

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

In the Matter of:

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

**REPLY OF KENTUCKY UTILITIES COMPANY AND
LOUISVILLE GAS AND ELECTRIC COMPANY IN SUPPORT OF THEIR JOINT
PETITION FOR RECONSIDERATION OF THE FEBRUARY 16, 2026 ORDERS**

Pursuant to KRS 278.400, Kentucky Utilities Company (“KU”) and Louisville Gas and Electric Company (“LG&E”) (collectively, the “Companies”) hereby submit their Reply in support of their Joint Petition for Reconsideration (“Petition”) of the Commission’s Orders filed in these proceedings on February 16, 2026 (“Final Orders”).

This Reply addresses the Responses filed by Attorney General of the Commonwealth of Kentucky, Office of Rate Intervention (“AG”); Kentucky Industrial Utility Customers, Inc. (“KIUC”); Kentucky Solar Industries Association, Inc. (“KYSEIA”); and Metropolitan Housing Coalition, Kentuckians for the Commonwealth, Kentucky Solar Energy Society, and Mountain Association (collectively “Joint Intervenors”).

ARGUMENT

I. The Stipulation Is Reasonable in its Totality Without Modification and Provides Rate Stability.

It is undisputed that the Stipulation yields revenue requirements that are nearly identical to those produced by the Commission's Final Orders, which confirms its overall reasonableness.¹ The AG's Response further underscores that beyond being reasonable, the Stipulation delivers a critical benefit to customers: *stability*. If approved, the Companies will have had only a **single** base rate case resulting in a **single**-digit increase over a seven-year period.² This outcome stands in stark contrast to the economic uncertainty the Commission repeatedly references in its Final Orders.³ The Stipulation directly addresses and mitigates those economic concerns by providing customers with two-and-a-half years of rate stability, which is protective of customers' interests.

KYSEIA and the Joint Intervenors, two non-signatories to the Stipulation, allege that the Companies' request for the Commission to approve the Stipulation is "moot" because the Companies have withdrawn from the Stipulation. To be clear: If the Commission grants the Companies' request to approve the Stipulation as filed, the Companies will comply with the Stipulation as filed, including its stay-out provisions.⁴ They can do so either voluntarily or by agreeing to an amendment to the Stipulation with the Stipulating Parties.⁵

¹ See the Companies' Petition for Rehearing for a full description of how the modifications to the Stipulation harm the Companies and their customers. For example, the rejection of the Sharing Mechanism and the narrowing of the PGR Clause render the bargained for stay out unworkable.

² OAG Response at 1-2.

³ See, e.g., KU Final Order at 18-19.

⁴ Section 1.1 of the Stipulation sets forth the Stay-Out Commitment, and Section 1.2 identifies the exceptions to that commitment such as emergency rate relief if needed to avoid a "material impairment or damage" to the Companies' credit or operations.

⁵ Should the Commission prefer that the Companies work with the Stipulating Parties to submit an amendment to the Stipulation affirming the Companies' adherence to the stay-out terms if the Commission reconsiders its modifications to the Stipulation, the Companies will do so.

KYSEIA's assertion that the Companies are improperly "negotiating with the Commission" is both factually and legally incorrect.⁶ The Companies are not seeking to negotiate with the Commission; they are asking the Commission to perform its established role of determining whether the Stipulation is reasonable, and if necessary, modify its Final Orders on rehearing pursuant to KRS 278.400. KYSEIA's reliance on *Louisville Gas and Electric Company v. Commonwealth of Kentucky, ex rel. Cowan*, 862 S.W.2d 897 (Ky. App. 1993) is misplaced.⁷ That case stands for the unremarkable proposition that the Commission may not accept a non-unanimous settlement without first conducting an evidentiary hearing. It did not prohibit the consideration of stipulations, nor does it suggest that parties act improperly by presenting them. That requirement was fully satisfied here. The Commission conducted a multi-day evidentiary hearing and issued nearly 400-page orders that considered the Stipulation in light of the positions of both signatories and non-signatories. There is no impediment to the Commission reconsidering some or all of its findings pursuant to KRS 278.400.

More broadly, both KYSEIA and Joint Intervenors repeatedly assert that the Companies cannot ask the Commission to reconsider its rulings on various issues, alleging that the Companies have not presented new evidence or otherwise met the applicable standards. The Companies, along with the other Stipulating Parties, presented a Stipulation for the Commission's review. The Commission's Final Orders substantially altered nearly every key term in the Stipulation, causing the Companies to take the unprecedented step of withdrawing. Consistent with the applicable standard on rehearing, the Companies' Petition addresses the departures that it believes are "unlawful," "unreasonable," or constitute "material errors" in an effort to maintain the collaborative, balanced agreement the Stipulating Parties achieved through extensive negotiation.

⁶ KYSEIA Response at 3.

⁷ *Id.*

KYSEIA's and Joint Intervenors' efforts to narrow the Commission's review and deprive the Companies of their due process rights under KRS 278.400 disregard both the magnitude of the Commission's departures and the significant consequences those departures impose on the Companies and their customers.

II. The Commission Improperly Relies on Out-of-Record Evidence to Support Its Rejections and Modifications to the Stipulation.

KYSEIA alleges that the Commission's consideration of out-of-record evidence merely describes why the Commission is acting with caution and is not an adjudicative finding.⁸ KYSEIA's characterization is incorrect. The Commission's reliance on out-of-record evidence is not simply explanatory; it is central to its decision. The Commission expressly found that the Stipulation is "holistically...compelling," but must be modified due to "current economic and energy uncertainty."⁹ That determination is not incidental—it is *the adjudicative finding from which every modification to the Stipulation flows*. Critically, none of the cited materials supporting that finding is part of the evidentiary record.

The Joint Intervenors' assertion fares no better.¹⁰ The Companies cannot be blamed for failing to dispute materials that were not a part of the evidentiary record and of which they had no notice. Even the Joint Intervenors admitted they "are not unsympathetic to the Companies' due process concerns" regarding the Commission's unlawful reliance on out-of-record evidence.¹¹

III. The Sharing Mechanism Is Essential to the Stay-Out Agreement and Produces Customer Savings.

KIUC's Response frames the dispositive question concerning the Sharing Mechanism and the value of the stay-out it would enable: Absent the stay-out and associated Sharing Mechanism,

⁸ *Id.* at 7.

⁹ KU Final Order at 18-19.

¹⁰ Joint Intervenors Response at 42-43 characterizing the Commission's reliance on out-of-record evidence as a "passing reference."

¹¹ *Id.* at 43.

when will the Companies be forced to file new rate cases? The answer is straightforward; the sooner new rate cases would be filed absent a stay-out, the more valuable the stay-out becomes to customers.¹² The record confirms that outcome. Even excluding all generation expenditures, KIUC notes that the Companies are projected to spend more than \$3.5 billion between 2026 and 2028.¹³ Given these significant capital demands, a new rate case during what would have been the stay-out period is not speculative; it is certain. The Companies will almost certainly request an ROE higher than the 9.4% established under the Sharing Mechanism in that rate case. The Sharing Mechanism allows for a stay-out. Without it, the financial consequences to the Companies cannot be tolerated. KIUC's witness calculates that maintaining a 9.4% ROE, as compared to the 9.775% found reasonable by the Commission, yields annual customer savings of \$15.1 million for KU, \$9.3 million for LG&E electric, and \$3.4 million for LG&E gas—nearly \$28 million each year.¹⁴ By rejecting this provision, the Commission is discarding those potential significant customer savings.

KYSEIA repeats its argument that the Sharing Mechanism is moot because of the Companies' withdrawal from the Stipulation.¹⁵ This is mistaken, as the Commission is free to reconsider its analysis of the Sharing Mechanism pursuant to KRS 278.400.

Joint Intervenors quibble with the Companies' correct reference to Mr. Garrett's hearing testimony that underearning is "likely," given the Companies' extensive capital investments that are outside the generation projects eligible for inclusion in the generation tracker.¹⁶ Mr. Garrett's full statement was: "As we sit here today, given the additional capital spend, we do anticipate we

¹² KIUC Response at 4.

¹³ *Id.* at 5.

¹⁴ *Id.* at 6.

¹⁵ KYSEIA Response at 4.

¹⁶ Joint Intervenors Response at 20.

will underearn the 9.90%. Now to the extent that we earn below the 9.40%, that’s likely possible too. Because again, we are making significant capital investments in areas outside of the generation that’s included in the GCR.”¹⁷ Clearly, spending \$3.5 billion outside of generation expenditures will “likely” result in underearning which is the same as making it “likely possible” to result in underearning. The phrasing does not affect the probable result.

IV. Narrowing the Generation Cost Recovery Adjustment Clause Is Unnecessary and Deprives the Companies Prudent Cost Recovery.

Joint Intervenors claim that the Commission properly narrowed the PGR Clause because “the review of costs through the PGR surcharge is notably less rigorous than through standard rate cases.”¹⁸ Given that the first PGR Clause review has not yet occurred, there is no basis for Joint Intervenors’ speculation. As the Commission has experienced, single-focused rider review proceedings often result in *more* thorough examinations than in complex, multifaceted rate proceedings.

Finally, the Joint Intervenors mistakenly allege that although the Commission has capped the costs that may be included in the PGR Clause, “the Companies would still be able to seek full recovery of costs when the project costs are added to the rate base.”¹⁹ Even if the costs are later included in rate base, the carrying costs—which are substantial for generation projects—will never be recovered. This creates an unacceptable and unreasonable disallowance of the recovery of legitimate expense and is one of the reasons the Stipulating Parties agreed to a generation tracker in the first place.

V. Denying LG&E Recovery of Its Mill Creek 2 Stay Open Costs Is Unreasonable.

¹⁷ November 4, 2025 Hearing, 3:38:13 pm – 3:40:00 pm (Garrett).

¹⁸ Joint Intervenors Response at 23-24.

¹⁹ *Id.* at 24.

It is undisputed that: (1) Commission has twice determined that continued operation of Mill Creek 2 benefits customers;²⁰ and (2) there are no incremental costs to extend the life of Mill Creek 2 in base rates.²¹ The Joint Intervenors stretch the filed rate doctrine beyond recognition to argue that LG&E cannot recover the very costs it was required to incur to keep the plant running. That position directly conflicts with the Commission’s own conclusion that short-term continued operation of Mill Creek 2 is beneficial and requires ongoing investment to maintain operations.²²

The filed rate doctrine stands only for the proposition that the “filed rate” cannot be altered retroactively and holds constant until a rate change is formally requested or a challenge to the rate is raised by an interested party.²³ Here, LG&E timely requested deferral accounting. The Companies expressly requested regulatory asset approval for these costs in the CPCN Case, but the Commission’s order did not address the request for deferral accounting, which required the Companies to make the request a second time in the rate cases. Thus, this is not a question about the intricacies of the filed rate doctrine; it is a question of basic fairness. All parties agree that the 2020 base rates assumed Mill Creek Unit 2 would be retired. That assumption did not change until October 2025. Since then, LG&E has incurred incremental costs to operate a plant the Commission has twice found to be cost-beneficial to customers.²⁴ Under established legal principles, a utility is entitled to recover prudently incurred costs. Denying recovery here disregards the facts, the law, and the equities of the situation, creating an unreasonable and unlawful result.

²⁰ Case No. 2025-00045, Oct. 28, 2025, Order at 129; LG&E Electric Order at 151-152.

²¹ LG&E Electric Order at 151.

²² *Id.* at 151.

²³ *Cincinnati Bell Tel. Co. v. Kentucky Pub. Serv. Comm’n*, 223 S.W.3d 829, 839 (Ky. App. 2007).

²⁴ Joint Supplemental Testimony filed October 31, 2025 at p. 15 (“LG&E has incurred and will continue to incur Mill Creek 2 stay-open costs, and it requests approval to defer all such costs and recover them through Adjustment Clause MC2. In addition to the stay-open costs LG&E is currently incurring, to facilitate the operation of Mill Creek 2 beyond 2027, the Company will need to make additional investments in 2026 and beyond.”).

The Joint Intervenors allege that the Companies' reference to the Commission's frequent authorization of regulatory asset treatment for significant storm costs that have occurred in the past is not relevant to granting similar treatment for the Mill Creek 2 costs. This argument is mistaken. Just like storm costs, the incremental Mill Creek 2 costs are an extraordinary, nonrecurring expense, which could not have reasonably been anticipated or included in the utility's planning²⁵ because LG&E was planning to retire Mill Creek 2. LG&E delayed retirement of the unit due to market and demand changes so that customers could benefit; regulatory asset treatment is clearly warranted. If rehearing is granted, LG&E will provide evidentiary support for the \$7.5 million that was incurred prior to the Final Orders, thus resolving one of the issues raised by the Joint Intervenors Response.²⁶

VI. The Reduction to the ROE Is Unreasonable.

The Companies have explained that the Commission's reduction to the ROE set forth in the Stipulation is unreasonable. In response, the Joint Intervenors concede that the ROE is lower than the ROE approved for Duke Energy, but allege it is not low enough to be unreasonable.²⁷ The Companies disagree. First, even minor reductions to the ROE substantially impact the Companies' financial position. Second, the Commission's disparate treatment is unreasonable. The Commission approved Duke's stipulated ROE even though "Joint Stipulation ROEs fall above what would have been authorized in the absence of a Joint Stipulation agreement."²⁸ It is unreasonable and arbitrary for the Commission to reject the Companies' stipulated ROE while

²⁵ Case No. 2008-00436, *The Application of East Kentucky Power Cooperative, Inc. for an Order Approving Accounting Practices to Establish a Regulatory Asset Related to Certain Replacement Power Costs Resulting from Generation Forced Outages* (Ky. PSC Dec. 23, 2008), Order at 4.

²⁶ Joint Intervenors Response at 32 ("If the Commission grants rehearing, the Companies must supply evidentiary support for claimed \$7.5 million Mill Creek 2 costs at issue.").

²⁷ Joint Intervenors Response at 12.

²⁸ *In the Matter of: Electric Application of Duke Energy Kentucky, Inc. for 1) an Adjustment of the Natural Gas Rates; 2) Approval of the Natural Gas Rates; and 3) All Other Required Approvals, Waivers, and Relief* (Case No. 2025-00125) (Ky. PSC Dec. 23, 2025) at 16.

accepting Duke's stipulated ROE that was likewise "above" what the Commission would have otherwise ordered.

The Joint Intervenors also allege that the Companies' historical earned returns are relevant to the reasonableness of the modified ROE, including KU's 8.8% earned ROE.²⁹ As explained by the Companies' witness Mr. D'Ascendis and acknowledged by AG and KIUC witness Mr. Baudino, an ROE analysis is a forward-looking process.³⁰ The Companies' prior earned returns have no relevance to investors' forward-looking expectations.

Regarding the Commission's decision to further lower the ROE on capital riders, it is undisputed that the Companies' witness demonstrated that although riders are common, this Commission's rote, systematic reduction to ROEs for such riders is out of step with other state commissions.³¹ The Joint Intervenors assert that such reductions do exist in other jurisdictions, even if doing so "may not be common."³² There is no basis in the record that supports the Commission's reflexive reduction of capital rider ROEs, and its outlier position may harm customers by impairing the Companies' ability to access favorable debt rates during an extraordinarily capital-intensive period.

VII. Rejecting the Inclusion of Restricted Stock Units in the Revenue Requirement Is Unreasonable.

It is undisputed that the Total Remuneration Study the Companies submitted in these cases proves that the total remuneration paid to employees, including long-term incentive compensation expense, is reasonable and aligned with market.³³ The Companies acknowledge, but disagree with, Commission precedent that disallows recovery of incentive compensation expense that is tied to

²⁹ Joint Intervenors Response at 13.

³⁰ D'Ascendis Rebuttal Testimony at 21.

³¹ D'Ascendis Direct at 66-68 and Exhibit DWD-12; November 4, 2025 Hearing, 1:41:30 p.m. (D'Ascendis).

³² Joint Intervenors Response at 15-16.

³³ Rebuttal Testimony of Vincent Poplaski at 2-5.

or dependent on financial metrics. But the Commission's and Joint Intervenors' reliance on that precedent is misplaced. Unlike other incentive compensation the Commission has disallowed because it is only paid if stated earnings goals are met or is calculated based on a level of earnings, the *only* requirement for receipt of the Companies' long-term incentive compensation, paid in the form of stock, is employment tenure.³⁴ *The payment has no nexus to financial performance at all.* It is solely for employee attraction and retention,³⁵ which directly benefits customers. Certainly, an experienced employee is more beneficial to customers than an inexperienced one. But in its Final Orders, the Commission made the unsupported leap that, because long-term incentive compensation is paid in the form of stock, employees are somehow motivated by the financial performance of the Companies rather than to remain employed by the Companies. This leap has no support in the record as proven by the absence of any cite to such support in the Commission's Final Orders or in Joint Intervenors' Petition for Reconsideration. There is also nothing in the record refuting the Companies' proof that total remuneration paid is reasonable. Having met that burden of reasonable compensation expense, it was arbitrary and unreasonable for the Commission to modify the Stipulation on this issue based on irrelevant precedent, thereby depriving the Companies recovery of this legitimate operating expense.

VIII. The Calculation of Qualifying Facilities Avoided Capacity Costs Erroneously Assumes Baseload Capacity Will be Avoided.

The Joint Intervenors' and KYSEIA's Responses cannot avoid an uncontroverted fact demonstrated in the record of this proceeding: Solar or wind qualifying facility ("QF") capacity will have *zero* effect on the Companies' required capacity and the resulting capacity costs.³⁶ It

³⁴ *Id.*

³⁵ Direct Testimony of Vincent Poplaski, at 4 (noting that it is the entire compensation and benefits package that necessary to attract and retain employees).

³⁶ *See, e.g.*, Direct Testimony of Charles R. Schram, Exh. CRS-6 at 5-9.

therefore defies both common sense and the Commission's reasoning in the order quoted by the Joint Intervenors from Case No. 8566 to assert there is a rational basis for a non-zero avoided capacity cost for solar and wind QFs.³⁷

The Joint Intervenors omitted important context from the portion of the Case No. 8566 order quoted in their Response, which demonstrates conclusively that if adding QF capacity will not affect a utility's capacity needs, the appropriate avoided QF capacity cost is zero.³⁸ The Commission stated:

The utilities were to base their proposed payments on the potential savings (avoided capacity costs) which would result from deferral, downsizing or cancellation of power plants or capacity purchases within the utility's planning horizon.

... The Commission is of the opinion that capacity payments are appropriate in most circumstances if the QF meets the reliability and dispatchability criteria which a utility would use for its own generation plant.³⁹

³⁷ Joint Intervenors Response at 34-37; KYSEIA Response at 7-8.

³⁸ *Setting the Rates and Terms and Conditions of Purchase of Electric Power from Small Power Producers and Cogenerators by Regulated Electric Utilities*, Case No. 8566, Order at 4-5 (Ky. PSC June 28, 1984):

The Commission in its Order establishing this proceeding required each utility to submit proposed purchase rates which would include a capacity and energy component. ... The utilities were to base their proposed payments on the potential savings (avoided capacity costs) which would result from deferral, downsizing or cancellation of power plants or capacity purchases within the utility's planning horizon. Maximum flexibility was provided to the utilities to choose a method to reflect these savings.

The Commission views the calculation or determination of capacity purchase rates as consisting of three separate steps. The first step is the determination of the conditions under which the electric utilities would be required to make a capacity payment to QFs. The Commission is of the opinion that capacity payments are appropriate in most circumstances if the QF meets the reliability and dispatchability criteria which a utility would use for its own generation plant. There are unique conditions on a utility's system which may obviate the necessity for capacity payments. If a utility demonstrates to the Commission's satisfaction that it simultaneously faces insignificant load growth, excess capacity, minimum off-system sales and is neither planning nor constructing capacity within its 10-year planning horizon then the utility cannot avoid capacity related costs at that time so a capacity payment would not be justified. However, the Commission emphasizes that it would be contradictory for utilities to argue for zero avoided capacity costs while proceeding to plan for or construct generating facilities. The burden is on the utility to demonstrate zero avoided capacity costs.

³⁹ *Id.*

That is exactly why it is appropriate for the avoided capacity cost rate for Other Technologies to be non-zero while the avoided capacity cost of solar and wind QFs is zero.⁴⁰ Again, as the Companies' uncontradicted evidence demonstrates, solar and wind QFs will have no effect on the Companies' capacity plans, i.e., the Companies have satisfied the Case No. 8566 order's requirement to "demonstrate zero avoided capacity costs."⁴¹ If such QFs will allow the Companies—and their customers—to avoid zero capacity costs, then *customers should not have to make capacity payments to solar and wind QFs for capacity costs they are not avoiding*. On the other hand, the Companies' analysis shows some amount of capacity cost could be avoided by Other Technologies—which are assumed to have "reliability and dispatchability criteria" similar to those the Companies "would use for [their] own generation plant"—making avoided capacity cost payments to such QFs entirely appropriate.

In short, the Joint Intervenors' and KYSEIA's Responses do nothing to undermine the arguments of the Companies' Petition concerning QF rates; rather, the authorities the Joint Intervenors cite support the Companies' arguments, not the Joint Intervenors' or KYSEIA's arguments.

IX. The Commission's Requirement for the Companies to Include a Jobs Benefit Component in NMS-2 Rates Is Contrary to Law.

The Joint Intervenors' arguments for the legality of including a jobs component in Rider NMS-2 compensation rates amount to two assertions: (1) the existence of economic development rates ("EDRs") supports such an inclusion;⁴² and (2) the Commission has authority to require

⁴⁰ The Companies' tariffs define "Other Technologies" to mean "all electric power generating technologies encompassed in the definition of 'qualifying facility' in 807 KAR 5:054 Section 1(8) other than solar and wind." *See, e.g.,* Kentucky Utilities Company P.S.C. No. 21, Original Sheet No. 55.

⁴¹ *Id.* at 5.

⁴² Joint Intervenors Response at 37-38.

including a jobs benefit component because it has said it has such authority.⁴³ Both assertions are faulty.

First, the Commission's seminal order on EDRs in Admin. Case 327 repeatedly states that non-EDR customers must not be adversely affected by EDR customers.⁴⁴ The Commission's reference point for that determination is limited to *utility* costs; the order is clear that *no* EDR customer should *ever* pay less than its marginal cost of service,⁴⁵ and each EDR customer should make some contribution toward system fixed costs.⁴⁶ Nowhere does the order state that EDR customers could pay *less* than a utility's marginal cost of service due to non-energy benefits EDR customers create, e.g., jobs benefits. Applying that same reasoning to net metering rates means the *most* non-NMS-2 customers should have to pay for Rider NMS-2 energy is the Companies' avoided cost. Thus, rather than justifying including a jobs benefit component in net metering rates, the reasoning of the Admin. Case 327 order cited by the Joint Intervenors *precludes* adding a jobs benefit component to Rider NMS-2 rates.

Second, contrary to the views of the witness whose testimony the Joint Intervenors quote at length, *although it is not in the record of these cases*,⁴⁷ the Commission cannot expand its jurisdiction by one or more orders; it is a creature of statute, and statute constrains its jurisdiction and authority.⁴⁸ Moreover, nothing in KRS 278.466 expands the jurisdiction of the Commission to include non-energy benefits in setting net metering compensation rates; rather, KRS 278.466(3)

⁴³ *Id.* at 38-39.

⁴⁴ *An Investigation into the Implementation of Economic Development Rates by Electric and Gas Utilities*, Admin. Case No. 327, Order at 8, 10, 17, and 26 (Ky. PSC Sept. 24, 1990).

⁴⁵ *Id.* at 8 and 10.

⁴⁶ *Id.* at 6, 17, and 22.

⁴⁷ Joint Intervenors Response at 38-39 (quoting testimony of Karl Rabago from Case Nos. 2020-00349 and 2020-00350).

⁴⁸ *See, e.g., Boone County Water v. Public Service Com'n*, 949 S.W.2d 588, 591 (Ky. 1997) ("The PSC is a creature of statute and has only such powers as have been granted to it by the General Assembly."); *South Central Bell v. Utility Reg. Com'n*, 637 S.W.2d 649, 653 (Ky. 1982) ("We have held that the Commission's powers are purely statutory.").

explicitly states, “The rate to be used for such compensation shall be set by the commission *using the ratemaking processes under this chapter*”⁴⁹ Thus, nothing in the Joint Intervenors’ Response undermines the legal reality that the Commission lacks jurisdiction and authority to include a jobs benefit component in Rider NMS-2 rates because such a component has nothing to do with avoided utility costs.

X. The Companies Reiterate Their Request Regarding All Aspects of their Petition.

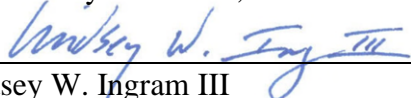
Several topics in the Companies’ Petition were not addressed by any intervenor. These include: (1) moving from capitalization to rate base and the calculation of the rate base; (2) the incorrect calculation of billing expense due to the partial rejection of paperless billing; (3) limiting regulatory asset treatment for IT costs; and (4) the incorrect calculation of terminal net salvage and miscellaneous revenues. The Companies request the relief set forth in the Petition for each of these items for the reasons explained therein.

CONCLUSION

The Companies respectfully request the Commission reconsider its Final Orders and approve the Stipulation as filed. In the alternative, the Companies request the Commission to reconsider its findings regarding the specific issues as described in the Petition.

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Respectfully submitted,



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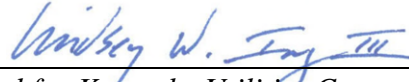
⁴⁹ Emphasis added.

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CERTIFICATE OF SERVICE

In accordance 807 KAR 5:001, Section 8 as modified by the Commission's Order of July 22, 2021 in Case No. 2020-00085 (Electronic Emergency Docket Related to the Novel Coronavirus COVID-19), this is to certify that the electronic filing has been transmitted to the Commission on March 23, 2026; and that there are currently no parties in this proceeding that the Commission has excused from participation by electronic means.



*Counsel for Kentucky Utilities Company
and Louisville Gas and Electric Company*