

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

In the Matter of:

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

DIRECT TESTIMONY OF
ROBERT M. CONROY
VICE PRESIDENT, STATE REGULATION AND RATES
ON BEHALF OF
KENTUCKY UTILITIES COMPANY AND
LOUISVILLE GAS AND ELECTRIC COMPANY

Filed: May 30, 2025

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1 **I. INTRODUCTION**

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

3 A. My name is Robert M. Conroy. I am the Vice President of State Regulation and Rates
4 for Kentucky Utilities Company (“KU”) and Louisville Gas and Electric Company
5 (“LG&E”) (collectively, “Companies”) and an employee of LG&E and KU Services
6 Company. My business address is 2701 Eastpoint Parkway, Louisville, Kentucky
7 40223. A complete statement of my education and work experience is attached to this
8 testimony as Appendix A.

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

10 A. Yes, I have testified before this Commission in numerous proceedings over almost 20
11 years, including a number of base rate proceedings. I recently submitted testimony in
12 the ongoing proceeding concerning the Companies’ 2025 application for certificates of
13 public convenience and necessity (“CPCN”) and site compatibility certificates (“2025
14 CPCN Case”),¹ and most recently I submitted testimony in KU’s 2025 ECR application
15 proceeding.²

16 **Q. What are the purposes of your testimony?**

17 A. My testimony (1) provides an overview of the Companies’ revenue increase requests
18 and summarizes the main drivers of these base rate applications; (2) supports certain
19 exhibits required by the Commission’s regulations; (3) describes the Companies’
20 proposal concerning regulatory deferral accounting to address recovery of storm

¹*Electronic Application of Kentucky Utilities Company and Louisville Gas and Electric Company for Certificates of Public Convenience and Necessity and Site Compatibility Certificates*, Case No. 2025-00045, Direct Testimony of Robert M. Conroy (Feb. 28, 2025).

² *Electronic Application of Kentucky Utilities Company for Approval of Its 2025 Compliance Plan for Recovery by Environmental Surcharge*, Case No. 2025-00105, Direct Testimony of Robert M. Conroy (Apr. 30, 2025).

1 restoration and vegetation management costs, which will enhance administrative
2 efficiency by reducing the need for individual regulatory asset applications; (4)
3 describe the methods by which the Companies informed their customers of the
4 proposed rate adjustment; and (5) introduces the filing of the Companies' merger study
5 in these proceedings.

6 **II. OVERVIEW OF THE COMPANIES' REQUESTED REVENUE INCREASES**

7 **Q. Please provide an overview of the Companies' requested revenue increases in**
8 **these proceedings.**

9 A. KU's application requests Commission approval of rates to reflect a revenue increase
10 of \$226.1 million (11.5%). LG&E's application request Commission approval of rates
11 to reflect a revenue increase of \$104.9 million (8.3%) for its electric operations and
12 \$59.5 million (14.0%) for its gas operations. These increases reflect a requested return
13 on equity of 10.95%, which will help ensure the Companies maintain their credit and
14 attract the capital needed to continue to provide safe and reliable service to their
15 customers at the lowest reasonable cost.³

16 Notably, the Companies' requested revenue increase percentages are
17 considerably lower than inflation since the Companies filed their most recent base rate
18 applications in November 2020, as discussed in the testimony of John R. Crockett III.
19 That the Companies are requesting revenue increase percentages that are less than
20 inflation since their last rate case applications is remarkable and shows the Companies'
21 commitment to seeking and implementing efficiencies, particularly considering the

³ See, e.g., *Federal Power Comm'n v. Hope Natural Gas Co.*, 320 U.S. 591, 603 (1944) ("[T]he return to the equity owner should be commensurate with returns on investments in other enterprises having corresponding risks. That return, moreover, should be sufficient to assure confidence in the financial integrity of the enterprise, so as to maintain its credit and to attract capital.").

1 investments the Companies have made and continue to make to serve customers, as I
2 address below.

3 **Q. Why are these revenue increases necessary?**

4 A. Over the almost five years between forecasted test periods in the Companies' most
5 recent base rate cases and these cases, the Companies have made and are planning to
6 make significant investments in the infrastructure and systems necessary to provide
7 safe and reliable service to customers. Those investments—and the depreciation
8 expense, cost of capital, and taxes they entail—are the primary drivers of change in the
9 Companies' revenue requirements. On a combined basis, the Companies' investments
10 to provide safe and reliable service to customers result in a more than \$1.5 billion (KU
11 \$939 million; LG&E Electric \$266 million; LG&E Gas \$331 million) increase in
12 Kentucky base rate adjusted capitalization in these proceedings relative to that used to
13 set base rates in the Companies' last base rate case proceedings. Over the same period,
14 the Companies have invested or are planning to invest over \$4 billion to ensure their
15 ongoing and enhanced ability to provide safe and reliable service:

16 • The Distribution System Hardening and Resiliency Program ("DSHARP") Mr.
17 Waldrab describes. As he notes, the Companies have achieved very significant
18 improvements in reliability as measured by the System Average Interruption
19 Duration Index ("SAIDI"), excluding major event days, over the past 14 years.
20 But at the same time, there has been a pronounced increase in the frequency and
21 duration of outages associated with major events since 2020, which is one of
22 the major drivers of the need for DSHARP to help ensure continued service
23 reliability and resiliency.

- 1 • As described in the testimony of Elizabeth J. McFarland, the Companies have
2 invested or are planning to invest over \$1 billion in their transmission system
3 to proactively replace system components, connect new customers, expand the
4 system, and ensure reliability. This includes investments in the Transmission
5 System Hardening and Resiliency Program (“TSHARP”) Ms. McFarland
6 describes. As Ms. McFarland testifies, TSHARP, like its predecessor, the
7 Transmission System Improvement Program (“TSIP”), includes both system
8 modernization and integrity programs (asset replacements) that harden the
9 system against disruptions, and resiliency programs that help minimize the
10 frequency and impact of outages. Like DSHARP, TSHARP seeks to reduce the
11 effects of low frequency but high impact events due to extreme weather and
12 aging infrastructure. To help provide maximum value for customers, both
13 programs evaluate existing infrastructure’s likelihood of failure, consequence
14 of failure, and the value of loss of load and risk reduction to determine which
15 investments to make.
- 16 • As described in the testimony of Lonnie E. Bellar, the Companies have invested
17 or are planning to invest over \$700 million in non-mechanism generation capital
18 to ensure the Companies’ coal and gas generation fleet remains well
19 maintained, in good repair, and reliable. As Mr. Bellar testifies, this includes
20 approximately \$100 million to replace the stack liners for Trimble County Units
21 1 and 2 to help ensure their ongoing safe and reliable operation.
- 22 • Including the Information Technology (“IT”) projects described in the
23 testimony of Daniel Johnson, the Companies have invested or are planning to

1 invest about \$500 million in IT and other projects. As Mr. Johnson testifies,
2 the IT investments are necessary to secure critical infrastructure against
3 increasing cybersecurity threats, stabilize IT infrastructure, streamline customer
4 service and billing processes, ensure cost-efficiency across all systems, and
5 better evaluate and leverage new technologies in the future.

6 • As described in the testimony of Tom C. Rieth, LG&E has invested or plans to
7 invest almost \$400 million to connect new customers and enhance, maintain,
8 and repair its gas system. As Mr. Rieth explains, this includes investments for
9 Bullitt County system reinforcement and public works projects to relocate
10 infrastructure in the right-of-way of state and local governments.

11 • Finally, the Companies have invested or plan to invest approximately \$350
12 million in advanced metering infrastructure (“AMI”), which, as discussed in the
13 testimony of Shannon L. Montgomery, has allowed the Companies to reduce
14 their contractor workforce for meter reading and field services by 71 percent
15 and 51 percent, respectively. AMI also provides customers enhanced, granular
16 usage data, enables service offerings such as prepay service and Peak Time
17 Rebates, and provides other customer and system benefits.

18 The larger Plant in Service balances resulting from these investments, coupled
19 with higher depreciation rates, increased annual depreciation expense, or the recovery
20 of investment, by \$143 million (KU \$93 million; LG&E Electric \$31 million; LG&E
21 Gas \$19 million). Higher depreciation rates are the result of new depreciation studies
22 prepared by John Spanos.

1 The cost of capital is also a major driver of change in these proceedings due to
2 (1) the significant investments to serve customers over five years and (2) increased
3 costs of capital. The carrying costs associated with the increase in capitalization (debt
4 and equity balances) discussed above results in a \$128 million (KU \$78 million; LG&E
5 Electric \$22 million; LG&E Gas \$28 million) increase in the revenue requirement.
6 Additionally, the proposed increase in the weighted average cost of capital proposed in
7 these proceedings relative to that awarded in the Companies' last base rate proceedings
8 increases the revenue requirement by \$173 million (KU \$93 million; LG&E Electric
9 \$58 million; LG&E Gas \$22 million).

10 Net revenues are also an important driver of change in these proceedings,
11 *reducing* revenue increase requests in total by \$43 million. This includes increased net
12 revenues for two of the Companies' three utility operations (\$51 million net revenue
13 increase for KU, \$11 million net revenue decrease for LG&E electric, and \$3 million
14 net revenue increase for LG&E gas).

15 Importantly absent from the list of important drivers of increases to revenue
16 requirements are increases in operation and maintenance ("O&M") expenses. That is
17 because the Companies have continued to be intently focused on increasing operating
18 efficiencies while maintaining safe and reliable service. The result of those efforts is a
19 net *decrease* in O&M expenses (excluding fuel and purchased power costs) across all
20 utility operations of \$22 million, with two of the Companies' three utility operations
21 showing net O&M decreases (KU has an increase of \$6.5 million, LG&E electric has
22 a decrease of \$19.5 million, and LG&E gas has a decrease of \$8.8 million). Notably,

1 these O&M values include amortization of regulatory assets Christopher M. Garrett
2 addresses in his testimony; O&M would be even lower absent that amortization.

3 In sum, as noted in Mr. Crockett's testimony, the Companies filed their last
4 base rate cases in 2020. In the almost five years since then, the Companies have been
5 intensely focused on improving service reliability and efficiency while making
6 significant investments to continue to provide safe and reliable service at the lowest
7 reasonable cost for years to come. The results of those efficiency efforts and
8 investments to serve customers are revenue requirement increases in these proceedings
9 that are *less* than the total rate of inflation over the last five years.

10 **III. TESTIMONY CONCERNING THE COMPANIES' OPERATIONS**

11 **Q. Please state which witnesses for the Companies are testifying concerning the**
12 **Companies' electric generation, transmission, distribution, gas distribution, and**
13 **customer service operations.**

14 A. Mr. Bellar provides testimony concerning the Companies' electric generation
15 operations; Ms. McFarland provides testimony concerning the Companies' electric
16 transmission operations; Mr. Waldrab provides testimony concerning the Companies'
17 electric distribution operations; Mr. Rieth provides testimony concerning LG&E's gas
18 distribution operations; and Ms. Montgomery provides testimony concerning the
19 Companies' customer service operations.

20 **IV. FILING REQUIREMENTS**

21 **Q. Are you supporting certain information required by Commission regulation 807**
22 **KAR 5:001?**

23 A. Yes, I am sponsoring the following schedules for the corresponding filing requirements
24 for both Companies (Tab 29 is for KU only):

1	• Name, Address, Facts	Section 14(1)	Tab 1
2	• Corp. – Incorporation, Good Standing	Section 14(2)	Tab 1
3	• LLC – Organized, Good Standing	Section 14(3)	Tab 1
4	• LP – Agreement	Section 14(4)	Tab 1
5	• Reason for Rate Adjustment	Section 16(1)(b)(1)	Tab 2
6	• Certificate of Assumed Name	Section 16(1)(b)(2)	Tab 3
7	• Statement about Customer Notice	Section 16(1)(b)(5)	Tab 6
8	• Notice of Intent	Section 16(2)	Tab 7
9	• Financial data for forecasted period presented as pro forma adjustments to base period	Section 16(6)(a)	Tab 8
10			
11			
12	• Forecasted adjustments limited to twelve (12) months immediately following suspension period	Section 16(6)(b)	Tab 9
13			
14			
15	• Capitalization and net investment rate base	Section 16(6)(c)	Tab 10
16			
17	• No revisions to forecast	Section 16(6)(d)	Tab 11
18	• Commission may require alternative forecast	Section 16(6)(e)	Tab 12
19			
20	• Testimony	Section 16(7)(a)	Tab 14
21	• Revenue requirements	Section 16(7)(h)(4)	Tab 25
22	• Access line forecast (telephone)	Section 16(7)(h)(6)	Tab 27
23	• Mix of gas supply (gas)	Section 16(7)(h)(8)	Tab 29 (KU only)
24	• Gallons of water projected to be sold (water)	Section 16(7)(h)(13)	Tab 34
25			
26	• Toll and access forecast of number of calls and number of minutes (telephone)	Section 16(7)(h)(16)	Tab 37
27			

1 to make such filings, and increase administrative efficiency, the Companies request
2 authority in these proceedings to net actual storm damage restoration and vegetation
3 management costs against the respective amounts in base rates in the forecasted test
4 period and record a regulatory asset or liability for the difference. Netting vegetation
5 management costs in addition to storm damage restoration costs will help ensure the
6 Companies have an opportunity to recover prudent additional vegetation management
7 costs they incur that could help reduce future storm damage costs.

8 To preserve transparency in the Companies storm recovery efforts, the
9 Companies propose to make an annual filing with the Commission within 90 days of
10 the end of each calendar year to report on and have Commission review of the deferred
11 amounts. This would allow the Commission to ensure the recorded regulatory assets
12 and liabilities remain reasonable on an ongoing basis and allow future cost recovery or
13 refunds in subsequent rate cases.

14 **VII. CUSTOMER NOTICE**

15 **Q. Please describe the methods by which the Companies informed their customers of**
16 **their proposed electric and gas rate adjustments.**

17 A. Notice to the public of the proposed rate adjustments is being given in accordance with
18 the Commission's May 5, 2025 orders in these proceedings, which approved an
19 alternative means of providing notice of these applications and the Companies'
20 proposed rate adjustments. In accordance with the Commission's orders, the
21 Companies delivered abbreviated notices of the filing of their applications to the
22 Kentucky Press Association, an agency that acts on behalf of newspapers of general
23 circulation through the Commonwealth of Kentucky in which customers affected

1 reside, for publication in the applicable newspapers once a week for three consecutive
2 weeks beginning May 23, 2025.

3 In addition to, and in accordance with, the requirements of the Commission's
4 May 5, 2025 orders, the Companies took and are taking the following actions:

- 5 • Beginning May 23, 2025, the Companies posted outside their offices in
6 Lexington and Louisville a copy of the abbreviated notices and are maintaining
7 these postings until completion of these rate case proceedings.⁴ The Companies
8 will make a complete copy of the full Section 17(4) notice available upon
9 request. The Companies will make the Section 17(4) notice available to
10 requesting customers via mail or email.
- 11 • Beginning May 23, 2025, the Companies posted on their website a copy of the
12 more detailed and lengthy notice that Section 17 requires, as well as a hyperlink
13 to the location on the Commission's website where case documents and tariff
14 filings are available. Beginning on May 30, 2025, the Companies will also post
15 on their website a complete redlined copy of each of the Companies' proposed
16 revisions to their Kentucky retail service tariffs.
- 17 • Beginning with the first billing cycle after May 30, 2025, each of the Companies
18 will include a bill insert sent to all Kentucky retail customers during the course
19 of their regular billing cycle. The bill insert will show the requested annual
20 increase in dollars and percentages and the effect on the average monthly bill
21 in dollars and percentages for all rate classes, and it will include the URL where
22 customers may view the full Section 17(4) notice, a complete redlined copy of
23 each of the Companies' proposed revisions to their Kentucky retail service
24 tariffs, and a hyperlink to the location on the Commission's website where case
25 documents and tariff filings are available.
- 26 • On the same day the Companies are filing these applications, they are notifying
27 by electronic mail the chief executive officer or legal counsel of each entity that
28 was granted intervention or otherwise permitted to participate in either or both
29 of the Companies' most recent base rate cases (Case Nos. 2020-00349 and
30 2020-00350) of the filing of these applications and are providing a hyperlink to
31 the location on the Commission's website where case documents and tariff
32 filings are available.
- 33 • On May 15, 2025, the Companies issued press advisories to all known news
34 media organizations who cover the areas within their certified territory advising
35 of the filing of their applications and including a hyperlink to the location on

⁴ KU is posting the abbreviated notice at KU's office located at One Quality Street, Lexington, Kentucky 40507. Similarly, LG&E is posting the abbreviated notice at LG&E's office located at 2701 Eastpoint Parkway, Louisville, Kentucky 40223.

1 the Companies' and the Commission's websites where case documents and
2 tariff filings will be available. The hyperlink to the Companies' website
3 contained the same notice being published by newspapers. Contemporaneously
4 with the filing of these applications, the Companies are posting to their website
5 the complete public version of these applications.

- 6 • Contemporaneously with the filing of these applications, the Companies are
7 filing the customer notice as a separate document, labeled "Customer Notice of
8 Rate Adjustment," to enable ratepayers checking the Commission's website to
9 easily locate the notice.

10 **VIII. MERGER STUDY**

11 **Q. Are the Companies providing an updated merger study in these proceedings?**

12 A. Yes, consistent with the Commission's prior Orders,⁵ Mr. Garrett sponsors the
13 Companies' merger study being filed in these proceedings.

14 **IX. CONCLUSION**

15 **Q. What are your conclusions and recommendations?**

16 A. Based on the evidence provided above and in the Companies' applications and
17 supporting testimony, schedules, and exhibits in these proceedings, I conclude the rates,
18 revenue allocations, and proposed changes to the Companies' tariffs are reasonable and
19 will aid the Companies in continuing to provide safe, reliable, and economical service
20 to their customers. Therefore, I recommend the Commission: (1) approve the
21 Companies' proposed rates, revenue allocations, and changes to their tariffs and (2)
22 approving the Companies' requested regulatory deferral accounting treatment for storm
23 damage restoration and vegetation management costs.

⁵ *Electronic Joint Application of PPL Corporation, PPL Subsidiary Holdings, LLC, PPL Energy Holdings, LLC, LG&E and KU Energy LLC, Louisville Gas and Electric Company and Kentucky Utilities Company for Approval of an Indirect Change of Control of Louisville Gas and Electric Company and Kentucky Utilities Company*, Case No. 2017-00415, Order (Ky. PSC Apr. 4, 2018); *Electronic Application of Kentucky Utilities Company for an Adjustment of Its Electric Rates*, Case No. 2018-00294, Order (Ky. PSC Apr. 30, 2019); *Electronic Application of Louisville Gas and Electric Company for an Adjustment of Its Electric and Gas Rates*, Case No. 2018-00295, Order (Ky. PSC Apr. 30, 2019).

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

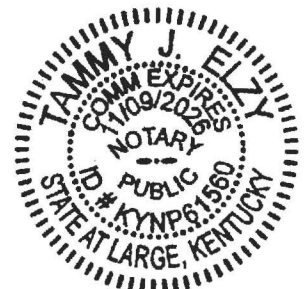
2 **A.** Yes, it does.

COMMONWEALTH OF KENTUCKY)
)
COUNTY OF JEFFERSON)


Robert M. Conroy

Notary Public Sammy J. Elzy
Notary Public ID No. KYNP61560

November 9, 2026



APPENDIX A

Robert M. Conroy

Vice President, State Regulation and Rates
LG&E and KU Services Company
2701 Eastpoint Parkway
Louisville, Kentucky 40223

Previous Positions

Vice President, State Regulation and Rates	Feb 2016 – Present
Director, Rates	Feb 2008 – Feb 2016
Manager, Rates	April 2004 – Feb 2008
Manager, Generation Systems Planning	Feb. 2001 – April 2004
Group Leader, Generation Systems Planning	Feb. 2000 – Feb. 2001
Lead Planning Engineer	Oct. 1999 – Feb. 2000
Consulting System Planning Analyst	April 1996 – Oct. 1999
System Planning Analyst III & IV	Oct. 1992 - April 1996
System Planning Analyst II	Jan. 1991 - Oct. 1992
Electrical Engineer II	Jun. 1990 - Jan. 1991
Electrical Engineer I	Jun. 1987 - Jun. 1990

Professional/Trade Memberships

Registered Professional Engineer in Kentucky, 1995
Edison Electric Institute - Rates and Regulatory Affairs Committee
Southeastern Energy Exchange - Rates and Regulation Committee

Education

Essentials of Leadership, London Business School, 2004
Masters of Business Administration
Indiana University (Southeast campus), December 1998
Center for Creative Leadership, Foundations in Leadership program, 1998.
Bachelor of Science in Electrical Engineering
Rose Hulman Institute of Technology, May 1987

Civic Activities

Olmstead Parks Conservancy – Board of Directors – 2016 – 2024
Leadership Kentucky – Class of 2016
Financial Research Institute – Advisory Board Member – 2016 – 2024