calculations.

(2) A Company 401(k) match program by which the Companies will match: (1) 100% of the first 3% (a maximum of 3%) of an employee's voluntary deferred compensation amount within the employee's 401(k) account for those that participate in the DB Plan; or (2) for those not eligible to participate in the DB Plan, 100% of the first 3% plus 50% of the next 3% (a maximum of 4.5%) of an employee's voluntary deferred compensation amount within the employee's 401(k) account.

(3) An employer contribution into the employee's 401(k) account available only to employees who were hired or rehired on or after January 1, 2006, and not eligible for the DB Plan. The employer contribution is calculated using a percentage of compensation. The percentage can range from 3% to 7% depending on the employee's years of service with the Companies.

Q. Did WTW also study the Companies' retirement and welfare benefit offerings?

A. Yes. The Companies commissioned WTW to assess their retirement and welfare benefits offerings relative to market so that the Commission will have current, accurate, and robust data concerning the Companies' overall benefits offerings.[1]

Q. Did WTW look at just a single element of benefits in reaching their conclusions?

A. No, not at all. As I stated above, from an employment and ratemaking perspective, any objective analysis must examine the aggregate package of retirement and welfare benefits to determine whether that package in its entirety is aligned with market. WTW did what the Companies, current employees, and prospective employees do and what a rational analysis requires; they examined the *aggregate* package of retirement and welfare benefits to determine whether that package is aligned with market.

Q. What did WTW conclude?

A. The WTW Benefits Benchmarking Study shows that the combined (retirement and welfare) package of benefits is generally aligned with the market average. It proves that the Companies' efforts to ensure that retirement and welfare benefits are aligned with the utility market have been successful.

Q. What else does the WTW Benefits Benchmarking Study show?

[1] WTW's Benefits Benchmarking Study is attached to Tab 60 of the filing requirements.

A. The WTW Benefits Benchmarking Study indicates:

- When evaluating benefits programs, it is important to review the positioning of all benefits in aggregate as benefit plans are designed holistically and not in finite parts;
- It is important to examine benefit levels in the context of total remuneration (compensation and benefits) as compensation and benefits are designed and assessed in tandem; and
- The Companies' total package of benefits is aligned with but slightly above utility market median with the Companies' benefits being valued as 41.7% of pay compared to 40.9% for the utility market median.

Q. Please describe the welfare benefits the Companies offer to employees.

A. The Companies offer a package of welfare benefits that employers commonly provide to employees. The primary welfare benefits include the opportunity for employees and their families to participate in plans for medical care coverage, dental and vision coverage, life insurance coverage, disability coverage, and time off benefits.

Q. What principles do the Companies follow in offering and managing health benefits?

A. Our ultimate goal is to promote health among our employees so they can meet their best achievable health status. We partner with employees in establishing a culture of health by emphasizing health status knowledge, preventive care, and healthy lifestyles. It is critical to offer welfare benefits at market levels so that we can attract and retain a skilled and reliable workforce. At the same time, prudent cost control is a necessity, which is why the Companies require cost increases to be shared between the Companies *and* employees and why the Companies take advantage of cost savings measures whenever possible.

Q. What steps have the Companies taken to control costs of the health benefits they offer?

A. The Companies continually look for more efficient ways to deliver service, manage health costs and maintain a high level of care for employees and their families. Examples include: 1) established a dedicated medical clinic in 2020 providing both occupational and primary care to control costs and promote better health outcomes, 2) implemented various utilization management programs through our pharmacy benefit to mitigate pharmaceutical cost increases, 3) implemented stringent controls over specialty medications and eliminated coverage for certain diagnoses when supported by market, and 4) implemented a telehealth physical therapy program to help manage medical plan spend related to musculoskeletal issues.

Q. Describe how the Companies ensure that their healthcare benefit offerings are consistent with market levels.

A. For many years, the Companies have participated in healthcare benchmarking surveys to ensure our medical benefits are in alignment with market. Adjustments are made based upon comparing our medical benefits to those market surveys. We utilize benchmark data, medical claim information, and medical trend data in structuring plan offerings and medical premiums. This effort occurs annually.

Of course, decisions that require employees to pay an increase in their out-of-pocket costs are not taken lightly. However, it is one of the most direct and effective ways to control these costs. The Companies do not look only at the premium, as it does not provide the total picture of employee cost sharing. Cost sharing is designed to encourage good consumer health care choices by providing opportunities for lower employee premiums and higher "out-of-pocket" costs at the point of service so that the consumers of health care services are paying for it.

Q. Did the Companies also commission WTW to review the Companies' welfare benefit offerings as they relate market levels?

A. Yes. As stated, the WTW Benefits Benchmarking Study assesses the Companies' total employee benefits offerings, including both retirement and welfare benefits, in determining how those benefits compare to market in the utility sector in which the Companies compete for employees. Again, WTW concluded that the Companies' total benefits package is aligned with utility market median.

Q. Do you have a conclusion and recommendation for the Commission?

A. Yes, as described in more detail above, the Companies' compensation, including base pay and incentive compensation, and its various retirement and welfare benefit offerings are critical to the Companies' ability to provide the service our customers expect and deserve. We take great care to ensure that compensation and benefits are reasonable, and we have offered proof in these cases that we have met our goal of providing a total compensation and benefits package that is aligned with market. I believe the Companies benefit and compensation programs are competitive with the market, reasonable, and necessary to attract, retain, and motivate the qualified employees that the Companies need to provide safe, reliable, and efficient services to LG&E and KU customers. Accordingly, I recommend that the Commission allow full rate recovery for these crucial components of operating our business.

CONCLUSION

Q. Does this conclude your testimony?

A. Yes, it does.

VERIFICATION

COMMONWEALTH OF PENNSYLVANIA)
)
COUNTY OF LEHIGH)

The undersigned, **Vincent T. Poplaski**, being duly sworn, deposes and says that he is Vice President Total Rewards 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 foregoing testimony, and that the answers contained therein are true and correct to the best of his information, knowledge, and belief.

Vincent T. Poplaski

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 29th day of May, 2025.

Notary Public

Commonwealth of Pennsylvania - Notary Seal
Khia L. Preston, Notary Public
Philadelphia County
My commission expires May 6, 2028
Commission number 1261605
Member, Pennsylvania Association of Notaries

Notary Public, ID No. 1261605
(SEAL)

My Commission Expires: 05/06/2028

APPENDIX A

Vincent Poplaski
Vice President, Total Rewards
PPL Services Corporation
2 N. Ninth Street
Allentown, PA 18101-1179

Professional Experience

- 2022 – Current: PPL Services Corporation – Vice President, Total Rewards
- 2019 – 2022: Aramark – Vice President, Executive Compensation
- 2017 – 2019: JPMorgan Chase & Co – Vice President, Compensation
- 2015 – 2017: Willis Towers Watson – Senior Consultant (Talent & Rewards)
- 2012 – 2014: Mercer Consulting – Senior Associate (Total Rewards)
- 2010 – 2012: Goldman Sachs – Human Capital Management Associate
- 2005 – 2010: Mercer Consulting – Associate (Total Rewards)

Professional Memberships

- Society for Human Resource Management (SHRM)

Education

- Cornell University: B.A. in Economics and Sociology

LG&E KU
PPL companies

2025 SHORT-TERM INCENTIVE AWARDS

QUESTIONS AND ANSWERS FOR LG&E AND KU EMPLOYEES

LG&E and KU's Goal Measures for 2025 Short-Term Incentive Awards

LG&E and KU's Short-Term Incentive (STI) plan is the variable cash component of your total compensation package that aligns employee pay with the company's short-term, annual performance. Annual STI performance metrics may include a combination of operational goals, corporate strategic initiatives and individual / team achievement.

2025 STI Performance Metric Weighting

Operational goals are weighted 50% of the 2025 STI goal calculation. The Corporate Strategic Initiatives metric is weighted 15%, while the individual/team achievement assessment accounts for the remaining 35% of the 2025 STI program.

Performance Metric Categories	STI Eligible Employees
Operational Goals	
LG&E and KU Operating Goals	50%
Corporate Strategic Initiatives	
IT Reinvention & Annual Strategic Objectives	15%
Individual/Team Achievement	
Individual/Team Achievement Assessment	35%

Overview of 2025 Operational Metrics

For 2025, operational performance metrics are generally consistent across PPL's operating companies. STI performance metrics are selected and reviewed annually with final approval provided by PPL's Corporate Leadership Council (CLC) and ultimately the People and Compensation Committee of PPL's Board of Directors. Positive outcomes across these selected performance metrics are intended to drive positive outcomes for our customers. The 2025 operational performance metrics are as follows:

- **Customer Satisfaction** as measured by J.D. Power Residential Customer Satisfaction Index.
- **Electric Reliability** as measured by The Institute of Electrical and Electronics Engineers (IEEE) non-storm System Average Interruption Frequency (SAIFI).
- **Gas Operations** as measured by Gas Leak Response Time
- **Generation Reliability** as measured by Equivalent Forced Outage Rate (EFOR) and Equivalent Availability Factor (EAF).

Overview of 2025 Corporate Strategic Initiatives

The Corporate Strategic Initiatives metric ties a portion of the STI payout to annual initiatives critical to the company's success for that year. For 2025, objective goals included within this metric focus on the IT Reinvention and nine critical objectives that support PPL's long-term strategic vision. The 2025 corporate strategic initiative metrics are as follows:

- **IT Reinvention** measured by 2025 SAFe (Scaled Agile Framework) Adoption and 2025 Managed Services Transition
- **Annual Strategic Objectives** as measured by nine critical objectives to support PPL's long-term strategic vision via short-term achievements

Final funding for this metric may be adjusted to reflect significant but unanticipated performance outcomes not accounted for elsewhere in the STI Plan. For example, funding for this metric may be adjusted if there are serious safety-related issues such as an on-the-job fatality.

Note: Incentive awards are made in the company's sole discretion, and the company reserves the right to unilaterally revise, modify, rescind or alter the STI Plan or payments at any time to any individual with or without notice. Nothing herein shall be construed as a contract, promise or guarantee of any payment or award at any time or in any amount.

Overview of 2025 Individual Performance

The individual portion of the STI, which, if applicable, comprises 35% of the overall STI target, is based on management's assessment of individual achievements over the course of the plan year relative to others, including but not limited to: significant accomplishments or key projects, execution of day-to-day job responsibilities, achievements relative to individual goals set for the year and their impact on the organization, and demonstration of PPL's values and constructive behaviors. The individual assessment scale is directly tied to that year's STI funding level, which is approved each year by CLC. Each year is assessed on its own, such that a higher or lower individual assessment percentage does not necessarily denote better or worse performance relative to prior years.

Overview of 2025 Team Performance

LG&E union, KU union and KU hourly employees do not have an individual performance component but have a team performance component which comprises 35% of the overall STI target. The team performance objectives vary and are intended to align with and support strategic customer and business goals which drive overall operating company performance.

Performance Weightings

Below are your operating company's specific metrics and weights for your 2025 STI goals.

2025 LG&E and KU Goal Metrics	STI Weights
Operational Goals	
Customer Satisfaction. Achieve J.D. Power Residential Customer Satisfaction targeted rating	12.5%
Electric Reliability. Achieve the non-storm SAIFI target	17.5%
Generation Reliability. Achieve EFOR target	5.0%
Generation Reliability. Achieve EAF target	5.0%
Gas Operations. Achieve Gas Leak Response Time goal target - On-Hours	5.0%
Gas Operations. Achieve Gas Leak Response Time goal target - Off-Hours	5.0%
Corporate Strategic Initiatives	
IT Reinvention. 2025 SAFe Adoption	3.75%
IT Reinvention. 2025 Managed Services Transition	3.75%
Annual Strategic Objectives. Nine Critical Objectives to Support PPL's Long-Term Strategic Vision	7.5%
Individual/Team Achievement	
Individual/Team Achievement	35%
Total	**100%**

Payout Calculation Example

Below is an example illustrating a 2025 STI award calculation for a hypothetical employee. Results are finalized after the end of the performance year and, for each metric, 0% to 200% (of target) can be earned based on 2025 performance results specific to that metric.

Measures (a)	Weight (b)	Result (vs. Target) (c)	Achievement (b*c)
Customer Satisfaction	12.5%	85%	10.63%
Electric Reliability	17.5%	110%	19.25%
Generation Reliability – EFOR	5.0%	95%	4.75%
Generation Reliability – EAF	5.0%	115%	5.75%
Gas Operations – On Hours	5.0%	110%	5.50%
Gas Operations – Off Hours	5.0%	105%	5.25%
Corporate Strategic Objectives	15.0%	100%	15.0%
Individual/Team Performance	35%	100%	35.0%
Total	**100%**		**101.13%**

- Employee Base Salary = $60,000
- STI Target = 10%
- Target STI = $6,000
- **Actual Payout (based on achievement above) = $60,000 * (10% * 101.13%) = $6,067.80**

STI Performance Metric Targets - Click to view your operating company's detailed 2025 performance targets.

Important STI Plan Information

STI Eligibility

To be eligible for an STI award, employees must be hired before Oct. 1 of the performance year. Employees who are hired by Oct. 1 or are promoted from a union role to a non-union role prior to Oct. 1 of the performance year are eligible for a prorated STI award. In addition, **employees must remain employed through the STI payment date** (typically late February or early March following the performance year) to receive the STI award. Employees who separate for any reason prior to the STI payment date will not receive an STI award. Exceptions to this separation policy include employees who retire after Q1 of the performance year in good standing, die or become disabled during the performance year, and may therefore be eligible for a prorated STI award representing the time they worked during the performance period.

Retirements

For the purposes of the STI Plan, retirements are defined as a voluntary termination after attaining age 55 with 10 years of service, or after attaining age 60 with 5 years of service.

STI Performance Period

PPL's annual performance period follows the calendar year, so the 2025 performance period is measured from Jan. 1, 2025, through Dec. 31, 2025

Frequently Asked Questions

When will the STI award be paid?

STI awards are paid in the first quarter after the performance year ends, generally in late February or early March. Paycheck dates for the STI award will be communicated closer to each annual compensation planning cycle.

How were the performance measures selected?

The selection of measures is given careful consideration, with a view to strategic goals, while focusing on areas most within employee control, helping drive the realization of our vision to be the best utility in the U.S. The measures focus on PPL's mission of providing safe, affordable, reliable and sustainable energy to our customers. Once annual performance measures are selected, they are approved by the Corporate Leadership Council (CLC) and ultimately the People and Compensation Committee of PPL's Board of Directors.

Why are there different goals for employees in different operating companies?

Operational performance goals are generally consistent across operating companies where applicable. Goals are established for each operating company based on the business mix for that operating company. For example, LG&E and KU employees also have EAF, equivalent availability factor, and EFOR, equivalent forced outage rate, goals as these metrics measure reliability in relation to PPL's generation facilities, which are limited to Kentucky. Since PPL Services employees support more than one operating company, their STI metrics reflect a weighted average of operational goals across all operating companies.

What is the Corporate Strategic Initiatives metric?

The Corporate Strategic Initiatives metric ties a portion of the STI payout to annual performance initiatives critical to the company's success for that performance year. For 2025, the objective goals included within this metric focus on key IT Reinvention objectives (SAFe Adoption and the Managed Services Transition) and nine critical objectives to support PPL's long term strategic vision via short-term achievements.

Why is a SAFe Adoption objective included in the Corporate Strategic Initiatives metric this year?

SAFe is strategically aligned with PPL's vision and business needs and will accelerate and strengthen agile practices across the organization. By expanding the use of SAFe, PPL will see measurable improvements in delivery speed, cross-team collaboration and customer satisfaction.

What performance outcomes are required for the SAFe Adoption metric to be earned?

The 2025 SAFe Adoption metric is weighted 3.75% of the total 2025 STI award and will be earned based on the following performance schedule:

If the 50% performance level is not achieved, no payout is earned for this portion of the 2025 STI award.

2025 Goal Targets - SAFe (Scaled Agile Framework) Adoption

50% Target	100% Target	150% Target	200% Target
Achieve greater than 70% of committed quarterly objectives for Customer Experience SAFe Team by the end of 2025. Train 100% of SAFe participants and IT Reinvention Steering Committee.	Achieve greater than 90% of committed quarterly objectives for Customer Experience SAFe Team by the end of 2025.	Achieve greater than 80% committed quarterly objectives in aggregate for Customer Experience, remaining Customer, Field Operations, Grid, and Enterprise SAFe Teams by the end of 2025.	Achieve greater than 90% committed quarterly objectives in aggregate for Customer Experience, remaining Customer, Field Operations, Grid, and Enterprise SAFe Teams by the end of 2025.

Why is the IT managed services transition objective included in the Corporate Strategic Initiatives metric this year?

The IT managed services transition is key to accelerating our utility of the future strategy. These kinds of strategic partnerships will better position PPL to leverage cutting-edge solutions to drive value quickly, consistently and at scale for our customers. The result of this partnership will be a PPL IT organization that's more strategic and less transactional — one with a sharper focus on discovering new ways to drive growth, fuel innovation and advance technology in key areas.

What performance outcomes are required for the managed services transition objective to be earned?

The 2025 managed services transition objective is weighted 3.75% of the total 2025 STI award and will be earned based on the following performance schedule:

If the 50% performance level is not achieved, no payout is earned for this portion of the 2025 STI award.

2025 Goal Targets - Managed Services Transition

50% Target	100% Target	150% Target	200% Target
Transition in-scope managed services to Accenture by Q2 (Applications only).	Transition in-scope managed services to Accenture by Q2 (Applications, Infrastructure and Security).	Transition in-scope managed services to Accenture by Q2 (Applications, Infrastructure and Security). AND Classify Service Level tiers for all in-scope applications by Q2.	Transition in-scope managed services to Accenture by Q2 (Applications, Infrastructure and Security). AND Classify Service Level tiers for all in-scope applications by Q2. AND Reduce Mean Time to Recover (MTTR) from incidents by 10% by 2025 end.

What is the strategic objectives component of the Corporate Strategic Initiatives for 2025 and how is it tracked?

There are nine critical objectives to support PPL's long-term strategic vision via short-term achievements. These metrics are collectively weighted 7.5% of the total 2025 STI award. Overall success will be measured by the number of objectives accomplished in 2025 with the 100% target aligned with five objectives completed, while the maximum payout (200% of target) requires the accomplishment of all nine critical objectives by Dec. 31, 2025.

Nine Critical 2025 Objectives

01 COMMON DATA/AI PLATFORM INITIATIVES
AI Copilot deployment for non-field director and above employees

02 OnePPL TECHNOLOGY PLATFORM INITIATIVES
Deployment of Windows 11 to all employees by Dec. 31, 2025

03 CYBER/DATA INCIDENTS THAT REQUIRE SEC NOTICE
No SEC notice incidents during 2025

04 CANE RUN FRONT-END ENGINEERING & DESIGN (FEED) FEASIBILITY STUDY
Completed submission to Department of Energy (DOE) by Dec. 31, 2025

05 TECHNICAL, IT, AND HR TRAINING INITIATIVES
Technical Training: 95% of electric & gas field workers apprentice and progression line trainees complete required trainings, administered by the Safety & Technical Training Group, per the 2025 training plan.
IT Training: 100% of Reinvention Steering Committee trained and all named core Agile Release Train (ART) participants trained on Scaled Agile Framework (SAFe).
HR Training: Complete two SPIRIT Management Development Programs and execute the SPIRIT Leadership Development Program.

All must be successfully completed by Dec. 31, 2025.

06 OnePPL FLEET MANAGEMENT STRATEGY INITIATIVES
Cost reduction goal of $215,000. Reduction achieved through:
1. Combined WEX fuel rebates starting in June of 2025: $36,000
2. Model reductions through light duty standardization: $113,000
3. Vehicle rightsizing Phase II: $66,000

07 OnePPL INVENTORY MANAGEMENT INITIATIVES
Execute contract management training, including spend analysis, category segmentation, negotiation skills and quarterly business reviews (QBRs).

08 OnePPL VEGETATION MANAGEMENT INITIATIVES
Implement harmonized Vegetation Management Program.

09 OnePPL EMERGENCY PREPAREDNESS INITIATIVES
Implement OnePPL weather services model.

Frequently Asked Questions Continued

I am an STI-eligible employee in a non-exempt role, last year my STI did not have a weighting associated with the Corporate Strategic Initiatives metric, but this year it does. Why did this change?

The 2024 Corporate Strategic Initiatives metric was limited to STI eligible non-exempt roles based in Rhode Island because last year's performance goals associated with the Corporate Strategic Initiatives metric were exclusively focused on the timely and on-budget exit of Rhode Island Energy's transition services agreements (TSAs). For 2025, since the Corporate Strategic Objectives metric has an enterprise-wide focus, this metric is applicable to all STI-eligible employees.

What salary is used in my STI calculation?

The STI calculation for exempt employees is based on salaries as of Dec. 31 of the performance year. For example, the 2025 STI calculation will use your Dec. 31, 2025, salary. Non-exempt STI awards are calculated using earned wages from the year. Wages include any regular pay (including sick, holiday, and vacation pay), overtime or premium pay you may have received during the plan year. These wages do not include things such as STI or bonus pay received, short-term disability or long-term disability pay, vacation time sold back to the company, payment for meals, tuition reimbursement, reimbursement for any other business expenses, or any other pay received deemed not eligible for inclusion in this calculation.

How is my STI calculated if I change from full-time to part-time or from part-time to full-time during the year?

STI calculations for exempt employees will be based on your base salary as of Dec. 31, so if you are part-time on that date, the calculation will be based on your part-time salary. If you are full-time on that date, your full-time salary will be used. For non-exempt employees, the calculation is based on earned wages as explained above.

Why are Customer Satisfaction and Reliability measures included?

Incorporating these measures into our STI Plan helps ensure we all focus on performance excellence and continue to improve in these critical areas for the benefit of our customers.

How will Customer Reliability be measured?

Customer Reliability will be measured by the System Average Interruption Frequency Index. SAIFI is an industry-recognized metric that measures the permanent outages customers experience and has shown to have the highest correlation to customer satisfaction.

How will Customer Satisfaction be measured?

The Customer Satisfaction goal for each business segment is measured by the J.D. Power Residential Satisfaction Survey. J.D. Power provides a standardized scoring and methodology for comparison across business segments. The focus is on electric residential to ensure consistency across dissimilar mixes of customer bases.

Why is Gas Leak Response Time a measure?

Safety is our priority in everything we do. We never compromise on safety and health for our employees, contractors, customers and the public. Gas leak response time is a critical gas operations measure in the communities where we provide natural gas-powered energy to our customers.

What are EAF and EFOR, and why are they measures?

EAF, or equivalent availability factor, measures the ratio of a given period in which a generating unit is available without any outages and equipment/seasonal deratings. EFOR stands for equivalent forced outage rate. This represents the ratio of time a unit is forced offline, compared to the time a unit is running. Both EAF and EFOR are measures of fleet generation capacity. Generator unit availability is an important component to ensuring intended operability is achieved. For the 2025 STI Plan year, these two metrics are equally weighted, which we will review for future STI Plan years. Performance targets are also re-calibrated annually to ensure we reward superior performance. For example, the 2025 STI Plan provides a 200% (of target) payout for an EFOR outcome of 2.0%.

How are performance targets determined?

PPL's Performance Analytics team analyzes historical performance as well as future expectations and works with the business leaders to set targets that are attainable, aligned with the business plan and incentivize continuous improvement in each of the identified areas. Continuous improvement in these areas is key to ensuring we remain a top performing utility that provides our customers with safe, affordable, reliable and sustainable energy. The selected measures, weightings and targets of the STI Plan metrics are reviewed annually to ensure they continue to be appropriate measures for the organization to support with our utility of the future strategy.

How are individual cash incentives determined?

The individual portion of your STI payout is based on your manager's or supervisor's assessment of individual achievement, including but not limited to: execution of day-to-day job responsibilities, accomplishment relative to individual goals set for the year and their impact on the organization, and demonstrating PPL's values and constructive behaviors. The individual performance scale is directly tied to that year's STI funding level, which is approved each year by CLC. Each year is assessed on its own, such that a higher or lower individual assessment percentage does not necessarily denote better or worse performance relative to prior years. Cash incentive payouts can range from 0 –200% with respect to the individual achievement portion of the STI award.

PPL CORPORATION
2025 Short-Term Incentive Goals -LG&E and KU

	Goal Category	2025 Goal Targets 0% Target	50% Target	100% Target	150% Target	200% Target	Goal Weight
OpCo Operational Goals	**LG&E and KU Energy LLC**						
	Electric Reliability (35%): Achieve the Reliability non-storm System Average Interruption Frequency Index (SAIFI) goal target	0.90	0.87	**0.78**	0.74	0.70	35%
	Customer Satisfaction (25%): Achieve JD Power Residential Electric Customer Satisfaction targeted rating	Midpoint 3rd Quartile Segment	2nd Quartile Segment	**1st Quartile Segment**	1st Quartile National	Midpoint between 1Q National and Top Decile National	25%
	Generation Reliability (10%): Achieve Equivalent Forced Outage Rate (EFOR) goal target	8.0%	5.0%	**3.5%**	2.5%	2.0%	10%
	Generation Reliability (10%): Achieve Equivalent Availability Factor (EAF) goal target (Excludes maintenance outages)	85.4%	85.7%	**86.7%**	87.8%	88.1%	10%
	Gas Operations (10%): Achieve Gas Leak Response Time goal target (average minutes) - On-Hours (No Payout if any significant event occurs)	36.6	35.0	**33.3**	31.9	30.6	10%
	Gas Operations (10%): Achieve Gas Leak Response Time goal target (average minutes) - Off-Hours (No Payout if any significant event occurs)	34.6	33.0	**31.5**	31.0	30.5	10%
							100%