COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

APPLICATION

Applicant, Louisville Gas and Electric Company ("LG&E"), pursuant to KRS Chapter 278 and the applicable sections of 807 KAR Chapter 5, hereby applies to the Kentucky Public Service Commission ("Commission") for authority to adjust its electric and gas rates and for approval of certain regulatory and accounting treatments as set forth below. LG&E's Notice of Intent to File a Rate Application, required by 807 KAR 5:001, Section 16(2), stated that the Application would be supported by a fully forecasted test period, was filed with the Commission on April 4, 2025, was provided to the Attorney General of Kentucky, Office of Rate Intervention, and is attached hereto at Tab 7 of the Filing Requirements.

In support of its Application, LG&E states as follows:

1. The full name and business address of LG&E are: Louisville Gas and Electric Company, 820 W. Broadway, Louisville, Kentucky 40202. LG&E's mailing address is: Louisville Gas and Electric Company, 2701 Eastpoint Parkway, Louisville, KY 40223. LG&E may be reached by electronic mail at the electronic mail addresses of its counsel set forth below.

2. LG&E is a utility engaged in the electric and gas business. LG&E generates and purchases electricity, and distributes and sells electricity at retail in Jefferson County and

portions of Bullitt, Hardin, Henry, Meade, Oldham, Shelby, Spencer, and Trimble Counties. LG&E also purchases, stores, and transports natural gas and distributes and sells natural gas at retail in Jefferson County and portions of Barren, Bullitt, Green, Hardin, Hart, Henry, Larue, Marion, Meade, Metcalfe, Nelson, Oldham, Shelby, Spencer, Trimble, and Washington Counties.

3. LG&E was incorporated in Kentucky on July 2, 1913, and is currently in good standing in Kentucky. A copy of LG&E's good standing certificate from the Kentucky Secretary of State is attached at Tab 1 of the Filing Requirements.

4. This Application constitutes notice to the Commission pursuant to KRS 278.180(1) of the changes proposed to be made to LG&E's electric and gas rates. LG&E's Statutory Notice is attached to this Application. LG&E is filing its Certificate of Notice to the public of the changes in its tariffs that result in increased rates, which Certificate is attached hereto at Tab 6 of the Filing Requirements.

5. Pursuant to 807 KAR 5:001 Section 8, on April 4, 2025, LG&E filed with the Commission notice of its intent to use electronic filing procedures in this proceeding. Copies of all orders, pleadings, and other communications related to this proceeding should be directed to:

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Adjustment of Electric Rates

6. In accordance with the provisions of KRS 278.180 and 278.190, LG&E requests Commission approval of a change in existing rates, terms, conditions, and tariffs for electric service. LG&E proposes to change its existing electric rates and tariffs to those rates and charges set forth in the proposed tariffs attached hereto at Tab 4 of the Filing Requirements. A comparison of the present and proposed rates and charges is attached hereto at Tab 5 of the Filing Requirements. The proposed revisions to the Company's existing special contracts are summarized at Tab 4 of the Filing Requirements. The proposed adjustments in electric rates will result in an increase in revenues of approximately $104.9 million, or 8.3 percent, per year for the forecasted test period compared to the operating revenues for the forecasted test period under existing electric rates.

7. The monthly residential electric bill increase due to the proposed electric base rates will be 10.1 percent, or approximately \$11.04, for a customer using 866 kWh of electricity (the average monthly consumption of an LG&E residential customer).

Adjustment of Gas Rates

8. LG&E also requests Commission approval of a change in existing rates, terms, conditions, and tariffs for gas service. LG&E proposes to change its existing gas rates and tariffs to those rates and charges set forth in the proposed tariffs attached hereto at Tab 4 of the Filing Requirements. A comparison of the present and proposed rates and charges is attached hereto at Tab 5 of the Filing Requirements. The proposed adjustments in gas rates will result in an increase in revenues of approximately \$59.5 million, or 14.0 percent, per year for the forecasted test period compared to the operating revenues for the forecasted test period under existing gas rates.

9. The monthly residential gas bill increase due to the proposed gas rates will be 14.9 percent, or approximately \$11.12, for a customer using 52 Ccf of gas (the average monthly consumption of an LG&E residential gas customer).

Support for Change in Existing Rates and Tariffs

10. In accordance with 807 KAR 5:001 Section 16(1)(b)(1), LG&E states that the requested change in existing rates, terms, conditions, and tariffs is required to enable LG&E to continue providing safe and reliable service to its customers, and to afford LG&E a reasonable opportunity to earn a fair return on its investment property used to provide that service while attracting necessary capital at reasonable rates. LG&E's current rates and tariffs are inadequate for those purposes. Therefore, as explained in more detail in the verified testimony and exhibits identified below, the requested change in existing rates is required.

11. LG&E supports its request for a change in its existing rates and tariffs for electric and gas service with the verified testimony and exhibits of the following persons:

- John R. Crockett III, President – LG&E and KU Energy LLC and Senior Vice President and Chief Development Officer, PPL Services Corporation
- Lonnie E. Bellar, Executive Vice President – Engineering, Construction and Generation, PPL Services Corporation
- Vincent Poplaski, Vice President – Total Rewards, PPL Services Corporation
- Julissa Burgos – Assistant Treasurer, PPL Services Corporation
- Dylan W. D'Ascendis, Partner, ScottMadden, Inc.
- Christopher M. Garrett, Vice President – Financial Strategy and Chief Risk Officer, PPL Services Corporation
- Daniel Johnson, Senior Vice President and Chief Information Officer, PPL Services Corporation
- Robert M. Conroy, Vice President – State Regulation and Rates, LG&E and KU Services Company
- Andrea M. Fackler, Manager – Revenue Requirement/Cost of Service, LG&E and KU Services Company
- Michael E. Hornung, Manager – Pricing/Tariffs, LG&E and KU Services Company
- Tim S. Lyons, Partner, ScottMadden, Inc.

12. LG&E further supports its request for a change in its existing rates and tariffs for electric and gas service with the following exhibits complying with the requirements of 807 KAR 5:001, Sections 14, 16, and 17:

Tab	Filing Requirement	Description
1	807 KAR 5:001 Section 14(1)	Name, Address, Facts
1	807 KAR 5:001 Section 14(2)	Corp. - Good Standing
1	807 KAR 5:001 Section 14(3)	LLC - Organized, Good Standing
1	807 KAR 5:001 Section 14(4)	LP - Agreement
2	807 KAR 5:001 Section 16(1)(b)1	Reason for Rate Adjustment
3	807 KAR 5:001 Section 16(1)(b)2	Certificate of Assumed Name

Tab	Filing Requirement	Description
4	807 KAR 5:001 Section 16(1)(b)3	Proposed Tariff
5	807 KAR 5:001 Section 16(1)(b)4	Proposed Tariff Changes
6	807 KAR 5:001 Section 16(1)(b)5	Statement about Customer Notice
7	807 KAR 5:001 Section 16(2)	Notice of Intent
8	807 KAR 5:001 Section 16(6)(a)	Financial Data
9	807 KAR 5:001 Section 16(6)(b)	Forecasted Adjustments
10	807 KAR 5:001 Section 16(6)(c)	Capital, Net Investment Rate Base
11	807 KAR 5:001 Section 16(6)(d)	No Revisions to Forecast
12	807 KAR 5:001 Section 16(6)(e)	Alternative Forecast
13	807 KAR 5:001 Section 16(6)(f)	Reconciliation of Rate Base and Capital
14	807 KAR 5:001 Section 16(7)(a)	Testimony
15	807 KAR 5:001 Section 16(7)(b)	Capital Construction Budget
16	807 KAR 5:001 Section 16(7)(c)	Factors Used in Preparing Forecast
17	807 KAR 5:001 Section 16(7)(d)	Annual and Monthly Budget
18	807 KAR 5:001 Section 16(7)(e)	Statement of Attestation
19	807 KAR 5:001 Section 16(7)(f)	Major Construction Projects
20	807 KAR 5:001 Section 16(7)(g)	Other Construction Projects
21	807 KAR 5:001 Section 16(7)(h)	Financial Forecasts
22	807 KAR 5:001 Section 16(7)(h)(1)	Operating Income Statement
23	807 KAR 5:001 Section 16(7)(h)(2)	Balance Sheet
24	807 KAR 5:001 Section 16(7)(h)(3)	Statement of Cash Flows
25	807 KAR 5:001 Section 16(7)(h)(4)	Revenue Requirement
26	807 KAR 5:001 Section 16(7)(h)(5)	Load Forecast
27	807 KAR 5:001 Section 16(7)(h)(6)	Access Line Forecast (Telephone)
28	807 KAR 5:001 Section 16(7)(h)(7)	Mix of Generation (Electric)
29	807 KAR 5:001 Section 16(7)(h)(8)	Mix of Gas Supply (Gas)
30	807 KAR 5:001 Section 16(7)(h)(9)	Employee Level
31	807 KAR 5:001 Section 16(7)(h)(10)	Labor Cost Changes
32	807 KAR 5:001 Section 16(7)(h)(11)	Capital Structure Requirements
33	807 KAR 5:001 Section 16(7)(h)(12)	Rate Base
34	807 KAR 5:001 Section 16(7)(h)(13)	Gallons of Water Projected (Water)
35	807 KAR 5:001 Section 16(7)(h)(14)	Customer Forecast (Gas, Water)
36	807 KAR 5:001 Section 16(7)(h)(15)	Sales Volume Forecasts (Gas)
37	807 KAR 5:001 Section 16(7)(h)(16)	Toll and Access Forecast (Telephone)
38	807 KAR 5:001 Section 16(7)(h)(17)	Detailed Explanation of Other Info
39	807 KAR 5:001 Section 16(7)(i)	FERC Audit Reports
40	807 KAR 5:001 Section 16(7)(j)	Stock or Bond Prospectuses
41	807 KAR 5:001 Section 16(7)(k)	FERC Form 1, 2
42	807 KAR 5:001 Section 16(7)(l)	Annual Reports to Shareholders
43	807 KAR 5:001 Section 16(7)(m)	Current Chart of Accounts
44	807 KAR 5:001 Section 16(7)(n)	Monthly Managerial Reports
45	807 KAR 5:001 Section 16(7)(o)	Monthly Budget Variance Reports
46	807 KAR 5:001 Section 16(7)(p)	SEC Reports (10-Ks, 8-Ks, 10-Qs)
47	807 KAR 5:001 Section 16(7)(q)	Independent Auditor's Annual Opinion
48	807 KAR 5:001 Section 16(7)(r)	Quarterly Reports to Stockholders

Tab	Filing Requirement	Description
49	807 KAR 5:001 Section 16(7)(s)	Summary of Latest Depreciation Study
50	807 KAR 5:001 Section 16(7)(t)	Computer, Software, Hardware, etc.
51	807 KAR 5:001 Section 16(7)(u)	Affiliate, et. al., Allocations/Charges
52	807 KAR 5:001 Section 16(7)(v)	Cost-of-Service Study
53	807 KAR 5:001 Section 16(7)(w)	Incumbent Local Exchange Carriers
54	807 KAR 5:001 Section 16(8)(a)	Financial Summaries
55	807 KAR 5:001 Section 16(8)(b)	Rate Base Summaries
56	807 KAR 5:001 Section 16(8)(c)	Operating Income Summaries
57	807 KAR 5:001 Section 16(8)(d)	Summary of Income Adjustments
58	807 KAR 5:001 Section 16(8)(e)	Federal & State Income Tax Summaries
59	807 KAR 5:001 Section 16(8)(f)	Summary of Membership Dues, etc.
60	807 KAR 5:001 Section 16(8)(g)	Analyses of Payroll Costs
61	807 KAR 5:001 Section 16(8)(h)	Gross Revenue Conversion Factor
62	807 KAR 5:001 Section 16(8)(i)	Comparative Income Statements, etc.
63	807 KAR 5:001 Section 16(8)(j)	Cost of Capital Summary
64	807 KAR 5:001 Section 16(8)(k)	Financial Data and Earnings Measures
65	807 KAR 5:001 Section 16(8)(l)	Narrative Description of Tariff Changes
66	807 KAR 5:001Section 16(8)(m)	Revenue Summary
67	807 KAR 5:001 Section 16(8)(n)	Typical Bill Comparison
68	807 KAR 5:001 Section 17(1)	Sample Notices Posted
68	807 KAR 5:001 Section 17(2)	Method of Customer Notice
68	807 KAR 5:001 Section 17(3)	Proof of Customer Notice
68	807 KAR 5:001 Section 17(4)	Customer Notice Information

13. As authorized by KRS 278.192(1), the Application for a general adjustment of electric and gas rates is supported by a twelve-month fully forecasted test period in accordance with 807 KAR 5:001, Section 16(1)(a)2 with the forecasted test period ending December 31, 2026. The Application is supported by a base period consisting of the twelve (12) months ending August 31, 2025. As authorized by KRS 278.192(2), this base period begins not more than nine (9) months prior to the date of the filing of this Application, and is a period consisting of not less than six (6) months of historical data and not more than six (6) months of estimated data. Within forty-five (45) days after the last day of the base period, LG&E will file the actual results for the estimated months of the base period as required by KRS 278.192(2)(b).

14. In support of its Application for a general adjustment of electric and gas rates supported by a fully forecasted test period, LG&E has presented its financial data for the

forecasted period in the form of pro forma adjustments to the base period, has limited the forecasted adjustments to the forecasted period, and has based capitalization and net investment rate base on a thirteen-month average for the forecasted period, all as shown in Tabs 8, 9, and 10.

15. The testimony and exhibits to the application demonstrate the rates, terms, conditions, and tariffs proposed for electric service are fair, just, and reasonable under KRS 278.030.

Reasons for Increase in Revenue Requirements

16. Based upon LG&E's current and projected operations, LG&E's existing rates for electric service produce revenues in the forecasted test period that are approximately $105.0 million less than those necessary to meet LG&E's reasonable operating expenses and provide a reasonable rate of return for its electric operations. Similarly, LG&E's existing rates for gas service produce in the forecasted test period approximately $59.5 million less than necessary to meet LG&E's reasonable operating expenses and provide a reasonable rate of return for its gas operations. These revenue deficiencies exist despite aggressive efforts to increase operational efficiencies and reduce costs. It is driven by necessary investments to provide safe and reliable service to LG&E customers. LG&E has experienced a $597 million increase in Kentucky base rate adjusted capitalization in this proceeding relative to that used to set base rates in its last base rate case proceeding.[1] This increase in capitalization translates into a $50 million increase in base revenue requirement (Electric $22 million; Gas $28 million).

[1] *Electronic Application of Louisville Gas and Electric Company for an Adjustment of Its Electric and Gas Rates, a Certificate of Public Convenience and Necessity to Deploy Advanced Metering Infrastructure, Approval of Certain Regulatory and Accounting Treatments, and Establishment of a One-Year Surcredit*, Case No. 2020-00350.

17. The increase in capitalization results primarily from the following areas of investment vital to the Companies' ongoing and enhanced ability to provide safe and reliable service:

a. the Distribution System Hardening and Resiliency Program ("DSHARP") Peter Waldrab describes. As he notes, the Companies have achieved very significant improvements in reliability as measured by the System Average Interruption Duration Index ("SAIDI"), excluding major event days, over the past 14 years. But at the same time, there has been a pronounced increase in the frequency and duration of outages associated with major events since 2020, which is one of the major drivers of the need for DSHARP to help ensure continued service reliability and resiliency.

b. As described in the testimony of Elizabeth J. McFarland, the Companies have invested or are planning to invest over $1 billion in their transmission system to proactively replace system components, connect new customers, expand the system, and ensure reliability. This includes investments in the Transmission System Hardening and Resiliency Program ("TSHARP") Ms. McFarland describes. Like DSHARP, TSHARP seeks to reduce the effects of low frequency but high impact events due to extreme weather and aging infrastructure.

c. As described in the testimony of Lonnie E. Bellar, the Companies have invested or are planning to invest over $700 million in non-mechanism generation capital to ensure the Companies' coal and gas generation fleet remains well maintained, in good repair, and reliable.

d. Including the Information Technology ("IT") projects described in the testimony of Daniel Johnson, the Companies have invested or are planning to invest about

$500 million in IT and other projects. As Mr. Johnson testifies, the IT investments are necessary to secure critical infrastructure against increasing cybersecurity threats, stabilize IT infrastructure, streamline customer service and billing processes, ensure cost-efficiency across all systems, and better evaluate and leverage new technologies in the future.

e. As described in the testimony of Tom C. Rieth, LG&E has invested or plans to invest almost $400 million to connect new customers and enhance, maintain, and repair its gas system. As Mr. Rieth explains, this includes investments for Bullitt County system reinforcement and public works projects to relocate infrastructure in the right-of-way of state and local governments.

f. The Companies have invested or plan to invest approximately $350 million in advanced metering infrastructure ("AMI"), which, as discussed in the testimony of Shannon L. Montgomery, has allowed the Companies to reduce their contractor workforce for meter reading and field services by 71 percent and 51 percent, respectively.

18. In addition to these major drivers, the weighted average cost of capital proposed in this proceeding relative to that awarded in LG&E's last base rate proceeding increases the revenue requirement by $80 million (Electric $58 million; Gas $22 million). Also, the larger Plant in Service balances resulting from investment, coupled with higher depreciation rates, increases annual depreciation expense, or the recovery of investment, by $50 million (Electric $31 million; Gas $19 million). Finally, LG&E filed its last base rate case in 2020. In the almost five years since then, the United States has experienced high levels of inflation, which has increased costs for all enterprises, yet the request in this case is less than those inflation levels.

Deferral Accounting - Storm Regulatory Assets

19. In four separate proceedings[2] conducted since LG&E's last rate case proceeding,[3] the Commission authorized LG&E to establish regulatory assets for extraordinary operating and maintenance expenses related to storm damage restoration activities caused by severe weather. In each case, the Commission ordered that the amount of the regulatory asset to be amortized and included in rates should be determined in LG&E's next base rate case. The total balance of these regulatory assets is currently $16,419,658. LG&E proposes that these costs be amortized over a five-year period beginning when new rates take effect from this proceeding.

Deferral Accounting – Implementation Costs for Information Technology Upgrades

20. LG&E will undergo extensive IT upgrades which involve the implementation of new technologies, equipment, and software. Generally Accepted Accounting Principles ("GAAP") and Federal Energy Regulatory Commission ("FERC") accounting guidance require certain software implementation costs to be expensed as operations and maintenance cost. Amounts deferred through December 31, 2026 and included in this proceeding as a regulatory asset are approximately $10.6 million for LG&E. LG&E proposes to establish a regulatory asset to be amortized over the depreciable lives of the underlying software

[2] *Electronic Joint Application of Kentucky Utilities Company and Louisville Gas and Electric Company for An Order Approving the Establishment of Regulatory Assets*, Case No. 2023-00093 (Ky. PSC Apr. 5, 2023) (2023 Wind Storm); *Electronic Joint Application of Kentucky Utilities Company and Louisville Gas and Electric Company for An Order Approving the Establishment of Regulatory Assets*, Case No. 2024-00181 (Ky. PSC Nov. 21, 2024) (2024 May Storm); *Electronic Joint Application of Kentucky Utilities Company and Louisville Gas and Electric Company for An Order Approving the Establishment of Regulatory Assets*, Case No. 2024-00329 (Ky. PSC Dec. 4, 2024) (2024 Hurricane Helene); *Electronic Joint Application of Kentucky Utilities Company and Louisville Gas and Electric Company for An Order Approving the Establishment of Regulatory Assets*, Case No. 2025-00025 (Ky. PSC Mar. 19, 2025) (2025 Winter Storm Blair).

[3] *Electronic Application of Louisville Gas and Electric Company for an Adjustment of Its Electric and Gas Rates, a Certificate of Public Convenience and Necessity to Deploy Advanced Metering Infrastructure, Approval of Certain Regulatory and Accounting Treatments, and Establishment of a One-Year Surcredit*, Case No. 2020-00350 (Ky. PSC June 30, 2020).

beginning with the associated in-service dates. As these costs are an extraordinary and nonrecurring expense that over time will result in savings, and as similar implementation costs for non-IT related property, plant and equipment expenditures are eligible for capitalization under FERC accounting guidance, LG&E believes regulatory asset treatment is appropriate to provide a better matching of the expenses with the benefits obtained over the useful lives of the IT assets.

AMI Regulatory Asset and Liability

21. Pursuant to the Stipulation and Recommendation approved in Case No. 2020-00350,[4] LG&E has recorded a regulatory asset during the Advanced Metering Infrastructure ("AMI") Project implementation period comprising of three components: (1) operating expenses associated with the project implementation; (2) the remaining net book value of electric meters replaced and retired as part of this project less any excess depreciation recovered in base revenues after the electric meters are replaced and retired; and (3) the difference between AFUDC accrued at the Companies' weighted average cost of capital and that calculated using the methodology approved by the FERC. As of this date, LG&E's AMI regulatory asset is $29.6 million.

22. In accordance with the same Stipulation and Recommendation, LG&E has recorded a regulatory liability to the extent its actual meter reading and field service expenses are less than the forecast test period level embedded into base rates. It has included in this regulatory liability, the cost of capital effect during the implementation period for the reduction in net book value and increase in accumulated deferred income taxes for meters replaced and

[4] Stipulation Testimony Exhibit KWB-2 ("Stipulation and Recommendation") § 5.2(C) (filed Apr. 19, 2020 in Case No. 2020-00350); Case No. 2020-00350, Order of June 30, 2020 at 15-21, 69.

retired during the AMI implementation. As of this date, LG&E's regulatory liability is $9.8 million.

23. LG&E requests the regulatory assets associated with the AMI project be amortized over a period of fifteen years consistent with the depreciable lives of the underlying AMI assets and the regulatory liabilities be amortized over a period of five years to mitigate the financial impact of the AMI implementation to customers. The five-year amortization period results in the regulatory liability amortization more than offsetting the regulatory asset amortization.

Storm Damage Restoration and Vegetation Management Deferral Accounting

24. LG&E requests authority to establish regulatory asset and liability to allow for net actual storm damage restoration and vegetation management costs against the respective amounts in base rates in the forecasted test period and record a regulatory asset or liability for the difference. Messrs. Conroy and Waldrab discuss the need for this deferral accounting in further detail in their testimonies.

Depancaking Deferral Accounting

25. In Case No. 2018-00295, the Commission approved a stipulation which allowed LG&E to establish a regulatory liability for the reduction in costs associated with the Companies' merger mitigation depancaking ("MMD") obligations. In recent years, MMD payments have increased, which the Companies expect to continue absent changes to the MMD.

26. LG&E will continue to accumulate and defer for future return any incremental collections above the amounts currently embedded in base rates for costs incurred for depancaking expenses. This will result in any overcollections of costs being returned to

customers should reductions occur in the future. LG&E also requests permission to accumulate and defer for future recovery any incremental expenses above the amounts currently embedded in base rates for costs incurred for depancaking expenses. LG&E requests the associated regulatory liability or regulatory asset be recorded net of any related Open Access Transmission Tariff ("OATT") transmission revenue offsets.

Gas Line Tracker Mechanism

27. In compliance with the Commission's Order of June 30, 2021 in Case No. 2020-00350, this Application includes written testimony addressing the importance and continued need for LG&E's Gas Line Tracker Mechanism ("GLT"). In addition to providing this testimony, LG&E proposes the following revisions to the GLT:

a. To align the GLT more closely with how cost of capital is calculated for other rate mechanisms, such as demand side management ("DSM") and environmental cost recovery ("ECR") and to ensure that the cost of capital component more accurate reflects current market conditions, the cost of capital component would be calculated using an annually updated weighted average cost of capital ("WACC") instead of the WACC from LG&E's most recent base rate case.

b. To reflect changes in customer loads and customer counts since the most recent base rate case, the GLT charge will be calculated using annually updated load forecasts would be used instead of those from the most recent base case.

c. Unbilled revenues would be removed from the calculation of the GLT's over- or under-recovery position to eliminate the estimation that comes with unbilled accruals and create consistency with LG&E's other cost-recovery mechanisms.

Renewable Power Purchase Agreement Adjustment Clause

28. In this Application, LG&E requests approval of Adjustment Clause RPPA – a separate adjustment clause designed to recover the cost of solar power purchase agreements ("PPAs") and other future renewable energy PPAs. LG&E seeks the approval of this clause to eliminate questions about cost recovery for such PPAs from PPA-approval proceedings. Adjustment Clause RPPA would implement a per-kWh charge to recover the cost of approved PPAs each month net of (1) any net revenues from sales of environmental attributes (currently expected to be renewable energy certificates) and (2) a balancing adjustment for previous over- or under-collections. Similar to LG&E's other cost-recovery mechanisms, under Adjustment Clause RPPA, LG&E would bill the next expenses from one month in the second following month's billing cycle (e.g., the expense month of May would be billed during the July billing cycle).

Depreciation Rates

29. In support of this Application, LG&E submits Mr. Spanos's testimony and the depreciation study he prepared at LG&E's request. Maintenance of sound depreciation rates requires periodic review of those rates and nearly five years have passed since a study was last performed for LG&E. Mr. Spanos recommends LG&E's continued use of the Average Service Life and remaining life basis methodology of depreciation. LG&E agrees with the depreciation rates proposed by Mr. Spanos with one exception; LG&E has kept the depreciation rate unchanged for Mill Creek 2 consistent with the stipulation agreement in Case No. 2020-00350. Mr. Spanos' study and recommendations include revised life and salvage parameters based on updated historical information, industry benchmarks, and site visits to LG&E's facilities.

Smart Grid Investment Summary

30. A table listing LG&E's smart grid investments by project is attached as Application Exhibit 1. LG&E plans to spend approximately $252 million in smart grid investments from 2025 to 2029.

Request for Relief from Annual Regional Transmission Organization ("RTO") Membership Study Filing Requirement

31. The Commission's final orders in the Companies' 2018 base rate cases directed the Companies to file an updated RTO membership study annually by March 31 each year.[5] The Commission later issued orders in the same case dockets authorizing the Companies to file their annual RTO study by October 31 each year but denying the Companies' request to file RTO membership studies triennially with their integrated resource plan ("IRP") filings rather than annually.[6]

32. Like the Companies' triennial IRP, conducting the RTO membership study is a significant undertaking, and it is best conducted in the context of the global planning effort of an IRP. Moreover, because RTO markets and rules are still in a considerable amount of flux, there is little value in refreshing the analysis annually; rather, allowing more time between analyses for markets and rules, particularly those for RTO capacity markets, to develop, settle, and mature should result in more robust and reliable analyses. Therefore, LG&E respectfully asks the Commission to relieve it of the obligation to file an annual RTO membership study in favor of filing such a study triennially with each IRP.

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[5] *Electronic Application of Kentucky Utilities Company for an Adjustment of Its Electric Rates*, Case No. 2018-00294, Order (Ky. PSC Apr. 30, 2019); *Electronic Application of Louisville Gas and Electric Company for an Adjustment of Its Electric and Gas Rates*, Case No. 2018-00295, Order (Ky. PSC Apr. 30, 2019).
[6] Case Nos. 2018-294 and 2018-00295, Order (Ky. PSC Feb. 18, 2021); Case Nos. 2018-294 and 2018-00295, Order (Ky. PSC Mar. 22, 2021).

Request for Relief from Merger Commitment Regarding LG&E and KU Foundation

33. Mr. Garrett's testimony describes the centralization efforts being made to streamline administration and expenses. As part of that effort, the Companies propose to consolidate, by merger or other structure, the existing LG&E and KU Foundation Inc. into the existing PPL Foundation. The PPL Foundation would then be the single, private foundation supporting the four jurisdictions in PPL's family of utilities in Rhode Island, Pennsylvania, Kentucky, and Virginia. To accomplish this merger, the Companies seek relief from Commitment No. 55 of Appendix C to the September 30, 2020 Order in Case No. 2010-00204.[7]

Request for Deviation from 807 KAR 5:041, Section 7 Voltmeter Requirements

34. 807 KAR 5:041, Section 7 requires electric utilities to maintain portable and recording voltmeters to perform voltage surveys and maintain records of the results. As Mr. Waldrab summarizes in his testimony, to comply with this regulation, LG&E and KU maintain approximately 160 recording voltmeters on their system at an annual cost of roughly $100,000, while AMI meters can perform the same function with greater sophistication and accuracy at no incremental cost. For the reasons stated by Mr. Waldrab, LG&E respectfully requests a deviation from the requirements of 807 KAR 5:041, Section 7 that would permit it to satisfy the regulation's voltage survey and 3-year recordkeeping requirements using available AMI data instead of portable or recording voltmeters, and excuse it from the requirements in Section 7(2) pertaining to maintenance and recordkeeping for voltmeters.

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[7] *Joint Application of PPL Corporation, E.ON AG, E.ON US Investments Corp., E.ON U.S. LLC, Louisville Gas and Electric Company, and Kentucky Utilities Company for Approval of an Acquisition of Ownership and Control of Utilities*, Case No. 2010-00204, Order at Appendix C at 13 (Ky. PSC Sept. 30, 2010).

Request for Finding Regarding Notice of Termination in Prepay Program

35. Ms. Montgomery describes the Companies' proposed prepay program by which customers will deposit funds in advance to pay for energy as it is used. 807 KAR 5:006, Section 15(1)(f)(1) requires a service termination notice be in writing. Because a prepay customer will receive constant feedback as to the account balance and additional notifications prior to loss of service, the customer receives notice prior to disconnection. Furthermore, because the loss of service is due to the customer not replenishing the funds, the Companies do not initiate the termination of service. The Commission has previously granted a deviation from these notice requirements for similar prepay programs.[8] The Companies request the Commission find that a deviation from the regulation on service terminations is not required for the prepay program or, in the alternative, that such deviation should be granted for good cause shown.

WHEREFORE, Louisville Gas and Electric Company respectfully requests the Kentucky Public Service Commission to enter an order:

1. Approving the revised tariff sheets for electric and gas service at Tab 4 of the Filing Requirements;

2. Approving rates to reflect a revenue increase of $104.9 million for LG&E's electric operations and $59.5 million for LG&E's gas operations;

3. Approving LG&E's request to amortize the storm regulatory assets discussed herein over a five-year period beginning when new rates take effect from this proceeding;

[8] *See, e.g.*, *The Tariff Filing of the Louisville Gas and Electric Company to Establish Prepaid Gas and Electric Service*, Case No. 2000-00548, Order at 6-7 (Ky. PSC Jan. 7, 2002).

4. Authorizing LG&E to record in each calendar year a regulatory asset or liability in the amount of the difference between the amount of storm damage restoration and vegetation management costs included in the base rates awarded in this proceeding and the amount of such costs actually occurred in the calendar year;

5. Approving LG&E's request that the regulatory assets associated with the AMI project be amortized over a fifteen-year period and the regulatory liabilities associated with that project be amortized over a period of five years when new rates take effect from this proceeding;

6. Authorizing LG&E to establish a regulatory asset to record the software implementation costs associated with the IT upgrades that must be expensed as operations and maintenance costs and approving LG&E's request that such costs be amortized over the depreciable lives of the underlying software beginning with the associated in-service dates;

7. Authorizing LG&E's continued use of the GLT and approving the proposed revisions to the GLT;

8. Approving the proposed Adjustment Clause RPPA;

9. Approving LG&E's proposed depreciation rates;

10. Determining the LG&E and KU Energy LLC Legal Merger Assessment presents a reasonable plan for the legal merger of Louisville Gas and Electric Company and Kentucky Utilities Company, subject to obtaining the requisite regulatory approvals;

11. Relieving LG&E of its current annual RTO membership study filing obligation and allowing LG&E to file such a study triennially with its IRP;

12. Allowing the consolidation of the LG&E and KU Foundation Inc. into the PPL Foundation;

13. Allowing LG&E to deviate from the voltmeter requirements contained in 807 KAR 5:041, Section 7;

14. Determining that the proposed prepay program complies with 807 KAR 5:006, Section 15(1)(f)(1) or, in the alternative, that a deviation from that regulation is permitted; and

15. Granting all other relief to which LG&E may be entitled.

Dated: May 30, 2025

Respectfully submitted,

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CERTIFICATE OF COMPLIANCE

In accordance with 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 May 30, 2025, and that there are currently no parties in this proceeding that the Commission has excused from participation by electronic means.

Lindsey W. Ingram III

Counsel for Louisville Gas and Electric Company

Smart Grid Investments
$000

	Forecast	2025 BP					
Project	**2025**	**2026**	**2027**	**2028**	**2029**	**Total**	**Jan 1, 2022 to Jun 30, 2026**
LG&E							
Customer Service							
Advanced Metering Infrastructure (AMI)	31,921	53	55	56	58	32,143	178,015
Advanced Meters	-	365	1,227	1,252	1,256	4,100	217
Demand Side Management (DSM) Projects	465	140	185	192	194	1,177	756
Electric Distribution							
Distribution Automation	-	-	-	-	-	-	(15)
DSHARP	3,390	25,400	31,100	22,000	22,500	104,390	16,182
Electro-Mechanical Relay Replacement	2,250	1,500	1,500	1,500	1,500	8,250	7,092
Grid Enhancement	696	1,734	1,579	1,596	1,596	7,201	2,208
SCADA Circuit Indicator	-	83	-	170	-	253	407
V V O	3,969	6,218	6,980	6,791	6,427	30,384	11,048
Transmission							
IP Connectivitiy	728	780	780	1,024	2,448	5,760	1,665
Fault Location & Line Sectionalization	1	-	6,416	4,320	7,200	17,937	1,989
Monitoring	-	96	240	240	240	816	48
Grid Enhanced System Technology (GETS)	-	-	-	-	-	-	-
Control House	8,829	11,225	14,926	9,392	6,031	50,403	23,650
Fiber	275	551	1,028	-	26	1,879	888
IT							
Automated Energy Management System (AEMS)	-	-	-	-	-	-	774
Advanced Distribution Management System (ADMS)	2,896	-	-	-	-	2,896	7,010
Total LG&E	55,420	48,145	66,016	48,533	49,476	267,590	251,936
KU							
Customer Service							
Advanced Metering Infrastructure (AMI)	27,322	65	67	69	71	27,594	170,065
Advanced Meters	-	560	1,678	1,690	1,702	5,630	303
Demand Side Management (DSM) Projects	568	172	227	234	238	1,438	935
Electric Distribution							
Distribution Automation	-	-	-	-	-	-	(3)
DSHARP	1,499	28,500	20,900	26,250	25,750	102,899	15,699
Electro-Mechanical Relay Replacement	1,614	1,000	1,000	1,000	1,000	5,613	4,381
Grid Enhancement	3,263	4,204	4,000	4,275	4,175	19,917	6,108
KU SCADA Expansion	447	2,000	-	-	-	2,447	3,738
SCADA Circuit Indicator	-	-	79	-	83	162	88
V V O	2,234	4,984	5,122	5,202	4,911	22,452	7,869
Transmission							
IP Connectivitiy	2,152	2,324	2,325	3,050	7,752	17,603	4,285
Fault Location & Line Sectionalization	9,899	22,534	24,560	21,278	25,112	103,383	33,374
Monitoring	-	304	760	760	760	2,584	152
Grid Enhanced System Technology (GETS)	-	-	250	500	500	1,250	-
Control House	19,635	34,872	39,589	50,792	24,458	169,345	68,774
Fiber	591	1,107	4,658	8,324	4,277	18,958	4,719
IT							
Automated Energy Management System (AEMS)	4,700	4,700	-	-	-	9,400	7,996
Advanced Distribution Management System (ADMS)	2,578	-	-	-	-	2,578	7,601
Total KU	76,501	107,326	105,214	123,424	100,788	513,253	336,083