

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

**In the Matter of:**

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

**In the Matter of:**

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

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

**Filed: September 30, 2025**

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1 **INTRODUCTION**

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

3 A. My name is Vincent Poplaski. I am Vice President of Total Rewards for PPL Services  
4 Corporation, which provides services to Kentucky Utilities Company (“KU”) and  
5 Louisville Gas and Electric Company (“LG&E”) (collectively, “Companies”). My  
6 business address is Two City Center, 645 Hamilton Street, 6<sup>th</sup> Floor, Allentown, PA  
7 18101.

8 **Q. What is the purpose of your rebuttal testimony?**

9 A. I will respond to the proposed disallowances of employment expense in the testimony  
10 of Randy Futral and Lane Kollen submitted on behalf of the Office of the Attorney  
11 General and the Kentucky Industrial Utility Customers (“AG-KIUC”). Mr. Futral  
12 argues that long-term incentive compensation expense tied to financial performance  
13 should be disallowed.<sup>1</sup> The amounts in question are \$1.903 million for KU and \$1.826  
14 million for LG&E (\$1.333 million for electric and \$0.493 million for gas) in Long-  
15 Term Incentive Plan (“LTI Plan”) compensation expense.<sup>2</sup> Mr. Kollen argues that  
16 amounts the Companies contribute to employees’ 401(k) accounts who also participate  
17 in the Companies’ defined pension benefit plan (“DB Plan”) should be disallowed.<sup>3</sup>  
18 The amounts in question are \$0.933 million for KU and \$0.977 million for LG&E  
19 (\$0.654 million for electric and \$0.323 million for gas).<sup>4</sup> As discussed, below, I  
20 disagree with these disallowances.

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<sup>1</sup> Futral Testimony at 24-29.

<sup>2</sup> Futral Testimony at 25.

<sup>3</sup> Kollen Testimony at 56-57.

<sup>4</sup> Kollen Testimony at 57.

1        **THE COMPANIES SHOULD RECOVER TOTAL REMUNERATION PAID TO**  
2        **EMPLOYEES INCLUDING LTI PLAN EXPENSE**

3        **Q.     Please explain why the Companies should recover total remuneration paid to**  
4        **employees.**

5        A.     In discussing the proposed disallowances of employment expense, AG-KIUC do not  
6        even mention my Direct Testimony regarding compensation and benefits expense, the  
7        Willis Towers Watson (“WTW”) Total Remuneration Study<sup>5</sup> that I describe in my  
8        Direct Testimony, or the WTW Benefits Benchmarking Study<sup>6</sup> that I also describe in  
9        my Direct Testimony. My Direct Testimony and those WTW Studies demonstrate that  
10       the Companies diligently manage compensation and benefit offerings so that they are  
11       reasonable, prudent, and market competitive. Thus, they should be fully recovered in  
12       rates.

13                The Companies have demonstrated that the total compensation an employee  
14       can earn—including incentive compensation in the form of LTI Plan expense—is  
15       reasonable and based on the market. The Companies have also demonstrated that it is  
16       appropriate and consistent with market to make 401(k) contributions to employee  
17       accounts even if those employees are also eligible to participate in the Companies’ DB  
18       Plan. Neither Mr. Futral nor Mr. Kollen address the proof the Companies have  
19       provided showing that their compensation and benefits offerings are reasonable. As I  
20       describe in my Direct Testimony, the Companies benchmark the reasonableness of  
21       employee pay to market based on an all-in, total compensation basis. Incentive  
22       compensation is designed to drive efficiency and performance, both of which are

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<sup>5</sup> The WTW Total Remuneration Study is attached at Tab 60 of the filing requirements.

<sup>6</sup> The WTW Benefits Benchmarking Study is attached at Tab 60 of the filing requirements.

1 consistent with our core values and mission. It gives employees a true stake in the  
2 process, such that their ability to perform at the highest level could yield this component  
3 of their compensation. Further, long-term incentives are a labor market expectation,  
4 and, without it, the Companies would not be able to adequately attract the talent  
5 necessary for the Companies' success, which is aligned with the interests of our  
6 customers.

7 **Q. Please explain the incentive pay the Companies propose to recover.**

8 A. The Companies included both short-term and long-term incentive-based pay in the  
9 forecasted test period. As I explained in my Direct Testimony, the short-term incentive  
10 pay is provided pursuant to the Companies' STI Plan which was attached to my Direct  
11 Testimony as Exhibit VP-1. AG-KIUC do not appear to contest the recovery of STI  
12 Plan compensation. But Mr. Futral does propose disallowance of LTI Plan  
13 compensation.

14 **Q. Please describe the LTI Plan.**

15 A. A sample letter to employees describing payments made pursuant to the LTI Plan are  
16 attached hereto as Rebuttal Exhibit VP-1. As that letter states, payments under the LTI  
17 Plan are made in the form of PPL Restricted Stock Units ("RSUs"). These payments  
18 are made to non-executive employees. Importantly, RSUs issued to an employee do  
19 not vest upon issuance. Instead, they only fully vest if the employee remains with the  
20 Companies three years after they are issued. Thus, the purpose of and reason for the  
21 LTI Plan is to *retain* employees. If an employee ceases to be employed before the  
22 vesting period completes, the RSUs are forfeited. Mr. Futral recommends disallowance  
23 of all RSUs issued under the LTI Plan because, he claims, they are based on financial

1 metrics and the Commission has taken the position that incentive pay based on financial  
2 metrics is not recoverable.<sup>7</sup>

3 **Q. Do you agree with Mr. Futral that LTI Plan awards are tied to financial metrics**  
4 **and should therefore be disallowed?**

5 A. No. I recognize that Commission has disallowed incentive compensation costs when  
6 that compensation is tied to or dependent upon financial objectives and that the  
7 Commission has said that such items should be disallowed “absent a clear showing of  
8 benefit to ratepayers.”<sup>8</sup> But I believe *all* incentive pay included in the Companies’  
9 revenue requirements is an important portion of our total compensation package, which  
10 is reasonable and ultimately beneficial to the Companies’ customers. By using a  
11 combination of base pay, STI payments, and LTI awards, the Companies are able to  
12 offer a competitive market-based total compensation (as proven by the WTW Studies)  
13 for employees while continuing to motivate employees to achieve goals that will  
14 improve performance and efficiency for the benefit of the Companies’ customers.

15 Regardless of my disagreement with Commission precedent on this issue,  
16 unlike incentive compensation dependent upon or tied to financial measures, for RSUs  
17 issued pursuant to the LTI Plan, the *only* prerequisite to the award of RSUs is tenure  
18 with the Companies. RSUs fully vest upon achievement of a restriction based upon the  
19 continued service of an employee. Put simply, RSUs are a time-based measure, *not* a  
20 financial measure. RSUs thus directly promote retention and provide employees an

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<sup>7</sup> Futral Testimony at 26.

<sup>8</sup> *Electronic Application of Kentucky Power Company for (1) A General Adjustment of Its Rates for Electric Service; (2) Approval of Tariffs and Riders; (3) Approval of Accounting Practices to Establish Regulatory Assets and Liabilities; (4) Approval of a Certificate of Public Convenience and Necessity; and (5) All Other Required Approvals and Relief*, Case No. 2020-00174, Order at 14 (Ky. PSC Jan. 13, 2021).

1 investment interest in the business that promotes efforts to provide safe, adequate, and  
2 reliable utility service. Further, such retention benefits customers by avoiding the costs  
3 associated with replacing experienced employees, including recruitment, interviews,  
4 background checks, and training – costs that would be borne by customers.

5 As I understand it, when the Commission has applied the “benefits customers”  
6 test to determine whether incentive compensation should be recovered in rates, it  
7 analyzes whether the compensation paid is based on the financial performance of the  
8 utility. For example, if compensation is contingent on a certain level of earnings per  
9 share being reached, the Commission has disallowed recovery. But the fact that LTI  
10 awards are paid in the form of stock does not equate to a financial metric. After the  
11 vesting period is satisfied, the LTI awards get issued *regardless* of how the stock  
12 performs and *regardless* of the financial performance of the Companies. On this point,  
13 Mr. Futral makes quite a leap. He testifies:

14 As stated above, these compensation payments are made in the form of  
15 grants of PPL stock. Thus, 100% of LTI plan compensation expense is  
16 tied to reaching the financial performance goals of PPL that include its  
17 stock price. The stock price, by definition, is a measure of PPL’s  
18 financial performance.<sup>9</sup>

19 While it is true that the stock price itself is an indicator of PPL’s financial performance,  
20 it is not true that LTI Plan awards themselves are tied to the price of the stock or to the  
21 financial performance of PPL or the Companies. Again, the issuance of RSUs is made  
22 *solely* based on tenure of service without any regard to the price of performance of the  
23 stock itself. So there is no “tie” to financial metrics at all.

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<sup>9</sup> Futral Testimony at 26.

1 **Q. Do AG-KIUC contend that the total remuneration paid to employees, including**  
2 **LTI awards in the form of RSUs, is unreasonable?**

3 A. No. AG-KIUC do not claim or present any basis to conclude that the market-based  
4 total remuneration paid to the Companies' employees is unreasonable or otherwise  
5 imprudent, nor do they present any testimony that contradicts my Direct Testimony or  
6 the WTW Total Remuneration Study that show the Companies' total market-based  
7 compensation is a reasonable and necessary cost incurred to serve customers. The  
8 WTW Total Remuneration Study shows that the employees' total target compensation  
9 is *below* the market when compared to other utilities and to general industry.<sup>10</sup> That  
10 finding has not been refuted. The Companies must be able to attract and retain  
11 experienced personnel to help ensure the Companies can continue to provide safe and  
12 reliable service to customers and total compensation that is near market is a critical  
13 component of attracting this talent. The Companies' total market-based compensation,  
14 including incentive pay in the form of RSUs, is provided to meet labor market  
15 expectations and is a necessary cost to provide service to customers, and, therefore, all  
16 of it should be recoverable through rates.

17 **Q. Do AG-KIUC contend that the LTI Plan itself is inconsistent with the market?**

18 A. No. The WTW Total Remuneration Study analyzes and describes the Companies long-  
19 term incentive compensation program in comparing it to market.<sup>11</sup> WTW concluded  
20 that "*Every* company in the Large Utility Peer Group and *every* company in the Small  
21 Utility Peer Group has a long-term at-risk compensation program."<sup>12</sup> WTW also

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<sup>10</sup> WTW Total Remuneration Study at 4.

<sup>11</sup> WTW Total Remuneration Study at 7.

<sup>12</sup> WTW Total Remuneration Study at 7 (emphases added).



1 concluded that all of the industry peers use a three-year vesting approach for RSUs  
2 similar to the Companies.<sup>13</sup> As I stated above, AG-KIUC do not even mention the  
3 WTW Total Remuneration Study in their testimony, much less refute the findings in it.

4 **Q. Does the issuance of RSUs under the LTI Plan benefit customers?**

5 A. Yes. The LTI Plan reduces attrition among employees that receive it by incentivizing  
6 them to remain with the Companies. Because stock-based compensation vests on a  
7 phased basis in three installments over a prospective three-year period, employees must  
8 remain with the organization to realize the vesting of their awards. Retaining valued  
9 employees directly benefits customers as these employees best understand the  
10 Companies and their ability and obligation to provide safe, reliable, and affordable  
11 service.

12 **Q. Why would it be inappropriate to disallow recovery of the total remuneration,**  
13 **including LTI Plan awards in the form of RSUs when the proof is that total**  
14 **remuneration is reasonable and consistent with market?**

15 A. Employee compensation is a necessary cost of providing utility service. Therefore, it  
16 should be assessed under the same lens as other necessary operating costs: if a utility  
17 prudently incurs reasonable compensation costs, relative to what the industry pays for  
18 the same services, it should be permitted to recover all of those costs through rates. So,  
19 the Commission should rightly be concerned when total market-based employee  
20 compensation is too high, which may unreasonably increase rates, and when employee  
21 compensation is too low, which may impact service to customers. The Commission's  
22 focus should be on the reasonableness of the Companies' overall level of total

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<sup>13</sup> WTW Total Remuneration Study at 7.

1 compensation, giving management the discretion to design the compensation package  
2 that is best structured to compensate employees properly and to motivate efficiency  
3 and safety. If the Companies' overall compensation level is reasonable, because it is  
4 in line with or below the market, regardless of the combination of base pay and  
5 incentive pay in the form of LTI awards, then, by definition, the Companies' overall  
6 compensation expense is reasonable and prudently incurred and should be recoverable.  
7 As noted above, Mr. Futral does not dispute the reasonableness of the Companies'  
8 overall compensation package. Accordingly, it is inappropriate to disallow a  
9 component of that cost.

10 **THE COMPANIES SHOULD RECOVER THEIR EMPLOYEE BENEFITS**  
11 **EXPENSE, INCLUDING ALL RETIREMENT BENEFIT EXPENSE FOR THOSE**  
12 **EMPLOYEES PARTICIPATING IN THE DB PLAN**

13 **Q. Do you agree with Mr. Kollen's proposed disallowance of expense paid as**  
14 **matching contributions to employees' 401(k) accounts when those employees are**  
15 **also eligible to participate in the DB Plan?**

16 **A.** No. Like Mr. Futral, Mr. Kollen does not even mention the WTW Studies that  
17 demonstrate the reasonableness of both total remuneration and the benefits the  
18 Companies provide to employees. He also does not mention my Direct Testimony in  
19 which I describe how those matching contributions work and why they are a necessary  
20 component of the retirement benefits the Companies offer to employees. As I testified,  
21 the Companies offer a 401(k) matching program by which the Companies will match:  
22 (1) 100% of the first 3% (a maximum of 3%) of an employee's voluntary deferred  
23 compensation amount within the employee's 401(k) account for those that participate

1 in the DB Plan; or (2) for those not eligible<sup>14</sup> to participate in the DB Plan, 100% of the  
2 first 3% plus 50% of the next 3% (a maximum of 4.5%) of an employee's voluntary  
3 deferred compensation amount within the employee's 401(k) account. Additionally,  
4 employees not eligible to participate in the DB Plan receive a fixed contribution into  
5 their 401(k) account ranging from 3% to 7% (of eligible wages) based on years of  
6 service with the Companies. So, for those employees that are eligible to participate in  
7 the DB Plan, the matching total employer contribution is considerably *less* than for  
8 those who are not eligible. I also note that the number of employees who participate in  
9 the DB Plan continues to decrease as they retire. Thus, it is a shrinking population and  
10 an issue that will resolve itself in the relatively near future.

11 **Q. Do you agree with Mr. Kollen that because 401(k) matching contribution were**  
12 **disallowed for DP Plan participants in the Companies' 2016 and 2018 rate cases,<sup>15</sup>**  
13 **they should be disallowed now?**

14 A. No. After the Orders Mr. Kollen references in those cases were issued, the Companies  
15 filed their 2020 rate cases (Case Nos. 2020-00349 and 2020-00350). In those 2020  
16 cases, their filed position on this issue was that no disallowance of 401(k) contribution  
17 costs should be made for those employees also participating in a DB Plan. A  
18 Stipulation and Recommendation was reached in those cases, and it included specific  
19 compromised amounts leading to the stipulated and recommended revenue  
20 requirements. A disallowance of the 401(k) costs was not one of the compromised  
21 amounts. The Commission approved the Stipulation and Recommendation with

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<sup>14</sup> Employees hired prior to January 1, 2006 are eligible to participate in the DB Plan. It has closed for all employees hired after that date.

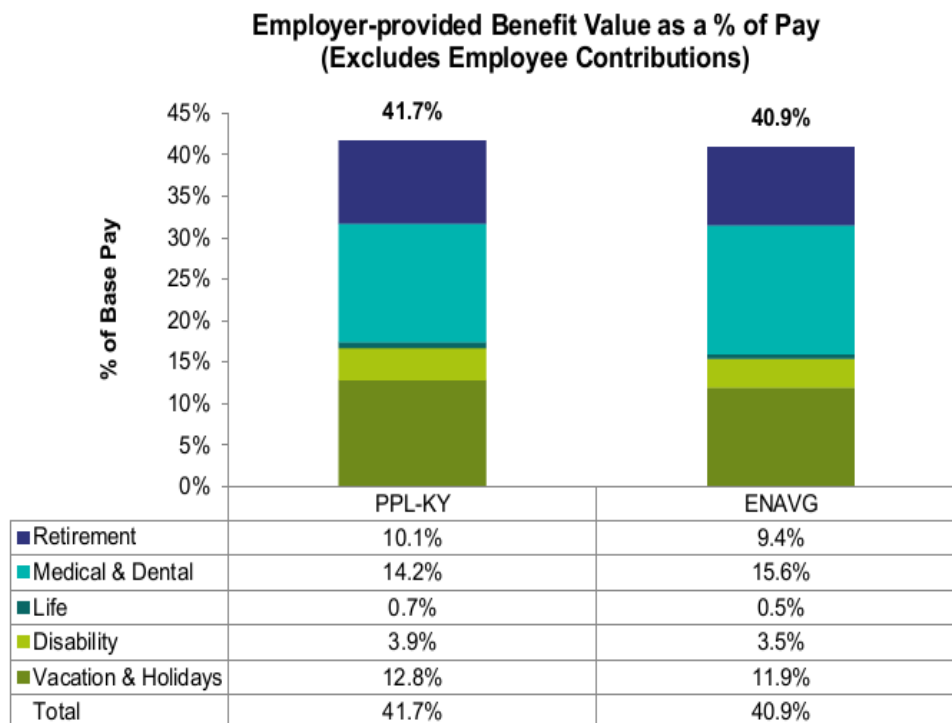
<sup>15</sup> Kollen Testimony at 56-57.

1 modifications by Order of June 30, 2021, but without making any disallowance for the  
2 subject 401(k) contributions. Thus, those amounts are being recovered in the  
3 Companies' current rates, and they should be.

4 While I acknowledge that the Commission's election not to alter that  
5 component of the Stipulation and Recommendation is not necessarily Commission  
6 precedent, it would appear that the election not to do so may indicate a change in the  
7 Commission's position on this issue from the one it took in the 2016 and 2018 rate  
8 cases. And if the Commission's position has changed, the record in this case supports  
9 that change. First, the employer contribution for DB Plan eligible employees is less  
10 than other employees. Second, as described in the WTW Benefits Benchmarking  
11 Study, the Companies' benefits offerings are aligned with the energy and utility  
12 benchmark averages. That study includes the following analysis showing that the  
13 Companies' benefits program is valued at 41.7% of pay compared to 40.9% of pay for  
14 the energy and utility sector:<sup>16</sup>

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<sup>16</sup> WTW Benefits Benchmarking Study at 2.



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Thus, the Companies' benefits offerings are almost perfectly aligned with benchmark averages. Based on that, it is reasonable for the Commission to allow recovery of all the benefits provided to employees, including the 401(k) matching contributions provided to DB Plan participants.

### **CONCLUSION**

**Q. Do you have a recommendation for the Commission?**

A. Yes. The Commission should reject Messrs. Futral's and Kollen's proposed disallowance of long-term incentive compensation expense and retirement benefits expense.

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

A. Yes, it does.

# VERIFICATION

COMMONWEALTH OF PENNSYLVANIA )  
 )  
COUNTY OF LEHIGH )

The undersigned, **Vincent T. Poplaski**, being duly sworn, deposes and says that he is Vice President Total Rewards for PPL Services Corporation and he provides services to Louisville Gas and Electric Company and Kentucky Utilities Company, that he has personal knowledge of the matters set forth in the foregoing testimony, and that the answers contained therein are true and correct to the best of his information, knowledge, and belief.

Vincent T. Poplaski

Vincent T. Poplaski (Sep 25, 2025 12:23:42 EDT)

Vincent T. Poplaski

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 26 day of September, 2025.

Sharon L. Fazio

Notary Public

Commonwealth of Pennsylvania - Notary Seal  
Sharon L. Fazio, Notary Public  
Bucks County  
My commission expires January 31, 2027  
Commission number 1343431  
Member, Pennsylvania Association of Notaries

Notary Public, ID No. 1343431  
(SEAL)

My Commission Expires: 1/31/27