

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) CASE NO. 2025-00113
TREATMENTS)
)**

AND

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

**RESPONSE OF
KENTUCKY UTILITIES COMPANY
AND
LOUISVILLE GAS AND ELECTRIC COMPANY
TO
THE COMMISSION STAFF'S FIRST REHEARING REQUEST FOR
INFORMATION
DATED APRIL 10, 2026**

FILED: April 24, 2026

VERIFICATION

COMMONWEALTH OF KENTUCKY)
)
COUNTY OF JEFFERSON)

The undersigned, **Lonnie E. Bellar**, being duly sworn, deposes and says that he is Executive Vice President of Engineering, Construction and Generation 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 responses for which he is identified as the witness, and the answers contained therein are true and correct to the best of his information, knowledge and belief.



Lonnie E. Bellar

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 22nd day of April 2026.



Notary Public

Notary Public ID No. KYNP4577

My Commission Expires:

April 1, 2028



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 response, 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 (Apr 22, 2026 15:18:20 EDT)

Vincent T. Poplaski

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 24 day of April, 2026.

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

Sharon L Fazio

Notary Public

Notary Public, ID No. (SEAL)

1343431

My Commission Expires: 1/31/27

**KENTUCKY UTILITIES COMPANY
AND
LOUISVILLE GAS AND ELECTRIC COMPANY**

**Response to Commission Staff's First Rehearing Request for Information
Dated April 10, 2026**

Case Nos. 2025-00113 / 2025-00114

Question No. 1

Responding Witness: Christopher M. Garrett

Q-1. Refer to LG&E/KU's Joint Petition for Reconsideration, page 14. Explain what LG&E/KU means by "prepare for and implement" a change from capitalization to rate base.

A-1. As referenced in my rebuttal testimony, the Companies have utilized capitalization as the valuation methodology for more than the past forty years. Accordingly, the change ordered by the Commission as part of these proceedings provided the Companies no opportunity to adjust their presentation of rate base to properly reflect the inclusion of regulatory assets and liabilities necessary for the provision of utility service. Because capitalization had been accepted as the valuation methodology for use in the Companies' previous rate cases, the Companies exclusion of regulatory assets and liabilities from rate base resulted in no financial harm to the Companies. However, the Companies are and will continue to suffer financial harm as a result of this proceeding given the move to rate base exclusive of regulatory assets and liabilities. In recognition of this issue, as well as the increased debate in these proceedings over the appropriate valuation methodology, the Parties to the Stipulation agreed in Paragraph 9.2 that the Companies would present rate base calculations inclusive of regulatory assets and liabilities in future proceedings.

Additionally, as discussed in the Petition for Rehearing, were the Companies aware they would be forced to utilize rate base exclusive of regulatory assets and liabilities, the Companies would not have proposed the lengthy and asymmetrical regulatory asset and liability amortization periods given the resulting financial harm from the loss of carrying costs recovery. Thus, the Companies must be afforded the opportunity to prepare for and implement a change from capitalization to rate base in their next rate case rather than in this one.

**KENTUCKY UTILITIES COMPANY
AND
LOUISVILLE GAS AND ELECTRIC COMPANY**

**Response to Commission Staff's First Rehearing Request for Information
Dated April 10, 2026**

Case Nos. 2025-00113 / 2025-00114

Question No. 2

Responding Witness: Christopher M. Garrett

- Q-2. Confirm that a capitalization plant valuation that is higher than a rate base plant valuation is at least partially attributable to the financing of operating expenses. If confirmed, explain why LG&E/KU should earn a return on operating expenses based on its full weighted average cost of capital (WACC). If unable to confirm, please explain. Please provide reference to any supporting documentation in the case record necessary to assist in explaining the response.
- A-2. Not confirmed as both capitalization and rate base provide for the inclusion of cash working capital necessary to finance operating expenses. As discussed in the direct testimony of Andrea M. Fackler, cash working capital is the amount of capital provided by investors over and above the investment in plant and other rate base items that the Companies need to fund day-to-day operations to serve customers. Cash working capital bridges the timing gap between expenditures that are required to provide service and collections received for such services. Accordingly, the Companies should be provided a return based on its full WACC on cash working capital necessary to operate the business.

Capitalization is higher than rate base in this proceeding largely as a result of two issues. First, capitalization is higher than rate base as a result of the inclusion of regulatory assets and liabilities in capitalization but not rate base. This is the largest difference between capitalization and rate base. Second, capitalization is higher than rate base in this proceeding because of the difference between cash working capital calculations utilized for capitalization and rate base. Capitalization utilizes the overall balance sheet approach as discussed in the Rate Case and Audit Manual prepared by NARUC Staff Subcommittee of Accounting and Finance (Summer 2003) and referenced in my rebuttal testimony. Rate base utilizes a lead lag study to calculate cash working capital.

**KENTUCKY UTILITIES COMPANY
AND
LOUISVILLE GAS AND ELECTRIC COMPANY**

**Response to Commission Staff's First Rehearing Request for Information
Dated April 10, 2026**

Case Nos. 2025-00113 / 2025-00114

Question No. 3

Responding Witness: Christopher M. Garrett

- Q-3. Refer to LG&E/KU's Joint Petition for Reconsideration, page 14. Provide a breakdown of regulatory assets and regulatory liabilities and the corresponding cases in which they were approved, including the beginning and current balance and the monthly amortization amount of each regulatory asset. Provide this response separately for KU and LG&E, with separation further for LG&E's electric and gas operations. Provide this response in Excel spreadsheet format with all formulas, rows, and columns unprotected and fully accessible.
- A-3. See attachment being provided in a separate file.

**KENTUCKY UTILITIES COMPANY
AND
LOUISVILLE GAS AND ELECTRIC COMPANY**

**Response to Commission Staff's First Rehearing Request for Information
Dated April 10, 2026**

Case Nos. 2025-00113 / 2025-00114

Question No. 4

Responding Witness: Christopher M. Garrett

- Q-4. Refer to LG&E/KU's Joint Petition for Reconsideration, page 15. Refer also to LG&E/KU's supplemental response to Commission Staff's First Request for Information (Staff's First Request), Item 54, Schedule B-6. Explain whether LG&E/KU included accumulated deferred income taxes (ADIT) related to regulatory assets and liabilities in rate base. If so, provide the location in the record and amount of ADIT related to regulatory assets and liabilities included in rate base and the rationale for that inclusion when the underlying regulatory assets and liabilities were excluded.
- A-4. The Companies have included ADIT related to regulatory assets and liabilities in rate base as shown on the attachments to the responses to KU AG-KIUC 1-77(a), tab "Deferred Tax Detail" and LGE AG-KIUC 1-77, tabs "Deferred Tax Detail – Electric" and "Deferred Tax Detail – Gas". These schedules provide a detailed breakdown of all ADIT balances, including those related to regulatory assets and liabilities, reflected in the Companies revenue requirement schedules provided in the response to PSC 1-54. Additionally, see the attachment provided in a separate file for a reconciliation of ADIT amounts from AG-KIUC 1-77 to Footnote 32, Joint Petition for Reconsideration, page 15. Consistent with previous cases, the Companies made no adjustments to remove ADIT associated with regulatory assets and liabilities given its long-standing use of capitalization as its valuation methodology. This inclusion in previous cases resulted in no financial harm given the use of capitalization as the valuation methodology. The Companies believe no adjustment to ADIT for regulatory assets and liabilities should be made to rate base to the extent regulatory assets and liabilities are appropriately included in rate base.

**KENTUCKY UTILITIES COMPANY
AND
LOUISVILLE GAS AND ELECTRIC COMPANY**

**Response to Commission Staff's First Rehearing Request for Information
Dated April 10, 2026**

Case Nos. 2025-00113 / 2025-00114

Question No. 5

Responding Witness: Christopher M. Garrett

- Q-5. Refer to LG&E/KU's Joint Petition for Reconsideration, page 15. Provide the location in the record and amount of ADIT related to regulatory assets and regulatory liabilities included in rate base.
- A-5. See the response to Question No. 4.

**KENTUCKY UTILITIES COMPANY
AND
LOUISVILLE GAS AND ELECTRIC COMPANY**

**Response to Commission Staff's First Rehearing Request for Information
Dated April 10, 2026**

Case Nos. 2025-00113 / 2025-00114

Question No. 6

Responding Witness: Lonnie E. Bellar / Robert M. Conroy

- Q-6. Refer to LG&E/KU's Joint Petition for Reconsideration, page 18. Provide a breakdown of \$7.5 million for the Mill Creek 2 stay open costs incurred before the Commission's February 16, 2026, Order by FERC account and by expense type. In the response, include the actual amounts associated with operations and maintenance expenses and capital investment, as well as a description of the expense category. Provide this response in Excel spreadsheet format with all formulas, rows, and columns unprotected and fully accessible.
- A-6. See attachment being provided in a separate file. Please note that the Companies are not seeking Commission approval of the particular amount of the deferral here; rather, the Companies are asking the Commission to grant the Companies authority to defer such costs for later Adjustment Clause PGR recovery, which the Commission will be able to review in its Adjustment Clause PGR review proceedings.

**KENTUCKY UTILITIES COMPANY
AND
LOUISVILLE GAS AND ELECTRIC COMPANY**

**Response to Commission Staff's First Rehearing Request for Information
Dated April 10, 2026**

Case Nos. 2025-00113 / 2025-00114

Question No. 7

Responding Witness: Robert M. Conroy

- Q-7. Refer to LG&E/KU's Joint Petition for Reconsideration, page 17. State where LG&E/KU requested regulatory asset treatment for these costs in this case.
- A-7. See the Joint Supplemental Testimony of Robert M. Conroy and Christopher M. Garrett filed on October 31, 2025, at page 15, lines 12-15 and footnote 17.

**KENTUCKY UTILITIES COMPANY
AND
LOUISVILLE GAS AND ELECTRIC COMPANY**

**Response to Commission Staff's First Rehearing Request for Information
Dated April 10, 2026**

Case Nos. 2025-00113 / 2025-00114

Question No. 8

Responding Witness: Christopher M. Garrett

- Q-8. Provide LG&E's earned return on equity (ROE) for the period when the Mill Creek 2 stay open costs were incurred, with and without the stay open costs. Provide this response in Excel spreadsheet format with all formulas, rows, and columns unprotected and fully accessible.
- A-8. See attachment being provided in a separate file for the trailing twelve months February 2026 earned ROE with and without the Mill Creek 2 stay open costs. To the extent the Companies under-earn or over-earn their authorized ROEs should not determine whether cost recovery is permitted. In fact, this has not been the case for extraordinary expenses qualifying for regulatory asset treatment, e.g. storm costs. The key measure utilized for regulatory asset authorization historically has been whether the costs were previously recovered in rates which is certainly not the case for these expenses.

It is important to note that shareowners bear the risk for earnings performance and they should be compensated accordingly. Denying cost recovery simply because the Companies' earnings were above their authorized ROE would introduce an earnings test implying additional risk to the Companies for which additional compensation would be warranted.

**KENTUCKY UTILITIES COMPANY
AND
LOUISVILLE GAS AND ELECTRIC COMPANY**

**Response to Commission Staff's First Rehearing Request for Information
Dated April 10, 2026**

Case Nos. 2025-00113 / 2025-00114

Question No. 9

Responding Witness: Shannon L. Montgomery

- Q-9. Refer to LG&E/KU's Joint Petition for Reconsideration, page 21. Provide a breakdown of the \$761,526 paperless billing expense for KU and LG&E's electric and gas operations. In the response, include the amounts associated with the increase to LG&E/KU's paperless billing expense separately for KU and LG&E's electric and gas operations, as well as the account in which each expense falls. Provide the response in Excel spreadsheet format with all formulas, rows, and columns unprotected and fully accessible.
- A-9. See attachment being provided in a separate file.

**KENTUCKY UTILITIES COMPANY
AND
LOUISVILLE GAS AND ELECTRIC COMPANY**

**Response to Commission Staff's First Rehearing Request for Information
Dated April 10, 2026**

Case Nos. 2025-00113 / 2025-00114

Question No. 10

Responding Witness: Robert M. Conroy / Vincent Poplaski

- Q-10. Refer to the Joint Petition for Reconsideration, page 22, line 2, which states, “[t]he Companies explained that RSUs are an employee retention tool.”
- a. Explain the basis for including employee retention-related costs in the revenue requirement. Specifically, explain how LG&E/KU justifies recovery of these costs from ratepayers rather than absorbing them as part of normal business risk borne by shareholders.
 - b. Provide evidence of historically demonstrated, measurable benefits of this tool to ratepayers, and explain how those benefits outweigh or exceed those realized by other stakeholders.
 - c. State whether the Commission has previously approved similar proposals, and if so, provide relevant case references. Identify if the proposal was part of an accepted settlement of a case or a fully litigated case.
- A-10.
- a. As referenced in the filing requirements for Tab 60 Attachment 3, 2025 General Rate Case Total Remuneration Study (pages 8-9 of 35), our long-term compensation program (including RSUs paid thereunder) is comparable to and competitive with plan designs of other similarly sized utility industry peers. It helps to attract, engage and retain critically skilled employees needed to successfully run the business. Furthermore, as stated in Vincent Poplaski's rebuttal testimony (pages 3-8), long-term incentives are a labor market expectation. Without it, the Companies would not be able to adequately attract and retain the talent necessary for the Companies' success, which is aligned with the interest of our customers. Further, if the Companies cannot adequately retain their skilled talent, they would need to rely more on acquiring talent from the external labor market (often at a premium), which would not only increase labor costs but also recruiting and training costs.

- b. Company voluntary turnover rates for RSU-eligible positions are lower than industry average turnover rates of 6% to 8%, as reported by the Center for Energy Workforce Development (CEWD), indicating stronger retention in the RSU-eligible positions. As stated in Vincent Poplaski's testimony, the loss of productivity realized through high turnover of skilled talent would negatively impact the Company's ability to serve customers at expected service levels. This retention tool allows the Companies to avoid higher turnover, keeping costs and rates as low as reasonably possible by minimizing recruiting, training, and development costs related to onboarding new talent into the organization. This is a direct benefit to customers. Given this benefit, if these payments were made in cash, the Commission would have approved them for rate recovery. If that is the case, then it should make no difference that they are paid in shares of stock instead of cash.
- c. Yes, the Commission recently approved the payment of stock units as part of incentive compensation paid for the purpose of employee retention when it approved the settlement in Case No. 2024-00346 which was a recent rate case for Delta Natural Gas Company ("Delta"). Please see page 7 of Delta's May 9, 2025 Post-Hearing Brief in that matter describing the inclusion of RSUs as part of long-term incentive compensation expense included in the settlement in that case and citing to Delta rebuttal testimony in that case for support:

Second, the remaining 50% is for restricted stock units. The only prerequisite to the award of RSUs is tenure with the Company. RSUs thus directly promote retention and provide employees an investment interest in the business that promotes efforts to provide safe, adequate, and reliable utility service. Put simply, RSUs are a time-based measure, not a financial measure.¹

By Order dated July 1, 2025, the Commission approved the settlement without modification of the RSU issue in the Delta case.

¹ *Electronic Application of Delta Natural Gas Company, Inc. for an Adjustment of Rates*, Case No. 2024-00346, Delta's May 9, 2025 Post-Hearing Brief at 7 (citations to Delta Rebuttal Testimony omitted).

**KENTUCKY UTILITIES COMPANY
AND
LOUISVILLE GAS AND ELECTRIC COMPANY**

**Response to Commission Staff's First Rehearing Request for Information
Dated April 10, 2026**

Case Nos. 2025-00113 / 2025-00114

Question No. 11

Responding Witness: Christopher M. Garrett

- Q-11. Refer to LG&E/KU's Joint Petition for Reconsideration, page 23. Explain why LG&E/KU cannot request deferral as the implementation costs are incurred.
- A-11. The Companies are not sure whether they are permitted to seek deferral treatment for future IT costs (beyond December 31, 2026) given the language of the Commission's Order ("only for the amounts through December 31, 2026" as stated in the KU Order at 104). Despite that language, if this question is indicating that the Commission will approve deferral accounting for future costs, the Companies would like to understand how best to proceed with future deferral accounting requests as they will need to be made in 2027 and subsequent years. This would seem to be inefficient, but the language of the Commission's Order seems to dictate that result which is why the Companies raised it in their Petition for Reconsideration.

**KENTUCKY UTILITIES COMPANY
AND
LOUISVILLE GAS AND ELECTRIC COMPANY**

**Response to Commission Staff's First Rehearing Request for Information
Dated April 10, 2026**

Case Nos. 2025-00113 / 2025-00114

Question No. 12

Responding Witness: Robert M. Conroy / Andrea M. Fackler

- Q-12. Refer to LG&E/KU's Joint Petition for Reconsideration, page 27. Refer also to the Stipulation and Recommendation, pages 7 and 10.
- a. Provide the calculation for how LG&E/KU arrived at its "Filed revenue requirement increase as adjusted" in the Stipulation and Recommendation for both electric and gas operations. Provide the calculation in Excel spreadsheet format with all formulas, columns, and rows unlocked and fully accessible.
- A-12. See attachment being provided in a separate file that summarizes how LG&E/KU arrived at its "Filed revenue requirement increase as adjusted" contained in the Stipulation and Recommendation. The data contained in the attachment was obtained from the various spreadsheets provided in the responses and supplemental responses to PSC 1-54 as identified in the notes.

**KENTUCKY UTILITIES COMPANY
AND
LOUISVILLE GAS AND ELECTRIC COMPANY**

**Response to Commission Staff's First Rehearing Request for Information
Dated April 10, 2026**

Case Nos. 2025-00113 / 2025-00114

Question No. 13

Responding Witness: Robert M. Conroy / Andrea M. Fackler

- Q-13. Refer to LG&E/KU's Joint Petition for Reconsideration, page 26 at paragraph XIII.
- a. For KU's electric operations and LG&E's gas and electric operations, provide updated calculations of miscellaneous revenues shown in Schedule M that account of the Commission's approved rates and charges in its March 27, 2026 Order in Excel spreadsheet format with all formulas, columns, and rows unlocked and fully accessible.
 - b. Explain in detail how the miscellaneous revenues contained in Schedule M are calculated.
 - c. Prove the rationale for any changes to the miscellaneous revenues shown in Schedule M.
- A-13.
- a. See Attachments 1 through 8 provided in separate files. Certain information requested in Attachment 1 for KU is confidential and proprietary and is being provided under seal pursuant to a petition for confidential protection. Included are 1) three updated Schedule M files conforming to the March 27, 2026 ordered rates (including miscellaneous revenues) and 2) five Special Charges derivation files conforming to the March 27, 2026 ordered rates.
 - b. See the "Misc Revenue" tab of Attachments 1 through 3, the "Summary" tab of Attachment 4, the "Data" tab of Attachment 5, and the "Excess Facility" tab of Attachments 6 through 8 provided in response to part (a). The Companies adjusted the forecasted miscellaneous revenues for test year 2026 to account for the changes from current to ordered rates for each special charge. The updated miscellaneous revenues were then carried to Schedule

M-2.1, column (4) as part of the total revenue based on the March 27, 2026 Order.²

- c. As noted in the response to part (b), the miscellaneous revenues should be updated to reflect changes in the special charge rates that derive the revenue. See Attachments 4 through 8 provided in response to part (a) for the Companies' calculations of the special charge rates and the comparison of the current rates to the ordered rates conforming to the March 27, 2026 Order.

² In addition to updating the amount of miscellaneous revenues based on changes to the special charge rates, to determine the appropriate amount of the revenue increase to allocate to each rate class for purposes of designing base rates, the miscellaneous revenues should first be subtracted from the approved revenue increase.

**KENTUCKY UTILITIES COMPANY
AND
LOUISVILLE GAS AND ELECTRIC COMPANY**

**Response to Commission Staff's First Rehearing Request for Information
Dated April 10, 2026**

Case Nos. 2025-00113 / 2025-00114

Question No. 14

Responding Witness: Robert M. Conroy / Christopher M. Garrett

Q-14. Refer to LG&E/KU's Joint Petition for Reconsideration, page 26 at paragraph XIII. Also refer to the Stipulation Testimony Exhibit 3 – KU Revised Depreciation Rates.xlsx, Summary Tab at Adjustment 1B.

- a. Confirm that KU is requesting a total revenue requirement reduction of approximately \$2.082 million for the removal of terminal net salvage associated with E.W. Brown Unit 3 as reflected in Stipulation Testimony Exhibit 3. If not, explain why not.
- b. Explain why the adjustment to remove terminal net salvage from E.W. Brown Unit 3 was separated from the adjustment to remove terminal net salvage from KU's thermal generating units.

A-14.

- a. As stated at page 26 of the Companies' Petition, it appears that the Commission may not have removed terminal net salvage amounts for KU's Brown Unit 3. Because removal of those amounts was a part of the Stipulation and because the Stipulating Parties believe the Stipulation should have been approved as filed without modification, the Companies wanted to bring this issue to the Commission's attention. So, yes, the Companies believe those amounts should be removed. However, the \$2.082 million should be adjusted to \$2.089 million to reflect the Ordered weighted average cost of capital of 9.15% as opposed to the As Filed weighted average cost of capital of 10.06%.
- b. The adjustments to remove terminal net salvage for E.W. Brown Unit 3 (as well as Mill Creek Unit 2) were not included in AG-KIUC Lane Kollen's revenue requirement adjustment to remove terminal net salvage for thermal units. The Parties to the Stipulation agreed to include these additional amounts as part of the Stipulation after the Companies made the Parties aware of the omission from Mr. Kollen's direct testimony.

**KENTUCKY UTILITIES COMPANY
AND
LOUISVILLE GAS AND ELECTRIC COMPANY**

**Response to Commission Staff’s First Rehearing Request for Information
Dated April 10, 2026**

Case Nos. 2025-00113 / 2025-00114

Question No. 15

Responding Witness: Robert M. Conroy / Christopher M. Garrett

Q-15. Refer to LG&E/KU’s Petition for Reconsideration, page 9-11. Provide the estimated bill impact for KU and LG&E customers in both dollar amount and percentages per class resulting from the Sharing Mechanism Adjustment Clause.

A-15. The Sharing Mechanism is expected to provide significant financial benefits to customers based on the analysis performed to determine the estimated bill impacts. As shown in the table below, the analysis indicates that customers will save approximately \$35 million as a result of the 9.40% ROE deadband protection included as part of the Sharing Mechanism.³ This customer benefit and protection was a key reason why the Parties agreed to include the Sharing Mechanism in the Stipulation in conjunction with the stay out provision.

	<u>KU</u>	<u>LG&E</u>
13 Month Revenue Requirement on Incremental Base Capital at 9.775% ROE per JI 5.4	\$ 119.4	\$ 85.4
13 Month Sharing Mechanism Revenue Requirement at 9.40% ROE	100.2	69.6
Value of Sharing Mechanism	\$ 19.2	\$ 15.8

See attachment being provided in a separate file for the estimated bill impacts. For KU and LG&E electric, the estimated revenue requirement was allocated to Group 1 and Group 2 customers using the revenue forecast filed in this case for calendar year 2026 updated with the Commission’s Ordered rates⁴ (with July being included twice to account for the Adjustment Period for the SM Adjustment Clause being July 2027 through July 2028) and converted to a monthly amount to be collected (since the total SM Revenue Adjustment would be billed to customers over 13 months). For LG&E gas, the estimated revenue requirement was simply converted to a monthly amount to be collected. Next, the monthly revenue requirements were divided by the average monthly revenues (Group 1

³ The Companies utilized the calculation provided in response to Joint Intervenors Re-Hearing Data Request 5.4 to determine the estimated revenue requirement to be collected through the Sharing Mechanism. The Companies updated the calculation to use a 9.40% ROE as opposed to the 9.775% ROE utilized in JI RH 5.4. The Companies note that this analysis is an estimate based on forecasted capital spend projections as disclosed in the response to JI RH 5.4.

⁴ Pursuant to the Commission’s March 26, 2026 Orders.

uses total revenue and Group 2 uses total non-fuel revenue) using the updated revenue forecast to determine the SM billing factors. Finally, to determine the bill impacts by rate class, the estimated revenue requirements were allocated to each rate class (Group 1 uses total revenue and Group 2 uses total non-fuel revenue) using the updated revenue forecast and divided by the number of customers for each rate class from the Schedule Ms filed in the case. The bill impacts were then added to the average monthly bills resulting from the Commission's Ordered rates to determine the percentage increase by rate class.

**KENTUCKY UTILITIES COMPANY
AND
LOUISVILLE GAS AND ELECTRIC COMPANY**

**Response to Commission Staff's First Rehearing Request for Information
Dated April 10, 2026**

Case Nos. 2025-00113 / 2025-00114

Question No. 16

Responding Witness: Christopher M. Garrett

- Q-16. Refer to LG&E/KU's Petition for Reconsideration at page 15, footnote 32. Provide the calculations and breakdown of the \$11.0 million to reflect the inclusion of regulatory assets and regulatory liabilities in rate base and the \$2.7 million ADIT mismatch in Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected.
- A-16. See attachment being provided in a separate file.

**KENTUCKY UTILITIES COMPANY
AND
LOUISVILLE GAS AND ELECTRIC COMPANY**

**Response to Commission Staff’s First Rehearing Request for Information
Dated April 10, 2026**

Case Nos. 2025-00113 / 2025-00114

Question No. 17

Responding Witness: Christopher M. Garrett

- Q-17. Refer to LG&E/KU’s Petition for Reconsideration, page 13. Explain why LG&E/KU interprets the move to a rate base valuation to be equivalent to the disallowance of \$244 million of invested capital. Indicate which investments LG&E/KU thinks the Commission is disallowing and reference where in the Final Order the Commission orders the disallowance of specific investments.
- A-17. Because rate base as adjusted by the Commission is \$244 million lower than the Companies’ proposed Capitalization (*Debt and Equity Invested Capital*), the Companies are being denied \$244 million of invested capital. The investments the Commission is disallowing include regulatory assets and liabilities and cash working capital.

A reconciliation of the \$244 million difference was provided on Page 13, Footnote 30, of the Companies Petition for Rehearing. The reconciliation includes two components, \$131 million for the difference between rate base and capitalization and \$113 million due to the cash working capital adjustment to exclude non-cash expenses. The Companies have explained in the response to Question No. 2 that the primary difference between rate base and capitalization is the exclusion of regulatory assets and liabilities (which represents net invested capital for the provision of utility service) and the difference in cash working capital calculations. The Companies have provided the support for the regulatory assets and liabilities in the response to Question No. 3. The difference in cash working capital in this proceeding is largely the result of the exclusion of non-cash expenses from the lead lag study. This exclusion results in the Companies having \$54 million⁵ in *negative* cash working capital from the lead lag study. The Companies lead lag study resulted in \$59 million of *positive* cash working capital. Thus, \$113 million of cash working capital is being denied by the Commission in this proceeding as a direct result of the exclusion of non-cash expenses from

5

		KU	LGEE	LGEG	Total
CWC Lead Lag As Filed	Garrett Rebuttal: Exhibit CMG-1	38,306,064	19,222,999	1,730,195	59,259,258
AG-KIUC Non-Cash CWC Adjustments	Final Order at 95, 99, and 73, respectively	63,242,014	41,315,986	8,653,228	113,211,228
CWC Lead Lag Per Final Order ⁽¹⁾		(24,935,950)	(22,092,987)	(6,923,033)	(53,951,970)
(1) Ties to Kollen Revenue Requirement Workpapers Adjustment #2 Electric CWC and Adjustment #1 Gas CWC					

the lead lag study. This demonstrates the arbitrary nature of the exclusion and how it is not supported by the Companies' balance sheets used to determine capitalization. And lastly, this is why Ms. Fackler's rebuttal testimony concerning the inclusion of non-cash expenses in the lead lag study is important for the Commission to understand to arrive at a more balanced decision.

**KENTUCKY UTILITIES COMPANY
AND
LOUISVILLE GAS AND ELECTRIC COMPANY**

**Response to Commission Staff's First Rehearing Request for Information
Dated April 10, 2026**

Case Nos. 2025-00113 / 2025-00114

Question No. 18

Responding Witness: Lonnie E. Bellar / Robert M. Conroy

- Q-18. Refer to LG&E/KU's Joint Petition for Reconsideration, page 18. Provide the amount of MC2 stay open costs that LG&E/KU believes are a one-time expense and the amount that LG&E/KU expects to be recurring expenses, as well as supporting rationale for that determination. For the portion of MC2 stay open costs that are considered a one-time expense, explain how LG&E/KU proposes that the Commission should grant recovery to ensure revenues associated with those expenses are not embedded into base rates on an ongoing basis.
- A-18. One-time expenses include specifically defined outage costs, which were \$2,891,025 in the August 2025 to February 2026 timeframe. All other costs are considered recurring and are operations and maintenance related. The original amount included for budgeting purposes and in the case was based on an extremely minimal level of maintenance and repair given how quickly the unit was expected to retire. The incremental one-time and recurring maintenance shown in actual expenses incurred reflects a commitment of required maintenance to keep the unit running reliably until 2031.

The actual expenses incurred are compared to the amount included in base rates to avoid double recovery.

Regarding one-time costs LG&E has already incurred and not recovered, the Commission should grant LG&E authority to establish a regulatory asset for such costs. LG&E would include that regulatory asset in PGR rate base and amortize it over a Commission-prescribed amortization period (presumably one year or less). This approach would prevent such costs from ever being included in base rates. Moreover, because the PGR mechanism adjusts monthly, this approach would also ensure no over-recovery of such costs. Also, the Commission will be able to review the amount of such a regulatory asset and LG&E's recovery thereof (and all other PGR recovery) in its Adjustment Clause PGR review proceedings.

**KENTUCKY UTILITIES COMPANY
AND
LOUISVILLE GAS AND ELECTRIC COMPANY**

**Response to Commission Staff's First Rehearing Request for Information
Dated April 10, 2026**

Case Nos. 2025-00113 / 2025-00114

Question No. 19

Responding Witness: Shannon L. Montgomery

Q-19. Refer to LG&E/KU's Joint Petition for Reconsideration, page 21, LG&E/KU's response to Commission Staff's Fifth Request for Information, Item 3, and LG&E/KU's response to the Attorney General/KUIC's First Request for Information, Question 48(a).

- a. Explain why LG&E/KU assume that 41 percent of new customers would not opt-out when defaulted to paperless billing when it assumed in its direct case that 75 percent of existing customers defaulted to paperless billing would not opt out.
- b. Provide an updated version of the Attachment to Staff DR5-3, assuming 75 percent of new customers do not opt out of paperless billing, and the needed revenue requirement increase to the Commission's final authorized revenue requirement based on that assumption for KU Electric, LG&E Electric, and LG&E Gas.

A-19.

- a. Only customers with an email on file would have been targeted for auto-enrollment in paperless billing. The 75 percent applied to existing customers was a subset of total customers who have elected to have an email on file with the Companies. An email is required to participate in paperless billing.

The Companies' response to PSC DR 5-3 using 41 percent was based solely on factual, historical data of paperless billing enrollment of new/move customers. The projection assumes roughly 55 percent of new customers will provide an email address. Of those, 75 percent are assumed to agree to enroll in paperless billing.

- b. See attachment being provided in a separate file.