

Kentucky Utilities
Major Test Year Changes from the Base Year
\$ Millions

Expense Item	Base Year	Test Year	Change from Base	Explanation
Depancaking	26.255	28.948	2.693	MISO Sch 1 - Based on 5 year historical average, the average annual increase is 1%. Therefore, assume 1% increase on calendar year basis. Used the 6/1/2024 actual rates and increased by escalator shown here to obtain 1/1/2025 projected rates. MISO Sch 7, 8 - Based on 5 year historical average, the average annual increase is 8%. Used 8% increase on calendar year basis - splitting this between January (4%) and June (4%) of each year as these two months have historically seen the largest rate increases. Used the 6/1/2024 actual rates and increased by escalator shown here to obtain 1/1/2025 projected rates. MISO Sch 26 - Based on 5 year historical average, the average annual increase is 0.14%. Therefore, assume 0.14% increase on calendar year basis. Used the 6/1/2024 actual rates and increased by escalator shown here to obtain 1/1/2025 projected rates. MISO Sch 45 - Based on 5 year historical average, the average annual increase is 1.94%. Therefore, assume 2% increase on calendar year basis. Used the 6/1/2024 actual rates and increased by escalator shown here to obtain 1/1/2025 projected rates.
Reliability Coordinator	1.678	1.959	0.281	Test year amount is based on mandatory services provided by KU's Reliability Coordinator at contracted rates. See Exhibit HDM-5, page 6 for the contractual rates.
Independent Transmission Operator	1.627	1.655	0.029	Test year amount is based on mandatory services provided by KU's Independent Transmission Operator at contracted rates.
Substation admin contract labor and material	0.074	0.400	0.325	The increases in substation administrative expense for KU include approximately \$190k in incremental costs for relocating a substation office/warehouse in Lexington, \$100k associated with backfilling 3 existing positions for safety and related new employee training, commercial driver's licenses (CDL), and expenses for new employee equipment (tools, communications and uniforms), \$70k for enhanced employee substation training starting in 2026, and \$40k for the rollout of incremental and enhanced safety programs.
NERC Fees	0.849	0.958	0.109	The increase in NERC fees are based on guidance from NERC for estimated budget increase in 2025 and 2026. The test year increase is based on information publically available on the NERC.com website.
ARC Flash Study	-	0.070	0.070	OSHA required assessment that is incremental to the base year because it is required to be performed every 5 years.
FAC-008 BES Walkdowns	0.021	0.070	0.049	FAC-008 is a NERC standard that pertains to the determination of Facility Ratings for power system equipment within the bulk electric system. The cost of this compliance related work is increasing due to the available resources necessary to perform the work.

Louisville Gas & Electric
Major Test Year Changes from the Base Year
\$ Millions

Expense Item	Base Year	Test Year	Change from Base	Explanation
Depancaking	9.394	10.410	1.016	<p>MISO Sch 1 - Based on 5 year historical average, the average annual increase is 1%. Therefore, assume 1% increase on calendar year basis. Used the 6/1/2024 actual rates and increased by escalator shown here to obtain 1/1/2025 projected rates.</p> <p>MISO Sch 7, 8 - Based on 5 year historical average, the average annual increase is 8%. Used 8% increase on calendar year basis - splitting this between January (4%) and June (4%) of each year as these two months have historically seen the largest rate increases. Used the 6/1/2024 actual rates and increased by escalator shown here to obtain 1/1/2025 projected rates.</p> <p>MISO Sch 26 - Based on 5 year historical average, the average annual increase is 0.14%. Therefore, assume 0.14% increase on calendar year basis. Used the 6/1/2024 actual rates and increased by escalator shown here to obtain 1/1/2025 projected rates.</p> <p>MISO Sch 45 - Based on 5 year historical average, the average annual increase is 1.94%. Therefore, assume 2% increase on calendar year basis. Used the 6/1/2024 actual rates and increased by escalator shown here to obtain 1/1/2025 projected rates.</p>
Reliability Coordinator	1.005	1.180	0.174	Test year amount is based on mandatory services provided by KU's Reliability Coordinator at contracted rates. See Exhibit HDM-5, page 6 for the contractual rates.
NERC Fees	0.509	0.577	0.068	The increase in NERC fees are based on guidance from NERC for estimated budget increase in 2025 and 2026. The test year increase is based on information publically available on the NERC.com website.