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Kentucky Utilities Company / Louisville Gas & Electric Company **Brief Summary of Common Equity Cost Rate**

Line No.	Principal Methods	Proxy Group of Seven Natural Gas Distribution Companies	Proxy Group of Seven Natural Gas Distribution Companies (excl. PRPM)
1.	Discounted Cash Flow Model (DCF) (1)	10.41%	10.41%
2.	Risk Premium Model (RPM) (2)	10.57%	10.63%
3.	Capital Asset Pricing Model (CAPM) (3)	10.47%	10.45%
4.	Market Models Applied to Comparable Risk, Non-Price Regulated Companies (4)	11.05%	11.04%
5.	Indicated Common Equity Cost Rate before Adjustment for Unique Risk	10.41% - 11.05%	10.41% - 11.04%
6.	Size Risk Adjustment (5)	0.15%	0.15%
7.	Credit Risk Adjustment (6)	0.00%	0.00%
8.	Flotation Cost Adjustment (7)	0.15%	0.15%
9.	Indicated Common Equity Cost Rate after Adjustment	10.71% - 11.35%	10.71% - 11.34%
10.	Recommended Common Equity Cost Rate	10.95%	10.95%

- Notes: (1) From page 10 of this Exhibit.
 - (2) From page 31 of this Exhibit.
 - (3) From page 42 of this Exhibit.
 - (4) From page 50 of this Exhibit.
 - (5) Size risk adjustment is required to account for the Company's smaller size relative to the Utility Proxy Group.
 - No Company-specific risk adjustment is needed to reflect Louisville Gas & Electric Company's risk compared to the Natural Gas Utility Proxy Group due to their shared long-term issuer rating of A3.
 - (7) From page 62 of this Exhibit.

Kentucky Utilities Company / Louisville Gas & Electric Company Brief Summary of Common Equity Cost Rate

		Kentucky Utili	ities Company	Louisville Gas & Elect	ric Company - Electric	
Line No.	Principal Methods	Proxy Group of Thirteen Electric Companies	Proxy Group of Thirteen Electric Companies (excl. PRPM)	Proxy Group of Thirteen Electric Companies	Proxy Group of Thirteen Electric Companies (excl. PRPM)	
1.	Discounted Cash Flow Model (DCF) (1)	10.15%	10.15%	10.15%	10.15%	
2.	Risk Premium Model (RPM) (2)	10.56%	10.63%	10.56%	10.63%	
3.	Capital Asset Pricing Model (CAPM) (3)	10.13%	10.11%	10.13%	10.11%	
4.	Market Models Applied to Comparable Risk, Non- Price Regulated Companies (4)	10.89%	10.88%	10.89%	10.88%	
5.	Indicated Common Equity Cost Rate before Adjustment for Unique Risk	10.13% - 10.89%	10.11% - 10.88%	10.13% - 10.89%	10.11% - 10.88%	
6.	Size Risk Adjustment (5)	0.05%	0.05%	0.10%	0.10%	
7.	Credit Risk Adjustment (6)	-0.07%	-0.07%	-0.07%	-0.07%	
8.	Flotation Cost Adjustment (7)	0.15%	0.15%	0.15%	0.15%	
9.	Indicated Common Equity Cost Rate after	10.26% - 11.02%	10.24% - 11.01%	10.31% - 11.07%	10.29% - 11.06%	
10.	Recommended Common Equity Cost Rate	10.95%	10.95%	10.95%	10.95%	

- Notes: (1) From page 10 of this Exhibit. (2) From page 31 of this Exhibit.

 - (3) From page 43 of this Exhibit.
 - (4) From page 50 of this Exhibit.

 - (5) Size risk adjustment is required to account for the Company's smaller size relative to the Utility Proxy Group.
 (6) Company-specific risk adjustment to reflect Louisville Gas & Electric Company's and Kentucky Utilities' lower risk due to a lower long-term issuer rating of A3 relative to the Electric Utility Proxy Group.
 - (7) From page 62 of this Exhibit.

Proxy Group of Seven Natural Gas Distribution Companies Capitalization and Financial Statistics (1) 2020 - 2024, Inclusive

	<u>2024</u>		2023	(MI	2022 LLIONS OF DOLLARS)	<u>2021</u>		<u>2020</u>		
<u>Capitalization Statistics</u>					,					
Amount of Capital Employed Total Permanent Capital Short-Term Debt	\$9,449.074 \$408.230		\$8,552.511 \$647.038	_	\$7,829.013 \$703.711	\$6,826.718 \$564.491		\$6,113.626 \$233.392	_,	
Total Capital Employed	\$9,857.304		\$9,199.549	_	\$8,532.724	\$7,391.209		\$6,347.018	-	
Indicated Average Capital Cost Rates (2) Total Debt Preferred Stock	4.41 3.37		3.98 4.31			2.84 4.54		3.32 6.26		
	3.37	90	4.31	90	3.36 %	4.54	90	0.20	70	5 YEAR
Capital Structure Ratios Based on Total Permanent Capital:										<u>AVERAGE</u>
Long-Term Debt	51.07	%	51.54	%	50.93 %	50.05	%	49.18	%	50.55 %
Preferred Stock Common Equity	48.93		0.36 48.10		1.29 47.78	1.36 48.59		0.84 49.98		0.77 48.68
Total	100.00	%	100.00	- %		100.00	- _% -	100.00	%	100.00 %
		_								
<u>Based on Total Capital:</u> Total Debt, Including Short-Term Debt	54.13	%	54.05	%	55.68 %	55.18	%	52.51	%	54.31 %
Preferred Stock	-	70	0.31	70	1.17	1.32	70	0.81	70	0.72
Common Equity	45.87		45.64		43.15	43.50		46.68		44.97
Total	100.00	%	100.00	%	100.00 %	100.00	%	100.00	%	100.00 %
<u>Financial Statistics</u>										
Financial Ratios - Market Based										
Earnings / Price Ratio	5.16	%	5.19	%	3.96 %	4.75	%	4.22	%	4.66 %
Market / Average Book Ratio	165.45		169.94		199.96	191.16		197.63		184.83
Dividend Yield	3.45		3.44		2.99	3.14		2.91		3.19
Dividend Payout Ratio	66.77		66.89		53.99	59.48		55.94		60.61
Rate of Return on Average Book Common Equity	8.63	%	8.82	%	8.54 %	9.55	%	8.27	%	8.76 %
Total Debt / EBITDA (3)	4.89	x	5.05	x	5.13 x	5.38	x	5.18	x	5.13 x
Funds from Operations / Total Debt (4)	16.15	%	28.38	%	14.78 %	9.77	%	15.23	%	16.86 %
Total Debt / Total Capital	54.13	%	54.05	%	55.68 %	55.18	%	52.51	%	54.31 %

Notes:

- (1) All capitalization and financial statistics for the group are the arithmetic average of the achieved results for each individual company in the group, and are based upon financial statements as originally reported in each year.
- (2) Computed by relating actual total debt interest or preferred stock dividends booked to average of beginning and ending total debt or preferred stock reported to be outstanding.
- $(3)\ Total\ debt\ relative\ to\ EBITDA\ (Earnings\ before\ Interest,\ Income\ Taxes,\ Depreciation\ and\ Amortization).$
- (4) Funds from operations (sum of net income, depreciation, amortization, net deferred income tax and investment tax credits, less total AFUDC) plus interest charges as a percentage of total debt.

Source of Information: Company Annual Forms 10-K.

Proxy Group of Thirteen Electric Companies Capitalization and Financial Statistics (1) 2020 - 2024, Inclusive

	<u>2024</u>		<u>2023</u>	MIL	2022 LIONS OF DOLLA	ARS)	<u>2021</u>		2020		
<u>Capitalization Statistics</u>											
Amount of Capital Employed Total Permanent Capital Short-Term Debt Total Capital Employed	\$34,949.482 \$844.495 \$35,793.977	 - -	\$32,675.866 \$933.605 \$33,609.471	- ·	\$30,361.181 \$1,066.295 \$31,427.476	_	\$28,693.590 \$893.260 \$29,586.850	- ·	\$26,406.584 \$885.061 \$27,291.645		
Indicated Average Capital Cost Rates (2) Total Debt Preferred Stock Capital Structure Ratios	4.61 5.67		4.42 5.04		3.90 9 5.98 9		3.80 7.43		4.22 % 5.61 %	5 YEA	
Based on Total Permanent Capital: Long-Term Debt Preferred Stock Common Equity Total	59.16 0.42 40.42 100.00		58.96 0.48 40.56 100.00		58.14 9 0.43 41.43 100.00	_	58.10 0.47 41.43 100.00		56.96 % 0.66 42.38 100.00 %	58.20 0.44 41.25 100.00	9 5_
Based on Total Capital: Total Debt, Including Short-Term Debt Preferred Stock Common Equity Total	60.17 0.41 39.42 100.00		60.10 0.47 39.43 100.00		59.25 9 0.41 40.34 100.00	_	59.29 0.45 40.26 100.00		58.08 % 0.63 41.29 100.00 %	59.38 0.4' 40.1! 100.00	7 5_
<u>Financial Statistics</u>											
Financial Ratios - Market Based Earnings / Price Ratio Market / Average Book Ratio Dividend Yield Dividend Payout Ratio	5.43 178.31 4.21 72.81	%	5.57 185.50 3.90 71.91	%	4.82 9 200.26 3.63 87.15	%	5.70 195.86 3.72 69.96	%	4.44 % 198.36 3.68 53.53	5.19 191.66 3.83 71.0	3
Rate of Return on Average Book Common Equity	9.73	%	10.14	%	9.40	%	10.93	%	8.92 %	9.83	2 %
Total Debt / EBITDA (3)	5.24	x	5.12	x	5.29 x	x	5.22	x	5.97 x	5.3	7 x
Funds from Operations / Total Debt (4)	14.03	%	11.80	%	11.13	%	5.84	%	11.12 %	10.78	8 %
Total Debt / Total Capital	60.17	%	60.10	%	59.25	%	59.29	%	58.08 %	59.38	8 %

Notes:

- (1) All capitalization and financial statistics for the group are the arithmetic average of the achieved results for each individual company in the group, and are based upon financial statements as originally reported in each year.
- (2) Computed by relating actual total debt interest or preferred stock dividends booked to average of beginning and ending total debt or preferred stock reported to be outstanding.
- (3) Total debt relative to EBITDA (Earnings before Interest, Income Taxes, Depreciation and Amortization).
- (4) Funds from operations (sum of net income, depreciation, amortization, net deferred income tax and investment tax credits, less total AFUDC) plus interest charges as a percentage of total debt.

Source of Information: Company Annual Forms 10-K.

$\frac{Capital\ Structure\ Based\ upon\ Total\ Permanent\ Capital\ for\ the}{Proxy\ Group\ of\ Seven\ Natural\ Gas\ Distribution\ Companies}\\ \underline{2020\ -\ 2024,\ Inclusive}$

	2024	2022	2022	2021	2020	5 YEAR
	<u>2024</u>	<u>2023</u>	<u> 2022</u>	<u>2021</u>	<u>2020</u>	<u>AVERAGE</u>
Atmos Energy Corporation						
Long-Term Debt	39.04 %	37.62 %	45.81 %	39.35 %	40.02 %	40.37 %
Preferred Stock	0.00	0.00	0.00	0.00	0.00	0.00
Common Equity	60.96	62.38	54.19	60.65	59.98	59.63
Total Capital	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Chesapeake Utilities Corporation						
Long-Term Debt	48.08 %	49.17 %	41.87 %	42.31 %	42.82 %	44.85 %
Preferred Stock	0.00	0.00	0.00	0.00	0.00	0.00
Common Equity	51.92	50.83	58.13	57.69	57.18	55.15
Total Capital	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
New Jersey Resources Corporation						
Long-Term Debt	58.24 %	59.16 %	58.49 %	57.81 %	55.35 %	57.81 %
Preferred Stock	0.00	0.00	0.00	0.00	0.00	0.00
Common Equity	41.76	40.84	41.51	42.19	44.65	42.19
Total Capital	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
		 -				
NiSource Inc.						
Long-Term Debt	60.60 %	57.26 %	55.77 %	57.09 %	61.64 %	58.47 %
Preferred Stock	0.00	2.51	9.03	9.55	5.87	5.39
Common Equity	39.40	40.23	35.20	33.36	32.49	36.14
Total Capital	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Northwest Natural Holding Company						
Long-Term Debt	55.25 %	55.11 %	53.21 %	52.12 %	51.81 %	53.50 %
Preferred Stock	0.00	0.00	0.00	0.00	0.00	0.00
Common Equity	44.75	44.89	46.79	47.88	48.19	46.50
Total Capital	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
ONE Gas, Inc.						
Long-Term Debt	40.71 %	44.05 %	42.10 %	41.74 %	41.76 %	42.07 %
Preferred Stock	0.00	0.00	0.00	0.00	0.00	0.00
Common Equity	59.29	55.95	57.90	58.26	58.24	57.93
Total Capital	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Southwest Gas Holding Company						
Long-Term Debt	55.54 %	58.43 %	59.25 %	59.90 %	50.90 %	56.80 %
Preferred Stock	0.00	0.00	0.00	0.00	0.00	0.00
Common Equity	44.46	41.57	40.75	40.10	49.10	43.20
Total Capital	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Proxy Group of Seven Natural Gas						
Distribution Companies	51.07 %	E1 E4 0/	E0 02 0/	E0.0E.0/	49.19 %	E0 == 0/
Long-Term Debt Preferred Stock	0.00	51.54 % 0.36	50.93 % 1.29	50.05 % 1.36	49.19 % 0.84	50.55 % 0.77
Common Equity	48.93	48.10	47.78	48.59	49.97	48.68
Total Capital	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
-						

Source of Information Annual Forms 10-K

Kentucky Utilities Company / Louisville Gas & Electric Company Operating Subsidiary Company Capital Structures of the Proxy Group of Seven Natural Gas Distribution Companies

			2024	
	Parent			_
	Company	Common	Long-Term	Total
Company Name	Ticker	Equity	Debt	Capital
Atmos Energy Corporation	ATO	59.93%	40.07%	100.00%
Chesapeake Utilities Corporation	CPK	51.71%	48.29%	100.00%
New Jersey Natural Gas Company	NJR	54.18%	45.82%	100.00%
Northern Indiana Public Service Company	NI	58.24%	41.76%	100.00%
Northwest Natural Gas Company	NWN	47.86%	52.14%	100.00%
ONE Gas, Inc.	OGS	56.09%	43.91%	100.00%
Southwest Gas Corporation	SWX	48.28%	51.72%	100.00%
	Average	53.75%	46.25%	
	Maximum	59.93%	52.14%	
	Minimum	47.86%	40.07%	

Source: S&P Global Market Intelligence.

Company Financial Statements.

Northern Indiana Public Service Company is from FERC financial Report Form Form No. 1.

<u>Capital Structure Based upon Total Permanent Capital for the</u> <u>Proxy Group of Thirteen Electric Companies</u> <u>2020 - 2024, Inclusive</u>

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>5 YEAR</u> <u>AVERAGE</u>
						
Alliant Energy Corporation						
Long-Term Debt	58.44 %	57.14 %	56.27 %	55.16 %	53.51 %	56.10 %
Preferred Stock	0.00	0.00	0.00	0.00	1.58	0.32
Common Equity	41.56	42.86	43.73	44.84	44.91	43.58
Total Capital	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
American Electric Power Corporation						
Long-Term Debt	61.28 %	61.39 %	59.85 %	59.86 %	60.19 %	60.51 %
Preferred Stock	0.00	0.00	0.00	0.00	0.00	0.00
Common Equity	38.72	38.61	40.15	40.14	39.81	39.49
Total Capital	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Ameren Corporation						
Long-Term Debt	58.95 %	58.18 %	56.87 %	57.07 %	54.97 %	57.21 %
Preferred Stock	0.43	0.47	0.52	0.56	0.70	0.53
Common Equity	40.62	41.35	42.61	42.37	44.33	42.26
Total Capital	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Edican International						
Edison International Long-Term Debt	68.85 %	66.98 %	65.60 %	61.49 %	56.44 %	63.87 %
Preferred Stock	4.21	4.96	4.21	4.63	5.19	4.64
Common Equity	26.94	28.06	30.19	33.88	38.37	31.49
Total Capital	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Total Sapital	100.00	100.00	100.00 70	100.00 70	100.00 70	100.00
Entergy Corporation						
Long-Term Debt	64.50 %	62.66 %	66.13 %	68.58 %	66.67 %	65.71 %
Preferred Stock	0.74	0.85	0.81	0.58	0.76	0.75
Common Equity	34.76	36.49	33.06	30.84	32.57	33.54
Total Capital	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Evergy, Inc.	FF FO 0/	FF 00 0/	F2 17 0/	E1 17 0/	F2 40 0/	F2 20 0/
Long-Term Debt	55.59 %	55.09 %	52.17 %	51.17 %	52.48 %	53.30 %
Preferred Stock Common Equity	0.00 44.41	0.00 44.91	0.00 47.83	0.00 48.83	0.00 47.52	0.00 46.70
Total Capital	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Total Capital	100.00 //	100.00 /0	100.00 70	100.00 /0	100.00 /0	100.00 /0
FirstEnergy, Corporation.						
Long-Term Debt	65.33 %	69.81 %	67.95 %	73.33 %	75.48 %	70.38 %
Preferred Stock	0.00	0.00	0.00	0.00	0.00	0.00
Common Equity	34.67	30.19	32.05	26.67	24.52	29.62
Total Capital	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
In Loop P						
IDACORP, Inc.	47.00.01	40.00.00	40.05.04	40.05.04	40.01.01	45 55 01
Long-Term Debt	47.99 %	49.29 %	43.87 %	42.85 %	43.86 %	45.57 %
Preferred Stock	0.00	0.00	0.00	0.00	0.00	0.00
Common Equity	52.01	50.71	56.13	57.15	56.14	54.43
Total Capital	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %

<u>Capital Structure Based upon Total Permanent Capital for the</u> <u>Proxy Group of Thirteen Electric Companies</u> <u>2020 - 2024, Inclusive</u>

Common Equity		<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>5 YEAR</u> <u>AVERAGE</u>
Preferred Stock Common Equity 0.00 47.87 50.97 49.25 47.43 50.96 49.30 49.30 100.00 100.	OGE Energy Corporation						
Common Equity 47.87 50.97 49.25 47.43 50.96 49.30 100.00	Long-Term Debt	52.13 %	49.03 %	50.75 %	52.57 %	49.04 %	50.70 %
Total Capital	Preferred Stock	0.00	0.00	0.00	0.00	0.00	0.00
Pinnacle West Capital Corporation Long-Term Debt 56.74 % 57.67 % 56.30 % 54.46 % 52.85 % 55.60 % Preferred Stock 0.00 0.	Common Equity						
Common Equity	Total Capital	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Common Equity							
Preferred Stock 0.00							
Common Equity Total Capital 43.26 100.00 % 42.33 100.00 % 43.70 100.00 % 45.54 47.15 100.00 % 44.40 100.00 % Portland General Electric Company Long-Term Debt 54.39 % 54.56 % 56.75 % 54.82 % 53.83 % 54.87 % Preferred Stock 0.00 0.00 0.00 0.00 0.00 0.00 0.00 Common Equity 45.61 45.44 43.25 45.18 46.17 45.13 45.13 46.17 45.13 45.13 46.17 45.13 100.00 % 10	9						
Total Capital 100.00 % 100							
Portland General Electric Company Long-Term Debt 54.39 % 54.56 % 56.75 % 54.82 % 53.83 % 54.87 % Preferred Stock 0.00 0.							
Common Equity	rotai Capitai	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Common Equity	Portland General Electric Company						
Preferred Stock 0.00		54.39 %	54.56 %	56.75 %	54.82 %	53.83 %	54.87 %
Southern Company Long-Term Debt 65.66 % 65.50 % 64.37 % 64.99 % 63.22 % 64.75 % Preferred Stock 0.00 0.00 0.00 0.36 0.38 0.15 Common Equity 34.34 34.50 35.63 34.65 36.40 35.10 Total Capital 100.00 % 100.00	e e	0.00	0.00	0.00	0.00	0.00	
Southern Company Long-Term Debt 65.66 % 65.50 % 64.37 % 64.99 % 63.22 % 64.75 % Preferred Stock 0.00 0.00 0.00 0.36 0.38 0.15 Common Equity 34.34 34.50 35.63 34.65 36.40 35.10 Total Capital 100.00 % 100.00 % 100.00 % 100.00 % 100.00 % 100.00 % 100.00 % 100.00 % 100.00 % 100.00 % 100.00 % 100.00 % 58.91 % 57.93 % 58.84 % 9 8 9 9 9 100.00 %	Common Equity	45.61	45.44	43.25	45.18	46.17	45.13
Long-Term Debt 65.66 % 65.50 % 64.37 % 64.99 % 63.22 % 64.75 % Preferred Stock 0.00 0.00 0.00 0.36 0.38 0.15 Common Equity 34.34 34.50 35.63 34.65 36.40 35.10 Total Capital 100.00 % 100.00 % 100.00 % 100.00 % 100.00 % 100.00 % 100.00 % 100.00 % 100.00 % 100.00 % 100.00 % 58.91 % 57.93 % 58.84 % 58.91 % 57.93 % 58.84 % 58.91 % 57.93 % 58.84 % 58.91 % 57.93 % 58.84 % 58.91 % 57.93 % 58.84 % 58.91 % 57.93 % 58.84 % 58.84 % 98.91 % 57.93 % 58.84 % 98.91 % 57.93 % 58.84 % 98.91 % 57.93 % 58.84 % 98.91 % 57.93 % 58.84 % 98.91 % 57.93 % 58.94 % 98.91 % 41.09 % 42.07 % 41.16 41.16 41.16 41.16 41.16 41.16 41.16 41.16 41.16 4	Total Capital	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Long-Term Debt 65.66 % 65.50 % 64.37 % 64.99 % 63.22 % 64.75 % Preferred Stock 0.00 0.00 0.00 0.36 0.38 0.15 Common Equity 34.34 34.50 35.63 34.65 36.40 35.10 Total Capital 100.00 % 100.00 % 100.00 % 100.00 % 100.00 % 100.00 % 100.00 % 100.00 % 100.00 % 100.00 % 100.00 % 58.91 % 57.93 % 58.84 % 58.91 % 57.93 % 58.84 % 58.91 % 57.93 % 58.84 % 58.91 % 57.93 % 58.84 % 58.91 % 57.93 % 58.84 % 58.91 % 57.93 % 58.84 % 58.84 % 98.91 % 57.93 % 58.84 % 98.91 % 57.93 % 58.84 % 98.91 % 57.93 % 58.84 % 98.91 % 57.93 % 58.84 % 98.91 % 57.93 % 58.94 % 98.91 % 41.09 % 42.07 % 41.16 41.16 41.16 41.16 41.16 41.16 41.16 41.16 41.16 4							
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Long-Term Debt 59.28 % 59.11 % 58.97 % 58.91 % 57.93 % 58.84 % Preferred Stock 0.00 0.00 0.00 0.00 0.00 0.00 0.00 Common Equity 40.72 40.89 41.03 41.09 42.07 41.16 Total Capital 100.00 % 100.00 % 100.00 % 100.00 % 100.00 % 100.00 % Proxy Group of Thirteen Electric Companies Long-Term Debt 59.16 % 58.95 % 58.14 % 58.10 % 56.96 % 58.26 % Preferred Stock 0.42 0.48 0.43 0.47 0.66 0.49 Common Equity 40.42 40.57 41.43 41.43 42.38 41.25	Total Capital	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Long-Term Debt 59.28 % 59.11 % 58.97 % 58.91 % 57.93 % 58.84 % Preferred Stock 0.00 0.00 0.00 0.00 0.00 0.00 0.00 Common Equity 40.72 40.89 41.03 41.09 42.07 41.16 Total Capital 100.00 % 100.00 % 100.00 % 100.00 % 100.00 % 100.00 % Proxy Group of Thirteen Electric Companies Long-Term Debt 59.16 % 58.95 % 58.14 % 58.10 % 56.96 % 58.26 % Preferred Stock 0.42 0.48 0.43 0.47 0.66 0.49 Common Equity 40.42 40.57 41.43 41.43 42.38 41.25	Xcel Energy Inc.						
Common Equity Total Capital 40.72 40.89 100.00 % 41.03 100.00 % 41.09 42.07 41.16 100.00 % 41.16 100.00 % 40.00 % 41.00 % 41.09 42.07 41.16 41.00 % 41.00 % 41.00 % 40.00 % 50.00 % 50.96 % 50.26 % 90.00 % 50.00 %	==	59.28 %	59.11 %	58.97 %	58.91 %	57.93 %	58.84 %
Total Capital 100.00 %	Preferred Stock	0.00	0.00	0.00	0.00	0.00	0.00
Proxy Group of Thirteen Electric Companies 59.16 % 58.95 % 58.14 % 58.10 % 56.96 % 58.26 % Preferred Stock 0.42 0.48 0.43 0.47 0.66 0.49 Common Equity 40.42 40.57 41.43 41.43 42.38 41.25	Common Equity	40.72	40.89	41.03	41.09	42.07	41.16
Companies Long-Term Debt 59.16 % 58.95 % 58.14 % 58.10 % 56.96 % 58.26 % Preferred Stock 0.42 0.48 0.43 0.47 0.66 0.49 Common Equity 40.42 40.57 41.43 41.43 42.38 41.25	Total Capital	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Companies Long-Term Debt 59.16 % 58.95 % 58.14 % 58.10 % 56.96 % 58.26 % Preferred Stock 0.42 0.48 0.43 0.47 0.66 0.49 Common Equity 40.42 40.57 41.43 41.43 42.38 41.25	Durana Curana of Theirte and Phartain						
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Preferred Stock 0.42 0.48 0.43 0.47 0.66 0.49 Common Equity 40.42 40.57 41.43 41.43 42.38 41.25	· · · · · · · · · · · · · · · · · · ·	59.16 %	58.95 %	58.14 %	58.10 %	56.96 %	58.26 %
Common Equity 40.42 40.57 41.43 41.43 42.38 41.25	9						
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Source of Information Annual Forms 10-K

<u>Kentucky Utilities Company / Louisville Gas & Electric Company</u> Operating Subsidiary Company Capital Structures of the <u>Proxy Group of Thirteen Electric Companies</u>

	ъ.		2	024	
	Parent Company	Common	Preferred	Long-Term	Total
Company Name	Ticker	Equity	Equity	Debt	Capital
Union Electric Company	AEE	50.08%	0.51%	49.42%	100.00%
Ameren Illinois Company	AEE	55.37%	0.37%	44.26%	100.00%
Appalachian Power Company	AEP	50.00%	0.00%	50.00%	100.00%
AEP Texas Inc.	AEP	42.82%	0.00%	57.18%	100.00%
Southwestern Electric Power Company	AEP	48.51%	0.00%	51.49%	100.00%
Ohio Power Company	AEP	50.61%	0.00%	49.39%	100.00%
Indiana Michigan Power Company	AEP	48.76%	0.00%	51.24%	100.00%
Public Service Company of Oklahoma	AEP	47.40%	0.00%	52.60%	100.00%
Kentucky Power Company	AEP	44.95%	0.00%	55.05%	100.00%
Southern California Edison Company	EIX	36.55%	4.15%	59.30%	100.00%
Entergy Louisiana, LLC	ETR	53.71%	0.00%	46.29%	100.00%
Entergy Texas, Inc.	ETR	47.64%	0.56%	51.80%	100.00%
Entergy Mississippi, LLC	ETR	49.16%	0.00%	50.84%	100.00%
System Energy Resources, Inc.	ETR	47.15%	0.00%	52.85%	100.00%
Evergy Kansas Central, Inc.	EVRG	52.92%	0.00%	47.08%	100.00%
Evergy Metro, Inc.	EVRG	50.75%	0.00%	49.25%	100.00%
Evergy Missouri West, Inc.	EVRG	49.96%	0.00%	50.04%	100.00%
Jersey Central Power & Light Company	FE	67.52%	0.00%	32.48%	100.00%
The Cleveland Electric Illuminating Company	FE	65.65%	0.00%	34.35%	100.00%
Monongahela Power Company	FE	50.72%	0.00%	49.28%	100.00%
Ohio Edison Company	FE	51.88%	0.00%	48.12%	100.00%
The Potomac Edison Company	FE	49.94%	0.00%	50.06%	100.00%
The Toledo Edison Company	FE	53.71%	0.00%	46.29%	100.00%
Idaho Power Company	IDA	50.14%	0.00%	49.86%	100.00%
Interstate Power and Light Company	LNT	51.78%	0.00%	48.22%	100.00%
Wisconsin Power and Light Company	LNT	53.30%	0.00%	46.70%	100.00%
Oklahoma Gas and Electric Company	OGE	53.23%	0.00%	46.77%	100.00%
Arizona Public Service Company	PNW	47.59%	0.00%	52.41%	100.00%
Portland General Electric Company	POR	42.47%	0.00%	57.53%	100.00%
Georgia Power Company	SO	54.62%	0.00%	45.38%	100.00%
Alabama Power Company	SO	53.79%	0.00%	46.21%	100.00%
Southern Company Gas	SO	56.19%	0.00%	43.81%	100.00%
Southern Power Company	SO	49.97%	0.00%	50.03%	100.00%
Mississippi Power Company	SO	55.12%	0.00%	44.88%	100.00%
Southern Natural Gas Company, L.L.C.	SO	66.40%	0.00%	33.60%	100.00%
Public Service Company of Colorado	XEL	54.30%	0.00%	45.70%	100.00%
Northern States Power Company	XEL	52.36%	0.00%	47.64%	100.00%
Southwestern Public Service Company	XEL	51.94%	0.00%	48.06%	100.00%
Northern States Power Company	XEL	53.49%	0.00%	46.51%	100.00%
	Average	51.60%	0.14%	48.26%	
	Minimum	36.55%	0.00%	32.48%	
	Maximum	67.52%	4.15%	59.30%	

Source: S&P Capital IQ.

Kentucky Utilities Company / Louisville Gas & Electric Company Indicated Common Equity Cost Rate Using the Discounted Cash Flow Model for the Proxy Group of Seven Natural Gas Distribution Companies and Proxy Group of Thirteen Electric Companies

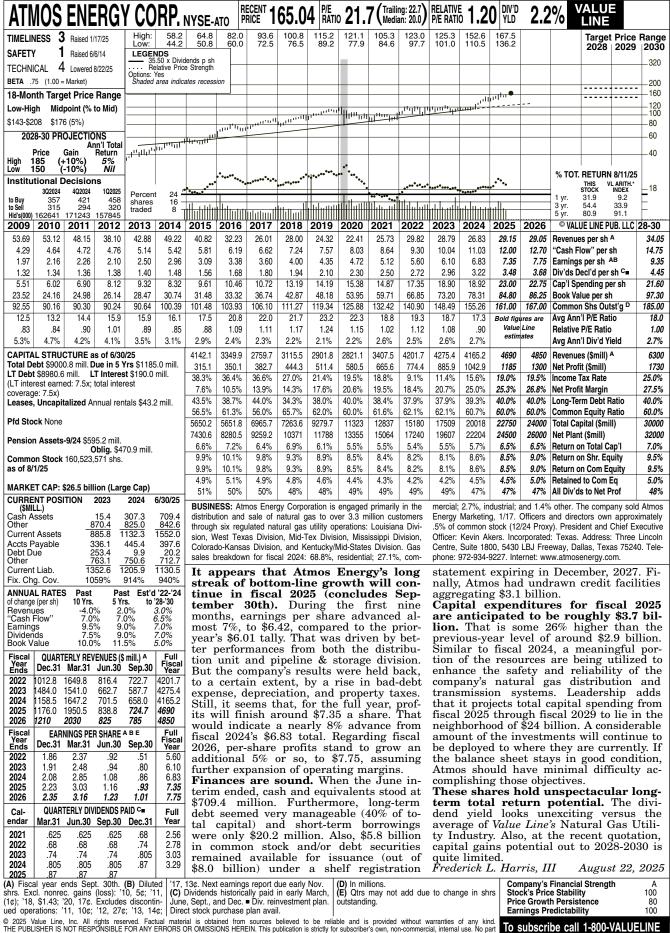
	[1]	[2]	[3]	[4]	[5]	[6]	[7]
Proxy Group of Seven Natural Gas Distribution Companies	Average Dividend Yield (1)	Value Line Projected Five Year Growth in EPS (2)	Zack's Five Year Projected Growth Rate in EPS	S&P Capital IQ Projected Five Year Growth in EPS	Average Projected Five Year Growth in EPS (3)	Adjusted Dividend Yield (4)	Indicated Common Equity Cost Rate (5)
Atmos Energy Corporation Chesapeake Utilities Corporation New Jersey Resources Corporation NiSource Inc. Northwest Natural Holding Company ONE Gas, Inc. Southwest Gas Holding Company	2.20 % 2.24 3.92 2.73 4.81 3.63 3.24	7.00 % 8.00 5.00 9.50 6.50 4.50 10.00	7.30 % NA NA 7.90 NA 5.60 10.50	7.22 % 8.33 7.90 8.08 5.75 5.94 11.71	7.17 % 8.16 6.45 8.49 6.13 5.35 10.74	2.28 % 2.33 4.05 2.85 4.96 3.73 3.41	9.45 % 10.49 10.50 11.34 11.09 9.08 14.15 (6)
	NA= N	ot Available				Median	10.49 %
					Average of Mean a	and Median	10.41 %
	[1]	[2]	[3]	[4]	[5]	[6]	[7]
Proxy Group of Thirteen Electric Companies	Average Dividend Yield (1)	Value Line Projected Five Year Growth in EPS (2)	Zack's Five Year Projected Growth Rate in EPS	S&P Capital IQ Projected Five Year Growth in EPS	Average Projected Five Year Growth in EPS (3)	Adjusted Dividend Yield (4)	Indicated Common Equity Cost Rate (5)
Alliant Energy Corporation American Electric Power Corporation Ameren Corporation Edison International Entergy Corporation Evergy, Inc. FirstEnergy, Corporation. IDACORP, Inc. OGE Energy Corporation Pinnacle West Capital Corporation Portland General Electric Company Southern Company Xcel Energy Inc.	3.20 % 3.45 2.88 6.29 2.79 3.82 4.28 2.86 3.77 3.95 5.08 3.19 3.23	6.00 % 6.50 6.50 6.50 3.00 7.50 4.50 6.00 6.50 5.00 6.50 6.50 7.00	6.60 % 6.40 7.90 7.00 9.50 5.70 6.40 8.20 6.30 2.10 3.40 6.80 7.80	6.80 % 6.96 7.72 8.85 8.73 5.87 6.62 8.60 6.64 5.51 4.66 6.58 8.14	6.47 % 6.62 7.37 7.45 7.08 6.36 5.84 7.60 6.48 4.20 4.85 6.63 7.65	3.30 % 3.56 2.99 6.52 2.89 3.94 4.40 2.97 3.89 4.03 5.20 3.30 3.35 Average	9.77 % 10.18 10.36 13.97 (6) 9.97 10.30 10.24 10.57 10.37 8.23 10.05 9.93 11.00 10.08 %
					Average of Mean a	ınd Median	10.15 %

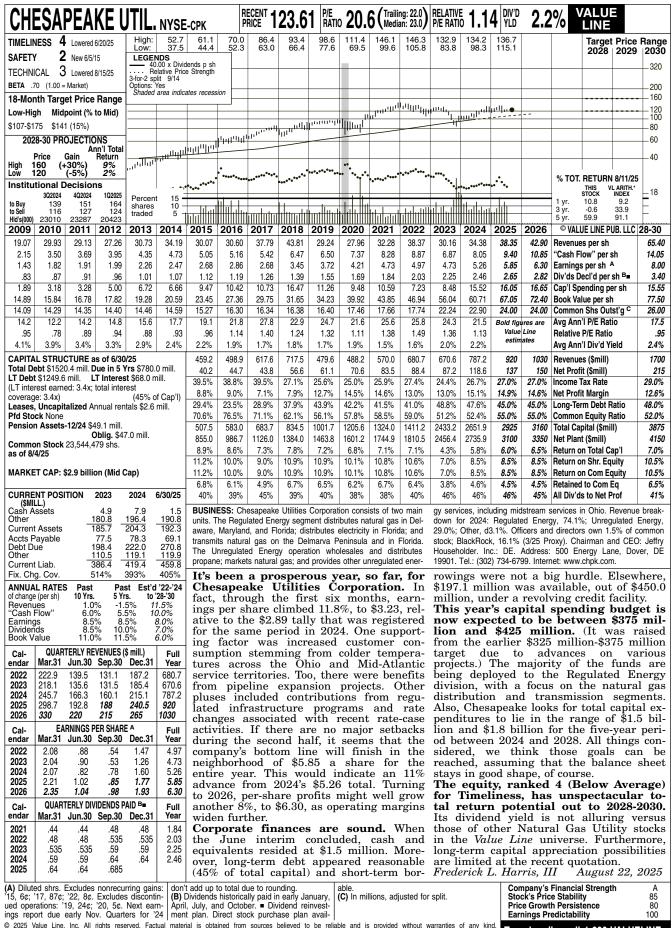
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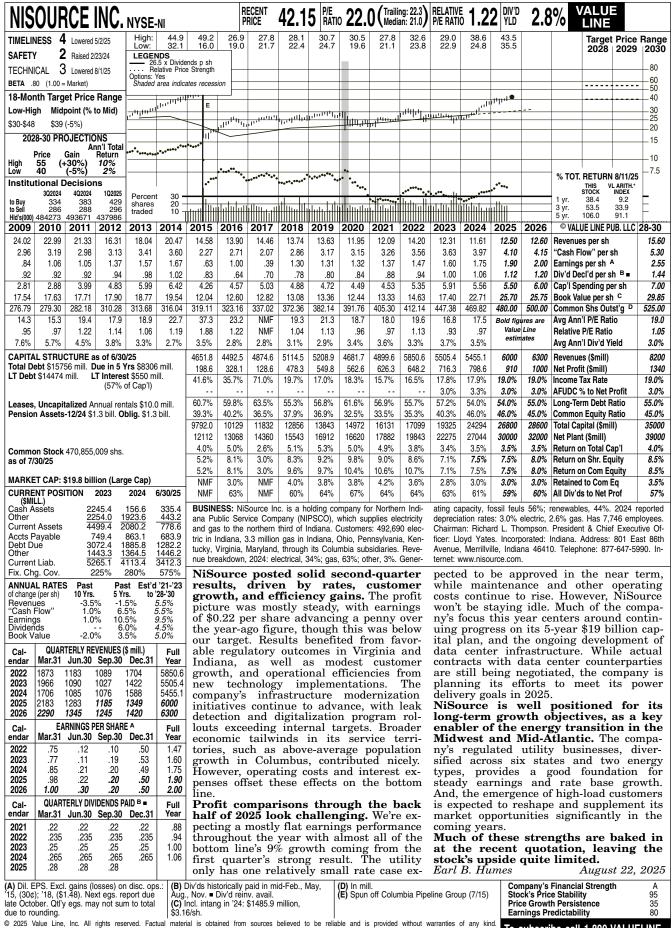
- (1) Indicated dividend at 09/02/2025 divided by the average closing price of the last 60 trading days ending 09/02/2025 for each company.
- (2) From pages 11 through 30 of this Exhibit.
- (3) Average of columns 2 through 4 excluding negative growth rates.
- (4) This reflects a growth rate component equal to one-half the conclusion of growth rate (from column 5) x column 1 to reflect the periodic payment of dividends (Gordon Model) as opposed to the continuous payment. Thus, for Atmos Energy Corporation, 2.20% x (1+(1/2 x 7.17%)) = 2.28%.
- (5) Column 6 + Column 7.
- (6) Results were excluded from the final average and median as they were more than two standard deviations from the proxy group's mean.

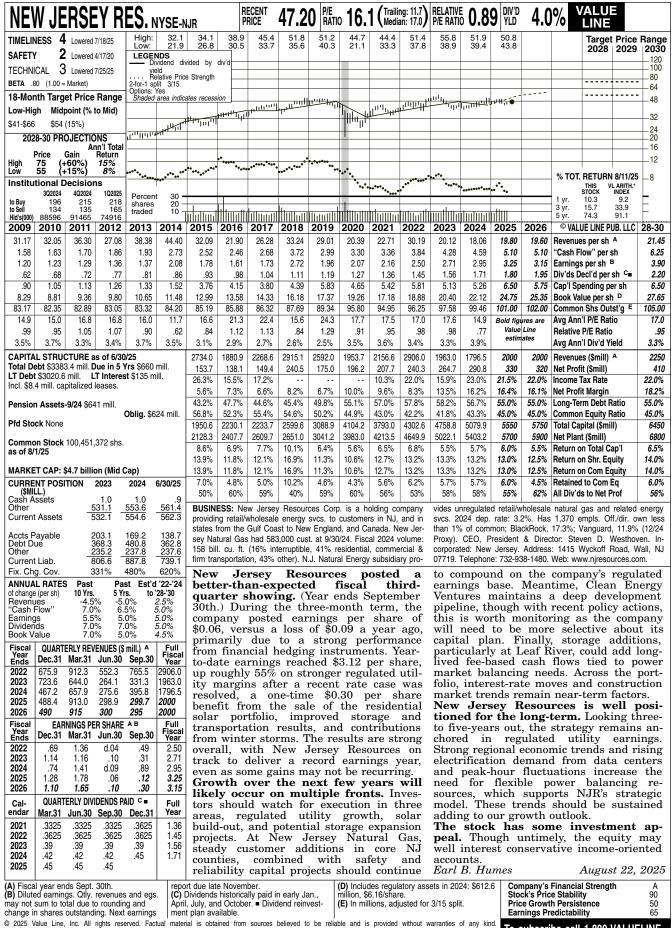
Source of Information:

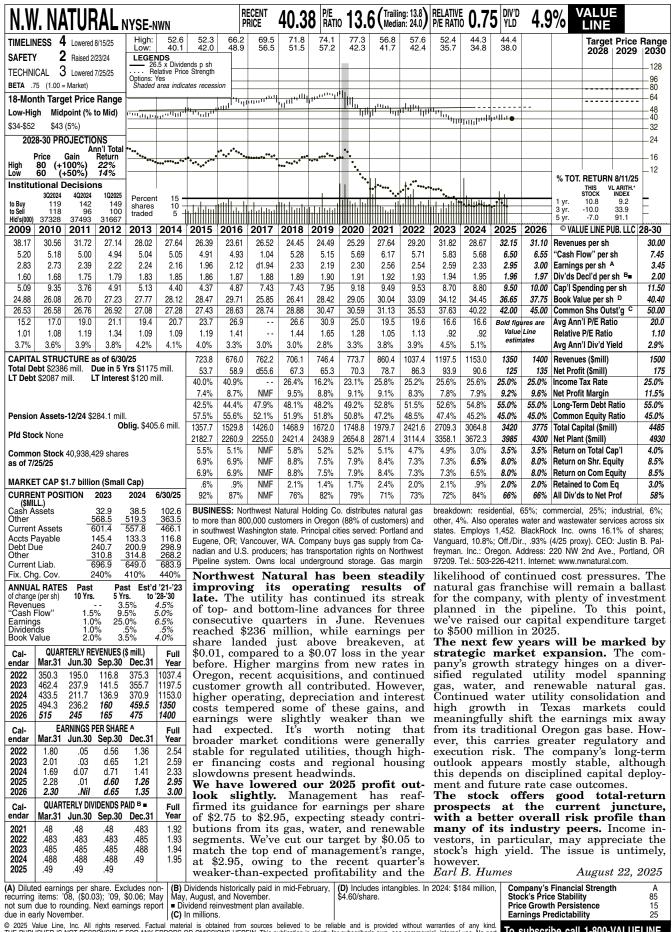
Value Line Investment Survey www.zacks.com Downloaded on 09/02/2025 S&P Capital IQ

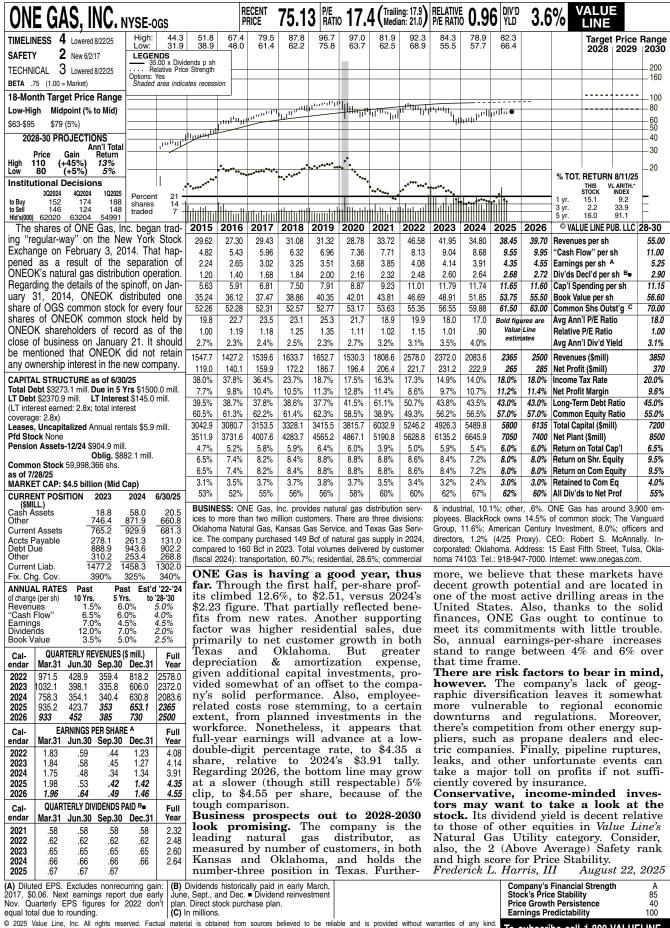


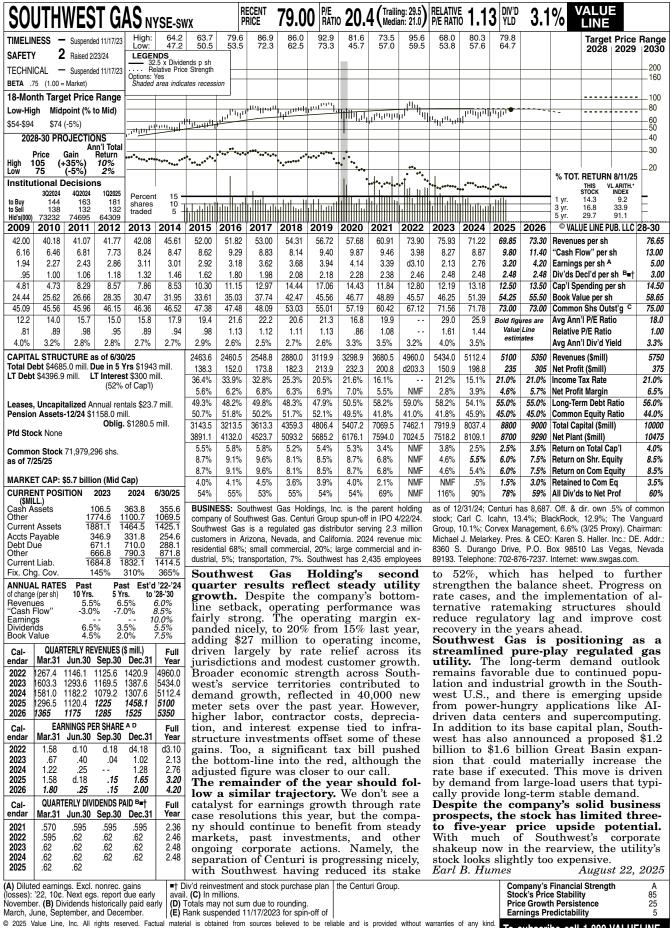




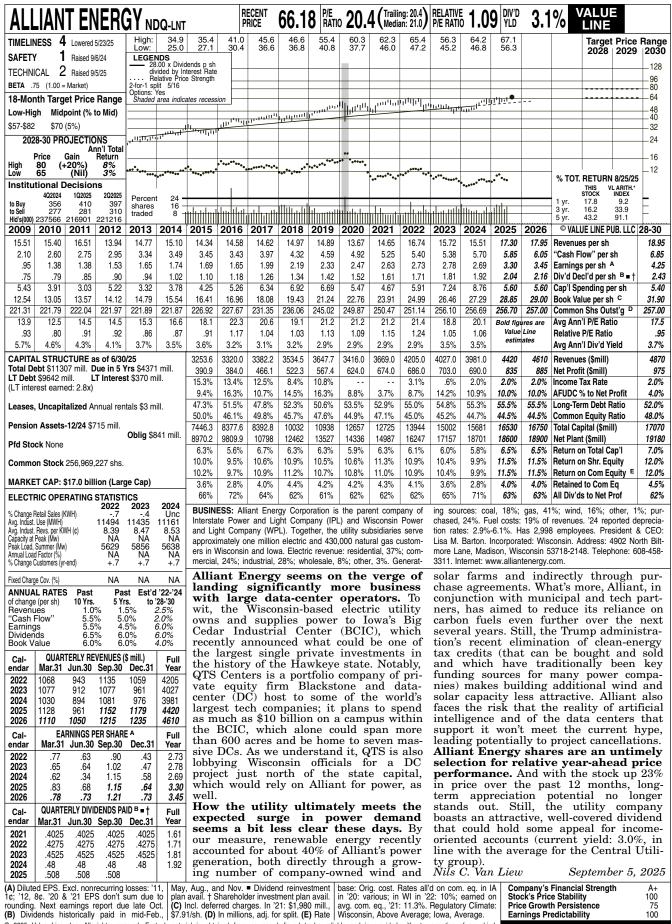


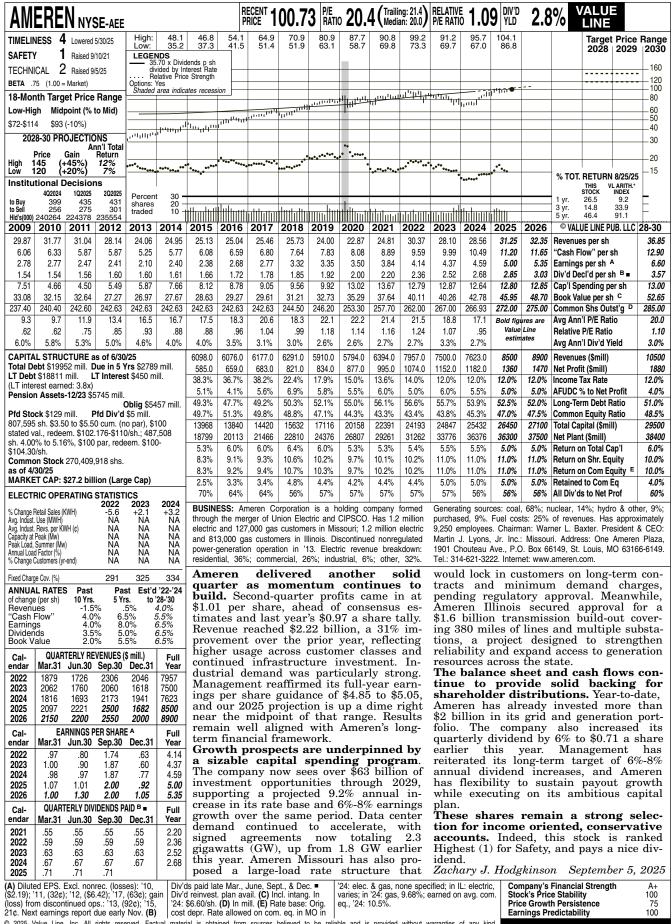


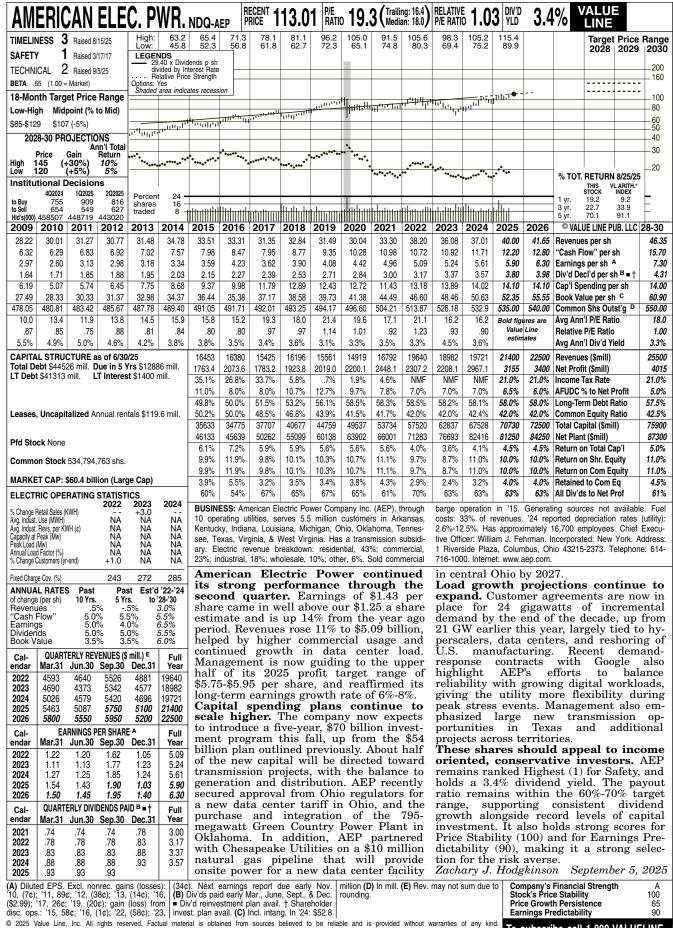


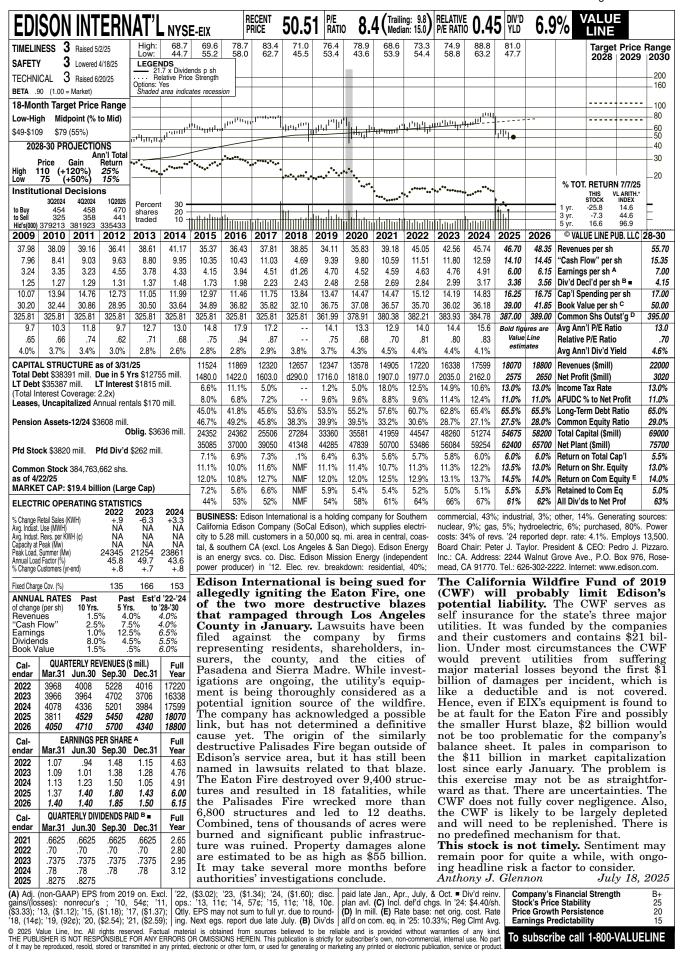


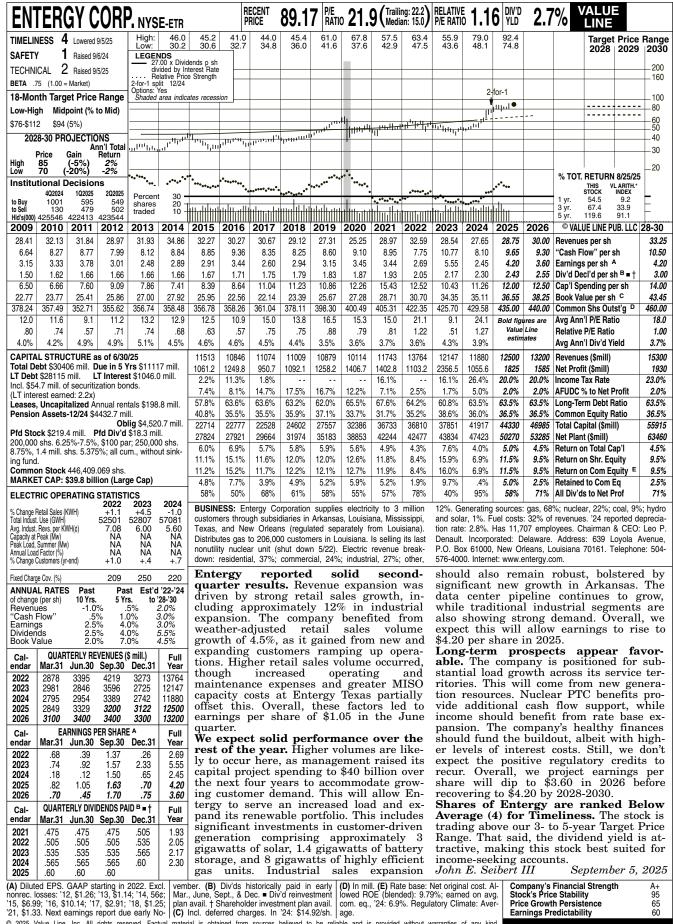
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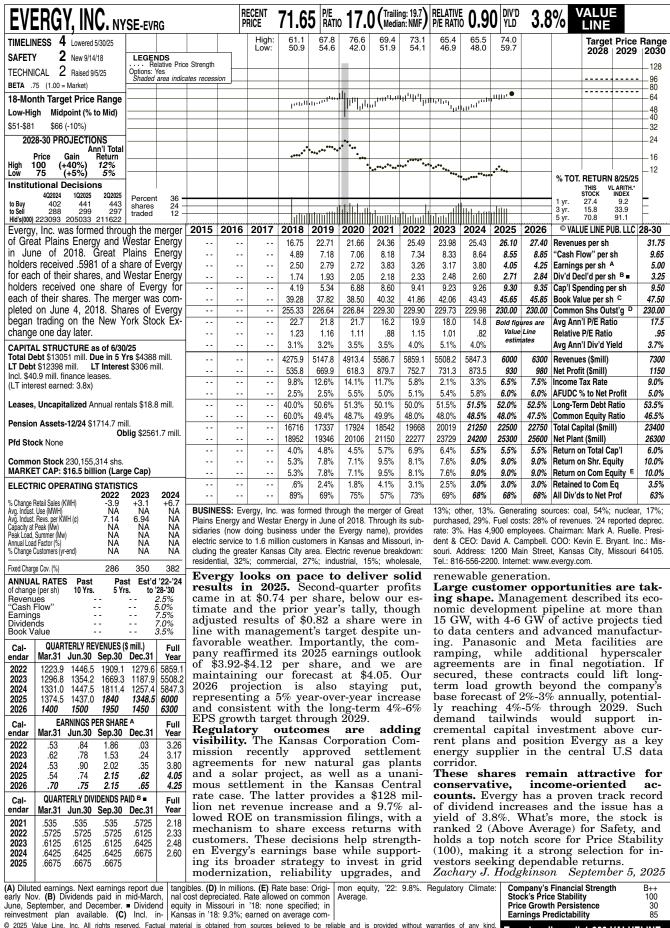


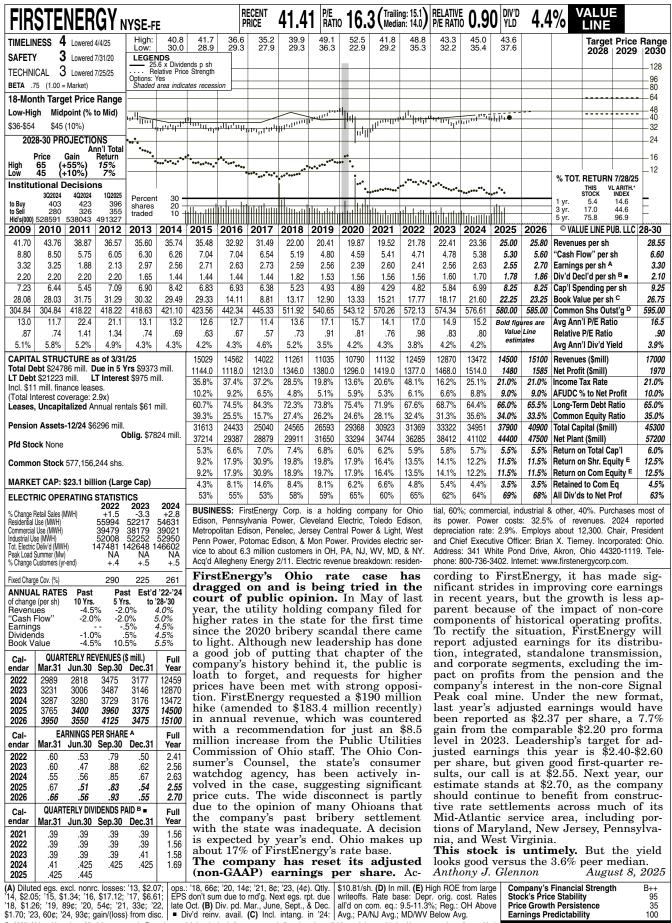




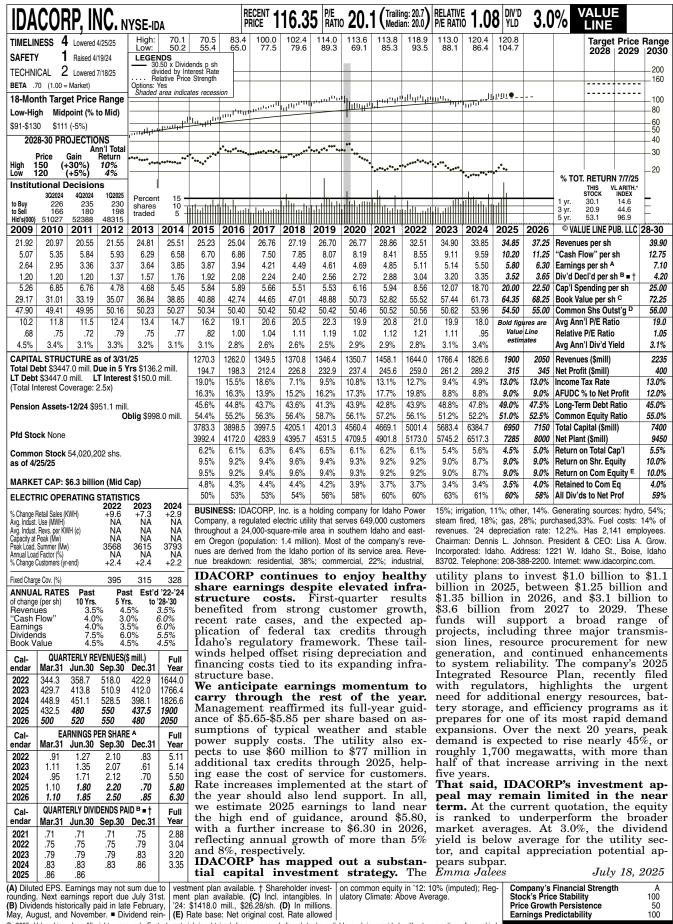


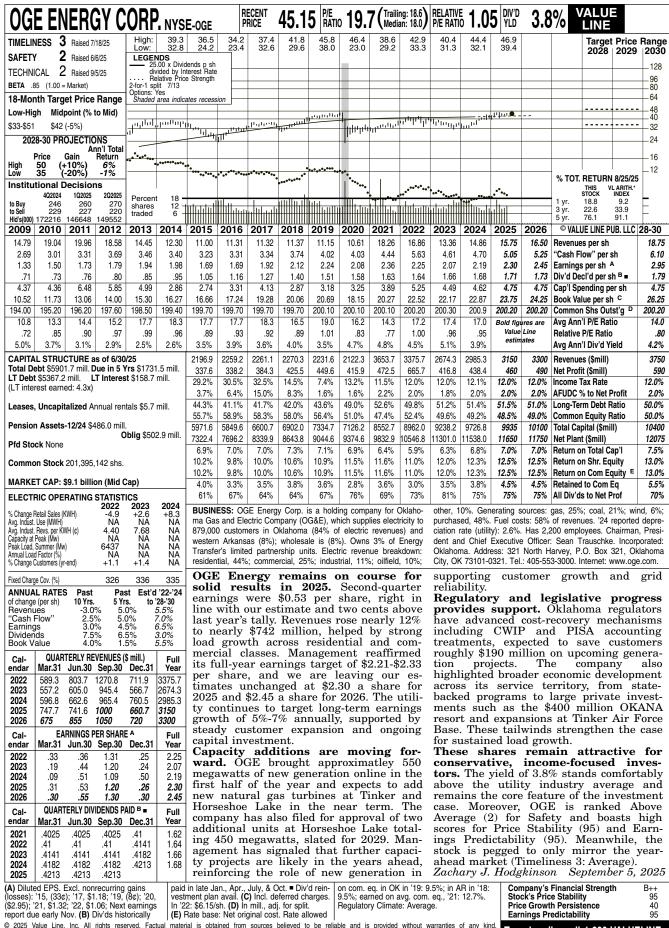


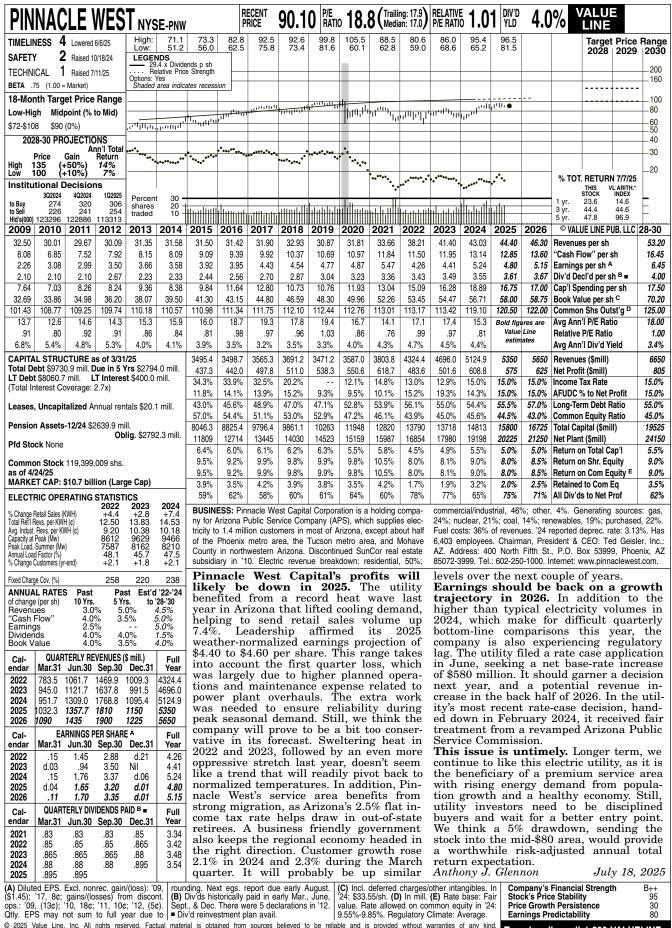


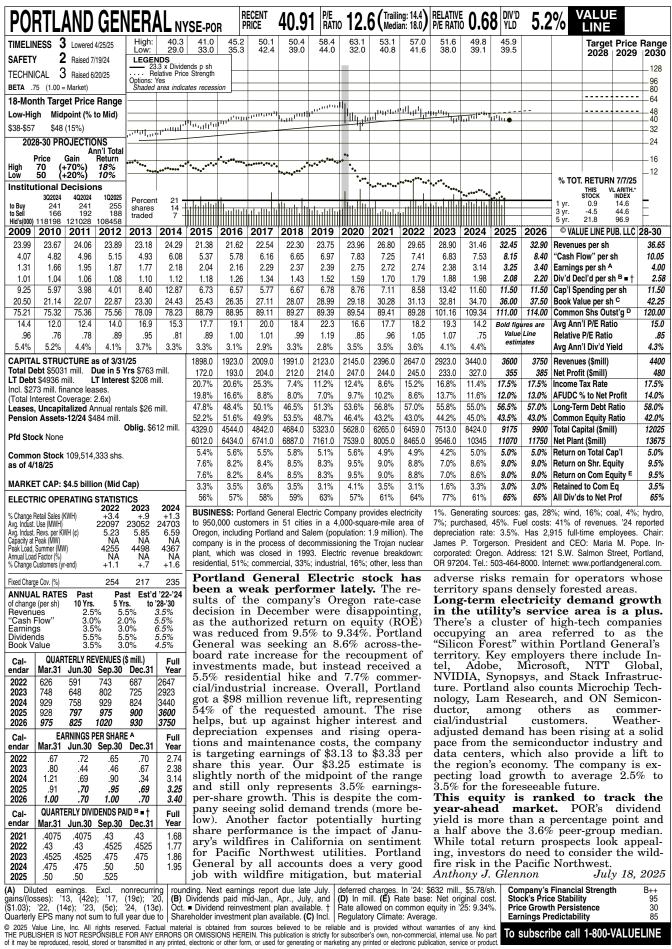


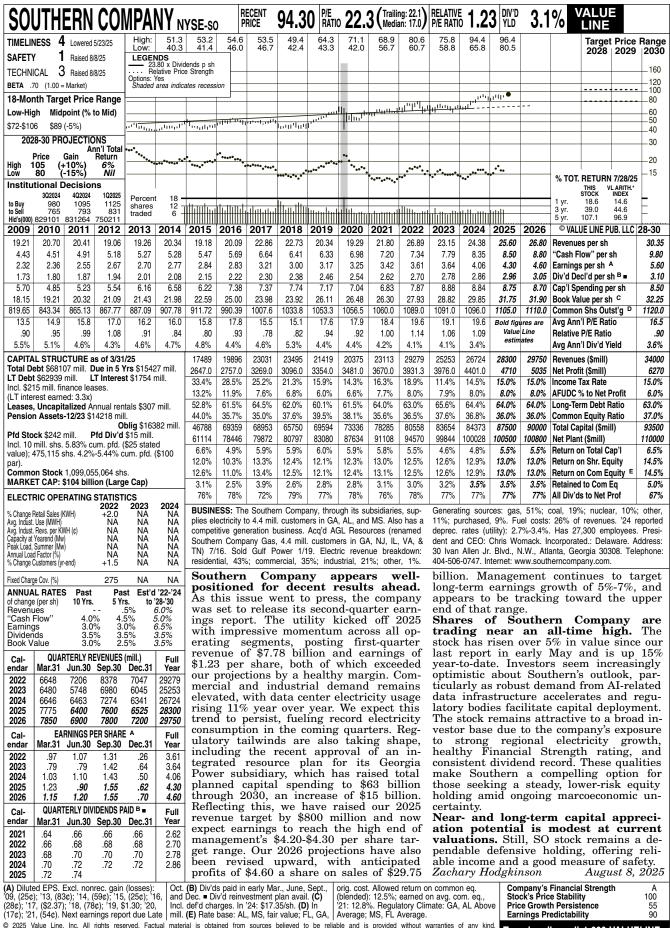
100 Earnings Predictability

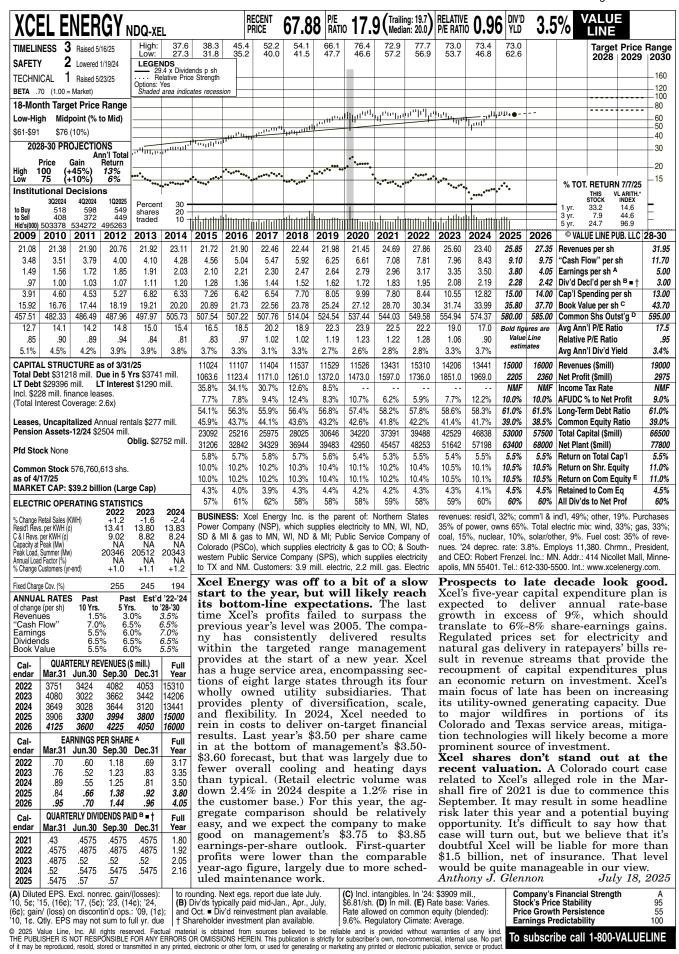












Kentucky Utilities Company / Louisville Gas & Electric Company Indicated Common Equity Cost Rate Through Use of a Risk Premium Model

Using an Adjusted Total Market Approach

Line No.		Proxy Group of Seven Natural Gas Distribution Companies	Proxy Group of Seven Natural Gas Distribution Companies (excl. PRPM)	Proxy Group of Thirteen Electric Companies	Proxy Group of Thirteen Electric Companies (excl. PRPM)
1.	Prospective Yield on Aaa Rated Corporate Bonds (1)	5.19 %	5.19 %	5.19 %	5.19 %
2.	Adjustment to Reflect Yield Spread Between Aaa Rated Corporate Bonds and A2 Rated Public		0.44	2.44	0.44
	Utility Bonds (2)	0.44	0.44	0.44	0.44
3.	Adjusted Prospective Yield on A2 Rated Public Utility Bonds	5.63 %	5.63 %	5.63 %	5.63 %
4.	Adjustment to Reflect Bond Rating Difference of Proxy Group (3)	0.07	0.07	0.13	0.13
5.	Adjusted Bond Yield	5.70 %	5.70 %	5.76 %	5.76 %
6.	Equity Risk Premium (4)	4.87	4.93	4.80	4.87
7.	Risk Premium Derived Common Equity Cost Rate	10.57 %	10.63_%	10.56	10.63 %

Notes: (1) Consensus forecast of Moody's Aaa Rated Corporate bonds from Blue Chip Financial Forecasts (see pages 37 and 38 of this Exhibit).

- $(2) The average yield spread of A2 \ rated \ public \ utility \ bonds \ over \ Aaa \ rated \ corporate \ bonds \ of \ 0.44\% \ from \ page \ 32 \ of \ this \ Exhibit.$
- (3) Adjustment to reflect the A3 Moody's LT issuer rating of the Proxy Group of Seven Natural Gas Distribution Companies and Baa1 rating of the Thirteen Electric Utilities as shown on page 33 of this Exhibit. The 0.07% upward adjustment is derived by taking 1/3 of the spread between A2 and Baa2 Public Utility Bonds (1/3*0.20%=0.13%) as derived from page 32 of this Exhibit. The 0.13% upward adjustment is derived by taking 2/3 of the spread between A2 and Baa2 Public Utility Bonds (2/3*0.20%=0.13%) as derived from page 32 of this Exhibit.
- (4) From page 35 of this Exhibit.

Kentucky Utilities Company / Louisville Gas & Electric Company Interest Rates and Bond Spreads for Moody's Corporate and Public Utility Bonds

Selected Bond Yields

[1]	[2]	[3]
 	4	ادا

	Aaa Rated Corporate Bond	A2 Rated Public Utility Bond	Baa2 Rated Public Utility Bond
Aug-2025 Jul-2025	5.35 % 5.45	5.77 % 5.88	5.98 % 6.08
Jun-2025	5.46	5.93	6.12
Average	5.42 %	5.86 %	6.06 %

Selected Bond Spreads

A2 Rated Public Utility Bonds Over Aaa Rated Corporate Bonds:

0.44 % (1)

Baa2 Rated Public Utility Bonds Over A2 Rated Public Utility Bonds:

0.20 % (2)

Notes:

- (1) Column [2] Column [1].
- (2) Column [3] Column [2].

Source of Information:

Bloomberg Professional Services

Kentucky Utilities Company / Louisville Gas & Electric Company Comparison of Long-Term Issuer Ratings for the Proxy Group of Thirty-Two Non-Price Regulated Companies

	Moody's		Standard & Poor's	
	Long-Term Iss	suer Rating	Long-Term Issuer Rating	
	September 2025		September 2025	
Proxy Group of Seven Natural Gas Distribution Companies	Long-Term Issuer Rating (1)	Numerical Weighting (2)	Long-Term Issuer Rating (1)	Numerical Weighting (2)
Atmos Energy Corporation Chesapeake Utilities Corporation New Jersey Resources Corporation NiSource Inc. Northwest Natural Holding Company ONE Gas, Inc. Southwest Gas Holding Company	A2 NR A1 Baa1 Baa1 A3 Baa1	6.0 5.0 8.0 8.0 7.0 8.0	A- NR NR BBB+ A/A- A- BBB	7.0 8.0 6.5 7.0 9.0
Average	A3	7.0	A-/BBB+	7.5
Louisville Gas & Electric Company	A3	7.0	<u>A-</u>	7.0
Proxy Group of Thirteen Electric Companies	Long-Term Issuer Rating (1)	Numerical Weighting (2)	Long-Term Issuer Rating (1)	Numerical Weighting (2)
Alliant Energy Corporation American Electric Power Corporation Ameren Corporation Edison International Entergy Corporation Evergy, Inc. FirstEnergy, Corporation. IDACORP, Inc. OGE Energy Corporation Pinnacle West Capital Corporation Portland General Electric Company Southern Company Xcel Energy Inc.	Baa1 Baa2 A3 Baa1 Baa1 Baa1/Baa2 Baa1 Baa1 A3 Baa1 A3 A3 A3	8.0 9.0 7.0 8.0 8.5 8.0 8.0 7.0 8.0 7.0 7.0	A-/BBB+ BBB+ BBB+ BBB+ BBB+ BBB BBB	7.5 8.0 8.0 9.0 8.0 8.0 9.0 9.0 7.0 8.0 8.0
Average	Baa1	7.7	BBB+	8.0
Kentucky Utilities Company	A3	7.0	A-	7.0
Louisville Gas & Electric Company	A3	7.0	<u>A-</u>	7.0

Notes:

- (1) Ratings are that of the average of each company's utility operating subsidiaries.
- (2) From page 34 of this Exhibit.

Source Information: Moody's Investors Service

Standard & Poor's Global Utilities Rating Service

Numerical Assignment for Moody's and Standard & Poor's Bond Ratings

Moody's Bond Rating	Numerical Bond Weighting	Standard & Poor's Bond Rating
Aaa	1	AAA
Aa1	2	AA+
Aa2	3	AA
Aa3	4	AA-
A1	5	A+
A2	6	A
A3	7	A-
Baa1	8	BBB+
Baa2	9	BBB
Baa3	10	BBB-
Ba1	11	BB+
Ba2	12	BB
Ba3	13	BB-
B1	14	B+
B2	15	В
В3	16	B-

Kentucky Utilities Company / Louisville Gas & Electric Company Judgment of Equity Risk Premium for the Proxy Group of Thirty-Two Non-Price Regulated Companies

Line No.		Proxy Group of Seven Natural Gas Distribution Companies	Proxy Group of Seven Natural Gas Distribution Companies (excl. PRPM)	Proxy Group of Thirteen Electric Companies	Proxy Group of Thirteen Electric Companies (excl. PRPM)
1.	Calculated equity risk premium based on the total market using the beta approach (1)	4.93 %	4.92 %	4.70 %	4.69 %
2.	Mean equity risk premium based on a study using the holding period returns of public utilities with A2 rated bonds (2)	4.90	5.11	4.90	5.11
3.	Predicted Equity Risk Premium Based on Regression Analysis of 851 Fully-Litigated Natural Gas Rate Cases (3)	4.77	4.77	NA	NA
4.	Predicted Equity Risk Premium Based on Regression Analysis of 1,263 Fully-Litigated Electric Rate Cases (4)	NA_	NA	4.81	4.81
5.	Average equity risk premium	4.87 %	4.93 %	4.80 %	4.87 %

Notes: (1) From page 36 of this Exhibit.
(2) From page 39 of this Exhibit.
(3) From page 40 of this Exhibit.
(4) From page 41 of this Exhibit.

<u>Kentucky Utilities Company / Louisville Gas & Electric Company</u> Derivation of Equity Risk Premium Based on the Total Market Approach Using the Beta for the

Proxy Group of Seven Natural Gas Distribution Companies and Proxy Group of Thirteen Electric Companies

		I	Proxy Group of Seven		
		Proxy Group of Seven	Natural Gas	Proxy Group of	Proxy Group of
		Natural Gas	Distribution	Thirteen Electric	Thirteen Electric
Line No.	Equity Risk Premium Measure	Distribution Companies Co	ompanies(excl. PRPM)	Companies	Companies(excl. PRPM)
1.	Kroll Equity Risk Premium (1)	6.10 %	6.10 %	6.10 %	6.10 %
2.	Regression on Kroll Risk Premium Data (2)	7.02	7.02	7.02	7.02
3.	Kroll Equity Risk Premium based on PRPM (3)	7.77	NA	7.77	NA
4	Equity Risk Premium Based on Value Line Summary and Index (4)	6.33	6.33	6.33	6.33
5.	Equity Risk Premium Based on Bloomberg, Value Line, and S&P Global Market Intelligence S&P 500 Companies (5)	11.30	11.30	11.30	11.30
6.	Conclusion of Equity Risk Premium	7.70 %	7.69 %	7.70 %	7.69 %
7.	Adjusted Beta (6)	0.64	0.64	0.61	0.61
8.	Forecasted Equity Risk Premium	4.93 %	4.92 %	4.70 %	4.69 %

Notes:

- (1) Based on the arithmetic mean historical monthly returns on large company common stocks from Kroll Cost of Capital Navigator and Bloomberg Professional Services minus the arithmetic mean monthly yield of Moody's average Aaa and Aa2 corporate bonds from 1928-2024.
- (2) This equity risk premium is based on a regression of the monthly equity risk premiums of large company common stocks relative to Moody's average Aaa and Aa2 rated corporate bond yields from 1928-2024 referenced in Note 1 above. Using the equation generated from the regression, an expected equity risk premium is calculated using the average consensus forecast of Aaa corporate bonds of 5.19% (from page 31 of this Exhibit).
- (3) The Predictive Risk Premium Model (PRPM) is discussed in the accompanying direct testimony. The Ibbotson equity risk premium based on the PRPM is derived by applying the PRPM to the monthly risk premiums between Ibbotson large company common stock monthly returns and average Aaa and Aa corporate monthly bond yields, from January 1928 through August 2025.
- (4) The equity risk premium based on the Value Line Summary and Index is derived by subtracting the average consensus forecast of Aaa corporate bonds of 5.19% (from page 31 of this Exhibit) from the projected 3-5 year total annual market return of 11.52% (described fully in note 1 on page 44 of this Exhibit).
- (5) Using data from the Bloomberg Professional Services, Value Line, and S&P Global Market Intelligence for the S&P 500 for the S&P 500, an expected total return of 16.49% was derived based upon expected dividend yields as a proxy for income returns and long-term earnings growth estimates as a proxy for capital appreciation. Subtracting the average consensus forecast of Aaa corporate bonds of 5.19% results in an expected equity risk premium of 11.30%.
- (6) Average of mean and median beta for each proxy group from pages 42 and 43 of this Exhibit.

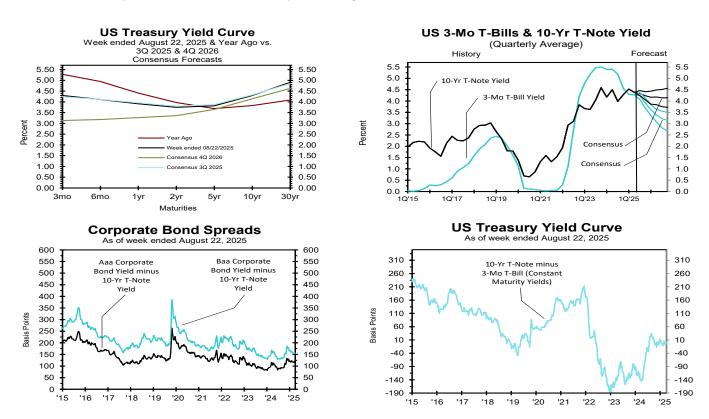
Sources of Information:

Kroll Cost of Capital Navigator Industrial Manual and Mergent Bond Record Monthly Update. Value Line Summary and Index Blue Chip Financial Forecasts, June 2, 2025 and August 29, 2025 S&P Capital IQ Bloomberg Professional Services

Consensus Forecasts of U.S. Interest Rates and Key Assumptions

				Histor	y				Cons	ensus l	Forecas	sts-Qua	arterly	Avg.
	Av	erage For	Week End	ling	Av	erage For	Month	Latest Qtr	3Q	4Q	1Q	2Q	3Q	4Q
Interest Rates	<u>Aug 22</u>	<u>Aug 15</u>	<u>Aug 8</u>	<u>Aug 1</u>	<u>July</u>	<u>June</u>	<u>May</u>	2Q 2025	<u>2025</u>	<u>2025</u>	<u>2026</u>	<u>2026</u>	<u>2026</u>	<u>2026</u>
Federal Funds Rate	4.33	4.33	4.33	4.33	4.33	4.33	4.33	4.33	4.3	4.0	3.7	3.5	3.3	3.2
Prime Rate	7.50	7.50	7.50	7.50	7.50	7.50	7.50	7.50	7.4	7.1	6.8	6.6	6.4	6.3
SOFR	4.33	4.35	4.34	4.35	4.34	4.31	4.30	4.32	4.3	4.0	3.7	3.5	3.3	3.1
Commercial Paper, 1-mo.	4.27	4.31	4.29	4.30	4.30	4.32	4.32	4.33	4.3	4.0	3.7	3.4	3.3	3.2
Treasury bill, 3-mo.	4.30	4.31	4.33	4.39	4.41	4.42	4.36	4.37	4.2	3.9	3.6	3.4	3.2	3.1
Treasury bill, 6-mo.	4.11	4.12	4.15	4.27	4.31	4.30	4.30	4.27	4.1	3.8	3.6	3.4	3.2	3.2
Treasury bill, 1 yr.	3.91	3.91	3.90	4.05	4.08	4.06	4.09	4.03	4.0	3.7	3.6	3.4	3.3	3.3
Treasury note, 2 yr.	3.75	3.73	3.72	3.87	3.88	3.89	3.92	3.86	3.8	3.6	3.5	3.4	3.4	3.4
Treasury note, 5 yr.	3.82	3.82	3.78	3.91	3.95	3.96	4.02	3.96	3.9	3.8	3.7	3.7	3.7	3.6
Treasury note, 10 yr.	4.30	4.28	4.23	4.35	4.39	4.38	4.42	4.36	4.3	4.2	4.2	4.2	4.1	4.1
Treasury note, 30 yr.	4.91	4.87	4.81	4.88	4.92	4.89	4.90	4.83	4.9	4.7	4.7	4.7	4.6	4.6
Corporate Aaa bond	5.46	5.45	5.44	5.50	5.56	5.58	5.66	5.60	5.4	5.2	5.2	5.2	5.2	5.1
Corporate Baa bond	5.85	5.84	5.83	5.89	5.94	6.01	6.14	6.07	6.1	6.0	5.9	6.0	6.0	5.9
State & Local bonds	4.35	4.34	4.35	4.42	4.42	4.45	4.47	4.47	4.5	4.4	4.3	4.4	4.4	4.3
Home mortgage rate	6.58	6.58	6.63	6.72	6.72	6.82	6.82	6.79	6.6	6.5	6.4	6.3	6.3	6.2
				Histor	y				Co	nsenst	ıs Fore	casts-(Quartei	:ly
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Key Assumptions	<u>2023</u>	<u>2023</u>	<u>2024</u>	<u>2024</u>	<u>2024</u>	<u>2024</u>	<u>2025</u>	<u>2025</u>	<u>2025</u>	<u>2025</u>	<u>2026</u>	<u>2026</u>	<u>2026</u>	<u>2026</u>
Fed's AFE \$ Index	115.0	116.6	115.5	117.3	114.9	117.9	119.8	112.9	111.8	112.0	111.2	110.4	109.7	109.1
Real GDP	4.4	3.2	1.6	3.0	3.1	2.4	-0.5	3.3	1.0	0.9	1.6	1.9	2.0	2.0
GDP Price Index	3.2	1.5	3.0	2.5	1.9	2.3	3.8	2.0	3.1	3.0	2.6	2.3	2.3	2.3
Consumer Price Index	3.5	2.8	3.7	2.8	1.4	3.0	3.8	1.6	3.2	3.4	2.8	2.4	2.4	2.4
PCE Price Index	2.7	1.7	3.4	2.5	1.5	2.4	3.7	2.0	3.3	3.2	2.7	2.3	2.3	2.2

Forecasts for interest rates and the Federal Reserve's Advanced Foreign Economies Index represent averages for the quarter. Forecasts for Real GDP, GDP Price Index, CPI and PCE Price Index are seasonally adjusted annual rates of change (saar). Individual panel members' forecasts are on pages 4 through 9. Historical data: Treasury rates from the Federal Reserve Board's H.15; AAA-AA and A-BBB corporate bond yields from Bank of America-Merrill Lynch and are 15+ years, yield to maturity; State and local bond yields from Bank of America-Merrill Lynch, A-rated, yield to maturity; Mortgage rates from Freddie Mac, 30-year, fixed; SOFR from the New York Fed. All interest rate data are sourced from Haver Analytics. Historical data for Fed's Major Currency Index are from FRSR H.10. Historical data for Real GDP, GDP Price Index and PCE Price Index are from the Bureau of Economic Analysis (BEA). Consumer Price Index history is from the Department of Labor's Bureau of Labor Statistics (BLS).



Long-Range Survey:

The table below contains results of our semi-annual long-range CONSENSUS survey. There are also Top 10 and Bottom 10 averages for each variable. Shown are estimates for the years 2026 through 2031 and averages for the five-year periods 2027-2031 and 2032-2036. Apply these projections cautiously. Few economic, demographic and political forces can be evaluated accurately over such long time spans.

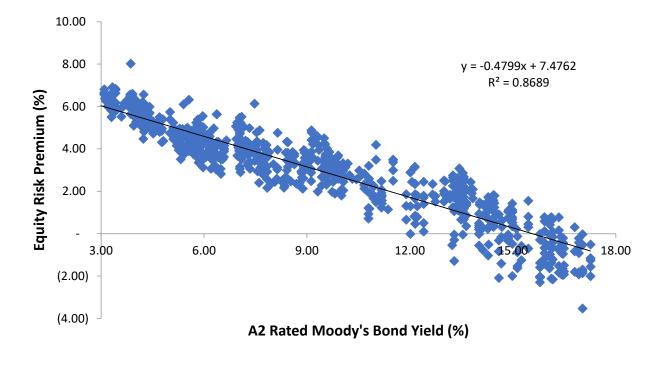
				Average Fo	or The Year			Five-Year	Averages
		2026	2027	2028	2029	2030	2031	2027-2031	2032-2036
1. Federal Funds Rate	CONSENSUS	3.4	3.2	3.2	3.2	3.1	3.1	3.2	3.1
	Top 10 Average	3.7	3.5	3.4	3.4	3.4	3.4	3.4	3.4
	Bottom 10 Average	3.1	3.0	2.9	2.9	2.8	2.9	2.9	2.8
2. Prime Rate	CONSENSUS	6.5	6.4	6.3	6.3	6.2	6.2	6.3	6.2
	Top 10 Average	6.7	6.6	6.5	6.6	6.5	6.5	6.5	6.5
	Bottom 10 Average	6.2	6.2	6.0	6.0	5.9	5.9	6.0	5.9
3. SOFR	CONSENSUS	3.4	3.3	3.2	3.1	3.1	3.1	3.2	3.1
	Top 10 Average	3.6	3.4	3.3	3.3	3.3	3.3	3.3	3.3
	Bottom 10 Average	3.2	3.2	3.0	2.9	2.9	2.9	3.0	2.8
4. Commercial Paper, 1-Mo	CONSENSUS	3.4	3.3	3.2	3.1	3.1	3.1	3.2	3.1
	Top 10 Average	3.5	3.4	3.3	3.2	3.2	3.2	3.3	3.3
5 T D'IIX.11 2 M.	Bottom 10 Average	3.3	3.3	3.1	3.0	3.0	3.0	3.1	2.9
5. Treasury Bill Yield, 3-Mo	CONSENSUS	3.3	3.2	3.2	3.1	3.1	3.1	3.1	3.1
	Top 10 Average	3.6	3.4	3.4	3.4	3.3	3.3	3.4	3.3 2.8
6. Treasury Bill Yield, 6-Mo	Bottom 10 Average CONSENSUS	3.1 3.3	2.9 3.2	2.9 3.2	2.8 3.1	2.8 3.1	2.8 3.1	2.9 3.2	3.1
o. Heastily Bill Held, 0-1010	Top 10 Average	3.6	3.4	3.4	3.3	3.3	3.3	3.3	3.3
	Bottom 10 Average	3.1	3.0	3.0	2.9	2.9	2.9	3.0	2.8
7. Treasury Bill Yield, 1-Yr	CONSENSUS	3.3	3.3	3.3	3.2	3.2	3.2	3.2	3.2
,, rieusury Bin rieu, r ri	Top 10 Average	3.6	3.5	3.4	3.4	3.4	3.4	3.4	3.4
	Bottom 10 Average	3.1	3.1	3.1	3.1	3.0	3.0	3.1	3.0
8. Treasury Note Yield, 2-Yr	CONSENSUS	3.4	3.4	3.5	3.4	3.4	3.4	3.4	3.4
•	Top 10 Average	3.7	3.6	3.7	3.6	3.6	3.6	3.6	3.6
	Bottom 10 Average	3.1	3.2	3.2	3.2	3.2	3.2	3.2	3.1
9. Treasury Note Yield, 5-Yr	CONSENSUS	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7
	Top 10 Average	3.9	3.9	3.9	3.9	3.9	3.9	3.9	4.0
	Bottom 10 Average	3.4	3.5	3.5	3.5	3.4	3.4	3.5	3.4
10. Treasury Note Yield, 10-Yr	CONSENSUS	4.0	4.1	4.0	4.0	4.0	4.0	4.0	4.0
	Top 10 Average	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3
	Bottom 10 Average	3.8	3.9	3.8	3.8	3.8	3.8	3.8	3.8
11. Treasury Bond Yield, 30-Yr		4.5	4.4	4.4	4.3	4.3	4.3	4.4	4.3
	Top 10 Average	4.7	4.7	4.6	4.6	4.6	4.6	4.6	4.7
10.0	Bottom 10 Average	4.2	4.3	4.1	4.1	4.1	4.1	4.1	4.1
12. Corporate Aaa Bond Yield	CONSENSUS	5.2	5.2	5.2	5.1	5.1	5.1	5.1	5.1
	Top 10 Average	5.4	5.5	5.4	5.4	5.4	5.4	5.4	5.4
13. Corporate Baa Bond Yield	Bottom 10 Average CONSENSUS	5.0 6.0	5.0 6.0	4.9 6.0	4.9 6.0	4.9 6.0	4.9 6.0	4.9 6.0	4.9 6.0
13. Corporate Baa Bond Tield	Top 10 Average	6.3	6.3	6.3	6.3	6.3	6.3	6.3	6.3
	Bottom 10 Average	5.8	5.9	5.8	5.8	5.8	5.7	5.8	5.8
14. State & Local Bonds Yield	CONSENSUS	4.3	4.3	4.3	4.2	4.2	4.2	4.3	4.1
	Top 10 Average	4.5	4.5	4.5	4.4	4.4	4.4	4.4	4.4
	Bottom 10 Average	4.1	4.2	4.1	4.1	4.1	4.1	4.1	3.8
15. Home Mortgage Rate	CONSENSUS	6.2	6.2	6.1	6.0	6.0	6.0	6.1	5.9
	Top 10 Average	6.4	6.4	6.4	6.3	6.3	6.3	6.3	6.3
	Bottom 10 Average	5.9	6.0	5.8	5.8	5.8	5.7	5.8	5.6
A. Fed's AFE Nominal \$ Index	CONSENSUS	113.3	112.7	112.7	112.2	111.7	111.3	112.1	110.8
	Top 10 Average	114.2	113.3	113.4	112.9	112.5	112.2	112.8	112.4
	Bottom 10 Average	112.2	111.9	112.0	111.3	110.7	110.3	111.3	109.1
				· Year-Over-Ye	ear, % Change			Five-Year	Averages
		2026	2027	2028	2029	2030	2031	2027-2031	2032-2036
B. Real GDP	CONSENSUS	1.5	1.9	2.0	2.0	1.9	2.0	2.0	1.9
	Top 10 Average	1.9	2.1	2.2	2.2	2.2	2.2	2.2	2.1
C CDD Chaire at Date of the	Bottom 10 Average	1.1	1.8	1.8	1.8	1.7	1.7	1.8	1.8
C. GDP Chained Price Index	CONSENSUS Top 10 Average	2.4	2.2	2.1	2.1	2.1	2.1	2.1	2.1
	Top 10 Average	2.6	2.3	2.2	2.2	2.2	2.2	2.2	2.2
D. Consumer Price Index	Bottom 10 Average CONSENSUS	2.1 2.5	2.0 2.2	2.0 2.2	2.0 2.1	2.0 2.1	2.0 2.2	2.0 2.2	2.0 2.2
D. Consumer Free HIGEA	Top 10 Average	2.9	2.4	2.3	2.3	2.3	2.3	2.3	2.3
	Bottom 10 Average	2.1	2.0	2.0	2.0	2.0	2.0	2.0	2.3
E. PCE Price Index	CONSENSUS	2.4	2.0	2.0	1.9	1.9	1.9	1.9	1.9
	Top 10 Average	2.8	2.3	2.2	2.1	2.1	2.1	2.2	2.1
	Bottom 10 Average	2.1	1.8	1.8	1.8	1.7	1.8	1.8	1.8
	J								

Projected Market Appreciation of the S&P Utility Index Derivation of Mean Equity Risk Premium Based Studies Using Holding Period Returns and Projected Market Appreciation of the S&P Utility Index

<u>Line No.</u>		Implied Equity Risk Premium	Implied Equity Risk Premium (excl. PRPM)
1.	Historical Equity Risk Premium (1)	4.16 %	4.16 %
2.	Regression of Historical Equity Risk Premium (2)	4.88	4.88
3	Forecasted Equity Risk Premium Based on PRPM (3)	4.29	NA
4.	Forecasted Equity Risk Premium based on Projected Total Return on the S&P Utilities Index (Bloomberg, Value Line, and S&P Capital IQ Data) (4)	6.27	6.27
5.	Average Equity Risk Premium (5)	4.90 %	5.11 %

- Notes: (1) Based on S&P Public Utility Index monthly total returns and Moody's Public Utility Bond average monthly yields from 1928-2024. Holding period returns are calculated based upon income received (dividends and interest) plus the relative change in the market value of a security over a one-year holding period.
 - (2) This equity risk premium is based on a regression of the monthly equity risk premiums of the S&P Utility Index relative to Moody's A2 rated public utility bond yields from 1928 - 2024 referenced in note 1 above. Using the equation generated from the regression, an expected equity risk premium is calculated using the prospective A2 rated public utility bond yield of 5.63% (from line 3, page 31 of this Exhibit).
 - (3) The Predictive Risk Premium Model (PRPM) is applied to the risk premium of the monthly total returns of the S&P Utility Index and the monthly yields on Moody's A2 rated public utility bonds from January 1928 -August 2025.
 - (4) Using data from Bloomberg, Value Line, and S&P Capital IQ for the S&P Utilities Index, an expected return of 11.90% was derived based on expected dividend yields as a proxy for income returns and long-term growth estimates as a proxy for market appreciation. Subtracting the expected A2 rated public utility bond yield of 5.63%, calculated on line 3 of page 31 of this Exhibit results in an equity risk premium of 6.27%. (11.90% -5.63% = 6.27%).
 - (5) Average of lines 1 through 4.

Kentucky Utilities Company / Louisville Gas & Electric Company Prediction of Equity Risk Premiums Relative to Moody's A2 Rated Utility Bond Yields - Natural Gas Utilities



		Prospective A2 Rated	Equity Risk
Constant	Slope	Utility Bond (1)	Premium
7.4762 %	-0.480	5.63 %	4.77 %

Notes:

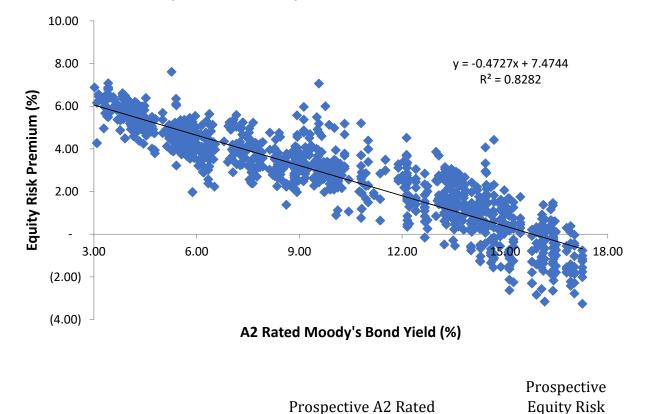
(1) From line 3 of page 31 of this Exhibit.

Source of Information: Regulatory Research Associates.

Premium

4.81 %

<u>Kentucky Utilities Company / Louisville Gas & Electric Company Prediction of Equity Risk Premiums Relative to Moody's A2 Rated Utility Bond Yields - Electric Utilities</u>



Utility Bond (1)

5.63 %

Notes:

Constant

7.4744 %

(1) From line 3 of page 31 of this Exhibit.

Slope

Source of Information: Regulatory Research Associates.

Notes on page 44 of this Exhibit.

Kentucky Utilities Company / Louisville Gas & Electric Company Indicated Common Equity Cost Rate Through Use of the Traditional Capital Asset Pricing Model (CAPM) and Empirical Capital Asset Pricing Model (CAPM) and Empirical Capital Asset Pricing Model (ECAPM).

Proxy Group of Seven Natural Gas Distribution Companies

		LIOVÀ	aroup or severi ivat	urai das Distribution	companies			
	[1]	[2]	[3]	[4]	[2]	[9]	[2]	[8]
Proxy Group of Seven Natural Gas Distribution Companies	Value Line Adjusted Beta	Bloomberg Adjusted Beta	Average Beta	Market Risk Premium (1)	Risk-Free Rate (2)	Traditional CAPM Cost Rate	ECAPM Cost Rate	Indicated Common Equity Cost Rate (3)
Atmos Energy Corporation Chesapeake Utilities Corporation New Jersey Resources Corporation NiSource Inc. Nicoture Corporation Corporation Cor	0.75 0.70 0.80 0.80	0.53 0.48 0.48 0.57	0.64	8.53 % 8.53 % 8.53 8.53 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0	4.61 % 4.61 4.61 4.61	10.07 % 9.64 10.07 10.50	10.84 % 10.52 10.84 11.16	10.45 % 10.08 10.45 10.83
Northwest Natural nothing Company ONE Gas, Inc. Southwest Gas Holding Company	0.75 0.75 0.75	0.52 0.51 0.62	0.63	8.53 8.53 8.53	4.61 4.61 4.61	9.98 9.98 10.50	10.77 10.77 11.16	10.38 10.83
Mean			0.64			10.11 %	10.86 %	10.49 %
Median			0.64			10.07 %	10.84 %	10.45 %
Average of Mean and Median			0.64			10.09 %	10.85 %	10.47 %
			Results Exc	Results Excluding PRPM MRP				
	[1]	[2]	[3]	[4]	[2]	[9]	[2]	[8]
Results Excluding PRPM MRP	Value Line Adjusted Beta	Bloomberg Adjusted Beta	Average Beta	Market Risk Premium (1)	Risk-Free Rate (2)	Traditional CAPM Cost Rate	ECAPM Cost Rate	Indicated Common Equity Cost Rate (3)
Atmos Energy Corporation Chesapeake Utilities Corporation New Jersey Resources Corporation NiSource Inc. Northwest Natural Holding Company ONE Gas, Inc. Southwest Gas Holding Company	0.75 0.70 0.80 0.80 0.75 0.75	0.53 0.48 0.48 0.57 0.52 0.51 0.62	0.64 0.59 0.64 0.63 0.63 0.63	8.49 % 8.49 8.49 8.49 8.49 8.49 8.49	4.61 % 4.61 4.61 4.61 4.61 4.61 4.61 4.61 4.61	10.05 % 9.62 10.05 10.47 9.96 9.96 10.47	10.81 % 10.49 10.49 10.81 11.13 10.75 10.75 11.13	10.43 % 10.06 10.43 10.80 10.35 10.35 10.80
Mean			0.64			10.08 %	10.84 %	10.46 %
Median			0.64			10.05 %	10.81 %	10.43 %
Average of Mean and Median			0.64			10.07 %	10.83 %	10.45 %

Kentucky Utilities Company / Louisville Gas & Electric Company.
Indicated Common Equity Cost Rate Through Use
of the Traditional Capital Asset Pricing Model (CAPM) and Empirical Capital Asset Pricing Model (CAPM).

	Ξ	P [2]	Proxy Group of Th	Proxy Group of Thirteen Electric Companies	anies [5]	9	[2]	8
Value Line Adjusted Beta	ne Beta	Bloomberg Adjusted Beta	L ^o J Average Beta	r.j Market Risk Premium (1)	loj Risk-Free Rate (2)	Traditional CAPM	L' J ECAPM Cost Rate	Indicated Common Equity Cost Rate (3)
	1							
0.75	ro r	0.46	0.60	8.53 %	4.61 %	9.73 %	10.58 %	10.15 %
0.75	o ro	0.48	0.61	8.53 8.53	4.61	9.81	10.01	10.23
0.90	0	0.61	0.75	8.53	4.61	11.01	11.54	11.27 (4)
0.75	2	0.54	0.65	8.53	4.61	10.15	10.90	10.53
0.75	2	0.49	0.62	8.53	4.61	06.6	10.71	10.30
0.75		0.43	0.59	8.53	4.61	9.64	10.52	10.08
0.70		0.42	0.56	8.53	4.61	9:39	10.33	98.6
0.85		0.54	69.0	8.53	4.61	10.50	11.16	10.83
0.75		0.45	0.60	8.53	4.61	9.73	10.58	10.15
0.75		0.46	09:0	8.53	4.61	9.73	10.58	10.15
0.70		0.37	0.54 0.56	8.53 8.53	4.61 4.61	9.22 9.39	10.20 10.33	9.71 9.86
			0.61			% 82.6	10.62 %	10.11 %
			09:0			9.73 %	10.58 %	10.15 %
			0.61			% 9.76	10.60 %	10.13 %
			Results Exc	Results Excluding PRPM MRP				
[1]		[2]	[3]	[4]	[2]	[9]	[7]	[8]
Value Line Adjusted Beta		Bloomberg Adjusted Beta	Average Beta	Market Risk Premium (1)	Risk-Free Rate (2)	Traditional CAPM Cost Rate	ECAPM Cost Rate	Indicated Common Equity Cost Rate (3)
0.75		0.46	09:0	8.49 %	4.61 %	9.71 %	10.55 %	10.13 %
0.65		0.37	0.51					
0.75		0.48	0.61	8.49	4.61	62.6	10.62	
06:0		0.61	0.75	8.49	4.61	10.98	11.51	11.24 (4)
0.75		0.54	0.65	8.49	4.61	10.13	10.87	10.50
0.75		0.49	0.62	8.49	4.61	9.88	10.68	10.28
0.75		0.43	0.59	8.49	4.61	9.62	10.49	10.06
0.70		0.42	0.56	8.49	4.61	9.37	10.30	9.83
0.85		0.54	0.69	8.49	4.61	10.47	11.13	10.80
0.75		0.45	0.60	8.49	4.61	9.71	10.55	10.13
0.75		0.46	0.60	8.49	4.61	9.71	10.55	10.13
0.70		0.43	0.56	8.49	4.61	9.2.0	10.30	9.83
			0.61			% 92.6	10.59 %	10.09 %
			0.60			9.71 %	10.55 %	10.13 %
			0.61			9.74 %	10.57 %	10.11 %

Notes on page 44 of this Exhibit.

Kentucky Utilities Company / Louisville Gas & Electric Company Notes to Accompany the Application of the CAPM and ECAPM

Notes:

(1) The market risk premium (MRP) is derived by using five different measures from four sources: Kroll, Value Line, Bloomberg, and S&P Capital IQ as illustrated below:

Measure 1: Kroll Arithmetic Mean MRP (1926-2024)

Arithmetic Mean Monthly Returns for Large Stocks 1926-2024: Arithmetic Mean Income Returns on Long-Term Government Bonds: MRP based on Kroll Historical Data:	12.29 4.99 7.31	,,
Measure 2: Application of a Regression Analysis to Kroll Historical Data (1926-2024)	7.87	_%
Measure 3: Application of the PRPM to Kroll Historical Data (January 1926 - August 2025)	8.68	_%
Measure 4: Value Line Projected MRP (Thirteen weeks ending September 5, 2025)		
Total projected return on the market 3-5 years hence*: Risk-Free Rate (see notes 2 and 3): MRP based on Value Line Summary & Index: *Forcasted 3-5 year capital appreciation plus expected dividend yield	11.52 4.61 6.91	
Measure 5: Bloomberg, Value Line, and S&P Capital IQ Projected Return on the Market based on the S&P 500		
Total return on the Market based on the S&P 500: Risk-Free Rate (see notes 2 and 3): MRP based on Bloomberg, Value Line, and S&P Capital IQ data	16.49 4.61 11.88	,,
Average of all MRP Measures:	8.53	%
Average MRP Excluding the PRPM MRP:	8.49	_%

(2) For reasons explained in the Direct Testimony, the appropriate risk-free rate for cost of capital purposes is the average forecast of 30 year Treasury Bonds per the consensus of nearly 50 economists reported in Blue Chip Financial Forecasts. (See pages 37 and 38 of this Exhibit.) The projection of the risk-free rate is illustrated below:

Third Quarter 2025	4.90	%
Fourth Quarter 2025	4.70	
First Quarter 2026	4.70	
Second Quarter 2026	4.70	
Third Quarter 2026	4.60	
Fourth Quarter 2026	4.60	
2027-2031	4.40	
2032-2036	4.30	
	4.61	%

- (3) Average of Column 6 and Column 7.
- (4) Results were excluded from the final average and median as they were more than two standard deviations from the proxy group's mean.

Sources of Information: Value Line Summary and Index Blue Chip Financial Forecasts, June 2, 2025 and August 29, 2025 Kroll Cost of Capital Navigator S&P Capital IQ Bloomberg Professional Services

Kentucky Utilities Company / Louisville Gas & Electric Company Basis of Selection of the Group of Non-Price Regulated Companies Comparable in Total Risk to the Proxy Group of Seven Natural Gas Distribution Companies

The criteria for selection of the proxy group of non-price regulated companies comparable in total risk to the proxy group of seven natural gas distribution companies was that the non-price regulated companies be domestic and reported in Value Line Investment Survey (Standard Edition).

The proxy group of non-price regulated companies was selected based on the unadjusted beta range of 0.46 - 0.78 and residual standard error of the regression range of 2.6634 - 3.1766 of the proxy group of seven natural gas distribution companies.

These ranges are based upon plus or minus two standard deviations of the unadjusted beta and standard error of the regression. Plus or minus three standard deviations captures 95.50% of the distribution of unadjusted betas and residual standard errors of the regression.

The standard deviation of the proxy group of seven natural gas distribution companies' residual standard error of the regression is 0.1283. The standard deviation of the standard error of the regression is calculated as follows:

Standard Deviation of the Std. Err. of the Regr. = Standard Error of the Regression

where: N = number of observations. Since Value Line betas are derived from weekly price change observations over a period of five years, N = 259

Thus,
$$0.1283 = 2.9200 = 2.9200$$

 22.7596

Source of Information: Value Line Proprietary Database, September 2025. Source of Information: Value Line Investment Survey (Standard Edition).

Kentucky Utilities Company / Louisville Gas & Electric Company Basis of Selection of the Group of Non-Price Regulated Companies Comparable in Total Risk to the Proxy Group of Thirteen Electric Companies

The criteria for selection of the proxy group of non-price regulated companies comparable in total risk to the proxy group of thirteen electric companies was that the non-price regulated companies be domestic and reported in Value Line Investment Survey (Standard Edition).

The proxy group of non-price regulated companies was selected based on the unadjusted beta range of 0.45 - 0.75 and residual standard error of the regression range of 2.4815 - 2.9595 of the proxy group of thirteen electric companies.

These ranges are based upon plus or minus two standard deviations of the unadjusted beta and standard error of the regression. Plus or minus three standard deviations captures 95.50% of the distribution of unadjusted betas and residual standard errors of the regression.

The standard deviation of the proxy group of thirteen electric companies' residual standard error of the regression is 0.1195. The standard deviation of the standard error of the regression is calculated as follows:

Standard Deviation of the Std. Err. of the Regr. = Standard Error of the Regression

where: N = number of observations. Since Value Line betas are derived from weekly price change observations over a period of five years, N = 259

Source of Information: Value Line Proprietary Database, September 2025. Source of Information: Value Line Investment Survey (Standard Edition).

Kentucky Utilities Company / Louisville Gas & Electric Company Basis of Selection of Comparable Risk Domestic Non-Price Regulated Companies

	[1]	[2]	[3]	[4]
Proxy Group of Seven Natural Gas Distribution Companies	Value Line Adjusted Beta	Unadjusted Beta	Residual Standard Error of the Regression	Standard Deviation of Beta
Atmos Energy Corporation Chesapeake Utilities Corporation New Jersey Resources Corporation NiSource Inc. Northwest Natural Holding Company ONE Gas, Inc.	0.75 0.70 0.80 0.85 0.75 0.75	0.59 0.54 0.67 0.70 0.60 0.60	2.4122 3.1342 2.9138 2.4888 3.0651 3.1352	0.0683 0.0888 0.0825 0.0705 0.0868 0.0888
Southwest Gas Holding Company Average	0.80	0.62	3.3016 2.9200	0.0935
Beta Range (+/- 2 std. Devs. of Beta) 2 std. Devs. of Beta	0.46 0.16	0.78	27200	3,555
Residual Std. Err. Range (+/- 2 std. Devs. of the Residual Std. Err.)	2.6634	3.1766		
Std. dev. of the Res. Std. Err.	0.1283			
2 std. devs. of the Res. Std. Err.	0.2566			
	[1]	[2]	[3]	[4]
Proxy Group of Thirteen Electric Companies	Value Line Adjusted Beta	Unadjusted Beta	Residual Standard Error of the Regression	Standard Deviation of Beta
Alliant Energy Corporation American Electric Power Corporation Ameren Corporation Edison International Entergy Corporation Evergy, Inc. FirstEnergy, Corporation. IDACORP, Inc. OGE Energy Corporation Pinnacle West Capital Corporation Portland General Electric Company Southern Company Xcel Energy Inc. Average Beta Range (+/- 2 std. Devs. of Beta) 2 std. Devs. of Beta	0.80 0.70 0.80 0.85 0.80 0.75 0.75 0.70 0.85 0.80 0.75 0.70 0.75 0.77 0.45 0.15	0.65 0.47 0.62 0.77 0.64 0.58 0.56 0.48 0.73 0.62 0.62 0.50 0.54	2.4909 2.6248 2.4689 3.4576 2.6699 2.6607 3.4879 2.5048 2.4433 2.7730 2.7838 2.3719 2.6288	0.0705 0.0743 0.0699 0.0979 0.0756 0.0753 0.0988 0.0709 0.0692 0.0785 0.0788 0.0672 0.0744
Residual Std. Err. Range (+/- 2 std. Devs. of the Residual Std. Err.)	2.4815	2.9595		
Std. dev. of the Res. Std. Err.	0.1195			
2 std. devs. of the Res. Std. Err.	0.2390			

Source of Information:

Value Line Proprietary Database, September 2025.

0.0800

Kentucky Utilities Company / Louisville Gas & Electric Company

Proxy Group of Non-Price Regulated Companies Comparable in Total Risk to the

Proxy Group of Seven Natural Gas Distribution Companies and Proxy Group of Thirteen Electric Companies

[4] [1] [2] [3] Residual Standard Proxy Group of Thirty-Two Non-Price Regulated Standard Deviation Value Line Unadjusted Error of the Companies Adjusted Beta Beta Regression of Beta AbbVie Inc. 0.70 0.48 2.9984 0.0849 Altria Group, Inc. 0.70 0.53 2.6379 0.0747 0.0828 Amgen Inc. 0.70 0.52 2.9231 AutoZone Inc. 0.75 0.61 2.9796 0.0844 Becton, Dickinson and Co. 0.75 0.55 2.9156 0.0826 Bristol-Myers Squibb Co. 0.70 0.53 3.0636 0.0868 Casella Waste Systems Inc. 0.85 0.74 2.8152 0.0797 Cencora Inc. 0.65 0.47 2.7020 0.0765 **Chemed Corporation** 0.70 2.9028 0.0822 0.50 Constellation Brands Inc. 0.80 0.63 2.9286 0.0829 Costco Wholesale Corporation 0.80 0.66 2.7408 0.0776 Gilead Sciences, Inc. 0.75 0.56 2.9551 0.0837 Jack Henry & Associates Inc. 0.80 0.68 2.9558 0.0837 International Business Machines Corporation 0.80 0.67 2.9091 0.0824 L3Harris Technologies Inc. 0.80 3.0374 0.0860 0.69 Labcorp Holdings Inc. 0.75 0.62 2.9139 0.0825 McCormick & Company Inc. 0.70 0.50 3.0004 0.0850 McKesson Corporation 0.70 0.51 2.8601 0.0810Merck & Co., Inc. 0.65 0.45 3.0459 0.0871 Monster Beverage Corporation 0.75 0.55 2.7035 0.0766 NewMarket Corporation 0.80 0.62 2.9198 0.0827 O'Reilly Automotive, Inc. 0.80 0.62 2.7740 0.0786 Philip Morris International Inc. 0.80 2.8039 0.0794 0.64 0.0852 Progressive Corporation 0.80 0.63 3.0075 Restaurant Brands International Inc. 0.90 0.77 2.6848 0.0760 RLI Corp. 0.85 0.77 2.8552 0.0809 Rollins. Inc. 0.80 0.65 3.1399 0.0898 Henry Schein, Inc. 0.80 0.69 3.1765 0.0899 Service Corporation International 0.85 0.73 3.0032 0.0859 Verisk Analytics, Inc. 0.85 0.74 2.6834 0.0768 0.75 2.7251 0.0772 Walmart Inc. 0.56 Wendy's Company 0.85 0.72 2.9914 0.0847 0.77 0.61 2.8985 0.0822 Average

Source of Information:

Companies

Proxy Group of Seven Natural Gas Distribution

Value Line Proprietary Database, September 2025.

0.62

2.9200

0.77

Kentucky Utilities Company / Louisville Gas & Electric Company Proxy Group of Non-Price Regulated Companies

Comparable in Total Risk to the <u>Proxy Group of Seven Natural Gas Distribution Companies and Proxy Group of Thirteen Electric Companies</u>

	[1]	[2]	[3]	[4]
Proxy Group of Fourteen Non-Price Regulated Companies	Value Line Adjusted Beta	Unadjusted Beta	Residual Standard Error of the Regression	Standard Deviation of Beta
Abbott Laboratories	0.75	0.58	2.6340	0.0746
Altria Group, Inc.	0.70	0.53	2.6379	0.0747
Becton, Dickinson and Co.	0.75	0.55	2.9156	0.0826
Casella Waste Systems Inc.	0.85	0.74	2.8152	0.0797
Cencora Inc.	0.65	0.47	2.7020	0.0765
Costco Wholesale Corporation	0.80	0.66	2.7408	0.0776
Jack Henry & Associates Inc.	0.80	0.68	2.9558	0.0837
Ingredion Inc.	0.85	0.72	2.5471	0.0721
Labcorp Holdings Inc.	0.75	0.62	2.9139	0.0825
McKesson Corporation	0.70	0.51	2.8601	0.0810
Monster Beverage Corporation	0.75	0.55	2.7035	0.0766
O'Reilly Automotive, Inc.	0.80	0.62	2.7740	0.0786
RLI Corp.	0.85	0.77	2.8552	0.0809
Walmart Inc.	0.75	0.56	2.7251	0.0772
Average	0.77	0.61	2.7700	0.0785
Proxy Group of Thirteen Electric Companies	0.77	0.60	2.7205	0.0770
Froxy Group of Fill teen Electric Companies	0.77	0.60	2.7205	0.0770

Source of Information:

Value Line Proprietary Database, September 2025.

Kentucky Utilities Company / Louisville Gas & Electric Company

Summary of Cost of Equity Models Applied to Proxy Group of Non-Price Regulated Companies Comparable in Total Risk to the

Proxy Group of Seven Natural Gas Distribution Companies and Proxy Group of Thirteen Electric Companies

Principal Methods	Proxy Group of Thirty-Two Non- Price Regulated Companies	Proxy Group of Thirty-Two Non- Price Regulated Companies (excl. PRPM)	Proxy Group of Fourteen Non- Price Regulated Companies	Proxy Group of Fourteen Non-Price Regulated Companies (excl. PRPM)
Discounted Cash Flow Model (DCF) (1)	11.41 %	11.41 %	10.90 %	10.90 %
Risk Premium Model (RPM) (2)	11.04	11.03	11.04	11.03
Capital Asset Pricing Model (CAPM) (3)	10.74	10.72	10.69	10.66
Mean	11.06 %	11.05 %	10.88 %	10.86 %
Median	11.04 %	11.03 %	10.90 %	10.90 %
Average of Mean and Median	11.05 %	11.04 %	10.89 %	10.88 %

lotes:

- (1) From pages 51-52 of this Exhibit.
- (2) From page 53 of this Exhibit.
- (3) From pages 57-59 of this Exhibit.

Kentucky Utilities Company / Louisville Gas & Electric Company DCF Results for the Proxy Group of Non-Price-Regulated Companies Comparable in Total Risk to the Proxy Group of Seven Natural Gas Distribution CompaniesProxy Group of Thirty-Two Non-Price Regulated Companies

[1] [2] [3] [4] [5] [6] [7]

Proxy Group of Thirty-Two Non-Price Regulated Companies	Average Dividend Yield	Value Line Projected Five Year Growth in EPS	Zack's Five Year Projected Growth Rate in EPS	S&P Capital IQ Projected Five Year Growth in EPS	Average Projected Five Year Growth Rate in EPS (1)	Adjusted Dividend Yield	Indicated Common Equity Cost Rate (2)
AbbVie Inc.	3.37 %	7.00 %	12.90 %	14.93 %	11.61 %	3.57 %	15.18 %
Altria Group, Inc.	6.89	6.00	3.40	4.14	4.51	7.05	11.56
Amgen Inc.	3.25	5.50	5.50	5.59	5.53	3.34	8.87
AutoZone Inc.	-	7.50	11.40	10.85	9.92	-	NA
Becton, Dickinson and Co.	2.29	7.00	9.30	10.57	8.96	2.39	11.35
Bristol-Myers Squibb Co.	5.24	30.00	3.00	NMF	16.50	5.67	22.17 (3)
Casella Waste Systems Inc.	-	6.50	NA	(6.88)	6.50	-	NA
Cencora Inc.	0.75	6.50	13.20	12.84	10.85	0.79	11.64
Chemed Corporation	0.50	8.00	9.00	9.02	8.67	0.52	9.19
Constellation Brands Inc.	2.43	6.50	28.90	3.81	13.07	2.59	15.66
Costco Wholesale Corporation	0.54	10.00	9.00	9.11	9.37	0.57	9.94
Gilead Sciences, Inc.	2.81	16.00	20.00	21.97	19.32	3.08	22.40 (3)
Jack Henry & Associates Inc.	1.34	5.50	9.00	9.00	7.83	1.39	9.22
International Business Machines Corporation	2.52	3.00	5.80	6.34	5.05	2.58	7.63
L3Harris Technologies Inc.	1.82	14.50	13.00	13.02	13.51	1.94	15.45
Labcorp Holdings Inc.	1.10	6.50	9.60	9.53	8.54	1.15	9.69
McCormick & Company Inc.	2.49	6.00	6.70	6.03	6.24	2.57	8.81
McKesson Corporation	0.47	12.00	13.50	11.55	12.35	0.50	12.85
Merck & Co., Inc.	3.96	13.00	10.60	9.46	11.02	4.18	15.20
Monster Beverage Corporation	-	12.00	16.10	15.08	14.39	-	NA
NewMarket Corporation	1.52	6.00	NA	NA	6.00	1.57	7.57
O'Reilly Automotive, Inc.	-	10.50	12.80	10.54	11.28	-	NA
Philip Morris International Inc.	3.11	5.00	9.10	11.26	8.45	3.24	11.69
Progressive Corporation	0.16	16.50	9.70	13.46	13.22	0.17	13.39
Restaurant Brands International Inc.	3.71	12.50	6.40	6.51	8.47	3.87	12.34
RLI Corp.	0.92	13.50	NA	NA	13.50	0.98	14.48
Rollins, Inc.	1.16	9.50	NA	NA	9.50	1.22	10.72
Henry Schein, Inc.	-	10.50	6.30	7.33	8.04	-	NA
Service Corporation International	1.61	7.50	10.80	10.77	9.69	1.69	11.38
Verisk Analytics, Inc.	0.62	11.00	10.10	8.25	9.78	0.65	10.43
Walmart Inc.	0.96	10.00	8.00	8.01	8.67	1.00	9.67
Wendy's Company	5.16	11.00	6.10	3.49	6.86	5.34	12.20
	NA = Not Availa	ble				Mean	11.44 %
						Median	11.38 %
					Average of Mean a	nd Median	11.41 %

Notes:

- (1) Average of columns 2 through 4 excluding negative growth rates and extreme positive values.
- (2) The application of the DCF model to the domestic, non-price regulated comparable risk companies is identical to the application of the DCF to the Utility Proxy Groups. The dividend yield is derived by using the 60 day average price and the spot indicated dividend as of 09/02/2025. The dividend yield is then adjusted by 1/2 the average projected growth rate in EPS, which is calculated by averaging the 5 year projected growth in EPS provided by Value Line, www.zacks.com, and S&P Capital IQ (excluding any negative growth rates) and then adding that growth rate to the adjusted dividend yield.
- (3) Results were excluded from the final average and median as they were more than two standard deviations from the proxy group's mean

Source of Information:

Value Line Investment Survey. www.zacks.com, Downloaded on 09/02/2025 S&P Capital IQ

[6]

[5]

Average of Mean and Median

[7]

10.90 %

Kentucky Utilities Company / Louisville Gas & Electric Company DCF Results for the Proxy Group of Non-Price-Regulated Companies Comparable in Total Risk to the Proxy Group of Seven Natural Gas Distribution CompaniesProxy Group of Thirty-Two Non-Price Regulated Companies

[3]

[2]

Proxy Group of Fourteen Non-Price Regulated Companies	Average Dividend Yield	Value Line Projected Five Year Growth in EPS	Zack's Five Year Projected Growth Rate in EPS	S&P Capital IQ Projected Five Year Growth in EPS	Average Projected Five Year Growth Rate in EPS (1)	Adjusted Dividend Yield	Indicated Common Equity Cost Rate (2)
Abbott Laboratories	1.80 %	6.00 %	10.20 %	9.59 %	8.60 %	1.88 %	10.48 %
Altria Group, Inc.	6.89	6.00	3.40	4.14	4.51	7.05	11.56
Becton, Dickinson and Co.	2.29	7.00	9.30	10.57	8.96	2.39	11.35
Casella Waste Systems Inc.	-	6.50	NA	(6.88)	6.50	-	NA
Cencora Inc.	0.75	6.50	13.20	12.84	10.85	0.79	11.64
Costco Wholesale Corporation	0.54	10.00	9.00	9.11	9.37	0.57	9.94
Jack Henry & Associates Inc.	1.34	5.50	9.00	9.00	7.83	1.39	9.22
Ingredion Inc.	2.47	7.50	11.00	11.00	9.83	2.59	12.42
Labcorp Holdings Inc.	1.10	6.50	9.60	9.53	8.54	1.15	9.69
McKesson Corporation	0.47	12.00	13.50	11.55	12.35	0.50	12.85
Monster Beverage Corporation	-	12.00	16.10	15.08	14.39	-	NA
O'Reilly Automotive, Inc.	-	10.50	12.80	10.54	11.28	-	NA
RLI Corp.	0.92	13.50	NA	NA	13.50	0.98	14.48 (3)
Walmart Inc.	0.96	10.00	8.00	8.01	8.67	1.00	9.67
	NA = Not Availal	ble				Mean	10.88 %
						Median	10.92 %

Notes:

[1]

- $(1) \ \ Average \ of columns \ 2 \ through \ 4 \ excluding \ negative \ growth \ rates \ and \ extreme \ positive \ values.$
- (2) The application of the DCF model to the domestic, non-price regulated comparable risk companies is identical to the application of the DCF to the Utility Proxy Groups. The dividend yield is derived by using the 60 day average price and the spot indicated dividend as of 09/02/2025. The dividend yield is then adjusted by 1/2 the average projected growth rate in EPS, which is calculated by averaging the 5 year projected growth in EPS provided by Value Line, www.zacks.com, and S&P Capital IQ (excluding any negative growth rates) and then adding that growth rate to the adjusted dividend yield.
- (3) Results were excluded from the final average and median as they were more than two standard deviations from the proxy group's mean.

Source of Information:

Value Line Investment Survey. www.zacks.com, Downloaded on 09/02/2025 S&P Capital IQ

Kentucky Utilities Company / Louisville Gas & Electric Company Indicated Common Equity Cost Rate Through Use of a Risk Premium Model Using an Adjusted Total Market Approach

<u>Line No.</u>		Proxy Group of Thi	oxy Group of irty-Two Non- ice Regulated mpanies(excl. PRPM)	Proxy Group of Fourteen Non- Price Regulated Companies	Proxy Group of Fourteen Non- Price Regulated Companies(excl. PRPM)
1.	Prospective Yield on Baa2 Rated Corporate Bonds (1)	5.99 %	5.99 %	5.99 %	5.99 %
2.	Adjustment to Reflect Bond rating Difference of Non-Price Regulated Companies (2)	(0.19)	(0.19)	(0.19)	(0.19)
3.	Adjusted Bond Yield	5.80	5.80	5.80	5.80
4.	Equity Risk Premium (3)	5.24	5.23	5.24	5.23
5.	Risk Premium Derived Common Equity Cost Rate	11.04 %	11.03 %	11.04_%	11.03_%

Notes: (1) Average forecast of Baa corporate bonds based upon the consensus of nearly 50 economists reported in Blue Chip Financial Forecasts dated June 2, 2025 and August 29, 2025 (see pages 37 and 38 of this Exhibit). The estimates are detailed below.

Third Quarter 2025	6.10	%
Fourth Quarter 2025	6.00	
First Quarter 2026	5.90	
Second Quarter 2026	6.00	
Third Quarter 2026	6.00	
Fourth Quarter 2026	5.90	
2027-2031	6.00	
2032-2036	6.00	_
Average	5.99	%

(2) The average yield spread of Baa2 rated corporate bonds over A2 corporate bonds for the three months ending August 2025. To reflect the A3 average rating of the Proxy Group of Thirty-Two Non-Price Regulated Companies and the Proxy Group of Fourteen Non-Price Regulated Companies, the yield on the Baa corporate bond must be adjusted by two-thirds the spread between A2 and Baa2 corporate bond yields, as shown below:

	A2 Corp. Bond	Baa2 Corp. Bond				
	Yield	Yield	Spread			
Aug-25	5.72 %	6.00 %	0.28	%		
Jul-25	5.82	6.10	0.28			
Jun-25	5.86	6.15	0.29			
	Average yield spread 0.28					
		2/3 of spread	0.19	_		

(3) From page 56 of this Exhibit.

Kentucky Utilities Company / Louisville Gas & Electric Company
Comparison of Long-Term Issuer Ratings for the
Proxy Group of Thirty-Two Non-Price Regulated Companies and Proxy Group of Fourteen Non-Price Regulated Companies

	Long-Term	ody's Issuer Rating ber 2025	Standard & Poor's Long-Term Issuer Rating September 2025		
Proxy Group of Thirty-Two Non-Price Regulated Companies	Long-Term Issuer Rating	Numerical Weighting (1)	Long-Term Issuer Rating	Numerical Weighting (1)	
AbbVie Inc.	А3	7.0	A-	7.0	
Altria Group, Inc.	A3	7.0	BBB+	8.0	
Amgen Inc.	Baa1	8.0	BBB+	8.0	
AutoZone Inc.	Baa1	8.0	BBB	9.0	
Becton, Dickinson and Co.	Baa2	9.0	BBB	9.0	
Bristol-Myers Squibb Co.	A2	6.0	A A	6.0	
Casella Waste Systems Inc.	NA	0.0	BB	12.0	
Cencora Inc.	Baa2	9.0	BBB+	8.0	
Chemed Corporation	WR	9.U 	NR	o.u 	
Constellation Brands Inc.	Baa2	9.0	BBB	9.0	
Costco Wholesale Corporation	Aa3	4.0	AA	3.0	
Gilead Sciences, Inc.	A3	7.0	A-	7.0	
Jack Henry & Associates Inc.	NA	7.0	NA	7.0	
International Business Machines Corporation	A3	7.0	A-	7.0	
L3Harris Technologies Inc.	Baa2	9.0	BBB	9.0	
Labcorp Holdings Inc.	NA	J.0 	BBB	9.0	
McCormick & Company Inc.	Baa2	9.0	BBB	9.0	
McKesson Corporation	A3	7.0	BBB+	8.0	
Merck & Co., Inc.	Aa3	4.0	A+	5.0	
Monster Beverage Corporation	NA NA	4.0	NA	5.0	
NewMarket Corporation	Baa2	9.0	BBB+	8.0	
•			BBB	9.0	
O'Reilly Automotive, Inc.	Baa1 A2	8.0 6.0	ввв А-	9.0 7.0	
Philip Morris International Inc. Progressive Corporation	AZ A2	6.0	A- A	7.0 6.0	
Restaurant Brands International Inc.	NA	6.0	BB	12.0	
	WR		BBB	9.0	
RLI Corp. Rollins, Inc.	NA		BBB	9.0	
,	NA NA		NA	9.0	
Henry Schein, Inc.			NA BB+		
Service Corporation International	Ba3	13.0		11.0	
Verisk Analytics, Inc. Walmart Inc.	Baa1	8.0	BBB	9.0	
***************************************	Aa2	3.0	AA	3.0	
Wendy's Company	NA		B+	14.0	
Natural Gas CEM Proxy Group Average	A3	7.4	BBB+	8.2	
Louisville Gas & Electric Company	A3	7.0	A-	7.0	

Notes:

(1) From page 34 of this Exhibit.

 $Source\ of\ Information:$

Bloomberg Professional Services.

Kentucky Utilities Company / Louisville Gas & Electric Company Comparison of Long-Term Issuer Ratings for the Proxy Group of Thirty-Two Non-Price Regulated Companies and Proxy Group of Fourteen Non-Price Regulated Companies

		ody's	Standard & Poor's		
	_	Issuer Rating ber 2025	Long-Term Issuer Rating September 2025		
Proxy Group of Fourteen Non-Price Regulated	Long-Term	Numerical	Long-Term	Numerical	
Companies Companies	Issuer Rating	Weighting (1)	Issuer Rating	Weighting (1)	
Abbott Laboratories	Aa3	4.0	AA-	4.0	
Altria Group, Inc.	A3	7.0	BBB+	8.0	
Becton, Dickinson and Co.	Baa2	9.0	BBB	9.0	
Casella Waste Systems Inc.	NA		BB	12.0	
Cencora Inc.	Baa2	9.0	BBB+	8.0	
Costco Wholesale Corporation	Aa3	4.0	AA	3.0	
Jack Henry & Associates Inc.	NA		NA		
Ingredion Inc.	Baa1	8.0	BBB	9.0	
Labcorp Holdings Inc.	NA		BBB	9.0	
McKesson Corporation	A3	7.0	BBB+	8.0	
Monster Beverage Corporation	NA		NA		
O'Reilly Automotive, Inc.	Baa1	8.0	BBB	9.0	
RLI Corp.	WR		BBB	9.0	
Walmart Inc.	Aa2	3.0	AA	3.0	
Electric CEM Proxy Group Average	A3	6.6	BBB+	7.6	
Kentucky Utilities Company	A3	7.0	A-	7.0	
Louisville Gas & Electric Company	A3	7.0	<u>A-</u>	7.0	

Notes:

(1) From page 34 of this Exhibit.

Source of Information:

Bloomberg Professional Services.

Kentucky Utilities Company / Louisville Gas & Electric Company Derivation of Equity Risk Premium Based on the Total Market Approach Using the Beta for

Non-Price Regulated Companies of Comparable risk to the

<u>Proxy Group of Seven Natural Gas Distribution Companies and Proxy Group of Thirteen Electric Companies</u>

		Proxy Group of Thirty- Two Non-Price Regulate			
Line No.	Equity Risk Premium Measure	Companies	Companies(excl. PRP	PM) Companies	Companies(excl. PRPM)
1.	Kroll Equity Risk Premium (1)	6.10 %	6.10	% 6.10	% 6.10 %
2.	Regression on Kroll Risk Premium Data (2)	7.02	7.02	7.02	7.02
3.	Kroll Equity Risk Premium based on PRPM (3)	7.77	NA	7.77	NA
4.	Equity Risk Premium Based on Value Line Summary and Index $\{4\}$	6.33	6.33	6.33	6.33
5.	Equity Risk Premium Based on Bloomberg, Value Line, and S&P Global Market Intelligence S&P 500 Companies (5)	11.30	11.30	11.30	11.30
6.	Conclusion of Equity Risk Premium	7.70 %	7.69	% 7.70	% 7.69 %
7.	Adjusted Beta (6)	0.68	0.68	0.68	0.68
8.	Forecasted Equity Risk Premium	5.24 %	5.23	% 5.24	<u>%</u> <u>5.23</u> %

- :
 (1) From note 1 of page 36 of this Exhibit.
 (2) From note 2 of page 36 of this Exhibit.
 (3) From note 3 of page 36 of this Exhibit.
 (4) From note 4 of page 36 of this Exhibit.
 (5) From note 5 of page 36 of this Exhibit.
 (6) Average of mean and median beta from pages 57-59 of this Exhibit.

Sources of Information:
Kroll Cost of Capital Navigator
Value Line Summary and Index.
Blue Chip Financial Forecasts, June 2, 2025 and August 29, 2025
Bloomberg Professional Services.

Kentucky Utilities Company / Louisville Gas & Electric Company Traditional CAPM and ECAPM Results for the Proxy Groups of Non-Price-Regulated Companies Comparable in Total Risk to the Proxy Group of Seven Natural Gas Distribution Companies and Proxy Group of Thirteen Electric Companies

Proxy Group of Thirty-Two Non-Price Regulated Companies

	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]
Proxy Group of Thirty-Two Non-Price Regulated Companies	Value Line Adjusted Beta	Bloomberg Beta	Average Beta	Market Risk Premium (1)	Risk-Free Rate (2)	Traditional CAPM Cost	ECAPM Cost Rate	Indicated Common Equity Cost Rate (3)
AbbVie Inc.	0.70	0.54	0.62	8.53 %	4.61 %	9.90 %	10.71 %	10.30 %
Altria Group, Inc.	0.70	0.41	0.55	8.53	4.61	9.30	10.26	9.78
Amgen Inc.	0.70	0.59	0.65	8.53	4.61	10.15	10.90	10.53
AutoZone Inc.	0.75	0.57	0.66	8.53	4.61	10.24	10.96	10.60
Becton, Dickinson and Co.	0.75	0.58	0.67	8.53	4.61	10.33	11.03	10.68
Bristol-Myers Squibb Co.	0.70	0.50	0.60	8.53	4.61	9.73	10.58	10.15
Casella Waste Systems Inc.	0.85	0.65	0.75	8.53	4.61	11.01	11.54	11.27
Cencora Inc.	0.65	0.43	0.54	8.53	4.61	9.22	10.20	9.71 (4)
Chemed Corporation	0.70	0.48	0.59	8.53	4.61	9.64	10.52	10.08
Constellation Brands Inc.	0.75	0.65	0.70	8.53	4.61	10.58	11.22	10.90
Costco Wholesale Corporation	0.80	0.74	0.77	8.53	4.61	11.18	11.67	11.42
Gilead Sciences, Inc.	0.75	0.60	0.68	8.53	4.61	10.41	11.09	10.75
Jack Henry & Associates Inc.	0.80	0.50	0.65	8.53	4.61	10.15	10.90	10.53
International Business Machines Corporation	0.80	0.71	0.76	8.53	4.61	11.09	11.60	11.35
L3Harris Technologies Inc.	0.80	0.69	0.74	8.53	4.61	10.92	11.48	11.20
Labcorp Holdings Inc.	0.75	0.63	0.69	8.53	4.61	10.50	11.16	10.83
McCormick & Company Inc.	0.70	0.49	0.60	8.53	4.61	9.73	10.58	10.15
McKesson Corporation	0.70	0.52	0.61	8.53	4.61	9.81	10.65	10.23
Merck & Co., Inc.	0.65	0.64	0.64	8.53	4.61	10.07	10.84	10.45
Monster Beverage Corporation	0.75	0.61	0.68	8.53	4.61	10.41	11.09	10.75
NewMarket Corporation	0.75	0.70	0.73	8.53	4.61	10.84	11.41	11.12
O'Reilly Automotive, Inc.	0.75	0.51	0.63	8.53	4.61	9.98	10.77	10.38
Philip Morris International Inc.	0.80	0.38	0.59	8.53	4.61	9.64	10.52	10.08
Progressive Corporation	0.75	0.66	0.70	8.53	4.61	10.58	11.22	10.90
Restaurant Brands International Inc.	0.90	0.53	0.71	8.53	4.61	10.67	11.28	10.98
RLI Corp.	0.85 0.80	0.51 0.65	0.68 0.73	8.53	4.61 4.61	10.41 10.84	11.09 11.41	10.75
Rollins, Inc.				8.53				11.12
Henry Schein, Inc.	0.80 0.85	0.58 0.69	0.69 0.77	8.53 8.53	4.61 4.61	10.50 11.18	11.16 11.67	10.83 11.42
Service Corporation International	0.85							
Verisk Analytics, Inc. Walmart Inc.	0.85	0.61 0.78	0.73 0.76	8.53 8.53	4.61 4.61	10.84 11.09	11.41 11.60	11.12 11.35
	0.75			8.53 8.53				
Wendy's Company	0.80	0.54	0.67	8.53	4.61	10.33	11.03	10.68
		Mean	0.67			10.35 %	11.05 %	10.73 %
		Median	0.68			10.41 %	11.09 %	10.75 %
Notes on page 58 of this Evhibit	Average of M	ean and Median	0.68			10.38 %	11.07 %	10.74 %

Notes on page 58 of this Exhibit

Kentucky Utilities Company / Louisville Gas & Electric Company Traditional CAPM and ECAPM Results for the Proxy Groups of Non-Price-Regulated Companies Comparable in Total Risk to the Proxy Group of Seven Natural Gas Distribution Companies and Proxy Group of Thirteen Electric Companies

Proxy Group of Thirty-Two Non-Price Regulated Companies (Excl. PRPM MRP)

	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]
Proxy Group of Thirty-Two Non-Price Regulated Companies	Value Line Adjusted Beta	Bloomberg Beta	Average Beta	Market Risk Premium (1)	Risk-Free Rate	Traditional CAPM Cost Rate	ECAPM Cost Rate	Indicated Common Equity Cost Rate (3)
AbbVie Inc.	0.70	0.54	0.62	8.49 %	4.61 %	9.88 %	10.68 %	10.28 %
Altria Group, Inc.	0.70	0.41	0.55	8.49	4.61	9.28	10.24	9.76
Amgen Inc.	0.70	0.59	0.65	8.49	4.61	10.13	10.87	10.50
AutoZone Inc.	0.75	0.57	0.66	8.49	4.61	10.22	10.94	10.58
Becton, Dickinson and Co.	0.75	0.58	0.67	8.49	4.61	10.30	11.00	10.65
Bristol-Myers Squibb Co.	0.70	0.50	0.60	8.49	4.61	9.71	10.55	10.13
Casella Waste Systems Inc.	0.85	0.65	0.75	8.49	4.61	10.98	11.51	11.24
Cencora Inc.	0.65	0.43	0.54	8.49	4.61	9.20	10.17	9.68 (4)
Chemed Corporation	0.70	0.48	0.59	8.49	4.61	9.62	10.49	10.06
Constellation Brands Inc.	0.75	0.65	0.70	8.49	4.61	10.55	11.19	10.87
Costco Wholesale Corporation	0.80	0.74	0.77	8.49	4.61	11.15	11.64	11.39
Gilead Sciences, Inc.	0.75	0.60	0.68	8.49	4.61	10.38	11.06	10.72
Jack Henry & Associates Inc.	0.80	0.50	0.65	8.49	4.61	10.13	10.87	10.50
International Business Machines Corporation	0.80	0.71	0.76	8.49	4.61	11.06	11.57	11.32
L3Harris Technologies Inc.	0.80	0.69	0.74	8.49	4.61	10.89	11.45	11.17
Labcorp Holdings Inc.	0.75	0.63	0.69	8.49	4.61	10.47	11.13	10.80
McCormick & Company Inc.	0.70	0.49	0.60	8.49	4.61	9.71	10.55	10.13
McKesson Corporation	0.70	0.52	0.61	8.49	4.61	9.79	10.62	10.20
Merck & Co., Inc.	0.65	0.64	0.64	8.49	4.61	10.05	10.81	10.43
Monster Beverage Corporation	0.75	0.61	0.68	8.49	4.61	10.38	11.06	10.72
NewMarket Corporation	0.75	0.70	0.73	8.49	4.61	10.81	11.38	11.10
O'Reilly Automotive, Inc.	0.75	0.51	0.63	8.49	4.61	9.96	10.75	10.35
Philip Morris International Inc.	0.80	0.38	0.59	8.49	4.61	9.62	10.49	10.06
Progressive Corporation	0.75	0.66	0.70	8.49	4.61	10.55	11.19	10.87
Restaurant Brands International Inc.	0.90	0.53	0.71	8.49	4.61	10.64	11.26	10.95
RLI Corp.	0.85	0.51	0.68	8.49	4.61	10.38	11.06	10.72
Rollins, Inc.	0.80	0.65	0.73	8.49	4.61	10.81	11.38	11.10
Henry Schein, Inc.	0.80	0.58	0.69	8.49	4.61	10.47	11.13	10.80
Service Corporation International	0.85	0.69	0.77	8.49	4.61	11.15	11.64	11.39
Verisk Analytics, Inc.	0.85	0.61	0.73	8.49	4.61	10.81	11.38	11.10
Walmart Inc.	0.75	0.78	0.76	8.49	4.61	11.06	11.57	11.32
Wendy's Company	0.80	0.54	0.67	8.49	4.61	10.30	11.00	10.65
		Mean	0.67			10.33 %	11.02 %	10.71 %
		Median	0.68			10.38 %	11.06_%	10.72 %
	Average of Me	ean and Median	0.68			10.36 %	11.04 %	10.72 %

Notes:

- otes:
 (1) From note 1 of page 44 of this Exhibit.
 (2) From note 2 of page 44 of this Exhibit.
 (3) Average of CAPM and ECAPM cost rates.
 (4) Results were excluded from the final average and median as they were more than two standard deviations from the proxy group's mean.

Kentucky Utilities Company / Louisville Gas & Electric Company Traditional CAPM and ECAPM Results for the Proxy Groups of Non-Price-Regulated Companies Comparable in Total Risk to the Proxy Group of Seven Natural Gas Distribution Companies and Proxy Group of Thirteen Electric Companies

Droige Croup of Fourtoon	Non-Price Regulated Companies
rioxy Group of rounteem	Non-Fire Regulated Companies

	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]
Proxy Group of Fourteen Non-Price Regulated Companies	Value Line Adjusted Beta	Bloomberg Beta	Average Beta	Market Risk Premium (1)	Risk-Free Rate (2)	Traditional CAPM Cost Rate	ECAPM Cost Rate	Indicated Common Equity Cost Rate (3)
Abbott Laboratories Altria Group, Inc. Becton, Dickinson and Co. Casella Waste Systems Inc. Cencora Inc. Costco Wholesale Corporation Jack Henry & Associates Inc. Ingredion Inc. Labcorp Holdings Inc. McKesson Corporation Monster Beverage Corporation O'Reilly Automotive, Inc. RLI Corp. Walmart Inc.	0.75 0.70 0.75 0.85 0.65 0.80 0.80 0.85 0.75 0.70 0.75 0.75	0.56 0.41 0.58 0.65 0.43 0.74 0.50 0.58 0.63 0.52 0.61 0.51 0.78 Mean	0.65 0.55 0.67 0.75 0.54 0.77 0.65 0.72 0.69 0.61 0.68 0.63 0.76 0.67	8.53 % 8.53 8.53 8.53 8.53 8.53 8.53 8.53 8.53	4.61 % 4.61 4.61 4.61 4.61 4.61 4.61 4.61 4.61	10.15 % 9.30 10.33 11.01 9.22 11.18 10.15 10.75 10.50 9.81 10.41 9.98 10.41 11.09 10.31 % 10.37 % 10.34 %	10.90 % 10.26 11.03 11.54 10.20 11.67 10.90 11.35 11.16 10.65 11.09 10.77 11.09 11.60 11.02 % 11.04 %	10.53 % 9.78 10.68 11.27 9.71 11.42 10.53 11.05 10.83 10.23 10.75 11.35 10.66 % 10.72 %
	Proxy Grou	p of Fourteen N	on-Price Regu	ulated Companies (Excl. PRPM MRI	<u>P)</u> [6]	[7]	[8]
Proxy Group of Fourteen Non-Price Regulated Companies	Value Line Adjusted Beta	Bloomberg	Average	Market Risk	Risk-Free	Traditional CAPM Cost		Indicated
	Deta	Beta	Beta	Premium (1)	Rate (2)	Rate	ECAPM Cost Rate	Common Equity Cost Rate (3)
Abbott Laboratories Altria Group, Inc. Becton, Dickinson and Co. Casella Waste Systems Inc. Cencora Inc. Costco Wholesale Corporation Jack Henry & Associates Inc. Ingredion Inc. Labcorp Holdings Inc. McKesson Corporation Monster Beverage Corporation O'Reilly Automotive, Inc. RLI Corp. Walmart Inc.	0.75 0.70 0.75 0.85 0.65 0.80 0.80 0.85 0.75 0.75 0.75	0.56 0.41 0.58 0.65 0.43 0.74 0.50 0.58 0.63 0.52 0.61 0.51 0.78	Beta 0.65 0.55 0.67 0.75 0.54 0.77 0.65 0.72 0.69 0.61 0.68 0.63 0.68 0.76					Common Equity
Altria Group, Inc. Becton, Dickinson and Co. Casella Waste Systems Inc. Cencora Inc. Costco Wholesale Corporation Jack Henry & Associates Inc. Ingredion Inc. Labcorp Holdings Inc. McKesson Corporation Monster Beverage Corporation O'Reilly Automotive, Inc. RLI Corp.	0.75 0.70 0.75 0.85 0.65 0.80 0.80 0.85 0.75 0.75	0.56 0.41 0.58 0.65 0.43 0.74 0.50 0.58 0.63 0.52 0.61 0.51 0.78	0.65 0.55 0.67 0.75 0.54 0.77 0.65 0.72 0.69 0.61 0.68 0.63	8.49 % 8.49 8.49 8.49 8.49 8.49 8.49 8.49 8.49 8.49	Rate (2) 4.61 % 4.61 4.61 4.61 4.61 4.61 4.61 4.61 4.61	Rate 10.13 % 9.28 10.30 10.98 9.20 11.15 10.13 10.72 10.47 9.79 10.38 9.96 10.38 11.06	Rate 10.87 % 10.24 11.00 11.51 10.17 11.64 10.87 11.32 11.13 10.62 11.06 10.75 11.06 11.57	Common Equity Cost Rate (3) 10.50 % 9.76 10.65 11.24 9.68 11.39 10.50 11.02 10.80 10.20 10.72 10.35 10.72 11.32

Notes:

- (1) From note 1 of page 44 of this Exhibit.
 (2) From note 2 of page 44 of this Exhibit.
 (3) Average of CAPM and ECAPM cost rates.
 (4) Results were excluded from the final average and median as they were more than two standard deviations from the proxy group's mean.

Derivation of Investment Risk Adjustment Based upon Ibbotson Associates' Size Premia for the Decile Portfolios of the NYSE/AMEX/NASDAQ Kentucky Utilities Company / Louisville Gas & Electric Company

[3] [4]	Spread from Applicable Size Applicable Size Premium (3) Premium (4)	0.50%	0.74%	1.19%	0.33% 0.17%	0.33% 0.41%	0.74% 0.45%	[c] [b]	Size Premium Market (Return in Capitalization of Excess of Largest Company CAPM)*	3,522,211.140 -0.01% 46,949,060 0.33% 20,178,360 0.49% 9,937,350 0.50% 6,181,270 0.74% 3,946,150 1.00%	2,464.500 1.19% 1,417.450 0.88% 729.920 1.73%
[2]	Applicable Decile of the NYSE/AMEX/ App	4	Ŋ	7	2	2	ហ	[B]	Market Capitalization of Smallest Company (millions)	\$ 47,156,530 \$ 20,191.220 9,937.940 6,196,710 3,948.050 2,481.780	1,422.890 731.190 304.620
[1]	Market Capitalization on September 02, 2025 (1) (millions) (times larger)	82	76	99	39 3.3 x	39 5.4 x	59 3.2 x	[A]	Decile		7 8 8
	Market Capits 0; (millions)	\$ 6,504.282	\$ 3,996.076	\$ 1,468.066	\$ 21,467.139	\$ 21,467.139	\$ 4,698.559			Largest	
		a. Kentucky Utilities Company	b. Louisville Gas & Electric Company - Electric	c. Louisville Gas & Electric Company - Gas	a. Proxy Group of Thirteen Electric Companies	b. Proxy Group of Thirteen Electric Companies	Proxy Group of Seven Natural Gas Distribution c. Companies				

2.

Line No.

Notes:

Gleaned from Columns [B] and [C] on the bottom of this page. The appropriate decile (Column [A]) corresponds to the market capitalization of the proxy group, which is found in Column [1].

Corresponding risk premium to the decile is provided in Column [D] on the bottom of this page. From page 62 of this Exhibit.
 Gleaned from Columns [B] an

*From 2025 Kroll Cost of Capital Navigator

Line No. 1 Column [3] – Line No. 2 Column [3]. For example, the 0.17% in Column [4], Line No. 2 is derived as follows 0.17% = 0.5% - 0.33%. (4)

Kentucky Utilities Company / Louisville Gas & Electric Company
Market Capitalization of Kentucky Utilities Company / Louisville Gas & Electric Company and the
Proxy Group of Seven Natural Gas Distribution Companies and Proxy Group of Thirteen Electric Companies

	u c				82 (6)	(9) 9/	(9) 99		28 01 56 22	01 02 22	29	990 443 144 144 145 143 143 143 143 143 143 143 143 143 143	39
[9]	Market Capitalization on September 02, 2025 (3) (millions)				6,504.282 (6)	3,996.076 (6)	1,468.066 (6)		25,689.128 2,820.01 4,698.56 19,784.22	1,666.01 4,559.02 5,662.22	4,698.559	16597.590 58.667.81 26,914.43 21,467.14 37,549.62 16,390.93 25,065.33 6,725.82 8,943.63 10,579.97 4,629.55 10,579.97	21,467.139
	Cap				₩	\$	-		₩.	ļ	₩.	·	6
[5]	Market-to- Book Ratio on September 02, 2025 (2)				201.9 (5)	201.9 (5)	202.8 (5)		211.30 % 202.80 213.50 227.80	120.30 146.80 161.60	202.8 %	237.00 % 217.70 2212.0 222.20 1542.0 248.90 166.60 201.30 201.30 1156.60 1122.00 3365.00	201.90 %
[4]	Closing Stock Market Price on September 02, 2025	NA	NA	NA					165.46 123.15 47.24 42.11	41.42 76.14 78.88	76.140	6466 110.09 99.72 55.79 85.74 77.27 43.47 12464 44.54 88.80 42.34 92.09	72.140
	Clos Mark Sept	(49		₩.	49	60
[3]	Total Common Equity at Fiscal Year End 2024 (millions)	3,221.536 (4)	1,979.235 (4)	723.898 (4)					12,157.67 1,390.20 2,200.44 8,684.20	1,385.37 3,104.55 3,504.19	3,104.548	7,004.00 26,943.80 12,114.00 13,20.00 15,083.91 9,955.00 12,455.00 3,33.0.95 4,64.09 6,754.31 3,794.00 19,522.00	12,114.000
	Total Co at Fis	40	₩	₩					€		₩.	69	₩.
[2]	Book Value per Share at Fiscal Year End 2023 (1)	NA	NA	NA					78.306 60.71 22.12 18.48	34.44 51.85 48.82	48.817	27.286 50.56 44.88 36.11 35.11 43.29 21.60 61.73 23.11 56.69 33.99	35.113
	Bool Shar Year								⇔		₩.	₩.	6
[1]	Common Stock Shares Outstanding at Fiscal Year End 2024 (millions)	NA	NA	NA					155.26 22.90 99.46 469.82	40.22 59.88 71.78	71.783	25669 53291 5630 36470 36470 36470 36470 52998 5396 20080 11914 11914 11914 11914	269.900
	Exchange								NYSE NYSE NYSE NYSE	NYSE NYSE NYSE		NASDAQ NASDAQ NYSE NYSE NYSE NYSE NYSE NYSE NYSE NYSE	
	Company	Kentucky Utilities Company	Louisville Gas & Electric Company - Electric	Louisville Gas & Electric Company - Gas	Based upon Proxy Group of Thirteen Electric Companies	Based upon Proxy Group of Thirteen Electric Companies	Based upon Proxy Group of Seven Natural Gas Distribution Companies	Proxy Group of Seven Natural Gas	Atmos Energy Corporation Chesapeake Utilities Corporation New Jersey Resources Corporation NiSource Inc.	Northwest Natural Holding Company ONE Gas, Inc. Southwest Gas Holding Company	Median	Proxy Group of Thirteen Electric Companies Alliant Energy Corporation American Electric Power Corporation Edison International Editor International Entergy Corporation Edison International Entergy Corporation Edison International Entergy Corporation (DACORP, Inc. OGE Energy Corporation Plunacle West Capital Corporation Portland General Electric Company Southern Company	Median

NA= Not Available

Notes: (1) Column 3 / Column 1.

(2) Column 4 / Column 2.

(3) Column 4 / Column 4.

(4) Requested rate base multiplied by the requested common equity ratio.

(5) The market-to-book ratio of Kentucky Utilities Company / Louisville Gas & Electric Company on September 02, 2025 is assumed to be equal to the market-to-book ratio of Proxy Group of Seven Natural Gas Distribution Companies and Proxy Group of Thirteen Electric Companies on September 02, 2025 as appropriate.

(6) Column [3] multiplied by Column [5].

Source of Information: 2024 Annual Forms 10K Bloomberg Professional Services

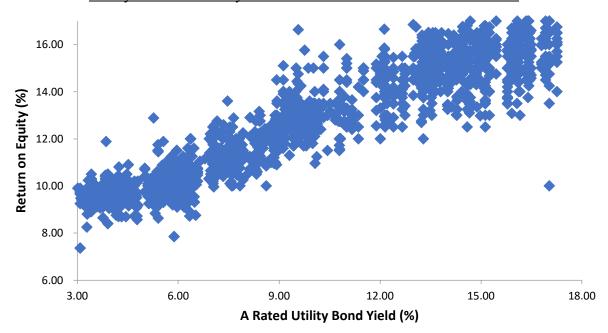
Kentucky Utilities Company / Louisville Gas & Electric Company Derivation of the Flotation Cost Adjustment to the Gost of Common Equity

Equity Issuances since 2005

[Column 10]	Flotation Cost Percentage (7) 2.78% 2.78% 4.52% 4.52% 3.98%	3.81%				
[Column 9]	Total Flotation Costs (6) \$ 41,936,500 \$ 7,48,2000 \$ 92,92,0000 \$ 86,900,000	\$ 229,238,500				
[Column 8]	Total Net Proceeds (5) \$ 1,467,813,500 \$ 1,962,800,000 \$ 2,094,700,000	\$ 5,785,205,500				
[Column 7]	Gross Equity Issue before Costs (4) \$ 1,509,750,000 \$ 267,894,000 \$ 2,055,200,000 \$ 2,181,600,000	\$ 6,014,444,000				
[Column 6]	Net Proceeds per Share (3) \$ 26.69 \$ 26.30 \$ 24.53 \$ 23.27				.0	
[Column 5]	Issuance		[Column 16]	Flotation Cost Adjustment (11)	0.15 %	
[Column 4]	Market Pressure (2) \$ 0.45 \$ 0.04 \$ 0.39		[Column 15]	Rate Adjusted for Flotation (10)	6 10.70 %	
[Column 3]	Average Offering Price per Share (1) \$ 27.00 \$ 27.02 \$ 25.30 \$ 24.00	djustment	[Column 14]	Average DCF Cost Rate Unadjusted for Flotation (9)	10.55 %	
[Column 2]	Market Price per Share (1) \$ 27.45 \$ 27.06 \$ 25.69 \$ 24.24	Flotation Cost Adjustment	[Column 13]	Adjusted Dividend Yield	3.70 %	
[Column 1]	Shares Issued (1) (2) (2) (2) (3) (4) (6) (6) (6) (6) (6) (6) (6) (6) (6) (6		[Column 12]	Average Projected EPS Growth Rate (8)	6.85 %	ings :xhibit.)+Col.12
	Transaction (1) Equity Offering Equity Offering Equity Offering		[Column 11]	Average Dividend Yield (8)	3.58 %	(1) From company SEC filings (2) Col. 2 - Col. 3 (3) Col. 2 - Col. 4 (4) Col. 1x Col. 2 (5) Col. 1x Col. 6 (6) Col. 1x (Col. 4 - Col. 5) (7) Col. 7 - Col. 9) Col. 7 (7) (Col. 7 - Col. 9) Col. 7 (8) From page 10 of this Exhibit (9) Col. 12 + Col. 13 (10) (Col. 13 / (1 - Col. 10)) + Col. 12 (11) Col. 15 - Col. 14
	Date of Offering 5/8/2018 4/10/2012 4/11/2011 6/22/2010				Proxy Group of Seven Natural Gas Companies and Thirteen Electric Companies	Notes:

Source of Information: Company SEC filings.

Kentucky Utilities Company / Louisville Gas & Electric Company Prediction of Equity Risk Premiums Relative to Moody's A2 Rated Utility Bond Yields - Electric & Natural Gas Utilities



SUMMARY OUTPUT

Regression Statistics	
Correlation	0.9319
	0.8684
R Square	0.000
Adjusted R Square	0.8683
Standard Error	0.8613
Observations	2115

ANOVA

	df	SS	MS	F
Regression	1	10342.874	10342.874	13941.308
Residual	2113	1567.607	0.742	
Total	2114	11910.481		

	Coefficients	Standard Error	t Stat	P-value
Intercept	7.470	0.048	156.759	0.000
Slope	0.525	0.004	118.073	0.000

<u>Kentucky Utilities Company / Louisville Gas & Electric Company</u> <u>Regression of Measures of Price to Earnings Ratio on Growth Measures</u>

Company	Ticker	Median P/E Ratio	Proj. Earnings Growth Rate	Proj. Dividend Growth Rate
ALLETE, Inc.	ALE	19.0	6.00%	3.50%
Alliant Energy Corporation	LNT	21.0	6.00%	6.00%
Ameren Corporation	AEE	20.0	6.50%	6.50%
American Electric Power Company, Inc.	AEP	18.0	6.50%	5.50%
Atmos Energy Corporation	ATO	20.0	7.00%	7.00%
Avista Corporation	AVA	19.0	5.50%	4.00%
Black Hills Corporation	ВКН	17.0	3.50%	3.50%
CenterPoint Energy, Inc.	CNP	19.0	7.00%	5.50%
Chesapeake Utilities	СРК	23.0	8.00%	7.00%
CMS Energy Corporation	CMS	21.0	8.50%	7.50%
Consolidated Edison, Inc.	ED	18.0	6.00%	4.50%
Dominion Energy Inc.	D	20.0	6.00%	0.00%
DTE Energy Company	DTE	18.0	4.50%	3.00%
Duke Energy Corporation	DUK	18.0	6.00%	3.50%
Edison International	EIX	15.0	6.50%	5.50%
Entergy Corporation	ETR	15.0	3.00%	5.50%
Evergy, Inc.	EVRG	NMF	7.50%	7.00%
Eversource Energy	ES	19.0	5.50%	5.50%
Exelon Corporation	EXC	14.0	6.00%	5.00%
FirstEnergy Corp.	FE	14.0	4.50%	4.50%
Hawaiian Electric Industries, Inc.	HE	20.0	NMF	NMF
IDACORP, Inc.	IDA	20.0	6.00%	5.50%
MGE Energy, Inc.	MGEE	25.0	6.50%	7.00%
New Jersey Resources	NJR	17.0	5.00%	5.00%
NextEra Energy, Inc.	NEE	24.0	8.50%	9.50%
NiSource Inc.	NI	21.0	9.50%	4.50%
Northwest Natural Gas Holding	NWN	24.0	6.50%	0.50%
NorthWestern Corporation	NWE	17.0	4.50%	1.50%
OGE Energy Corp.	OGE	18.0	6.50%	3.00%
One Gas, Inc.	OGS	21.0	4.50%	2.00%
Otter Tail Corporation	OTTR	17.0	4.50%	7.00%
PG&E Corporation	PCG	20.0	9.00%	NMF
Pinnacle West Capital Corporation	PNW	17.0	5.00%	1.50%
Portland General Electric Company	POR	18.0	6.50%	5.50%
PPL Corporation	PPL	16.0	7.50%	6.50%
Public Service Enterprise Group Incorporated	PEG	17.0	7.00%	6.00%
RGC Resources	RGCO	NA	NA	NA
Sempra Energy	SRE	19.0	5.00%	5.50%
Southern Company	SO	17.0	6.50%	3.50%
Southwest Gas Holdings	SWX	21.0	10.00%	5.50%
Spire Inc.	SR	18.0	4.50%	4.00%
TXNM Energy	TXNM	19.0	4.50%	5.00%
UGI Corporation	UGI	16.0	6.50%	3.50%
Unitil Corp.	UTL	NA	0.30 70 NA	NA
WEC Energy Group, Inc.	WEC	21.0	6.00%	7.00%
Xcel Energy Inc.	XEL	20.0	7.00%	6.50%
ricci Energy mic.	ALL	20.0	7.0070	0.5070

Source: Value Line as of September 02, 2025

<u>Kentucky Utilities Company / Louisville Gas & Electric Company</u> <u>Regression of Measures of Price to Earnings Ratio on Growth Measures</u>

SUMMARY OUTPUT

Regression Statistics						
Multiple R	0.469361977					
R Square	0.220300666					
Adjusted R Square	0.200808183					
Standard Error	2.276346157					
Observations	42					

ANOVA

	df	SS	MS	F	Significance F
Regression	1	58.56326034	58.5632603	11.3018265	0.001714256
Residual	40	207.270073	5.18175182		
Total	41	265.8333333			

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%
Intercept	13.99270073	1.482107895	9.44108103	9.8754E-12	10.99724894	16.98815252
Proj. Earnings Growth Ra	78.34549878	23.30449685	3.36181893	0.00171426	31.24535371	125.4456439

SUMMARY OUTPUT

Regression Statistics						
Multiple R	0.209572479					
R Square	0.043920624					
Adjusted R Square	0.019405768					
Standard Error	2.546111653					
Observations	41					

ANOVA

	df	SS	MS	F	Significance F
Regression	1	11.6143269	11.6143269	1.79159217	0.188483468
Residual	39	252.8246975	6.48268455		
Total	40	264.4390244			

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%
Intercept	17.48898542	1.060478205	16.4916029	3.539E-19	15.34396578	19.63400505
Proj. Dividend Growth Ra	27.17964629	20.30599254	1.33850371	0.18848347	-13.89310045	68.25239303

<u>Correction of Mr. Baudino's Discounted Cash Flow Model</u> <u>Proxy Group of Twelve Electric Utility Companies</u>

	(1)	(2)	(3)	(4)	(5)
	Value Line	Value Line	S&P IQ	Zacks	Average of
<u>Company</u>	<u>DPS</u>	<u>EPS</u>	<u>EPS</u>	<u>EPS</u>	All Gr. Rates
4 411:		6.0007	6.6504	6.6004	6.4007
1 Alliant Energy Corporation		6.00%	6.67%	6.60%	6.42%
2 Ameren Corporation		6.50%	7.65%	7.90%	7.35%
3 American Electric Power Company		6.50%	6.97%	6.40%	6.62%
4 Duke Energy		6.00%	6.51%	6.30%	6.27%
5 Entergy Corporation		3.00%	8.88%	9.50%	7.13%
6 Evergy, Inc.		7.50%	5.70%	5.70%	6.30%
7 IDACORP, Inc.		6.00%	8.55%	8.10%	7.55%
8 OGE Energy Corporation		6.50%	6.64%	6.30%	6.48%
9 Pinnacle West Capital Corporation		5.00%	5.25%	2.10%	4.12%
10 Portland General Electric Company		6.50%	4.88%	3.30%	4.89%
11 Southern Company		6.50%	6.77%	6.80%	6.69%
12 Xcel Energy Inc.		7.00%	7.95%	7.80%	7.58%
Averages		6.08%	6.87%	6.40%	6.45%
Median		6.50%	6.72%	6.50%	6.55%

Sources:

Exhibit RAB-4

Value Line Investment Survey, May 9, June 6, and July 19, 2025 S&P Capital IQ and Zacks estimates accessed July 31, 2025

ELECTRIC UTILITY PROXY GROUP DCF RETURN ON EQUITY

	(1) Value Line <u>Dividend Gr.</u>	(2) Value Line <u>Earnings Gr.</u>	(3) S&P IQ <u>Earning Gr.</u>	(4) Zacks <u>Earnings Gr.</u>	(5) Average of <u>All Gr. Rates</u>
Method 1: Dividend Yield		3.54%	3.54%	3.54%	3.54%
Proxy Group Average Growth Rate		6.08%	<u>6.87%</u>	<u>6.40%</u>	<u>6.45%</u>
Expected Dividend Yield		3.64%	3.66%	3.65%	3.65%
DCF Return on Equity		9.72%	10.53%	10.05%	10.10%
Method 2:					
Dividend Yield		3.54%	3.54%	3.54%	3.54%
Proxy Group Median Growth Rate		<u>6.50%</u>	<u>6.72%</u>	<u>6.50%</u>	<u>6.57%</u>
Expected Dividend Yield		<u>3.65%</u>	<u>3.65%</u>	3.65%	3.65%
DCF Return on Equity		10.15%	10.37%	10.15%	10.22%

<u>Correction of Mr. Baudino's Discounted Cash Flow Model</u> <u>Proxy Group of Seven Natural Gas Utility Companies</u>

	(1) Value Line	(2) Value Line	(3) S&P IQ	(4) Zacks	(5) Average of
<u>Company</u>	<u>DPS</u>	<u>EPS</u>	<u>EPS</u>	<u>EPS</u>	<u>All Gr. Rates</u>
1 Atmos Energy		7.00%	7.27%	7.30%	7.19%
2 New Jersey Resources		5.00%	7.90%	NA	6.45%
3 NiSource		9.50%	8.08%	7.90%	8.49%
4 Northwest Natural Holding Company		6.50%	5.75%	NA	6.13%
5 One Gas, Inc.		4.50%	5.84%	5.60%	5.31%
6 Southwest Gas		10.00%	10.74%	10.50%	10.41%
7 Spire		4.50%	9.23%	7.10%	6.94%
Averages		6.71%	7.83%	7.68%	7.28%
Median		6.50%	7.90%	7.30%	6.94%

Sources:

Value Line Investment Survey, May 23, 2025 S&P IQ Pro and Zacks accessed July 31, 2025 Zacks EPS for New Jersey Resources and Northwest Natural Holding Co. removed as they reflectred S&P IQ EPS

GAS UTILITY PROXY GROUP DCF RETURN ON EQUITY

	(1) Value Line <u>Dividend Gr.</u>	(2) Value Line <u>Earnings Gr.</u>	(3) S&P IQ <u>Earning Gr.</u>	(4) Zacks <u>Earnings Gr.</u>	(5) Average of <u>All Gr. Rates</u>
Method 1: Dividend Yield		3.55%	3.55%	3.55%	3.55%
Proxy Group Average Growth Rate		<u>6.71%</u>	<u>7.83%</u>	<u>7.68%</u>	<u>7.41%</u>
Expected Dividend Yield		3.67%	3.69%	3.68%	3.68%
DCF Return on Equity		10.38%	11.52%	11.36%	11.09%
Method 2: Dividend Yield		3.55%	3.55%	3.55%	3.55%
Proxy Group Median Growth Rate		<u>6.50%</u>	<u>7.90%</u>	<u>7.30%</u>	<u>7.23%</u>
Expected Dividend Yield		3.66%	3.69%	3.68%	3.68%
DCF Return on Equity		10.16%	11.59%	10.98%	10.91%

Kentucky Utilities Company / Louisville Gas & Electric Company Correction of Mr. Baudino's Capital Asset Pricing Model to Reflect Forward-Looking Interest Rates, Market Risk Premiums and the Employment of the ECAPM

	Kroll Arithmetic Mean	Value Line S&I 3-5 Year Total Return	Ibbotson and Chen Prospective MRP	Average
САРМ				
Long-Term Annual Return on Stocks		13.07% (2)	11.31% (3)	
30-Year Treasury Bond Yield		4.90% (1)	4.90% (1)	
Market Risk Premium	7.31% (1)	8.17%	6.41%	7.29%
Proxy Group Beta (1)	0.77	0.77	0.77	
Beta * Market Premium	5.65%	6.32%	4.96%	
Prospective 30-Year Treasury Bond Yield	4.90%	4.90%	4.90%	
CAPM Cost of Equity	10.56%	11.22%	9.86%	10.55%
ECAPM				
Historical Market Risk Premium	7.31%	8.17%	6.41%	
Proxy Group Beta, Value Line	0.77	0.77	0.77	
Beta * Market Premium	5.65%	6.32%	4.96%	
Prospective 30-Year Treasury Bond Yield	4.90%	4.90%	4.90%	
ECAPM Cost of Equity (rf + 0.25(MRP) + 0.75(β *MRP))	10.97%	11.68%	10.22%	10.96%

Notes:

(1) Source: Exhibit RAB-7

(2) Source: Value Line Summary and Index for six-month period ending August 1, 2025

(3) Supply-Side Chen Model is calculated as indicated in Ibbotson 2023 SBBI Yearbook, at page 200-201, with updated data through end-of-year 2024 as provided by Kroll, Inc. who now oversees the calculation of the Supply-Side Chen MRP. See the below:

$R_A = R_G + \frac{\sigma^2}{2}$	Geometric Mean Return (3)	Standard Deviation of Equity Returns (3)	Arithmetic Mean Return (3)
Where:			
R _A = Arithmetic Mean	9.37%	19.69%	11.31%
R_G = Geometric Mean			
σ = Standard Deviation of Equity Returns			

Kentucky Utilities Company / Louisville Gas & Electric Company Correction of Mr. Baudino's Capital Asset Pricing Model to Reflect Forward-Looking Interest Rates, Market Risk Premiums and the Employment of the ECAPM

	Kroll Arithmetic Mean	Value Line S&I 3-5 Year Total Return	Ibbotson and Chen Prospective MRP	Average
CAPM				
Long-Term Annual Return on Stocks		13.07% (2)	11.31% (3)	
30-Year Treasury Bond Yield		4.90% (1)	4.90% (1)	
Market Risk Premium	7.31% (1)	8.17%	6.41%	7.29%
Proxy Group Beta (1)	0.70	0.70	0.70	
Beta * Market Premium	5.14%	5.74%	4.51%	
Prospective 30-Year Treasury Bond Yield	4.90%	4.90%	4.90%	
CAPM Cost of Equity	10.04%	10.65%	9.41%	10.03%
ECAPM				
Historical Market Risk Premium	7.31%	8.17%	6.41%	
Proxy Group Beta, Value Line	0.70	0.70	0.70	
Beta * Market Premium	5.14%	5.74%	4.51%	
Prospective 30-Year Treasury Bond Yield	4.90%	4.90%	4.90%	
ECAPM Cost of Equity (rf + 0.25(MRP) + 0.75(β *MRP))	10.59%	11.25%	9.88%	10.57%

Notes:

- (1) Source: Exhibit RAB-6.
- (2) Source: Value Line Summary and Index for six-month period ending August 1, 2025

 σ = Standard Deviation of Equity Returns

(3) Supply-Side Chen Model is calculated as indicated in Ibbotson 2023 SBBI Yearbook, at page 200-201, with updated data through end-of-year 2024 as provided by Kroll, Inc. who now oversees the calculation of the Supply-Side Chen MRP. See the below:

	Standard				
$R_A = R_G + \frac{\sigma^2}{2}$	Geometric	Deviation of	Arithmetic		
$R_A = R_G + \frac{1}{2}$	Mean Return	Equity Returns	Mean Return		
-	(3)	(3)	(3)		
Where:					
R _A = Arithmetic Mean	9.37%	19.69%	11.31%		
R _c = Geometric Mean					

<u>Kentucky Utilities Company / Louisville Gas & Electric Company</u> <u>Comparison of Market Return Measures</u>

[1] [2] [4] [5] [6]	[7]
---------------------	-----

	Actual Market	LT average Market	Ibbotson Chen			Fernandez
	Return (1)	Return (2)	Supply-Side (3)	Kroll (4)	Damodaran (5)	Survey (6)
2009	26.46%	11.67%	11.65%	10.50%	8.64%	10.75%
2010	15.06%	11.85%	11.12%	10.08%	8.20%	10.25%
2011	2.11%	11.88%	10.54%	9.63%	8.49%	9.32%
2012	16.00%	11.77%	11.34%	10.00%	7.89%	7.96%
2013	32.39%	11.82%	11.49%	9.50%	7.54%	8.10%
2014	13.69%	12.05%	11.43%	9.00%	8.00%	8.81%
2015	1.38%	12.07%	11.41%	9.00%	7.95%	7.90%
2016	11.96%	11.95%	11.46%	9.50%	8.39%	7.60%
2017	21.83%	11.95%	11.28%	9.00%	8.14%	8.20%
2018	-4.38%	12.06%	11.19%	8.50%	7.49%	8.20%
2019	31.49%	11.88%	11.23%	9.00%	8.64%	8.30%
2020	18.40%	12.09%	11.31%	8.75%	7.12%	7.50%
2021	28.71%	12.16%	11.32%	8.00%	5.65%	7.30%
2022	-18.11%	12.33%	11.11%	8.00%	5.75%	8.30%
2023	26.61%	12.02%	11.31%	10.14%	9.82%	9.50%
2024	25.62%	12.16%	11.41%	10.03%	8.48%	9.60%
Sum	249.22%	191.71%	180.60%	148.63%	126.19%	137.59%
Forecast l	Bias (7)	76.93%	72.47%	59.64%	50.63%	55.21%

Notes:

- (1) Source: Kroll, 2023 SBBI, Appendix A-1, A-7; Cost of Capital Navigator
- (2) Rolling historic long-term average of data in Column 1 since 1926
- (3) Source: SBBI 2023, Kroll Cost of Capital Navigator, Kroll Provided Data.
- (4) Source: Kroll Recommended ERP + Corresponding Risk-Free Rate
- (5) Source: Damodaran: Implied Equity Risk Premiums United States plus corresponding risk-free rate.
- (6) Source: Pablo Fernandez, IESE Business School MRP and RFR Survey
- (7) Sum of forecasts divided by sum of actual observations

Derivation of Investment Risk Adjustment Based upon Ibbotson Associates' Size Premia for the Decile Portfolios of the NYSE/AMEX/NASDAO for the Electric and Natural Gas Proxy Groups of Mr. Baudino Kentucky Utilities Company / Louisville Gas & Electric Company

Market Capitalization on July 31, 2025 (1) The NYSE/AMEX/ Applicable Size Applicable Size (2015) Premium (3) Premium (3)		[1]		[2]	[3]	[4]
Carillions Company		Market Capitaliza 2025	tion on July 31, (1)	Applicable Decile of the NYSE/AMEX/ NASDAQ (2)	Applicable Size Premium (3)	Spread from Applicable Size Premium (4)
\$ 6,750,730 4 0,50% \$ 4,147,488 5 0,74% \$ 1,158,961 8 0,88% ic	•	(millions)	(times larger)			
S	ny			4	0.50%	
ectric \$ 1,158.961	Company - Electric			ហ	0.74%	
\$ 21,991.209	Company - Gas			8	0.88%	
\$ 21,991.209 5.3 x 2 0.33% \$ 4,566.275 3.9 x 5 0.74% [A] [B] [C] [D] Size Prenoment Capitalization of Smallest Company (millions) Largest 1 \$ 47,156.530 \$ 3,522,211.140 Largest 1 \$ 47,156.530 \$ 46,99.060 3 9,937.940 \$ 20,178.360 4 6,196.710 \$ 9,937.350 5 2,494.050 \$ 2,464.500 7 1,422.890 \$ 2,464.500 8 731.190 \$ 1,417.450 9 304,620 729.920	up of Twelve Electric			2	0.33%	0.17%
\$ 4,566.275 3.9 x 5 0.74% [A] [B] [C] [C] [D] Market Market (Return Capitalization of Smallest Company (millions)) Largest 1 \$ 47,156.530 \$ 3,522,211.140 Largest 1 \$ 47,156.530 \$ 46,949.060 2 20,191.220 \$ 46,949.060 3 3,948.050 \$ 6,181.270 6 2,481.780 \$ 3,464.500 8 731.190 \$ 1,417.450 9 304.620 729.920	up of Twelve Electric			2	0.33%	0.41%
[A] [B] [C] [C] [D] Market Market (Return Capitalization of Excess Decile Smallest Company (millions) (millions) 1	Mr. Baudino's Proxy Group of Seven Natural Gas Distribution Companies			М	0.74%	0.14%
Market Market Return Capitalization of Decile Smallest Company (millions) Largest Company (millions) Excess 1 \$ 47,156.530 \$ 3,522,211.140 CAPW 2 20,191.220 46,949.060 9,937.940 20,178.360 4 6,196.710 9,937.350 6,181.270 5 3,948.050 6,181.270 6,181.270 6 2,481.780 3,946.150 7 7 1,422.890 2,464.500 1,417.450 8 731.190 729.920			[A]	[B]	[6]	[D]
1 \$ 47,156.530 \$ 3,522,211.140 2 20,191.220 46,949,060 3 9,937.940 20,178.360 4 6,196.710 9,937.350 5 3,948.050 6,181.270 6 2,481.780 3,946.150 7 1,422.890 2,464.500 8 731.190 1,417.450 9 304.620 729.920			Decile	Market Capitalization of Smallest Company (millions)	Market Capitalization of Largest Company (millions)	Size Premium (Return in Excess of CAPM)*
2 20,191.220 46,949,060 3 9,937.940 20,178.360 4 6,196.710 9,937.350 5 3,948.050 6,181.270 6 2,481.780 3,946.150 7 1,422.890 2,464.500 8 731.190 1,417.450 9 304.620 729.920		Largest	1			-0.01%
9,937.940 20,178.360 6,196.710 9,937.350 3,948.050 6,181.270 2,481.780 3,946.150 1,422.890 2,464.500 731.190 1,417.450 304.620 729.920)	2	7	46,949.060	0.33%
6,196.710 9,937.350 3,948.050 6,181.270 2,481.780 3,946.150 1,422.890 2,464.500 731.190 1,417.450 304.620 729.920			3	9,937.940	20,178.360	0.49%
3,948.050 6,181.270 2,481.780 3,946.150 1,422.890 2,464.500 731.190 1,417.450 304.620 729.920			4	6,196.710	9,937.350	0.50%
2,481.780 3,946.150 1,422.890 2,464.500 731.190 1,417.450 304,620 729.920			ß	3,948.050	6,181.270	0.74%
1,422.890 2,464.500 731.190 1,417.450 304.620 729.920			9	2,481.780	3,946.150	1.00%
731.190 1,417.450 304.620 729.920			7	1,422.890	2,464.500	1.19%
304.620 729.920			8	731.190	1,417.450	0.88%
			6	304.620	729.920	1.73%

2

Line

Notes:

*From 2025 Kroll Cost of Capital Navigator

Gleaned from Columns [B] and [C] on the bottom of this page. The appropriate decile (Column [A]) corresponds to the market capitalization of the proxy group, which is found in Column [1]. From page 2 of this Exhibit.
 Gleaned from Columns [B] a

⁽³⁾ Corresponding risk premium to the decile is provided in Column [4]. Line No. 2 is derived as follows 0.17% = 0.5% - 0.33%.

Kentucky Utilities Company / Louisville Gas & Electric Company
Market Capitalization of Kentucky Utilities Company / Louisville Gas & Electric Company and the
Mr. Baudino's Proxy Group of Seven Natural Gas Distribution Companies and Proxy Group of Tweke Electric Companies

					(9	(9	9				
[9]	Market Capitalization on July 31, 2025 (3) (millions)				6,750.730 (6)	4,147.488 (6)	1,158.961 (6)	24,207,959 4,566.28 19,943.96 1,605.67 4,353.05 5,609.11 4,300.62	4,566.275	16687431 27,294.99 60,293.18 38,46.96 16,282.84 94,392.64 97,326.91 10,796.81 44,96.15 103,280 42,181,41	21,991.209
	Cag				₩.	₩.	↔	₩.	₩.	∨	↔
[5]	Market-to- Book Ratio on July 31, 2025 (2)				209.6 (5)	209.6 (5)	160.1 (5)	199.10 % 207.50 229.70 115.90 140.20 160.10 133.00	160.1 %	238.30 % 225.30 225.30 223.80 223.80 25.50 163.60 192.00 203.00 196.50 118.50 313.00 216.10	209.55 %
[4]	Closing Stock Market Price on July 31, 2025	NA	NA	NA				155.92 45.91 42.45 39.92 72.70 78.14 74.47	72.700	65.01 101.13 113.14 90.43 70.80 121.64 125.33 45.42 90.62 41.12 94.48	90.525
	Clc Mar Jul							₩	₩.	₩	\$
[3]	Total Common Equity at Fiscal Year End 2024 (millions)	3,221.536 (4)	1,979.235 (4)	723.898 (4)				12,157.67 2,200.44 8,684.20 1,385.37 3,104.55 3,504.19 3,232.70	3,232.700	7,004.00 12,114.00 15,083.91 9,555.00 49,154.00 3,330.95 4,640.90 6,754.31 3,794.00 33,208.00	11,034.500
	Total C at Fis	60	₩.	⇔				₩.	₩.	₩.	⇔
[2]	Book Value per Share at Fiscal Year End 2023 (1)	NA	NA	NA				78.306 22.12 18.48 34.44 51.85 55.98	48.817	27.286 44.88 50.56 35.11 43.29 63.34 61.73 56.69 34.70 30.19	39.200
	Bool Shar Year							₩	4	₩	↔
豆	Common Stock Shares Outstanding at Fiscal Year End 2024 (millions)	NA	NA	NA				155.26 99.46 469.82 40.22 59.88 71.78	71.783	256.69 269.90 532.91 429.58 229.98 776.00 53.96 200.80 119.14 109.34 1,100.00 574.37	263.295
	Exchange							NYSE NYSE NYSE NYSE NYSE NYSE		NASDAQ NASDAQ NYSE NYSE NYSE NYSE NYSE NYSE NYSE NYSE	
	Company	Kentucky Utilities Company	Louisville Gas & Electric Company - Electric	Louisville Gas & Electric Company - Gas	Based upon Mr. Baudino's Proxy Group of Twelve Electric Companies	Based upon Mr. Baudino's Proxy Group of Twelve Electric Companies	Based upon Mr. Baudino's Proxy Group of Seven Natural Gas Distribution Companies	Mr. Baudino's Proxy Group of Seven Natural Gas Distribution Companies Amos Energy Corporation New Jersey Resources Corporation NiSource Inc. Northwest Natural Holding Company ONE Gas, Inc. Southwest Gas Holding Company Spire, Inc.	Median	Mr. Baudino's Proxy Group of Twelve Electric Companies Allain Electric Bergy Corporation American Electric Power Corporation Entergy Corporation Evergy, Inc. Dick Corporation Dick Corporation Description of Energy Corporation Primade West Capital Corporation Primade General Electric Company Southern Company Xeel Energy Inc.	Median

NA= Not Available

Notes: (1) Column 3 / Column 2.
(2) Column 4 / Column 2.
(3) Column 1 * Column 4 / Column 2.
(4) Column 1 * Column 4 * Column 6 * Column 1 * Co

Source of Information: 2024 Annual Forms 10K Bloomberg Professional Services

Kentucky Utilities Company / Louisville Gas & Electric Company Interest Rates and Bond Spreads for Moody's Corporate and Public Utility Bonds

Selected Bond Yields

	[1]	[2]	[3]							
	Aaa Rated Corporate Bond	A2 Rated Public Utility Bond	Baa2 Rated Public Utility Bond							
Aug-2025 Jul-2025 Jun-2025	5.35 % 5.45 5.46	5.77 % 5.88 5.93	5.98 % 6.08 6.12							
Average	5.42_%	5.86 %	6.06 %							
Selected Bond Spreads										
A2 Rated Public Ut	A2 Rated Public Utility Bonds Over Aaa Rated Corporate Bonds:									
Baa2 Rated Public	Utility Bonds Over A2 Rated	l Public Utility Bonds:	0.20 % (2)							
•	ect difference between Mr. E lle Gas & Electric Company	Baudino's Electric Proxy								
			-0.13 % (3)							
•	ect difference between Mr. E Louisville Gas & Electric Com									
Utilities			0.00 % (4)							

Notes:

- (1) Column [2] Column [1].
- (2) Column [3] Column [2].
- (3) Adjustment to reflect the Baa1 Moody's LT issuer rating of Mr. Baudino's Proxy Group of Twelve Electric Utilities and the A3 Moody's LT issuer rating of Kentucky Utilities and Louisville Gas & Electric. The 0.13% downward adjustment is derived by taking 2/3 of the spread between A2 and Baa2 Public Utility Bonds (-2/3 * 0.20% = -0.13%).
- (4) No adjustment required between Mr. Baudino's Proxy Group of Seven Natural Gas Utilities and Louisville Electric & Gas because both entities share an A3 LT Moody's rating.

Source of Information:

Bloomberg Professional Services

Kentucky Utilities Company / Louisville Gas & Electric Company Comparison of Long-Term Issuer Ratings for Mr. Baudino's Proxy Groups of Seven Natural Gas and Twelve Electric Utilities

	Mood	y's	Standard &	& Poor's
	Long-Term Iss	suer Rating	Long-Term Is:	suer Rating
	Septembe	r 2025	Septembe	er 2025
Proxy Group of Seven Natural Gas Distribution Companies	Long-Term Issuer Rating (1)	Numerical Weighting (2)	Long-Term Issuer Rating (1)	Numerical Weighting (2)
Atmos Energy Corporation	A2	6.0	A-	7.0
New Jersey Resources Corporation	A1	5.0	NR	
NiSource Inc.	Baa1	8.0	BBB+	8.0
Northwest Natural Holding Company	Baa1	8.0	A/A-	6.5
ONE Gas, Inc.	A3	7.0	А-	7.0
Southwest Gas Holding Company	Baa1	8.0	BBB	9.0
Spire, Inc.	A1/A2	5.5	BBB+	8.0
Average	A3	6.8	BBB+	7.6
Louisville Gas & Electric Company	A3	7.0	A-	7.0
Proxy Group of Thirteen Electric Companies	Long-Term Issuer Rating (1)	Numerical Weighting (2)	Long-Term Issuer Rating (1)	Numerical Weighting (2)
Alliant Energy Corporation	Baa1	8.0	A-/BBB+	7.5
Ameren Corporation	A3	7.0	BBB+	8.0
American Electric Power Corporation	Baa2	9.0	BBB+	8.0
Entergy Corporation	Baa1	8.0	BBB+	8.0
Evergy, Inc.	Baa1/Baa2	8.5	BBB+	8.0
Duke Corporation	Å3	7.0	BBB+	8.0
IDACORP, Inc.	Baa1	8.0	BBB	9.0
OGE Energy Corporation	A3	7.0	A-	7.0
Pinnacle West Capital Corporation	Baa1	8.0	BBB+	8.0
Portland General Electric Company	A3	7.0	BBB+	8.0
Southern Company	A3	7.0	A-	7.0
Xcel Energy Inc.	A3	7.0	BBB+	8.0
Kentucky Utilities Company	A3	7.0	A-	7.0
Louisville Gas & Electric Company	A3	7.0	A-	7.0

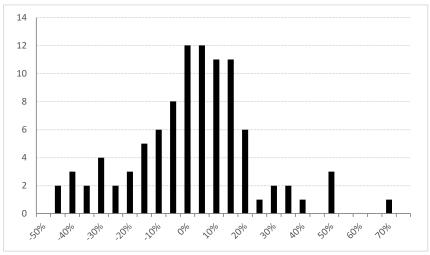
Notes:

- (1) Ratings are that of the average of each company's utility operating subsidiaries.
- (2) From page 34 of Rebuttal Exhibit DWD-1.

Source Information: Moody's Investors Service

Standard & Poor's Global Utilities Rating Service

<u>Kentucky Utilities Company / Louisville Gas & Electric Company Frequency Distribution of Equity Risk Premiums, 1928 - 2024</u>

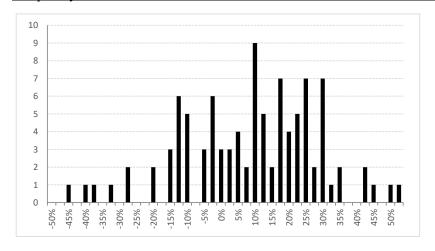


<u>Natura</u>	l Gas Utility Proxy Group	
	ERP (With PRPM)	Rank
Direct	5.06%	48.70%
	ERP (Excl. PRPM)	Rank
Direct	5.01%	48.70%
	ERP (With PRPM)	Rank
Rebuttal	4.87%	48.50%
	ERP (Excl. PRPM)	Rank
Rebuttal	4.93%	48.60%
7 1	t William B	
Elect	<u>ric Utility Proxy Group</u>	
	ERP (With PRPM)	Rank
Direct	4.93%	48.60%

_	ERP (WILLI PRPM)	Kalik
Direct	4.93%	48.60%
_	ERP (Excl. PRPM)	
Direct	4.88%	48.50%
	ERP (With PRPM)	Rank
Rebuttal	ERP (With PRPM) 4.80%	Rank 48.40%
Rebuttal	`	
Rebuttal	`	
Rebuttal Rebuttal	4.80%	

Source of Information: Bloomberg Professional Services; Mergent Bond Record

<u>Kentucky Utilities Company / Louisville Gas & Electric Company</u> Frequency Distribution of Market Returns and Market Risk Premiums

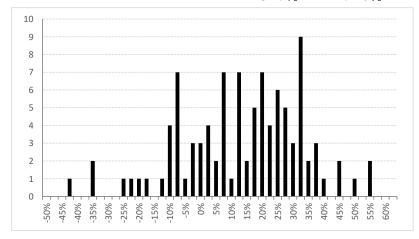


Average MRP from Direct (All Measures) Rank 8.15% 48.40%

Average MRP from Direct (Excluding PRPM) Rank 8.14% 48.40%

Average MRP from Rebuttal (All Measures) Rank 8.53% 49.10%

Average MRP from Rebuttal (Excluding PRPM) Rank 8.49% 49.10%



Average Return from Direct (All Measures) Rank
12.70% 47.20%

Average Return from Direct (Excluding PRPM) Rank 12.69% 47.10%

Ave<u>rage Return from Rebuttal (All Measures) Rank</u>
13.14% 47.50%

Average Return from Rebuttal (Excluding PRPM) Rank 13.10% 47.50%



Comparable Earnings: New Life for an Old Precept

by Frank J. Hanley Pauline M. Ahern

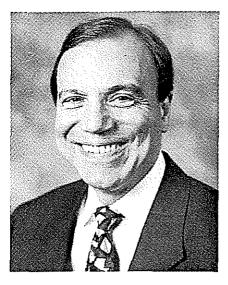
Comparable Earnings: New Life for an Old Precept

ccelerating deregulation has greatly increased the investment risk of natural gas utilities. As a result, the authors believe it more appropriate than ever to employ the comparable earnings model. We believe our application of the model overcomes the greatest traditional objection to it — lack of comparability of the selected nonutility proxy firms. Our illustration focuses on a target gas pipeline company with a beta of 0.96 — almost equal to the market's beta of 1.00.

Introduction

The comparable earnings model used to determine a common equity cost rate is deeply rooted in the standard of "corresponding risk" enunciated in the landmark Bluefield and Hope decisions of the U.S. Supreme Court. With such solid grounding in the foundations of rate of return regulation, comparable earnings should be accepted as a principal model, along with the currently popular market-based models, provided that its most common criticism, non-comparability of the proxy companies, is overcome.

Our comparable earnings model overcomes the non-comparability issue of the non-utility firms selected as a proxy for the target utility, in this example, a gas pipeline company. We should note that in the absence of common stock prices for the target utility (as with a wholly-owned subsidiary), it is appropriate to use the average of a proxy group of similar risk gas pipeline companies whose common stocks are actively traded. As we will demonstrate, our selection process results in a group of domestic, non-utility firms that is comparable in total risk, the sum of business and financial risk, which reflects both non-diversifiable systematic, or market, risk as well as diversifiable unsystematic, or firm-specific, risk.





Frank J. Hanley is president of AUS Consultants — Utility Services Group. He has testified in several hundred rate proceedings on the subject of cost of capital before the Federal Energy Regulatory Commission and 27 state regulatory commissions. Before joining AUS in 1971, he was an assistant treasurer of a number of operating companies in the American Water Works System, as well as a financial planning officer with the Philadelphia National Bank. He is a Certified Rate of Return Analyst.

Pauline M. Ahern is a senior financial analyst with AUS Consultants — Utility Services Group. She has participated in many cost-of-capital studies. A former employee of the U.S. Department of the Treasury and the Federal Reserve Bank of Boston, she holds an MBA degree from Rutgers University and is a Certified Rate of Return Analyst.

Embedded in the Landmark Decisions

As stated in *Bluefield* in 1922: "A public utility is entitled to such rates as will permit it to earn a return ... on investments in other business undertakings which are attended by corresponding risks and uncertainties ..."

In addition, the court stated in *Hope* in 1944: "By that standard the return to the equity owner should be commensurate with returns on investments in other enterprises having corresponding risks."

Thus, the "corresponding risk" pre-

cept of Bluefield and Hope predates the use of such market-based cost-of-equity models as the Discounted Cash Flow (DCF) and Capital Asset Pricing (CAPM), which were developed later and are currently popular in rate-base/rate-of-return regulation. Consequently, the comparable earnings model has a longer regulatory and judicial history. However, it has far greater relevance now than ever before in its history because significant deregulation has substantially increased natural gas utilities' investment risk to a level similar to that of non-utility firms. As a result, it is

more important than ever to look to similar-risk non-utility firms for insight into common equity cost rate, especially in view of the deficiencies inherent in the currently popular market-based cost of common equity models, particularly the DCF model.

Despite the fact that the landmark decisions are still regarded as having set the standards for determining a fair rate of return, the comparable earnings model has experienced decreased usage by expert witnesses, as well as less regulatory acceptance over the years. We believe the decline in the popularity of the comparable earnings model, in large measure, is attributable to the difficulty of selecting non-utility proxy firms that regulators will accept as comparable to the target utility. Regulatory acceptance is difficult to gain when the selection process is arbitrary. Our application of the model is objective and consistent with fundamental financial tenets.

Principles of Comparable Earnings

Regulation is a substitute for the competition of the marketplace. Moreover, regulated public utilities compete in the capital markets with all firms, including unregulated non-utilities. The comparable earnings model is based upon the opportunity cost principle; i.e., that the true cost of an investment is the return that could have been earned on the next best available alternative investment of similar risk. Consequently, the comparable earnings model is consistent with regulatory and financial principles, as it is a surrogate for the competition of the marketplace, and investors seek the greatest available rate of return for bearing similar risk.

The selection of comparable firms is the most difficult step in applying the comparable earnings model, as noted by Phillips² as well as by Bonbright, Danielsen and Kamerschen³ The selection of non-utility proxy firms should result in a sufficiently broad-based group in order to minimize the effect of company-specific aberrations. However, if the selection process is arbitrary, it likely would result in a proxy group that is too broad-based, such as the Standard & Poor's 500 Composite Index or the Value Line Industrial Composite. The use of such groups would require subjective adjustments to the comparable earnings results to reflect risk differences between the group(s) and the target utility, a gas pipeline company in this example.

Authors' Selection Criteria

We base the selection of comparable non-utility firms on market-based, objective, quantitative measures of risk resulting from market prices that subsume investors' assessments of all elements of risk. Thus, our approach is based upon the principle of risk and return; namely, that firms of comparable risk should be expected to earn comparable returns. It is also consistent with the "corresponding risk" standard established in Bluefield and Hope. We measure total investment risk as the sum of non-diversifiable systematic and diversifiable unsystematic risk. We use the unadjusted beta as a measure of systematic risk and the standard error of the estimate (residual standard error) as a measure of unsystematic risk. Both the unadjusted beta and the residual standard error are derived from a regression of the target utility's security returns relative to the market's returns, which takes the general form:

$$r_{it} = a_i + b_i r_{mt} + e_{it}$$

where:

 r_{ii} = th observation of the ith utility's rate of return

 r_{mt} = tth observation of the market's rate of return

 $e_{ii} = t$ th random error term

a_i = constant least-squares regression coefficient

 b_i = least-squares regression slope coefficient, the unadjusted beta.

As shown by Francis,⁴ the total variation or risk of a firm's return, $Var(r_i)$, comes from two sources:

 $Var(r_i) = total risk of ith asset$

```
= \operatorname{var}(a_i + b_i r_m + e)

substituting (a_i + b_i r_m + e)

for r_i

= \operatorname{var}(b_i r_m) + \operatorname{var}(e) since

\operatorname{var}(a_i) = 0

= b_i^2 \operatorname{var}(r_m) + \operatorname{var}(e)

since \operatorname{var}(b_i r_m) = b_i^2

\operatorname{var}(r_m)

= systematic +

unsystematic risk
```

Francis⁵ also notes: "The term $\sigma^2(r_i|r_m)$ is called the residual variance around the regression line in statistical terms or unsystematic risk in capital market theory language. $\sigma^2(r_i|r_m) = 1$ = var (e). The residual variance is the squared standard error in regression language, a measure of unsystematic risk." Application of these criteria results in a group of non-utility firms whose average total investment risk is indeed comparable to that of the target gas pipeline.

As a measure of systematic risk, we use the Value Line unadjusted beta. Beta measures the extent to which marketwide or macro-economic events affect a firm's stock price. We use the unadjusted beta of the target utility as a starting point because it results from the regression of the target utility's security returns relative to the market's returns. Thus, the resulting standard deviation of beta relates to the unadjusted beta. We use the standard deviation of the unadjusted beta to determine the range around it as the selection criterion based on systematic risk.

We use the residual standard error of the regression as a measure of unsystematic risk. The residual standard error reflects the extent to which events specific to the firm's operations affect a firm's stock price. Thus, it is a measure of diversifiable, unsystematic, firmspecific risk.

An Illustration of Authors' Approach

Step One: We begin our approach by establishing the selection criteria as a range of both unadjusted beta and residual standard error of the target gas continued on page 6

pipeline company.

As shown in table 1, our target gas pipeline company has a Value Line unadjusted beta of 0.90, whose standard deviation is 0.1250. The selection criterion range of unadjusted beta is the unadjusted beta plus (+) and minus (-) three of its standard deviations. By using three standard deviations, 99.73 percent of the comparable unadjusted betas is captured.

Three standard deviations of the target utility's unadjusted beta equals 0.38 (0.1250 x 3 = 0.3750, rounded to 0.38). Consequently, the range of unadjusted betas to be used as a selection criteria is 0.52 - 1.28 (0.52 = 0.90 - 0.38) and (1.28 = 0.90 + 0.38).

Likewise, the selection criterion range of residual standard error equals the residual standard error plus (+) and minus (-) three of its standard deviations. The standard deviation of the residual standard error is defined as: $O(\sqrt{2N})$.

As also shown in table 1, the target gas pipeline company has a residual standard error of 3.7867. According to the above formula, the standard deviation of the residual standard error would be $0.1664 (0.1664 = 3.7867 / \sqrt{2}(259) =$ 37867/22.7596, where 259 = N, the number of weekly price change observations over a period of five years). Three standard deviations of the target utility's residual standard error would be 0.4992 ($0.1664 \times 3 = .4992$). Consequently, the range of residual standard errors to be used as a selection criterion is 3.2875 - 4.2859 (3.2875 = 3.7867 -0.4992) and (4.2859 = 3.7867 +0.4992).

Step Two: The step one criteria are applied to Value Line's data base of nearly 4,000 firms for which Value Line derives unadjusted betas and residual standard errors on a weekly basis. All firms with unadjusted betas and residual standard errors within the criteria ranges are then selected.

Step Three: In the regulatory ratemaking environment, authorized common equity return rates are applied to a book-value rate base. Thus, the earnings rates on book common equity, or net worth, of competitive, non-utility firms are highly relevant provided those firms are indeed comparable in total risk to the target gas pipeline. The use of the return rates of other utilities has no relevance because their allowed, and hence subsequently achieved, earnings rates are dependent upon the regulatory

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	۰	,		•		÷	ŀ,

Summary of the Comparable Earnings Analysis for the Proxy Group of 248 Non-Utility Companies Comparable in Total Risk to the Target Gas Pipeline Company¹

	1	2	3 residual	4	5 rate of	6 return on n	7 et worth	8
	adj. beta	unadj. beta 🥞	standard error	3-year average ²	4-year average ²	5-year average ²	5-year projected ³	
average for the proxy group of 248 non-utility companies comparable in total risk to the						gas in the less Histories in the		•
target gas pipeline company	0.97	0.92	3.7705	15.5 C.C		Q1 50 4		
arget gas pipeline company	0.96	0.904	3.7867	reflection of				
median				11.7%	12.0%	12.6%	15.5%	
overage of the median historical returns					12.1%			
conclusion ⁵	46 G Z 3 B B		19 N N 19 19					13.89

¹The criteria for selection of the non-utility group was that the non-utility companies be domestic and included in Value Line Investment Survey. The non-utility group was selected based on an unadjusted beta range of 0.52 to 1.28 and a residual standard error range of 3.2875 to 4.2859.

²Ending 1992.

^{31996-1998/1997-1999.}

⁴The average standard deviation of the target gas pipeline company's unadjusted beta is 0.1250.

⁵Equal weight given to both the average of the 3-, 4- and 5-year historical medians (12.1%) and 5-year projected median rate of return on net worth (15.5%). Thus, 13.8% = (12.1% + 15.5% / 2).

Source: Value Line Inc., March 15, 1994

Value Line Investment Survey

process. Consequently, we believe all utilities must be eliminated to avoid circularity. Moreover, we believe non-domestic firms must be eliminated because their reporting methods differ significantly from U.S. firms.

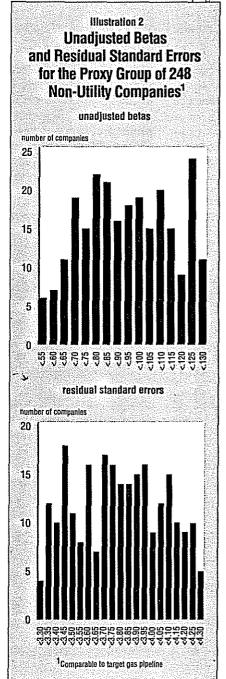
Step Four: We then eliminated those firms for which Value Line does not publish a "Ratings & Report" in Value Line Investment Survey so that the historical and projected returns on net worth⁶ are from a consistent source. We use historical returns on net worth for the most recent five years, as well as those projected three to five years into the future. We believe it is logical to evaluate both historical and projected return rates because it is reasonable to assume that investors avail themselves of both when they are available from widely disseminated information ser-

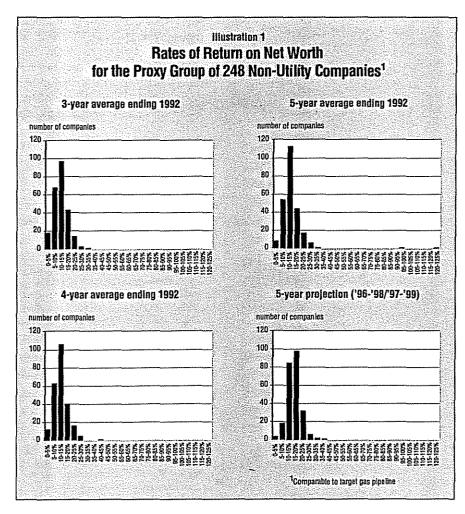
vices, such as Value Line Inc. The use of Value Line's return rates on net worth understates the common equity return rates for two reasons. First, preferred stock is included in net worth. Second, the net worth return rates are as of the end of each period. Thus, the use of average common equity return rates would yield higher results.

Step Five: Median returns based on the historical average three, four and five years ending 1992 and projected 1996-1998 or 1997-1999 rates of return on net worth are then determined as shown in columns 4 through 7 of table 1. The median is used due to the wide variations and skewness in rates of return on net worth for the non-utility firms as evidenced by the frequency distributions of those returns as shown in illustration 1.

However, we show the average unadjusted beta, 0.92, and residual standard error, 3.7705, for the proxy group in columns 2 and 3 of table 1 because their frequency distributions are not significantly skewed, as shown in illustration 2.

Step Six: Our conclusion of a comcontinued on page 8





parable earnings cost rate is based upon the mid-point of the average of the median three-, four- and five-year historical rates of return on net worth of 12.1 percent as shown in column 5 and the median projected 1996-1998/1997-1999 rate of return on net worth of 15.5 percent as shown in column 7 of table 1. As shown in column 8, it is 13.8 percent.

Summary

Our comparable earnings approach demonstrates that it is possible to select a proxy group of non-utility firms that is comparable in total risk to a target utility. In our example, the 13.8 percent comparable earnings cost rate is very conservative as it is an expected achieved rate on book common equity (a regulatory allowed rate should be

greater) and because it is based on endof-period net worth. A similar rate on average net worth would be about 20 to 40 basis points higher (i.e., 14.0 to 14.2 percent) and still understate the appropriate regulatory allowed rate of return on book common equity.

Our selection criteria are based upon measures of systematic and unsystematic risk, specifically unadjusted beta and residual standard error. They provide the basis for the objective selection of comparable non-utility firms. Our selection criteria rely on changes in market prices over approximately five years. We compare the aggregate total risk, or the sum of systematic and unsystematic risk, which reflects investors' aggregate assessment of both business and financial risk. Thus, no adjustments are necessary to the proxy group results to

compensate for the differences in business risk and financial risk, such as accounting practices and debt/equity ratios. Moreover, it is inappropriate to attempt a comparison of the target utility with any individual firm, or subset of firms, in the proxy group because only the average firm of the group is relevant.

Because the comparable earnings model is firmly anchored in the "corresponding risk" precept established in the landmark court decisions, it is worthy of consideration as a principal model for use in estimating the cost rate of common equity capital of a regulated utility. Our approach to the comparable earnings model produces a proxy group that is indeed comparable in total risk because the selection process is objective and quantitative. It therefore overcomes criticism linked to arbitrary selection processes.

All cost-of-common-equity models, including the DCF and CAPM, are fraught with deficiencies, usually stemming from the many necessary but unrealistic assumptions that underlie them. The effects of the deficiencies of individual models can be mitigated by using more than one model when estimating a utility's common equity cost rate. Therefore, when the non-comparability issue is overcome, the comparable earnings model deserves to receive the same consideration as a primary model, as do the currently popular market-based models.

Report Lists Pipeline, Storage Projects

More than \$9 billion worth of projects to expand the nation's natural gas pipeline network are in various stages of development, according to an A.G.A. report. These projects involve nearly 8,000 miles of new pipelines and capacity additions to existing lines and represent 15.3 billion cubic feet (Bcf) per day of new pipeline capacity.

During 1993 and early 1994, construction on 3,100 miles of pipeline was completed or under way, at a cost of nearly \$4 billion, says A.G.A. These projects are adding 5.4 Bcf in daily delivery capacity nationwide.

Among the projects completed in 1993 were Pacific Gas Transmission Co.'s 805 miles of looping that allows increased deliveries of Canadian gas to the West Coast; Northwest Pipeline Corp.'s addition of 433 million cubic feet of daily capacity for customers in the Pacific Northwest and Rocky Mountain areas; and the 156-mile Empire State Pipeline in New York.

In addition, major construction projects were started on the systems of Texas Eastern Transmission Corp. and Algonquin Gas Transmission Co. — both subsidiaries of Panhandle Eastern Corp. — and along Florida Gas Transmission Co.'s pipeline.

The report goes on to discuss another \$5 billion in proposed projects, which, if completed, will add nearly 5,000 miles of pipeline and 9.8 Bcf per day in capacity, much of it serving Florida and West Coast markets.

A.G.A. also identifies 47 storage projects and says that if all of them are built, existing storage capacity will increase by more than 500 Bcf, or 15 percent.

For a copy of New Pipeline Construction: Status Report 1993-94 (#F00103), call A.G.A. at (703) 841-8490. Price per copy is \$6 for employees of member companies and associates and \$12 for other customers.

¹Bluefield Water Works Improvement Co. v. Public Service Commission. 262 U S 679 (1922) and Federal Power Commission v. Hope Natural Gas Co. 320 U S 519 (1944).

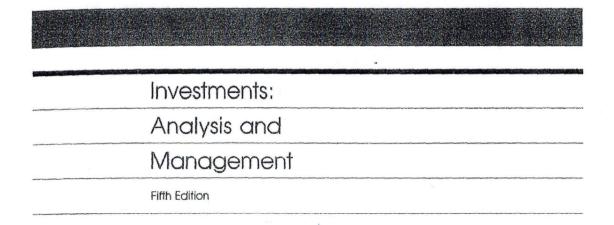
²Charles F Phillips Jr., <u>The Regulation of Public Utilities: Theory and Practice</u>, Public Utilities Reports Inc., 1988, p. 379

³James C Bonbright, Albert L Danielsen and David R Kamerschen. <u>Principles of Public Utilities Rates</u>. 2nd edition. Public Utilities Reports Inc. 1988, p. 329.

⁴Jack Clark Francis, <u>Investments: Analysis and Management</u>, 3rd edition. McGraw-Hill Book Co., 1980, p. 363.

⁵Id., p. 548.

⁶Returns on net worth must be used when relying on Value Line data because returns on book common equity for non-utility firms are not available from Value Line



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Beta Measurements The beta coefficient is an *index of systematic risk*. Beta coefficients may be used for ranking the systematic risk of different assets. If the beta is larger than 1, b > 1.0, then the asset is more volatile than the market and is called an **aggressive asset**. If the beta is less than 1, b < 1.0, the asset is a **defensive asset**; its price fluctuations are less volatile than the market's. Figure 10-1 illustrates the characteristic lines for three different assets that have low, medium, and high levels of beta (or undiversifiable risk).

Figure 10-2 shows that IBM is a stock with an average amount of systematic risk. IBM's beta of 1.02 indicates that its return tends to increase 2 percent more than the return on the market average when the market is rising. When the market falls, IBM's return tends to fall 2 percent more than the market's. The characteristic line for IBM has an above average correlation coefficient of $\rho = .7495$, indicating that the returns on this security follow its particular characteristic line slightly more closely than those of the average stock.

Partitioning Risk

Total risk can be measured by the variance of returns, denoted Var(r). This measure of total risk is partitioned into its systematic and unsystematic components in Equation (10-8).⁷

$$Var(r_i) = \text{total risk of } i\text{th asset}$$

$$= Var(a_i + b_i r_{m,i} + e_{i,i})$$
by substituting $(a_i + b_i r_{m,i} + e_{i,i})$ for $r_{i,t}$

$$= 0 + Var(b_i r_{m,i}) + Var(e_{i,t})$$
since $Var(a_i) = 0$ (10-8)
$$Var(r_i) = b_i^2 Var(r_m) + Var(e) \quad \text{since } Var(b_i r_m) = b_i^2 Var(r_m)$$

$$= \text{systematic } + \text{unsystematic risk}$$
 (10-8a)
$$.01389 = .00780 + .00609 \quad \text{for IBM}$$

The unsystematic risk measure Var(e) is called in regression language the residual variance or, synonymously, the standard error squared.

Undiversifiable Proportion The percentage of total risk that is systematic can be measured by the coefficient of determination ρ^2 (that is, the characteristic line's squared correlation coefficient).

⁷In this context, **partition** is a technical statistical term that means to divide the total variance into *mutually exclusive* and *exhaustive* pieces. This partition is only possible if the returns from the market are statistically independent from the residual error terms that occur simultaneously, $Cov(r_{m.t}, e_{i,t}) = 0$. The mathematics of regression analysis will orthogonalize the residuals and thus ensure that the needed statistical independence exists.

Kentucky Utilities Company / Louisville Gas & Electric Company Calculation of Price Appreciation and Annualized Volatility of the Utility Proxy Groups, Other Utility Indices, and Market Indices since January 1, 2020

	Price Appreciation (1)	Annualized Volatility (2)
Atmos Energy Corporation	49.90%	24.76%
Chesapeake Utilities Corporation	30.33%	30.15%
New Jersey Resources Corporation	6.71%	33.46%
NiSource Inc.	54.93%	26.46%
Northwest Natural Holding Company	-43.77%	33.65%
ONE Gas, Inc.	-17.62%	30.82%
Southwest Gas Holdings, Inc.	4.15%	32.06%
Proxy Group of Seven Natural Gas		
Distribution Companies	12.09%	30.19%
Alliant Energy Corporation	20.57%	24.53%
Ameren Corporation	31.12%	25.53%
American Electric Power Corporation	17.79%	24.34%
Edison International	-24.99%	29.92%
Entergy Corporation	48.24%	28.50%
Evergy, Inc.	12.34%	27.29%
FirstEnergy Corporation	-8.54%	28.93%
IDACORP, Inc.	18.08%	25.35%
OGE Energy Corporation	1.09%	25.73%
Pinnacle West Capital Corporation	0.10%	26.80%
Portland General Electric Company	-22.86%	28.56%
Southern Company	47.06%	25.83%
Xcel Energy, Inc.	15.65%	25.16%
Proxy Group of Thirteen Electric		
Companies	11.97%	26.65%
Dow Jones Utility Average	24.71%	22.63%
Utilities Select SPDR Fund	31.70%	22.76%
Dow Jones Industrial Average	56.90%	20.55%
S&P 500	96.93%	21.36%

Notes:

- (1) (09/02/2025 price minus 1/2/2020 price) divided by 1/2/2020 price.
- (2) Standard deviation of returns over the period multiplied by the square root of 252, or number of trading days in a year.

Source: S&P Market Intelligence, S&P Capital IQ

<u>Kentucky Utilities Company / Louisville Gas & Electric Company Retention Ratio Regression Analysis</u>

SUMMARY OUTPUT

Regression Statis	tics
Multiple R	0.366
R Square	0.134
Adjusted R Square	0.133
Standard Error	0.263
Observations	1062

ANOVA

	df	SS	MS	F	Significance F
Regression	1	11.273	11.273	163.486	0.000
Residual	1060	73.089	0.069		
Total	1061	84.362			

	Coefficients Stan	dard Error	t Stat	P-value	Lower 95%	Upper 95%
Intercept	0.154	0.011	14.575	0.000	0.133	0.175
Retention Ratio	-0.270	0.021	-12.786	0.000	-0.312	-0.229

$\frac{Kentucky\ Utilities\ Company\ /\ Louisville\ Gas\ \&\ Electric\ Company}{Gross\ Domestic\ Product\ by\ Industry}$ $\frac{from\ 1947-2024}{from\ 1947-2024}$

Industry	1947	2024	CAGR
Agriculture, forestry, fishing, and hunting	19.9	248.4	3.33%
Mining	5.8	393.7	5.63%
Utilities	3.5	437.3	6.47%
Construction	8.9	1,312.3	6.70%
Manufacturing	63.4	2,913.1	5.10%
Wholesale trade	15.6	1,706.8	6.29%
Retail trade	23.2	1,841.7	5.85%
Transportation and warehousing	14.1	969.2	5.65%
Information	7.7	1,569.5	7.15%
Finance, insurance, real estate, rental, and leasing	25.8	6,190.0	7.38%
Professional and business services	8.2	3,847.4	8.32%
Educational services, health care, and social assistance	4.6	2,542.0	8.55%
Arts, entertainment, recreation, accommodation, and food serv	8.0	1,293.2	6.83%
Other services, except government	7.5	626.7	5.92%
Government	33.5	3,293.7	6.14%
Total Gross domestic product	249.7	29,185.0	6.38%

Source: Bureau of Economic Analysis

					Gross Domestic	
					Product In	
Industry	Gross Domestic Product	1947-2024 CAGR	Beginning Year	Ending Year	Ending Year	% of Total
Agriculture, forestry, fishing, and hunting	248.4	3.33%	1	276	2.E+06	
Mining	393.7	5.63%	1	276	1.E+09	
Utilities	437.3	6.47%	1	276	1.E+10	
Construction	1,312.3	6.70%	1	276	8.E+10	
Manufacturing	2,913.1	5.10%	1	276	3.E+09	
Wholesale trade	1,706.8	6.29%	1	276	3.E+10	
Retail trade	1,841.7	5.85%	1	276	1.E+10	
Transportation and warehousing	969.2	5.65%	1	276	4.E+09	
Information	1,569.5	7.15%	1	276	3.E+11	
Finance, insurance, real estate, rental, and leasing	6,190.0	7.38%	1	276	2.E+12	
Professional and business services	3,847.4	8.32%	1	276	1.E+13	
Educational services, health care, and social assistance	2,542.0	8.55%	1	276	2.E+13	50.02%
Arts, entertainment, recreation, accommodation, and food ser	1,293.2	6.83%	1	276	1.E+11	
Other services, except government	626.7	5.92%	1	276	5.E+09	
Government	3,293.7	6.14%	1	276	5.E+10	
Total Gross domestic product	29,185.0	•	•	•	3.E+13	

					Gross Domestic	
					Product In	
Industry	Gross Domestic Product	1947-2024 CAGR	Beginning Year	Ending Year	Ending Year	% of Total
Agriculture, forestry, fishing, and hunting	248.4	3.33%	1	5,939	9.E+86	
Mining	393.7	5.63%	1	5,939	8.E+143	
Utilities	437.3	6.47%	1	5,939	2.E+164	
Construction	1,312.3	6.70%	1	5,939	2.E+170	
Manufacturing	2,913.1	5.10%	1	5,939	5.E+131	
Wholesale trade	1,706.8	6.29%	1	5,939	3.E+160	
Retail trade	1,841.7	5.85%	1	5,939	6.E+149	
Transportation and warehousing	969.2	5.65%	1	5,939	5.E+144	
Information	1,569.5	7.15%	1	5,939	2.E+181	
Finance, insurance, real estate, rental, and leasing	6,190.0	7.38%	1	5,939	2.E+187	
Professional and business services	3,847.4	8.32%	1	5,939	4.E+209	
Educational services, health care, and social assistance	2,542.0	8.55%	1	5,939	8.E+214	100.00%
Arts, entertainment, recreation, accommodation, and food serv	1,293.2	6.83%	1	5,939	3.E+173	
Other services, except government	626.7	5.92%	1	5,939	1.E+151	
Government	3,293.7	6.14%	1	5,939	2.E+157	
Total Gross domestic product	29,185.0				8.E+214	

Source: Bureau of Economic Analysis

Kentucky Utilities Company / Louisville Gas & Electric Company Market-to-Book Ratios, Earnings / Book Ratios and Inflation for Standard & Poor's Industrial Index and the Standard & Poor's 500 Composite Index from 1947 through 2024

	Market-to-B	ook Ratio (1)		gs / Book juity Ratio (2)			
	S&P	S&P 500		S&P 500			
Year	Industrial Index (3)	Composite Index (3)	S&P Industrial Index (3)	Composite Index (3)	Inflation (4)	Earnings / Book Equity Ratio - Net	
1947	1.23	NA	13.0 %	NA	9.0 %	4.0 %	NA
1948 1949	1.13	NA	17.3	NA	2.7	14.6	NA
1949	1.00 1.16	NA NA	16.3 18.3	NA NA	(1.8) 5.8	18.1 12.5	NA NA
1951	1.27	NA NA	14.4	NA NA	6.0	8.4	NA
1952	1.29	NA NA	12.7	NA	0.9	11.8	NA.
1953	1.21	NA	12.7	NA	0.6	12.1	NA
1954	1.45	NA	13.5	NA	(0.4)	13.9	NA
1955	1.81	NA	16.0	NA	0.4	15.6	NA
1956	1.92	NA	13.7	NA	2.8	10.9	NA
1957	1.71	NA	12.5	NA	3.0	9.5	NA
1958 1959	1.70 1.94	NA NA	9.8 11.2	NA NA	1.8 1.5	8.0 9.7	NA NA
1960	1.82	NA NA	10.3	NA NA	1.4	8.9	NA NA
1961	2.01	NA NA	9.8	NA NA	0.7	9.1	NA
1962	1.83	NA	10.9	NA	1.2	9.7	NA
1963	1.94	NA	11.4	NA	1.6	9.8	NA
1964	2.18	NA	12.3	NA	1.2	11.1	NA
1965	2.21	NA	13.2	NA	1.9	11.3	NA
1966	2.00	NA	13.2	NA	3.4	9.8	NA
1967	2.05	NA	12.1	NA	3.3	8.8	NA
1968 1969	2.17 2.10	NA NA	12.6 12.1	NA NA	4.7 5.9	7.9 6.2	NA NA
1909	1.71	NA NA	10.4	NA NA	5.6	4.8	NA NA
1971	1.99	NA.	11.2	NA.	3.3	7.9	NA
1972	2.16	NA	12.0	NA	3.4	8.6	NA
1973	1.96	NA	14.6	NA	8.9	5.7	NA
1974	1.39	NA	14.8	NA	12.1	2.7	NA
1975	1.34	NA	12.3	NA	7.1	5.2	NA
1976	1.51	NA	14.5	NA	5.0	9.5	NA
1977 1978	1.38 1.25	NA NA	14.6 15.3	NA NA	6.7 9.0	7.9 6.3	NA NA
1979	1.23	NA NA	17.2	NA NA	13.3	3.9	NA NA
1980	1.31	NA NA	15.6	NA NA	12.4	3.2	NA
1981	1.24	NA	14.9	NA	8.9	6.0	NA
1982	1.17	NA	11.3	NA	3.8	7.5	NA
1983	1.45	NA	12.2	NA	3.8	8.4	NA
1984	1.46	NA	14.6	NA	4.0	10.6	NA
1985	1.67	NA	12.2	NA	3.8	8.4	NA
1986	2.02	NA	11.5	NA	1.2	10.3	NA
1987 1988	2.50 2.13	NA NA	15.7 19.0	NA NA	4.3 4.4	11.4 14.6	NA NA
1989	2.56	NA NA	18.5	NA NA	4.6	13.9	NA
1990	2.63	NA	16.3	NA	6.3	10.0	NA
1991	2.77	NA	10.8	NA	3.0	7.8	NA
1992	3.29	NA	13.0	NA	3.0	10.0	NA
1993	3.72	NA	15.7	NA	2.8	12.9	NA
1994	3.73	NA	23.0	NA	2.6	20.4	NA
1995 1996	4.06 4.79	2.64 3.00	22.9 24.8	16.0 16.8	2.5 3.4	20.4 21.4	13.5 13.4
1996	5.88	3.53	24.6	16.3	1.7	22.9	14.6
1998	7.13	4.16	21.3	14.5	1.6	19.7	12.9
1999	8.27	4.76	25.2	17.1	2.7	22.5	14.4
2000	7.51	4.51	23.9	16.2	3.4	20.5	12.8
2001	NA	3.50	NA	7.4	1.6	NA	5.8
2002	NA	2.93	NA	8.3	2.5	NA	5.8
2003	NA	2.78	NA	14.1	2.0	NA	12.1
2004	NA	2.91	NA NA	15.3	3.3 3.3	NA	12.0
2005 2006	NA NA	2.78 2.77	NA NA	16.4 17.0	2.5	NA NA	13.1 14.5
2007	NA	2.84	NA	12.8	4.1	NA	8.7
2008	NA	2.24	NA	3.0	(0.0)	NA	3.0
2009	NA	1.87	NA	10.6	2.8	NA	7.8
2010	NA	2.09	NA	14.2	1.4	NA	12.8
2011	NA	2.07	NA	14.6	3.1	NA	11.5
2012	NA	2.14	NA	13.5	1.8	NA	11.8
2013	NA NA	2.39	NA NA	14.5	1.5	NA NA	13.0
2014 2015	NA NA	2.66 2.73	NA NA	14.2 11.8	0.7 0.6	NA NA	13.5 11.2
2015	NA NA	2.73	NA NA	12.5	2.1	NA NA	10.5
2016	NA NA	3.10	NA NA	13.8	2.1	NA NA	11.6
2018	NA.	3.15	NA	15.8	2.0	NA	13.8
2019	NA	3.22	NA	15.8	2.3	NA	13.5
2020	NA	3.25	NA	10.2	1.3	NA	8.9
2021	NA	4.39	NA	20.4	7.2	NA	13.3
2022	NA	4.12	NA NA	17.00	6.4	NA	10.6
2023	NA NA	4.03	NA NA	18.06	3.3	NA NA	14.8
2024	NA	4.72	NA	18.40	2.9	NA	15.5

- Notes:

 (1) Market-to-Book Ratio equals average of the high and low market price for the year divided by the average book value.

 (2) Earnings/Book equals earnings per share for the year divided by the average book value.

 (3) On January 2, 2001 Standard & Poor's released Global Industry Classification Standard (GICS) price indexes for all Standard & Poor's U.S. indexes. As a result, all S&P Indexes have been calculated with a common base of 100 at a start date of December 31, 1994. Also, the GICS industrial sector is not comparable to the former S&P Industrial Index and data for the former S&P Industrial Index was discontinued.

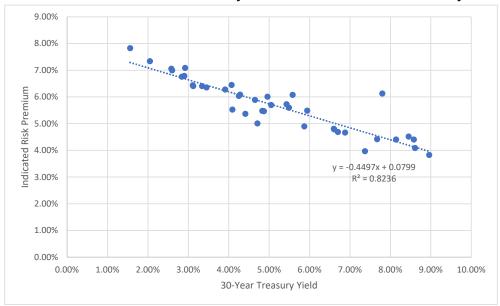
 (4) As measured by the Consumer Price Index (CPI).

Sources of Information:

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ycharts.com Bloomberg Professional Services

<u>Kentucky Utilities Company / Louisville Gas & Electric Company</u> <u>Mr. Gorman's Corrected Electric Utility Risk Premium Model - Treasury Bond</u>



		Prospective 30-Year	Risk	Return on
Constant	Slope	Treasury Yield (1)	Premium	Equity
7.99%	-44.97%	4.60%	5.92%	10.52%

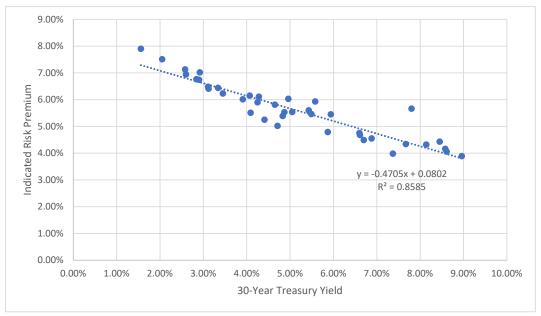
Notes:

(1) For reasons explained in the direct and rebuttal testimonies, the appropriate risk-free rate for cost of capital purposes is the average forecast of 30-year treasury bonds (see pages 7 and 8 of this Exhibit) per the consensus of nearly 50 economists reported in Blue Chip Financial Forecasts. The projection of the risk-free rate is illustrated below:

Third Quarter 2025	4.80	%
Fourth Quarter 2025	4.70	
First Quarter 2026	4.70	
Second Quarter 2026	4.70	
Third Quarter 2026	4.60	
Fourth Quarter 2026	4.60	
2027-2031	4.40	
2032-2036	4.30	_
	4.60	_%

Sources: Direct Exhibit MPG-12; Blue Chip Financial Forecasts, July 1, 2025 at 2, and June 2, 2025 at 14.

Kentucky Utilities Company / Louisville Gas & Electric Company Mr. Gorman's Corrected Natural Gas Utility Risk Premium Model - Treasury Bond



		Prospective 30-Year		Return on	
Constant	Slope	Treasury Yield (1)	Risk Premium	Equity	
8.02%	-47.05%	4.60%	5.86%	10.46%	-

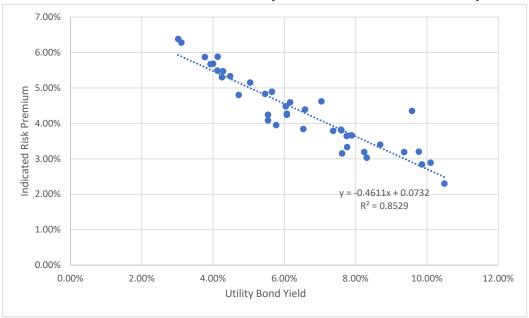
Notes:

(1) For reasons explained in the direct and rebuttal testimonies, the appropriate risk-free rate for cost of capital purposes is the average forecast of 30-year treasury bonds (see pages 7 and 8 of this Exhibit) per the consensus of nearly 50 economists reported in Blue Chip Financial Forecasts. The projection of the risk-free rate is illustrated below:

Third Quarter 2025	4.80	%
Fourth Quarter 2025	4.70	
First Quarter 2026	4.70	
Second Quarter 2026	4.70	
Third Quarter 2026	4.60	
Fourth Quarter 2026	4.60	
2027-2031	4.40	
2032-2036	4.30	
	4.60	%

Sources: Direct Exhibit MPG-12; Blue Chip Financial Forecasts, July 1, 2025 at 2, and June 2, 2025 at 14.

<u>Kentucky Utilities Company / Louisville Gas & Electric Company</u> <u>Mr. Gorman's Corrected Electric Utility Risk Premium Model - Utility Bond</u>



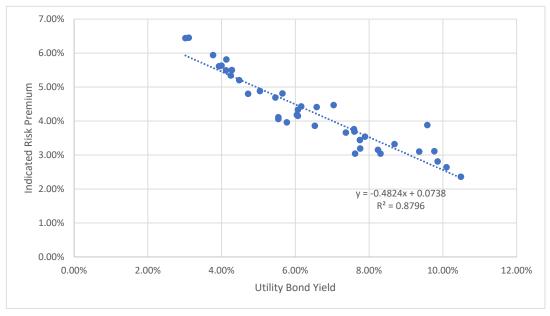
		Prospective A2-Rated		Return on	
Constant	Slope	Utility Bond Yield (1)	Risk Premium	Equity	_
7.32%	-46.11%	5.71%	4.69%	10.40%	

Notes:

(1) See note 1 on Page 5 of this Exhibit.

Sources: Direct Exhibit MPG-13; Blue Chip Financial Forecasts, July 1, 2025 at 2, and June 2, 2025 at 14.

Kentucky Utilities Company / Louisville Gas & Electric Company Mr. Gorman's Corrected Natural Gas Utility Risk Premium Model - Utility Bond



		Prospective A2-Rated		Return on
Constant	Slope	Utility Bond Yield (1)	Risk Premium	Equity
7.38%	-48.24%	5.71%	4.63%	10.34%

Notes:

(1) See note 1 on Page 5 of this Exhibit.

Sources: Direct Exhibit MPG-13; Blue Chip Financial Forecasts, July 1, 2025 at 2, and June 2, 2025 at 14.

Kentucky Utilities Company / Louisville Gas & Electric Company Indicated Common Equity Cost Rate Through Use of a Risk Premium Model Using an Adjusted Total Market Approach

Line No.			Proxy Group of Fife Electric Companie Proxy Group of Se Natural Gas Compa	es & ven
1.		Prospective Yield on Aaa Rated Corporate Bonds (1)	5.23	%
2.		Adjustment to Reflect Yield Spread Between Aaa Rated Corporate Bonds and A2 Rated Public		
		Utility Bonds	0.48	(2)
3.		Adjusted Prospective Yield on A2 Rated Public Utility Bonds	5.71	%
Notes:	(1)	Consensus forecast of Moody's Aaa Rated Corpor Chip Financial Forecasts (see pages 7 and 8 of the below:		
		Third Quarter 2025	5.50	%
		Fourth Quarter 2025	5.40	
		First Quarter 2026	5.30	
		Second Quarter 2026	5.20	
		Third Quarter 2026	5.10	
		Fourth Quarter 2026	5.10	
		2027-2031	5.10	
		2032-2036	5.10	•
			5.23	%

Notes: (2) The average yield spread of A2 rated public utility bonds over Aaa rated corporate bonds of 0.48% from page 6 of this Exhibit.

Kentucky Utilities Company / Louisville Gas & Electric Company Interest Rates and Bond Spreads for Moody's Corporate and Public Utility Bonds

Selected Bond Yields

[1] [2]

	Aaa Rated Corporate Bond	A2 Rated Public Utility Bond
		5 00.0/
Jun-2025	5.46 %	5.93 %
May-2025	5.54	6.05
Apr-2025	5.45	5.91
Average	<u>5.48</u> %	5.96 %

Selected Bond Spreads

A2 Rated Public Utility Bonds Over Aaa Rated Corporate Bonds:

0.48 % (1)

Notes:

(1) Column [2] - Column [1].

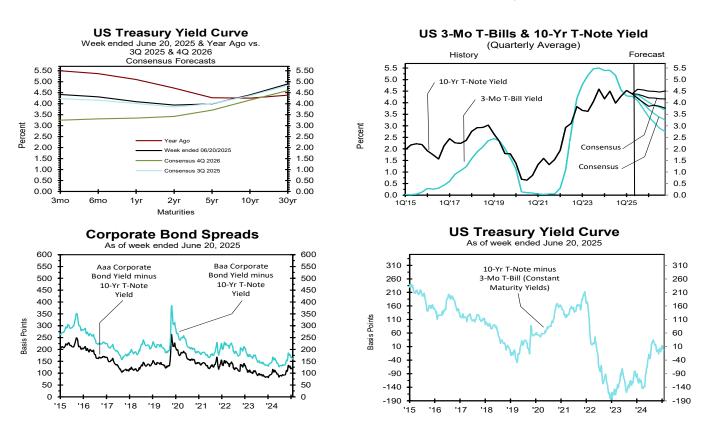
Source of Information:

Bloomberg Professional Service

Consensus Forecasts of U.S. Interest Rates and Key Assumptions

				Histor	y				Cons	ensus l	Forecas	sts-Qua	arterly	Avg.
	Av	erage For	Week End	ding	Av	erage For	Month	Latest Qtr	3Q	4Q	1Q	2Q	3Q	4Q
Interest Rates	Jun 20	Jun 13	<u>Jun 6</u>	May 30	<u>May</u>	<u>Apr</u>	<u>Mar</u>	2Q 2025*	<u>2025</u>	<u>2025</u>	<u>2026</u>	<u>2026</u>	<u>2026</u>	<u>2026</u>
Federal Funds Rate	4.33	4.33	4.33	4.33	4.33	4.33	4.33	4.33	4.3	4.1	3.8	3.6	3.4	3.3
Prime Rate	7.50	7.50	7.50	7.50	7.50	7.50	7.50	7.50	7.4	7.2	6.9	6.7	6.6	6.4
SOFR	4.30	4.28	4.31	4.32	4.30	4.35	4.33	4.32	4.3	4.1	3.8	3.6	3.4	3.2
Commercial Paper, 1-mo.	4.33	4.33	4.32	4.32	4.32	4.34	4.32	4.33	4.3	4.0	3.8	3.6	3.4	3.3
Treasury bill, 3-mo.	4.42	4.45	4.44	4.36	4.36	4.32	4.34	4.37	4.2	4.0	3.7	3.5	3.4	3.3
Treasury bill, 6-mo.	4.31	4.31	4.30	4.36	4.30	4.20	4.27	4.27	4.2	3.9	3.7	3.6	3.4	3.3
Treasury bill, 1 yr.	4.09	4.10	4.10	4.14	4.09	3.95	4.06	4.04	4.0	3.8	3.6	3.5	3.4	3.3
Treasury note, 2 yr.	3.94	3.96	3.95	3.92	3.92	3.78	3.97	3.87	3.9	3.7	3.5	3.5	3.4	3.4
Treasury note, 5 yr.	3.99	4.04	4.02	4.01	4.02	3.91	4.04	3.97	4.0	3.9	3.8	3.8	3.7	3.7
Treasury note, 10 yr.	4.40	4.43	4.44	4.44	4.42	4.28	4.28	4.37	4.4	4.3	4.2	4.2	4.2	4.2
Treasury note, 30 yr.	4.90	4.91	4.94	4.94	4.90	4.71	4.60	4.84	4.8	4.7	4.7	4.7	4.6	4.6
Corporate Aaa bond	5.59	5.60	5.64	5.66	5.66	5.56	5.38	5.61	5.5	5.4	5.3	5.2	5.1	5.1
Corporate Baa bond	6.01	6.02	6.08	6.12	6.14	6.06	5.81	6.08	6.3	6.2	6.1	6.0	5.9	5.9
State & Local bonds	4.43	4.46	4.49	4.47	4.47	4.50	4.22	4.47	4.6	4.5	4.4	4.3	4.3	4.3
Home mortgage rate	6.81	6.84	6.85	6.89	6.82	6.73	6.65	6.79	6.8	6.6	6.5	6.4	6.3	6.3
				History	/				Co	nsensu	ıs Fore	casts-(Quartei	rly
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Key Assumptions	<u>2023</u>	<u>2023</u>	<u>2024</u>	<u>2024</u>	<u>2024</u>	2024	<u>2025</u>	2025**	<u>2025</u>	<u>2025</u>	<u>2026</u>	<u>2026</u>	<u>2026</u>	<u>2026</u>
Fed's AFE \$ Index	115.0	116.6	115.5	117.3	114.9	117.9	119.8	113.2	112.6	112.3	112.1	112.0	111.9	111.8
Real GDP	4.4	3.2	1.6	3.0	3.1	2.4	-0.5	1.3	0.7	0.9	1.6	1.9	1.9	2.1
GDP Price Index	3.2	1.5	3.0	2.5	1.9	2.3	3.8	2.9	3.3	2.9	2.6	2.2	2.2	2.2
Consumer Price Index	3.5	2.8	3.7	2.8	1.4	3.0	3.8	2.7	3.7	3.2	2.8	2.5	2.4	2.4
PCE Price Index	2.7	1.7	3.4	2.5	1.5	2.4	3.7	2.7	3.5	3.0	2.7	2.4	2.2	2.2

Forecasts for interest rates and the Federal Reserve's Advanced Foreign Economies Index represent averages for the quarter. Forecasts for Real GDP, GDP Price Index, CPI and PCE Price Index are seasonally adjusted annual rates of change (saar). Individual panel members' forecasts are on pages 4 through 9. Historical data: Treasury rates from the Federal Reserve Board's H.15; AAA-AA and A-BBB corporate bond yields from Bank of America-Merrill Lynch and are 15+ years, yield to maturity; State and local bond yields from Bank of America-Merrill Lynch, A-rated, yield to maturity; Mortgage rates from Freddie Mac, 30-year, fixed; SOFR from the New York Fed. *Interest rate data for 2Q 2025 based on historical data through the week ended June 20. **Potata for 2Q 2025 for the Fed's AFE \$ Index based on data through the week ended June 20. Figures for 2Q 2025 Real GDP, GDP Chained Price Index, Consumer Price Index, and PCE Price Index are consensus forecasts from the June 2025 survey.



Long-Range Survey:

The table below contains results of our semi-annual long-range CONSENSUS survey. There are also Top 10 and Bottom 10 averages for each variable. Shown are estimates for the years 2026 through 2031 and averages for the five-year periods 2027-2031 and 2032-2036. Apply these projections cautiously. Few economic, demographic and political forces can be evaluated accurately over such long time spans.

				Average Fo	or The Year			Five-Year	Averages
		2026	2027	2028	2029	2030	2031	2027-2031	2032-2036
1. Federal Funds Rate	CONSENSUS	3.4	3.2	3.2	3.2	3.1	3.1	3.2	3.1
	Top 10 Average	3.7	3.5	3.4	3.4	3.4	3.4	3.4	3.4
	Bottom 10 Average	3.1	3.0	2.9	2.9	2.8	2.9	2.9	2.8
2. Prime Rate	CONSENSUS	6.5	6.4	6.3	6.3	6.2	6.2	6.3	6.2
	Top 10 Average	6.7	6.6	6.5	6.6	6.5	6.5	6.5	6.5
	Bottom 10 Average	6.2	6.2	6.0	6.0	5.9	5.9	6.0	5.9
3. SOFR	CONSENSUS	3.4	3.3	3.2	3.1	3.1	3.1	3.2	3.1
	Top 10 Average	3.6	3.4	3.3	3.3	3.3	3.3	3.3	3.3
	Bottom 10 Average	3.2	3.2	3.0	2.9	2.9	2.9	3.0	2.8
4. Commercial Paper, 1-Mo	CONSENSUS	3.4	3.3	3.2	3.1	3.1	3.1	3.2	3.1
	Top 10 Average	3.5	3.4	3.3	3.2	3.2	3.2	3.3	3.3
5 T. D'II ST. 11 2 M	Bottom 10 Average	3.3	3.3	3.1	3.0	3.0	3.0	3.1	2.9
5. Treasury Bill Yield, 3-Mo	CONSENSUS	3.3	3.2	3.2	3.1	3.1	3.1	3.1	3.1
	Top 10 Average	3.6	3.4	3.4	3.4	3.3	3.3	3.4	3.3
6 Taranana Dill Viald 6 Ma	Bottom 10 Average	3.1	2.9	2.9	2.8	2.8	2.8	2.9	2.8
6. Treasury Bill Yield, 6-Mo	CONSENSUS	3.3	3.2	3.2	3.1	3.1	3.1	3.2	3.1
	Top 10 Average	3.6	3.4	3.4	3.3	3.3	3.3 2.9	3.3 3.0	3.3 2.8
7. Treasury Bill Yield, 1-Yr	Bottom 10 Average CONSENSUS	3.1 3.3	3.0 3.3	3.0 3.3	2.9 3.2	2.9 3.2	3.2	3.0 3.2	3.2
7. Heasury Bill Heid, 1-11	Top 10 Average	3.6	3.5	3.4	3.4	3.4	3.4	3.4	3.4
	Bottom 10 Average	3.1	3.3	3.4	3.4	3.4	3.4	3.4	3.4
8. Treasury Note Yield, 2-Yr	CONSENSUS	3.4	3.4	3.5	3.4	3.4	3.4	3.4	3.4
o. Heastry Note Tield, 2-11	Top 10 Average	3.7	3.6	3.7	3.6	3.6	3.6	3.6	3.6
	Bottom 10 Average	3.1	3.2	3.2	3.2	3.2	3.2	3.2	3.1
9. Treasury Note Yield, 5-Yr	CONSENSUS	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7
y. Headary Hote Hela, 5 H	Top 10 Average	3.9	3.9	3.9	3.9	3.9	3.9	3.9	4.0
	Bottom 10 Average	3.4	3.5	3.5	3.5	3.4	3.4	3.5	3.4
10. Treasury Note Yield, 10-Yr	CONSENSUS	4.0	4.1	4.0	4.0	4.0	4.0	4.0	4.0
•	Top 10 Average	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3
	Bottom 10 Average	3.8	3.9	3.8	3.8	3.8	3.8	3.8	3.8
11. Treasury Bond Yield, 30-Yr	CONSENSUS	4.5	4.4	4.4	4.3	4.3	4.3	4.4	4.3
	Top 10 Average	4.7	4.7	4.6	4.6	4.6	4.6	4.6	4.7
	Bottom 10 Average	4.2	4.3	4.1	4.1	4.1	4.1	4.1	4.1
12. Corporate Aaa Bond Yield	CONSENSUS	5.2	5.2	5.2	5.1	5.1	5.1	5.1	5.1
	Top 10 Average	5.4	5.5	5.4	5.4	5.4	5.4	5.4	5.4
	Bottom 10 Average	5.0	5.0	4.9	4.9	4.9	4.9	4.9	4.9
13. Corporate Baa Bond Yield	CONSENSUS	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
	Top 10 Average	6.3	6.3	6.3	6.3	6.3	6.3	6.3	6.3
	Bottom 10 Average	5.8	5.9	5.8	5.8	5.8	5.7	5.8	5.8
14. State & Local Bonds Yield	CONSENSUS	4.3	4.3	4.3	4.2	4.2	4.2	4.3	4.1
	Top 10 Average	4.5	4.5	4.5	4.4	4.4	4.4	4.4	4.4
15.77	Bottom 10 Average	4.1	4.2	4.1	4.1	4.1	4.1	4.1	3.8
15. Home Mortgage Rate	CONSENSUS	6.2	6.2	6.1	6.0	6.0	6.0	6.1	5.9
	Top 10 Average	6.4	6.4	6.4	6.3	6.3	6.3	6.3	6.3
A Fed's AFE Naminal \$ Index	Bottom 10 Average CONSENSUS	5.9	6.0	5.8	5.8	5.8	5.7	5.8	5.6
A. Fed's AFE Nominal \$ Index	Top 10 Average	113.3	112.7	112.7	112.2	111.7	111.3	112.1	110.8
	Bottom 10 Average	114.2 112.2	113.3 111.9	113.4 112.0	112.9 111.3	112.5 110.7	112.2 110.3	112.8 111.3	112.4 109.1
	Bottom 1071 velage	112.2			ear, % Change				Averages
		2026	2027	2028	2029	2030	2031	2027-2031	2032-2036
B. Real GDP	CONSENSUS	1.5	1.9	2.0	2.0	1.9	2.0	2.0	1.9
	Top 10 Average	1.9	2.1	2.2	2.2	2.2	2.2	2.2	2.1
	Bottom 10 Average	1.1	1.8	1.8	1.8	1.7	1.7	1.8	1.8
C. GDP Chained Price Index	CONSENSUS	2.4	2.2	2.1	2.1	2.1	2.1	2.1	2.1
	Top 10 Average	2.6	2.3	2.2	2.2	2.2	2.2	2.2	2.2
	Bottom 10 Average	2.1	2.0	2.0	2.0	2.0	2.0	2.0	2.0
D. Consumer Price Index	CONSENSUS	2.5	2.2	2.2	2.1	2.1	2.2	2.2	2.2
	Top 10 Average	2.9	2.4	2.3	2.3	2.3	2.3	2.3	2.3
	Bottom 10 Average	2.1	2.0	2.0	2.0	2.0	2.0	2.0	2.1
E. PCE Price Index	CONSENSUS	2.4	2.0	2.0	1.9	1.9	1.9	1.9	1.9
	Top 10 Average	2.8	2.3	2.2	2.1	2.1	2.1	2.2	2.1
	Bottom 10 Average	2.1	1.8	1.8	1.8	1.7	1.8	1.8	1.8

Kentucky Utilities Company / Louisville Gas & Electric Company Mr. Gorman's Financial Integrity Analysis (Exhibit MPG-18) Kentucky Utilities Company (Gorman Replication)

	Reference (5)		Mr. Gorman's Schedule A.	Page 2, Line 3, Col. 4.	Page 2, Line 4, Col. 5.	Line 1 x Line 2.	Line 1 x Line 3.	Schedule C-1.	S&P Capital IQ, downloaded on August 13, 2025.	Response to DOD_DR1_KU_Q-12.	N/A	Sum of Line 4 and Lines 6 through 9.	S&P Capital IQ, downloaded on August 13, 2025.	Sum of Lines 5 through 7 and Line 11.	Page 3, Line 3, Col. 1.	Page 3, Line 4, Col. 2.	Line 13 / Line 12.	Line 10 / Line 13.	S&P Methodology, November 19, 2013.
atility)	<u>Aggressive</u> (4)																4.5x - 5.5x	9% - 13%	BBB
S&P Benchmark (Low Volatility)	<u>Significant</u> (3)																3.5x - 4.5x	13% - 23%	Ψ-
S&I	<u>Intermediate</u> (2)																2.5x - 3.5x	23% - 35%	∢
Retail Cost of Service	Amount (1)	(In Millions)	\$ 6,186,741,227	5.02%	80.6	\$ 310,665,659	\$ 558,745,404	\$ 421,404,049	\$ 16,119,600	\$ (36,212,513)	ج	\$ 711,976,795	4,039,888	\$ 1,000,308,941	2,523,686,011	48.1%	2.5x	28.2%	
	<u>Description</u>	Line	1 Rate Base	2 Weighted Common Return	3 Pre-Tax Rate of Return	4 Income to Common	_	6 Depreciation & Amortization	_	0	9 Deferred Income Taxes & ITC	10 Funds from Operations (FFO)		12 EBITDA	13 Adjusted Debt	14 Total Adjusted Debt Ratio	_	16 FFO to Total Debt	17 Indicative Credit Rating

Kentucky Utilities Company / Louisville Gas & Electric Company Mr. Gorman's Financial Integrity Analysis (Exhibit MPG-18) S&P's Credit Metrics - Mr. D'Ascendis' Recommended ROE

	<u>Reference</u> (5)		Mr. Gorman's Schedule A.	Overall ROR with Mr. D'Ascendis' 10.95% ROE and Proposed	Capital Structure	Adjusted for Tax Conversion Factor of 1.33809	Line 1 x Line 2.	Line 1 x Line 3.	Schedule C-1.	S&P Capital IQ, downloaded on August 13, 2025.	Response to DOD_DR1_KU_Q-12.	N/A	Sum of Line 4 and Lines 6 through 9.	S&P Capital IQ, downloaded on August 13, 2025.	Sum of Lines 5 through 7 and Line 11.	Page 3, Line 3, Col. 1.	Page 3, Line 4, Col. 2.	Line 13 / Line 12.	Line 10 / Line 13.	S&P Methodology, November 19, 2013.
latility)	Aggressive (4)	Ē																4.5x - 5.5x	9% - 13%	888
S&P Benchmark (Low Volatility)	<u>Significant</u> (3)	2																3.5x - 4.5x	13% - 23%	-Y
S&F	Intermediate (2)	(1)																2.5x - 3.5x	23% - 35%	∢
Retail Cost of Service	Amount (1)	(In Millions)	\$ 6,186,741,227	700/2	0.1.0	10.06%	\$ 358,083,049	\$ 622,194,140	\$ 421,404,049	\$ 16,119,600	\$ (36,212,513)	٠	\$ 759,394,185	\$ 4,039,888	\$ 1,063,757,677	\$ 2,523,686,011	48.1%	2.4x	30.1%	
	Description	Line	1 Rate Base	2 Moightal Common Datum	z weigned common retain	3 Pre-Tax Rate of Return	4 Income to Common	5 EBIT	6 Depreciation & Amortization	7 Imputed Amortization	8 Capitalized Interest	9 Deferred Income Taxes & ITC	 Funds from Operations (FFO) 	11 Imputed Interest Expense	12 EBITDA	13 Adjusted Debt	14 Total Adjusted Debt Ratio	15 Debt to EBITDA	16 FFO to Total Debt	II

Kentucky Utilities Company / Louisville Gas & Electric Company Mr. Gorman's Financial Integrity Analysis (Exhibit MPG-18) S&P's Credit Metrics - ROE and Capital Structure Approved in Docket No. 2020-0349

Retail

	Reference	(5)		Mr. Gorman's Schedule A.	Overall ROR approved in 2020-00349.	Adjusted for Tax Conversion Factor of 1.33809	Line 1 x Line 2.	Line 1 x Line 3.	Schedule C-1.	S&P Capital IQ, downloaded on August 13, 2025.	Response to DOD_DR1_KU_Q-12.	N/A	Sum of Line 4 and Lines 6 through 9.	S&P Capital IQ, downloaded on August 13, 2025.	Sum of Lines 5 through 7 and Line 11.	Page 3, Line 3, Col. 1.	Page 3, Line 4, Col. 2.	Line 13 / Line 12.	Line 10 / Line 13.	S&P Methodology, November 19, 2013.
latility)	Aggressive	(4)																4.5x - 5.5x	9% - 13%	BBB
S&P Benchmark (Low Volatility)	Significant	(3)																3.5x - 4.5x	13% - 23%	-Y
SS	Intermediate	(2)																2.5x - 3.5x	23% - 35%	A
Cost of Service	Amount	(1)	(In Millions)	\$ 5,235,750,437	5.02%	8.59%	\$ 262,682,327	\$ 449,559,728	\$ 421,404,049	\$ 16,119,600	\$ (36,212,513)	· •	\$ 663,993,463	\$ 4,039,888	\$ 891,123,265	\$ 2,448,670,047	48.1%	2.7x	27.1%	
	Description		Line	1 Rate Base	2 Weighted Common Return	3 Pre-Tax Rate of Return		_		_	_	_	10 Funds from Operations (FFO)	11 Imputed Interest Expense	_	13 Adjusted Debt	14 Total Adjusted Debt Ratio	_	16 FFO to Total Debt	

Kentucky Utilities Company / Louisville Gas & Electric Company Mr. Gorman's Financial Integrity Analysis (Exhibit MPG-18) S&P's Credit Metrics - Hypothetical Lowest ROE to Maintain Significant Benchmark (-0.60% ROE)

Retail

	Reference	(5)		Mr. Gorman's Schedule A.	Overall ROR with 5.10% ROE and Proposed Capital Structure	Adjusted for Tax Conversion Factor of 1.33809	Line 1 x Line 2.	Line 1 x Line 3.	Schedule C-1.	S&P Capital IQ, downloaded on August 13, 2025.	Response to DOD_DR1_KU_Q-12.	N/A	Sum of Line 4 and Lines 6 through 9.	S&P Capital IQ, downloaded on August 13, 2025.	Sum of Lines 5 through 7 and Line 11.	Page 3, Line 3, Col. 1.	Page 3, Line 4, Col. 2.	Line 13 / Line 12.	Line 10 / Line 13.	S&P Methodology, November 19, 2013.
atility)	Aggressive	(4)																4.5x - 5.5x	9% - 13%	BBB
S&P Benchmark (Low Volatility)	Significant	(3)																3.5x - 4.5x	13% - 23%	-Y
S&F	<u>Intermediate</u>	(2)																2.5x - 3.5x	23% - 35%	٨
Cost of Service	Amount	(1)	(In Millions)	\$ 6,186,741,227	-0.32%	1.89%	(19,620,989)	\$ 116,792,144	\$ 421,404,049	\$ 16,119,600	\$ (36,212,513)	· \$	\$ 381,690,147	\$ 4,039,888	\$ 558,355,681	\$ 2,523,686,011	48.1%	4.5x	15.1%	
	Description		Line	1 Rate Base	2 Weighted Common Return	3 Pre-Tax Rate of Return	4 Income to Common	5 EBIT	6 Depreciation & Amortization	7 Imputed Amortization	8 Capitalized Interest	9 Deferred Income Taxes & ITC	10 Funds from Operations (FFO)	11 Imputed Interest Expense	12 EBITDA	13 Adjusted Debt	14 Total Adjusted Debt Ratio	15 Debt to EBITDA	16 FFO to Total Debt	17 Indicative Credit Rating

Kentucky Utilities Company / Louisville Gas & Electric Company Mr. Gorman's Financial Integrity Analysis (Exhibit MPG-18) S&P's Credit Metrics - Hypothetical Highest ROE to Maintain Significant Benchmark (3.35% ROE)

Retail

Reference	(5)		Mr. Gorman's Schedule A.	Overall ROR with 15.00% ROE and Proposed Capital Structure	Adjusted for Tax Conversion Factor of 1.33809	Line 1 x Line 2.	Line 1 x Line 3.	Schedule C-1.	S&P Capital IQ, downloaded on August 13, 2025.	Response to DOD_DR1_KU_Q-12.	N/A	Sum of Line 4 and Lines 6 through 9.	S&P Capital IQ, downloaded on August 13, 2025.	Sum of Lines 5 through 7 and Line 11.	Page 3, Line 3, Col. 1.	Page 3, Line 4, Col. 2.	Line 13 / Line 12.	Line 10 / Line 13.	S&P Methodology, November 19, 2013.
Aggressive	(4)																4.5x - 5.5x	9% - 13%	BBB
Significant	(3)																3.5x - 4.5x	13% - 23%	-A
<u>Intermediate</u>	(2)																2.5x - 3.5x	23% - 35%	∢
Amount	(1)	(In Millions)	6,186,741,227	1.77%	4.68%	109,550,522	289,635,251	421,404,049	16,119,600	(36,212,513)	•	510,861,658	4,039,888	731,198,788	2,523,686,011	48.1%	3.5x	20%	
			↔			↔	↔	€	↔	↔	↔	↔	↔	↔	₩	<u> </u>			J
Description		ine	1 Rate Base	2 Weighted Common Return	3 Pre-Tax Rate of Return	4 Income to Common	5 EBIT	6 Depreciation & Amortization	7 Imputed Amortization	8 Capitalized Interest	9 Deferred Income Taxes & ITC	 Funds from Operations (FFO) 	11 Imputed Interest Expense	12 EBITDA	13 Adjusted Debt	14 Total Adjusted Debt Ratio	15 Debt to EBITDA	16 FFO to Total Debt	17 Indicative Credit Rating
	Amount <u>Intermediate Significant Aggressive</u>	Amount Intermediate Significant Aggressive (1) (2) (3) (4)	Amount Intermediate Significant Aggressive (1) (2) (3) (4) (In Millions)	Description Amount (1) Intermediate (2) Significant (3) Aggressive (4) (I) (2) (3) (4) (In Millions) (In Millions) (A) (B) Rate Base \$ 6,186,741,227 (B) (B)	Description Amount (1) Intermediate (2) Significant (4) Aggressive (4) (1) (2) (3) (4) (In Millions) (In Millions) (4) Rate Base \$ 6,186,741,227 (5) Weighted Common Return 1.77%	Description Amount (1) Intermediate (2) Significant (4) Aggressive (4) (1) (2) (3) (4) (In Millions) \$ 6,186,741,227 (A1,227 Weighted Common Return (1.77%) 1.77% (A1,68%)	Description Amount Intermediate Significant Aggressive (1) (2) (3) (4) (4) (1) (2) (3) (4) (4) (4) (4) (4) (4) (4) (4) (4) (4	Description Amount Intermediate Significant Aggressive (1) (2) (3) (4) (4) (1) (2) (3) (4) (4) (4) (1) (2) (3) (4) (4) (4) (4) (4) (4) (4) (4) (4) (4	Description Amount Intermediate Significant Aggressive (1) (2) (3) (4) (4) (1) (2) (3) (4) (4) (1) (2) (3) (4) (4) (1) (2) (3) (4) (4) (4) (4) (4) (4) (4) (4) (4) (4	Description Amount (1) Intermediate (2) Significant (3) Aggressive (4) (1) (2) (3) (4) (I) Millions) (3) (4) Rate Base \$ 6,186,741,227 (4) Weighted Common Return 1,77% (4) Pre-Tax Rate of Return 4,68% (4) Enrome to Common \$ 109,550,522 (6) Enrome to Common \$ 289,635,251 (7) Depreciation & Amortization \$ 421,404,049 Imputed Amortization \$ 16,119,600	Description Amount (1) Intermediate (2) Significant (3) Aggressive (4) (1) (2) (3) (4) (In Millions) (3) (4) Rate Base 6,186,741,227 (4) Weighted Common Return Pre-Tax Rate of Return Promote to Common 1,17% (4) Encorner to Common \$ 109,550,522 (5,22 Enrome to Common \$ 289,635,251 (8,35,251 Depreciation & Amortization \$ 421,404,049 Imputed Amortization \$ (36,212,513) Capitalized Interest \$ (36,212,513)	Description Amount Intermediate Significant Aggressive	Description Amount (1) Intermediate (2) Significant (3) Aggressive (4) Rate Base \$ 6,186,741,227 (3) (4) Weighted Common Return Pre-Tax Rate of Return Income to Common Beturn Pre-Tax Rate of Return Income to Common Return \$ 109,550,522 \$ 289,635,251 \$ 289,635,251 EBIT Depreciation & Amortization \$ 109,560,522 \$ 289,635,251 \$ 16,119,600 Capitalized Interest Capitalized Interest Capitalized Interest Struck Str	Description Amount (1) Intermediate (2) Significant (3) Aggressive (4) Rate Base \$ (1) (2) (3) (4) Rate Base \$ (4) (4) (4) Weighted Common Return Pre-Tax Rate of Return Income to Common Income to Common Bull Income to Common Septiment (4) \$ (109,550,522) 109,550,522 EBIT BBIT Septentiation & Amortization & Augustation & Augustation Septiment Sept	Description Amount (1) Intermediate (2) Significant (3) Aggressive (4) Rate Base \$ 6,186,741,227 (3) (4) Weighted Common Return Pre-Tax Rate of Return Income to Common to Common to Common to Common be preciation & Amortization \$ 109,550,522 (4) EBIT BIT Seprence of Common Return Income to Common to Common to Common to Common (1,10,600) (4) Bopreciation & Amortization & Amortization & Augusta Income Taxes & ITC \$ (36,212,513) (5) Capitalized Interest Properties (FO) & (36,212,513) (4) Funds from Operations (FFO) & (50,808) (4) Imputed Interest Expense & T31,198,788 (731,198,788)	Description Amount (1) Intermediate (2) Significant (3) Aggressive (4) Rate Base \$ 6,186,741,227 (3) (4) Weighted Common Return Pre-Tax Rate of Return Income to Common to Common to Common to Common & 109,550,522 109,550,522 100,550,522 EBIT \$ 289,635,251 100,500,522 100,500,522 Depreciation & Amortization Short ation & Amortization (10,500) \$ (36,212,513) 10,119,600 Capitalized Interest Deferred Income Taxes & ITC Short	Description Amount (1) Intermediate (2) Significant (3) Aggressive (4) Rate Base \$ 6,186,741,227 (3) (4) Weighted Common Return Pre-Tax Rate of Return Income to Common Beturn Pre-Tax Rate of Return Income to Common Return Pre-Tax Rate of Return	Description Amount (1) Intermediate (2) Significant (3) Aggressive (4) Rate Base \$ 6,186,741,227 (3) (4) Weighted Common Return Pre-Tax Rate of Return Income to Common Beturn Pre-Tax Rate of Return Income to Common Septiment of Return Income to Common September Septiment September	Description

Kentucky Utilities Company / Louisville Gas & Electric Company Mr. Gorman's Financial Integrity Analysis (Exhibit MPG-18) Louisville Gas & Electric Company (Gorman Replication)

	Reference	(5)		Mr. Gorman's Schedule A.	Page 2, Line 3, Col. 4.	Page 2, Line 4, Col. 5.	Line 1 x Line 2.	Line 1 x Line 3.	Schedule C-1.	S&P Capital IQ, downloaded on August 13, 2025.	Response to DOD_DR1_KU_Q-12.	N/A	Sum of Line 4 and Lines 6 through 9.	S&P Capital IQ, downloaded on August 13, 2025.	Sum of Lines 5 through 7 and Line 11.	Page 3, Line 3, Col. 1.	Page 3, Line 4, Col. 2.	Line 13 / Line 12.	Line 10 / Line 13.	S&P Methodology, November 19, 2013.
afilitv)	Addressive	(4)																4.5x - 5.5x	9% - 13%	888
S&P Benchmark (Low Volatility)	Significant	(3)																3.5x - 4.5x	13% - 23%	- Y
188	Intermediate	(2)																2.5x - 3.5x	23% - 35%	٧
Retail Cost of Service	Amount	(1)	(In Millions)	\$ 5,144,452,329	2.03%	80.6	\$ 258,675,399	\$ 465,565,551	\$ 421,404,049	\$ 16,000,000	\$ (42,280,208)	· 9	\$ 653,799,240	\$ 16,000,000	\$ 918,969,600	\$ 2,523,686,011	48.1%	2.7x	26%	
	Description		Line	1 Rate Base	2 Weighted Common Return	3 Pre-Tax Rate of Return	4 Income to Common			7 Imputed Amortization		9 Deferred Income Taxes & ITC	10 Funds from Operations (FFO)	11 Imputed Interest Expense	12 EBITDA	13 Adjusted Debt	14 Total Adjusted Debt Ratio	15 Debt to EBITDA	16 FFO to Total Debt	17 Indicative Credit Rating

Kentucky Utilities Company / Louisville Gas & Electric Company Mr. Gorman's Financial Integrity Analysis (Exhibit MPG-18) S&P's Credit Metrics - Mr. D'Ascendis' Recommended ROE

		Reference	(5)		Mr. Gorman's Schedule A.	Overall ROR with Mr. D'Ascendis' 10.95% ROE and Proposed	Capital Structure	Page 2, Line 4, Col. 5.	Line 1 x Line 2.	Line 1 x Line 3.	Schedule C-1.	S&P Capital IQ, downloaded on August 13, 2025.	Response to DOD_DR1_KU_Q-12.	N/A	Sum of Line 4 and Lines 6 through 9.	S&P Capital IQ, downloaded on August 13, 2025.	Sum of Lines 5 through 7 and Line 11.	Page 3, Line 3, Col. 1.	Page 3, Line 4, Col. 2.	Line 13 / Line 12.	Line 10 / Line 13.	S&P Methodology, November 19, 2013.
	atility)	Aggressive	(4)																	4.5x - 5.5x	9% - 13%	BBB
	S&P Benchmark (Low Volatility)	Significant	(3)																	3.5x - 4.5x	13% - 23%	A-
	S&F	Intermediate	(2)																	2.5x - 3.5x	23% - 35%	Α
Retail	Cost of Service	Amount	(1)	(In Millions)	\$ 5,144,452,329	ò c	9.80% 2.80%	10.08%	\$ 298,157,434	\$ 518,396,067	\$ 421,404,049	\$ 16,000,000	\$ (42,280,208)	-	\$ 693,281,275	16,000,000	\$ 971,800,116	\$ 2,523,686,011	48.1%	2.6x	27.5%	
		Description		Line	1 Rate Base		z weignted Common Return	3 Pre-Tax Rate of Return	4 Income to Common \$	5 EBIT \$	6 Depreciation & Amortization \$	7 Imputed Amortization \$	8 Capitalized Interest \$	9 Deferred Income Taxes & ITC \$	10 Funds from Operations (FFO)	11 Imputed Interest Expense \$	12 EBITDA \$	13 Adjusted Debt	14 Total Adjusted Debt Ratio		16 FFO to Total Debt	17 Indicative Credit Rating

Kentucky Utilities Company / Louisville Gas & Electric Company Mr. Gorman's Financial Integrity Analysis (Exhibit MPG-18) S&P's Credit Metrics - ROE and Capital Structure Approved in Docket No. 2020-0350

	Reference (5)		Mr. Gorman's Schedule A.	Overall ROR approved in 2020-00350.	Mr. Gorman's Schedule A.	Overall ROR with 12.5% ROE and Proposed Capital Structure	Adjusted for Tax Conversion Factor of 1.33809	Line 1 x Line 2.	S&P Capital IQ, downloaded on August 13, 2025.	Response to DOD_DR1_KU_Q-12.	N/A	Sum of Line 4 and Lines 6 through 9.	S&P Capital IQ, downloaded on August 13, 2025.	Sum of Lines 5 through 7 and Line 11.	Page 3, Line 3, Col. 1.	Page 3, Line 4, Col. 2.	Line 13 / Line 12.	Line 10 / Line 13.	S&P Methodology, November 19, 2013.
	Aggressive (4)																4.5x - 5.5x	9% - 13%	888
0	Significant (3)																3.5x - 4.5x	13% - 23%	-A
	Intermediate (2)	•		٠,٥	٠,٥												2.5x - 3.5x	23% - 35%	Α
Retail Cost of Service	Amount (1)	(In Millions)	\$ 3,467,272,435	5.01%	8.54%	\$ 173,809,229	\$ 295,937,606	\$ 421,404,049	\$ 16,000,000	\$ (42,280,208)	· \$	\$ 568,933,070	\$ 16,000,000	\$ 749,341,655	\$ 2,120,208,552	48.1%	2.8x	26.8%	
	<u>Description</u>	Line	1 Rate Base	2 Weighted Common Return	3 Pre-Tax Rate of Return	4 Income to Common	5 EBIT	6 Depreciation & Amortization	7 Imputed Amortization	8 Capitalized Interest	9 Deferred Income Taxes & ITC	10 Funds from Operations (FFO)	-	12 EBITDA	13 Adjusted Debt	14 Total Adjusted Debt Ratio	15 Debt to EBITDA	16 FFO to Total Debt	17 Indicative Credit Rating

Kentucky Utilities Company / Louisville Gas & Electric Company

Mr. Gorman's Financial Integrity Analysis (Exhibit MPG-18)	S&P's Credit Metrics - Hynothetical Lowest ROF to Maintain Significant Benchmark (-0.40% ROF)
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	Reference (5)		Mr. Gorman's Schedule A.	Overall ROR with 6.40% ROE and Proposed Capital Structure	Adjusted for Tax Conversion Factor of 1.33809	Line 1 x Line 2.	Line 1 x Line 3.	Schedule C-1.	S&P Capital IQ, downloaded on August 13, 2025.	Response to DOD_DR1_KU_Q-12.	N/A	Sum of Line 4 and Lines 6 through 9.	S&P Capital IQ, downloaded on August 13, 2025.	Sum of Lines 5 through 7 and Line 11.	Page 3, Line 3, Col. 1.	Page 3, Line 4, Col. 2.	Line 13 / Line 12.	Line 10 / Line 13.	S&P Methodology, November 19, 2013.
ttility)	Aggressive (4)																4.5x - 5.5x	9% - 13%	<u>BBB</u>
S&P Benchmark (Low Volatility)	<u>Significant</u> (3)																3.5x - 4.5x	13% - 23%	<u>A-</u>
S&P	<u>Intermediate</u> (2)																2.5x - 3.5x	23% - 35%	Ā
Retail Cost of Service	Amount (1)	(In Millions)	\$ 5,144,452,329	-0.21%	2.04%	\$ (10,891,596)	\$ 104,860,651	\$ 421,404,049	\$ 16,000,000	\$ (42,280,208)	· \$	\$ 384,232,245	\$ 16,000,000	\$ 558,264,700	\$ 2,523,686,011	48.1%	4.5x	15%	
	Description	Line	1 Rate Base	2 Weighted Common Return	3 Pre-Tax Rate of Return	4 Income to Common	5 EBIT	6 Depreciation & Amortization	7 Imputed Amortization	8 Capitalized Interest	9 Deferred Income Taxes & ITC	 Funds from Operations (FFO) 	11 Imputed Interest Expense	12 EBITDA	13 Adjusted Debt	14 Total Adjusted Debt Ratio	15 Debt to EBITDA	16 FFO to Total Debt	17 Indicative Credit Rating

Kentucky Utilities Company / Louisville Gas & Electric Company Mr. Gorman's Financial Integrity Analysis (Exhibit MPG-18) S&P's Credit Metrics - Hypothetical Highest ROE to Maintain Significant Benchmark (4.35% ROE)

Retail

	Reference	(5)		Mr. Gorman's Schedule A.	Overall ROR with 12.5% ROE and Proposed Capital Structure	Adjusted for Tax Conversion Factor of 1.33809	Line 1 x Line 2.	Line 1 x Line 3.	Schedule C-1.	S&P Capital IQ, downloaded on August 13, 2025.	Response to DOD_DR1_KU_Q-12.	N/A	Sum of Line 4 and Lines 6 through 9.	S&P Capital IQ, downloaded on August 13, 2025.	Sum of Lines 5 through 7 and Line 11.	Page 3, Line 3, Col. 1.	Page 3, Line 4, Col. 2.	Line 13 / Line 12.	Line 10 / Line 13.	S&P Methodology, November 19, 2013.
S&P Benchmark (Low Volatility)	Aggressive	(4)																4.5x - 5.5x	9% - 13%	BBB
	Significant	(3)																3.5x - 4.5x	13% - 23%	-Y
	Intermediate	(2)																2.5x - 3.5x	23% - 35%	٧
Cost of Service	Amount	(1)	(In Millions)	\$ 5,144,452,329	2.30%	5.40%	\$ 118,446,104	\$ 277,926,133	\$ 421,404,049	\$ 16,000,000	\$ (42,280,208)	٠ د	\$ 513,569,945	\$ 16,000,000	\$ 731,330,182	\$ 2,523,686,011	48.1%	3.5x	20%	
	Description		Line	1 Rate Base	2 Weighted Common Return	3 Pre-Tax Rate of Return	4 Income to Common	5 EBIT	6 Depreciation & Amortization	7 Imputed Amortization	8 Capitalized Interest	9 Deferred Income Taxes & ITC	10 Funds from Operations (FFO)	11 Imputed Interest Expense	12 EBITDA	13 Adjusted Debt	14 Total Adjusted Debt Ratio	15 Debt to EBITDA	16 FFO to Total Debt	17 Indicative Credit Rating