

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

IN THE MATTER OF: ELECTRONIC APPLICATION OF KENTUCKY UTILITIES COMPANY FOR AN ADJUSTMENT OF ITS ELECTRIC RATES AND APPROVAL OF CERTAIN REGULATORY AND ACCOUNTING TREATMENTS	:	CASE NO. 2025-00113
IN THE MATTER OF: ELECTRONIC APPLICATION OF LOUISVILLE GAS & ELECTRIC COMPANY FOR AN ADJUSTMENT OF ITS ELECTRIC AND GAS RATES AND APPROVAL OF CERTAIN REGULATORY AND ACCOUNTING TREATMENTS	:	CASE NO. 2025-00114

BRIEF OF THE KROGER CO.

On May 30, 2025, the Kentucky Utilities Company (“KU”) and Louisville Gas & Electric Company (“LG&E”) (collectively, the “Companies”) filed applications in Case Nos. 2025-00113 and 2025-00114 seeking increases in base rates for their electric and gas operations, along with other modifications to their rates, terms, and conditions. Following two days of extensive negotiations during the October 8–9, 2025 settlement conference, the following parties executed the Stipulation and Recommendation (“Stipulation”) with the Companies: the Attorney General, Kentucky Industrial Utility Customers, Inc., the U.S. Department of Defense, Lexington-Fayette Urban County Government, Louisville Metro, Sierra Club, Walmart, and The Kroger Co. (“Kroger”) (collectively, the “Stipulating Parties”). Kroger hereby submits this Brief reaffirming its support for the Stipulation.

1. The Stipulation Represents a Reasonable Compromise on Revenue Requirements, Rate Allocation, and Rate Design.

The Stipulation establishes fair, just, and reasonable rates, terms, and conditions for all of the Companies’ customers. It is supported by parties representing the interests of residential,

commercial, industrial, municipal, local, and federal government customers as well as environmental advocates. It therefore reflects a balanced compromise among a very wide range of Stipulating Parties' litigation positions.

For electric service, the Stipulation reduces KU's proposed revenue requirement by \$87.9 million relative to KU's adjusted filed position, resulting in a stipulated increase of \$132.0 million. It also reduces LG&E's proposed electric revenue requirement by \$49.0 million relative to LG&E's adjusted filed position, resulting in a stipulated increase of \$57.8 million. The specific adjustments recommended in the Stipulation for electric service are summarized in KU/LG&E's Joint Stipulation Testimony on pages 12-18.

For natural gas service, the Stipulation reduces LG&E's proposed gas revenue requirement by \$15.5 million relative to LG&E's adjusted filed position, resulting in a stipulated increase of \$44.8 million. Of particular interest to Kroger, the Stipulating Parties further agreed that LG&E will increase the natural gas basic service charge for Rate CGS by 25%,¹ bringing the charge more in line with LG&E's natural gas cost-of-service study, which shows that substantial fixed costs are currently being recovered through the commodity charge.² This increase in the relative share of costs recovered through fixed charges versus variable charges represents some movement toward cost-of-service within Rate CGS. This adjustment is revenue-neutral to customers outside of Rate CGS and revenue-neutral to the Companies. The specific adjustments recommended in the Stipulation for LG&E's natural gas service are summarized in KU/LG&E's Joint Stipulation Testimony on pages 18-20.

¹ Stipulation ¶9.9.

² Direct Testimony of Tim S. Lyons, Exhibit TSL-10, page 3 of 5.

Finally, the Stipulation includes a commitment, subject to some caveats, to a rate-case stay-out period of more than two and a half years.³ This is a valuable provision for Kroger because it adds a degree of rate certainty that may not have been possible in a fully litigated case.

CONCLUSION

For the reasons stated above, the Stipulation represents a fair, balanced, and reasonable resolution of the issues in these proceedings. It reduces the Companies' proposed revenue increases, improves alignment with cost-of-service principles, and provides regulatory stability through the rate-case stay-out commitment. Kroger respectfully urges the Commission to approve the Stipulation in full.

Respectfully submitted,

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³ Stipulation ¶1.2.