COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

SUPPLEMENTAL RESPONSE OF
LOUISVILLE GAS AND ELECTRIC COMPANY
TO
THE JOINT SUPPLEMENTAL DATA REQUESTS OF THE ATTORNEY GENERAL AND KENTUCKY INDUSTRIAL UTILITY CUSTOMERS'

DATED JULY 31, 2025

FILED: SEPTEMBER 30, 2025

LOUISVILLE GAS AND ELECTRIC COMPANY

Supplemental Response to the Joint Supplemental Data Requests of the Attorney General and Kentucky Industrial Utility Customers'
Dated July 31, 2025

Case No. 2025-00114

Question No. 14

Responding Witness: Christopher M. Garrett / Drew T. McCombs / Heather D. Metts

Q-14. Refer to the comparison of KU's jurisdictional O&M expenses by FERC account provided in the response to AG-KIUC 1-52.

a. The amount for Miscellaneous Steam Power Expenses in account 506 increases from $17.029 million in the base year to $19.188 million in the test year. Explain all reasons why an increase of 12.7% is projected for this account in the test year. Provide a copy of all support relied on for the amount in the test year and the increase over the base year.

b. The amount for Transmission of Electricity by Others (electric) in account 565 increases from $2.284 million in the base year to $3.319 million in the test year. Explain all reasons why an increase of 45.3% is projected for this account in the test year. Provide a copy of all support relied on for the amount in the test year and the increase over the base year.

c. The amount for Miscellaneous Transmission Expense (electric) in account 566 increases from $13.083 million in the base year to $14.340 million in the test year. Explain all reasons why an increase of 9.6% is projected for this account in the test year. Provide a copy of all support relied on for the amount in the test year and the increase over the base year.

d. The amount for Property Insurance (electric) in account 924 increases from $6.947 million in the base year to $8.293 million in the test year. Explain all reasons why an increase of 19.4% is projected for this account in the test year. Provide a copy of all support relied on for the amount in the test year and the increase over the base year.

e. The amount for Transmission Maintenance of Mains (gas) in account 863 increases from $1.694 million in the base year to $5.348 million in the test year. Explain all reasons why an increase of 315.6% is projected for this account in the test year. Provide a copy of all support relied on for the amount in the test year and the increase over the base year.

f. The amount for Distribution Other Expenses (gas) in account 880 increases from $7.844 million in the base year to $9.440 million in the test year. Explain all reasons why an increase of 20.4% is projected for this account in the test year. Provide a copy of all support relied on for the amount in the test year and the increase over the base year.

A-14. **Original Response:**

a. The $2.159 million projected increase in FERC 506 in the test year is due primarily to the following:
   - $1.813 million is due to higher reagent spend in test period (NOX Reduction Reagent, Sorbent Reactant, and Liquid Injection Reagent) due to pricing increases and more run time at Trimble County.
   - $0.315 million due to higher fees and permits in the test period driven by higher estimated Environmental Title V fees.

b. The 45.3% ($1.035 million) projected increase in FERC 565 in the test year is due primarily to the following:
   - $1.060 increase in intercompany transmission expense, offset in intercompany revenue.

c. The 9.6% ($1.257 million) projected increase in FERC 566 in the test year is due primarily to the following:
   - $1.063 million depancaking expenses is higher in the test year due to the projected increase in the Midwest Independent System Operator (MISO) rate.
   - $0.197 million higher Reliability Coordinator and Independent Transmission Operator contractual cost increases in the test year.

d. Property insurance expense is projected to increase 19% driven by a 5% increase in property values, an 8% increase in premiums, and a 6% increase due to a premium credit reflected in the base period. The 5% increase in insurable values is driven by inflation as the policy provides for replacement coverage and replacement costs are trended up based on the Handy Whitman Index. Insurance premiums are forecasted to increase 8% per the attached report from Marsh. Lastly, LG&E recorded a premium credit of $390k for the base period as a result of the mutual provider’s financial performance.

e. The 315.6% ($3.654 million) projected increase in FERC 863 in the test year is due primarily to the following:
   - $3.556 million is due to enhanced inline inspections (ILIs) and validation digs. This cost was developed based on the cost of inspecting each specific pipeline included in the test year period (as noted in the table below). These inspections and digs are being conducted within the transmission integrity management program to address regulatory

requirements of the Mega Rule Part 1 and enhance pipeline safety. See below for a breakdown of these costs between the base period and the test year:

$millions	Base Year	Test Year	Change from Base Year
Validation Digs	$0.001	$0.910	$0.910
Inline Inspections by Pipeline Segment:			
Blanton - Paddy's ILI	$0.000	$0.002	$0.002
Calvary Line ILI	$0.254	$0.000	($0.254)
Magnolia 16" ILI	$0.000	$2.978	$2.978
WK A ILI	$0.080	$0.000	($0.080)
Total	$0.335	$3.890	$3.556

f. The 20.4% ($1.596 million) projected increase in FERC 880 in the test year is due primarily to the following:
- $0.580 million IT maintenance subscriptions charged to General & Administrative account in the base period but is budgeted to Gas functional account 880 in the test year due to FERC 898.
- $0.342 million Safety Technical Training was charged to accounts 850 and 859 in the base period but included in account 880 in the test year
- $0.245 million increase in the test year due to two incremental Pipeline Safety Management System analysts in the test year and open intern position in the base year.
- $0.311 lower warehouse and purchased material required by the Gas Distribution Construction & Maintenance department in the base period than the test year.
- $0.099 million Operational Technology Security was included on account 880 in the test year but charged to account 859 in the base year.

September 30, 2025 Supplemental Response:

Following the submission of this supplemental request for information, the Company identified an error in the depancaking variance. In the response provided on August 12, 2025 the depancaking variance was overstated by $47k. This was due to a task being excluded from the Base Year calculation which lowered the base and increased the variance. The corrected depancaking expense is provided below.

c. The 9.6% ($1.257 million) projected increase in FERC 566 in the test year is due primarily to the following:
   - $1.016 million depancaking expenses is higher in the test year due to the projected increase in the Midwest Independent System Operator (MISO) rate.
   - $0.197 million higher Reliability Coordinator and Independent Transmission Operator contractual cost increases in the test year.