

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matters of:

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

-and-

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

**JOINT RESPONSES OF ATTORNEY GENERAL AND KIUC TO DATA
REQUESTS OF THE KENTUCKY PUBLIC SERVICE COMMISSION STAFF**

The intervenors, the Attorney General of the Commonwealth of Kentucky, through his Office of Rate Intervention [“OAG”], and the Kentucky Industrial Utility Customers, Inc. [“KIUC”] hereby submit their Joint Responses to Data Requests of the Kentucky Public Service Commission Staff in the above-styled matter.

Respectfully submitted,

RUSSELL COLEMAN
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Certificate of Service and Filing

Pursuant to the Commission's Orders in Case No. 2020-00085, and in accord with all other applicable law, Counsel certifies that an electronic copy of the forgoing was served and filed by e-mail to the parties of record. Counsel further certifies that the responses set forth herein are true and accurate to the best of their knowledge, information, and belief formed after a reasonable inquiry.

This 16th day of September, 2025



Assistant Attorney General

AFFIDAVIT

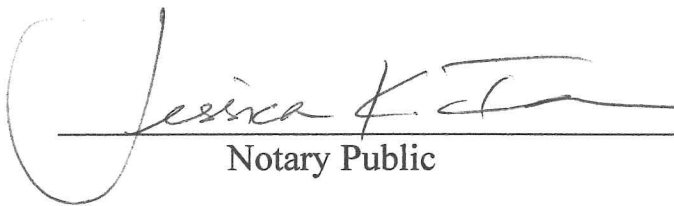
STATE OF GEORGIA)

COUNTY OF FULTON)

RICHARD A. BAUDINO, being duly sworn, deposes and states: that the attached is his sworn testimony and that the statements contained are true and correct to the best of his knowledge, information and belief.


Richard A. Baudino

Sworn to and subscribed before me on this
16th day of September 2025.


Notary Public

Jessica K Inman
NOTARY PUBLIC
Cherokee County, GEORGIA
My Commission Expires 07/31/2027

WITNESS / RESPONDENT RESPONSIBLE:
RICHARD A. BAUDINO

QUESTION No. 1
Page 1 of 1

Refer to the Direct Testimony of Richard A. Baudino (Baudino Direct Testimony). Provide Exhibits RAB-2 through RAB-7 in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

RESPONSE:

Please refer to the attached spreadsheets.

WITNESS / RESPONDENT RESPONSIBLE:
RICHARD A. BAUDINO

QUESTION No. 2
Page 1 of 1

Refer to the Baudino Direct Testimony. Confirm that no outliers were excluded from any analysis used to determine the Return on Equity (ROE) recommendation. If outliers were excluded, provide the analyses with excluded outliers included, highlighting any previously excluded outliers.

RESPONSE:

Confirmed.

WITNESS / RESPONDENT RESPONSIBLE:
RICHARD A. BAUDINO

QUESTION No. 3
Page 1 of 1

Refer to the Baudino Direct Testimony, page 20, lines 11-13. Explain why using an average of both the median and average values is better than relying on one or the other.

RESPONSE:

Both the mean and the median are measures of central tendency. There may be circumstances in which one is more representative of central tendency than the other. For example, the mean may be preferable in certain situations if the median value (which is just one data point) may not be an accurate representation of central tendency. This could happen with small sample sizes. Using an average of the median and average would be yet another way to gauge central tendency, as it would give the median and average values equal weight.

Please note that Mr. Baudino did not use the average of the median and average values in Exhibits RAB-4 and RAB-5 but presented Methods 1 and 2 with the average of each method as well as the midpoint.

WITNESS / RESPONDENT RESPONSIBLE:
RICHARD A. BAUDINO

QUESTION No. 4
Page 1 of 1

Refer to the Baudino Direct Testimony, page 26, lines 12-15 and Exhibit RAB-6, page 2. Explain the use of a 20-year Treasury Bond in the calculation. If available, provide workpapers for the referenced calculation.

RESPONSE:

Mr. Baudino explained how Kroll calculates its historical risk premiums using the 20-Year Treasury as its measure of long-term Treasury Bond yields. This has been a consistent practice of Kroll over the years. The historical risk premiums cited by Mr. Baudino on Exhibit RAB-6, page 2, were downloaded from Kroll's *Cost of Capital Navigator* subscription service. The data is protected by Kroll's Terms of Use.

WITNESS / RESPONDENT RESPONSIBLE:
RICHARD A. BAUDINO

QUESTION No. 5
Page 1 of 1

Refer to the Baudino Direct Testimony, page 30, lines 9-15.

- a. Explain how using a shorter period, such as the three-month average, is reflective of long-term investor expectations.
- b. Explain how using a three-month average bond yield, especially considering the noted recent fluctuations, does not reflect more volatility than a longer period in the calculations.

RESPONSE:

- a. It was Mr. Baudino's conclusion that the most recent three-month average of 30-Year Treasury Yields was more representative of current investor expectations than a six-month period. Mr. Baudino was concerned that using a six-month average could understate the 30-Year Treasury Bond yield going forward.
- b. There is a risk that using a shorter period of time over which to average 30-Year Treasury yields could reflect greater volatility than using a six-month period. However, Mr. Baudino decided to use judgement and be conservative with respect to the more recent higher bond yields, as he explained in his Direct Testimony.

WITNESS / RESPONDENT RESPONSIBLE:
RICHARD A. BAUDINO

QUESTION No. 6
Page 1 of 1

Refer to the Baudino Direct Testimony, Exhibit RAB-5.

- a. Confirm that the proxy values were used for missing data, rather than to replace data. If not confirmed, explain.
- b. Provide support for the use of proxy values, rather than calculating the average and median of the available data. In the response, explain why S&P IQ PRO EPS growth was used as the proxy, rather than Value Line.

RESPONSE:

a. Confirmed. Mr. Baudino used S&P Capital IQ Pro forecasts as proxies for the missing Zacks growth rates for New Jersey Resources and Northwest Natural Holding Company.

b. First, S&P Capital IQ Pro forecasts were used as proxies rather than Value Line because they represent an average of analysts' forecasts. Value Line relies on one analyst's forecast. Second, it is more accurate to use a proxy value than an average or median with missing data because those results implicitly assume that the missing growth rates would be equivalent to the overall average or median results. In Mr. Baudino's view, it is reasonable to have complete average and median results using proxies from S&P Capital IQ Pro in order to have complete calculations of average and median consensus analysts' earnings growth forecasts.