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	)	**CASE NO. 2025-00114**
RATES AND APPROVAL OF CERTAIN	)	
REGULATORY AND ACCOUNTING	)	
TREATMENTS	)	

RESPONSE OF
LOUISVILLE GAS AND ELECTRIC COMPANY
TO
THE COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION
DATED JULY 3, 2025

FILED: July 16, 2025

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

Lonnie E. Bellar

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 10th day of July 2025.

Caroline J. Davison

Notary Public

Notary Public ID No. KYNP63286

My Commission Expires:

January 22, 2027

CAROLINE J. DAVISON
COMM EXPIRES 01/22/2027
NOTARY PUBLIC
ID # KYNP63286
STATE AT LARGE, KENTUCKY

VERIFICATION

COMMONWEALTH OF KENTUCKY)
)
COUNTY OF JEFFERSON)

The undersigned, **John Bevington**, being duly sworn, deposes and says that he is Senior Director – Business and Economic Development for PPL Services Corporation and he provides services to LG&E and KU Services 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.

____
John Bevington

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 10th day of July 2025.

____
Notary Public

Notary Public ID No. KYNP63286

My Commission Expires:

January 22, 2027

CAROLINE J. DAVISON
COMM. EXPIRES 01/22/2027
NOTARY PUBLIC
ID # KYNP63286
STATE AT LARGE, KENTUCKY

VERIFICATION

COMMONWEALTH OF PENNSYLVANIA)
)
COUNTY OF LEHIGH)

The undersigned, **Julissa Burgos**, being duly sworn, deposes and says that she is the Assistant Treasurer for PPL Corporation and currently provides financial related services to Louisville Gas and Electric Company and Kentucky Utilities Company, that she has personal knowledge of the matters set forth in the foregoing response and that the material contained therein is true and correct to the best of her information, knowledge, and belief.

Julissa Burgos

Julissa Burgos

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 15th day of July, 2025.

Michelle L. Bartolomei

Notary Public

Notary Public, ID No. 1333990 (SEAL)

My Commission Expires: July 10, 2026

Commonwealth of Pennsylvania - Notary Seal
Michelle L. Bartolomei, Notary Public
Lehigh County
My commission expires July 10, 2026
Commission number 1333990
Member, Pennsylvania Association of Notaries

VERIFICATION

COMMONWEALTH OF KENTUCKY)
)
COUNTY OF JEFFERSON)

The undersigned, **Robert M. Conroy**, being duly sworn, deposes and says that he is Vice President, State Regulation and Rates, for Kentucky Utilities Company and Louisville Gas and Electric Company and an employee of LG&E and KU Services 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.

Robert M. Conroy

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 14th day of July 2025.

Notary Public

Notary Public ID No. KYNP61560

My Commission Expires:

November 9, 2026

TAMMY J. ELZY
COMM EXPIRES 11/09/2026
NOTARY PUBLIC
ID # KYNP61560
STATE AT LARGE, KENTUCKY

VERIFICATION

STATE OF NEW JERSEY)
)
COUNTY OF CAMDEN)

The undersigned, **Dylan W. D'Ascendis**, being duly sworn, deposes and says that he is a Partner with ScottMadden, Inc., 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.

Dylan W. D'Ascendis

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 10th day of July 2025.

Notary Public

Notary Public ID No. 2416714

My Commission Expires:

2/1/2027

Joyce E Kelly
NOTARY PUBLIC
State of New Jersey
ID # 2416714
My Commission Expires 2/1/2027

VERIFICATION

COMMONWEALTH OF KENTUCKY)
)
COUNTY OF JEFFERSON)

The undersigned, **Andrea M. Fackler**, being duly sworn, deposes and says that she is Manager - Revenue Requirement/Cost of Service for LG&E and KU Services Company, that she has personal knowledge of the matters set forth in the responses for which she is identified as the witness, and the answers contained therein are true and correct to the best of her information, knowledge, and belief.

Andrea M. Fackler

Andrea M. Fackler

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 14th day of July 2025.

Caroline J. Davison
Notary Public

Notary Public ID No. KYNP63286

My Commission Expires:

January 22, 2027

CAROLINE J. DAVISON
COMM EXPIRES 01/22/2027
NOTARY PUBLIC
ID # KYNP63286
STATE AT LARGE, KENTUCKY

VERIFICATION

COMMONWEALTH OF KENTUCKY)
)
COUNTY OF JEFFERSON)

The undersigned, **Christopher M. Garrett**, being duly sworn, deposes and says that he is Vice President – Financial Strategy & Chief Risk Officer for PPL Services Corporation and he provides services to Kentucky Utilities Company and Louisville Gas and Electric 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.

Christopher M. Garrett

Christopher M. Garrett

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 14th day of July 2025.

Tammy J. Elzy

Notary Public

Notary Public ID No. KYNP61560

My Commission Expires:

November 9, 2026

TAMMY J. ELZY
COMM EXPIRES 11/09/2026
NOTARY PUBLIC
ID # KYNP61560
STATE AT LARGE, KENTUCKY

VERIFICATION

COMMONWEALTH OF KENTUCKY)
)
COUNTY OF JEFFERSON)

The undersigned, **Michael E. Hornung**, being duly sworn, deposes and says that he is Manager of Pricing/Tariffs for LG&E and KU Services 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.

Michael E. Hornung

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 14th day of July 2025.

Caroline J. Davison
Notary Public

Notary Public ID No. KYNP63286

My Commission Expires:

January 22, 2027

CAROLINE J. DAVISON
COMM EXPIRES 01/22/2027
NOTARY PUBLIC
ID # KYNP63286
STATE AT LARGE, KENTUCKY

VERIFICATION

Pennsylvania MLB
STATE OF ~~RHODE ISLAND~~)
)
COUNTY OF Lehigh)

The undersigned, **Daniel J. Johnson**, being duly sworn, deposes and says that he is Senior Vice President and Chief Information Officer for PPL Services Corporation and he provides services to Louisville Gas and Electric Company and Kentucky Utilities Company, and that he has personal knowledge of the matters set forth in the foregoing responses, and that the answers contained therein are true and correct to the best of his information, knowledge, and belief.

Daniel J. Johnson

Daniel J. Johnson

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 16 day of July, 2025.

Michelle L. Bartolomei

Notary Public

Notary Public, ID No. 1333990
(SEAL)

My Commission Expires: 7/10/2026

Commonwealth of Pennsylvania - Notary Seal
Michelle L. Bartolomei, Notary Public
Lehigh County
My commission expires July 10, 2026
Commission number 1333990
Member, Pennsylvania Association of Notaries

VERIFICATION

STATE OF VERMONT)
)
COUNTY OF CHITTENDEN)

The undersigned, **Timothy S. Lyons**, being duly sworn, deposes and says that he is a Partner with ScottMadden Inc., 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.

Timothy S. Lyons

Timothy S. Lyons

On this 14 day of July, 2025, before me, the undersigned notary public, personally appeared **Timothy S. Lyons**, proved to me through satisfactory evidence of identification, which were Vermont Driver's License, to be the person whose name is signed on the preceding or attached document in my presence.

(seal)

Sarah Hinckley
• Commission •
157.0016763
Notary Public State of Vermont

Sarah Hinckley
Notary Public Signature
Exp. Jan 31, 2027

VERIFICATION

COMMONWEALTH OF KENTUCKY)

COUNTY OF JEFFERSON)

The undersigned, **Drew T. McCombs**, being duly sworn, deposes and says that he is Director - Regulatory Accounting for PPL Services Corporation and he provides services to Kentucky Utilities Company and Louisville Gas and Electric Company, that he has personal knowledge of the matters set forth in the responses, and that the answers contained therein are true and correct to the best of his information, knowledge, and belief.

Drew T. McCombs

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 14th day of July 2025.

Tammy J. Elzy
Notary Public

Notary Public ID No. KYNP61560

My Commission Expires:

November 9, 2026

TAMMY J. ELZY COMM EXPIRES 11/09/2026 NOTARY PUBLIC ID #KYNP61560 STATE AT LARGE, KENTUCKY

VERIFICATION

COMMONWEALTH OF KENTUCKY)
)
COUNTY OF JEFFERSON)

The undersigned, **Elizabeth J. McFarland**, being duly sworn, deposes and says that she is Vice President, Transmission for Kentucky Utilities Company and Louisville Gas and Electric Company and an employee of LG&E and KU Services Company, that she has personal knowledge of the matters set forth in the responses for which she is identified as the witness, and the answers contained therein are true and correct to the best of her information, knowledge, and belief.

Elizabeth J. McFarland

Elizabeth J. McFarland

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 10th day of July 2025.

Caroline J. Davison

Notary Public

Notary Public ID No. KYNP63286

My Commission Expires:

January 22, 2027

CAROLINE J. DAVISON
COMM EXPIRES 01/22/2027
NOTARY PUBLIC
ID # KYNP63286
STATE AT LARGE, KENTUCKY

VERIFICATION

COMMONWEALTH OF KENTUCKY)
)
COUNTY OF JEFFERSON)

The undersigned, **Heather D. Metts**, being duly sworn, deposes and says that she is Director – Financial Planning and Budgeting for Kentucky Utilities Company and Louisville Gas and Electric Company and an employee of LG&E and KU Services Company, that she has personal knowledge of the matters set forth in the responses for which she is identified as the witness, and the answers contained therein are true and correct to the best of her information, knowledge and belief.

Heather D. Metts

Heather D. Metts

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 14th day of July 2025.

Caroline J. Davison
Notary Public

Notary Public, ID No. KYNP63286

My Commission Expires:

January 22, 2027

CAROLINE J. DAVISON
COMM EXPIRES 01/22/2027
NOTARY PUBLIC
ID # KYNP63286
STATE AT LARGE, KENTUCKY

VERIFICATION

COMMONWEALTH OF KENTUCKY)
)
COUNTY OF JEFFERSON)

The undersigned, **Shannon L. Montgomery**, being duly sworn, deposes and says she is the Vice President, Customer Services for Kentucky Utilities Company and Louisville Gas and Electric Company and an employee of LG&E and KU Services Company, that she has personal knowledge of the matters set forth in the responses for which she is identified as the witness, and the answers contained therein are true and correct to the best of her information, knowledge, and belief.

Shannon L. Montgomery

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 10th day of July 2025.

Notary Public

Notary Public ID No. KYNP63286

My Commission Expires:

January 22, 2027

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

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 14 day of July, 2025.

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. 1343431
(SEAL)

My Commission Expires: 1/31/27

VERIFICATION

COMMONWEALTH OF KENTUCKY)
)
COUNTY OF JEFFERSON)

The undersigned, **Tom Rieth**, being duly sworn, deposes and says that he is Vice President – Gas Operations for Louisville Gas and Electric Company and Kentucky Utilities Company and an employee of LG&E and KU Services 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.

Tom Rieth

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 11th day of July 2025.

Notary Public

Notary Public ID No. KYNP63286

My Commission Expires:

January 22, 2027

VERIFICATION

COMMONWEALTH OF KENTUCKY)
)
COUNTY OF JEFFERSON)

The undersigned, **Charles R. Schram**, being duly sworn, deposes and says that he is Vice President –Energy Supply and Analysis for Kentucky Utilities Company and Louisville Gas and Electric Company and is an employee of LG&E and KU Services 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.

Charles R. Schram

Charles R. Schram

Subscribed and sworn to before me, a Notary Public in and before said County and State this 10th day of July 2025.

Caroline J. Davison

Notary Public

Notary Public ID No. KYNP63286

My Commission Expires:

January 22, 2027

CAROLINE J. DAVISON
COMM EXPIRES 01/22/2027
NOTARY
PUBLIC
ID # KYNP63286
STATE AT LARGE, KENTUCKY

VERIFICATION

COMMONWEALTH OF PENNSYLVANIA)
) SS:
COUNTY OF CUMBERLAND)

The undersigned, John J. Spanos, President, being duly sworn, deposes and says that he has personal knowledge of the matters set forth in the foregoing data requests and that the answers contained there are true and correct to the best of his knowledge, information and belief.

John J. Spanos
John J. Spanos Affiant

Subscribed and sworn to before me by John J. Spanos on this 13th day of July, 2025.

Commonwealth of Pennsylvania - Notary Seal
MEGAN LYNN ECKRICH - Notary Public
Cumberland County
My Commission Expires September 16, 2027
Commission Number 1264513

Megan Lynn Eckrich
NOTARY PUBLIC

My Commission Expires: September 16, 2027

VERIFICATION

COMMONWEALTH OF KENTUCKY)
)
COUNTY OF JEFFERSON)

The undersigned, **Peter W. Waldrab**, being duly sworn, deposes and says that he is Vice President, Electric Distribution, for Kentucky Utilities Company and Louisville Gas and Electric Company and an employee of LG&E and KU Services 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.

Peter W. Waldrab

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 10th day of July 2025.

Tammy J. Elzy
Notary Public

Notary Public ID No. KYNP61560

My Commission Expires:

November 9, 2026

TAMMY J. ELZY
COMM EXPIRES 11/09/2026
NOTARY PUBLIC
ID # KYNP61560
STATE AT LARGE, KENTUCKY

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Second Request for Information
Dated July 3, 2025

Case No. 2025-00114

Question No. 1

Responding Witness: Michael E. Hornung

Q-1. With LG&E's current gas and electric tariffs on file with the Commission as the starting point, provide a copy of the proposed tariff(s) identifying all proposed changes by underscoring all additions and striking through all proposed deletions. Provide these copies using red-line underscore/strikethrough. Language being moved from one page to another, but not changed, should be presented in such a way to differentiate it from actual changes to the text of the tariff.

A-1. See attachments being provided in separate files. Additions are in underscore, deletions are in ~~strikethrough~~, and moved text will have ~~double strikethrough~~ or double underline depending on if it is in its current or proposed location.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Second Request for Information
Dated July 3, 2025

Case No. 2025-00114

Question No. 2

Responding Witness: Michael E. Hornung

Q-2. Refer to the Application, Filing Requirement, Tab 4, Electric Tariff, page 33 of 204 and Direct Testimony of Michael E. Hornung (Hornung Direct Testimony) page 5, lines 14-18. Explain the timing of when the proposed tariff rates would be applied to the Extremely High Load Factor Service (ELHF) customers and which rates would be applied prior to rate ELHF, if applicable.

A-2. The Extremely High Load Factor Service tariff will be offered to customers following Commission approval in this case. It is revenue neutral compared to the current Retail Transmission Service (RTS) tariff. If a Rate EHLF-eligible customer desired to enter into a retail electric service contract before Rate EHLF became effective, the Company would include all the substantive terms of Rate EHLF in a special contract with the customer and submit it to the Commission for review. The contract would specify that service under the contract would become service under Rate EHLF upon the rate schedule's first effective date.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Second Request for Information
Dated July 3, 2025

Case No. 2025-00114

Question No. 3

Responding Witness: Michael E. Hornung / Counsel

Q-3. Refer to the Application, Filing Requirement, Tab 4, Electric Tariff, pages 33-35 of 204 and Hornung Direct Testimony page 6, lines 9-12. ELHF customers that have not fulfilled the requirements that they "pay all minimum demand charges and basic service charges for the full 15-year initial term," explain what recourse LG&E may have if that ELHF customer seeks and is granted protection from creditors pursuant to the U.S. Bankruptcy Code.

A-3. If the ELHF customer files for protection under Chapter 11 of the U.S. Bankruptcy Code, Section 366 of the Bankruptcy Code would permit the Company to apply any pre-petition cash security that it is holding to the amounts owing to it under the Electric Service Agreement (the "Contract") as of the date of the bankruptcy filing or to demand payment on the letter of credit.[2] The Company may also demand additional security from the customer to secure payment of post-petition utilities provided by it to the customer.

The Contract would likely be found to be an executory contract presuming that there are ongoing obligations by both parties under the agreement. Pursuant to Section 365 of the Bankruptcy Code, the debtor in possession, or a chapter 11 trustee, if one is appointed, may assume, assume and assign, or reject an executory contract at any time before confirmation of a plan by the bankruptcy court.[3]

Generally speaking, if there has been a default in an executory contract, the contract may not be assumed unless, at the time of the assumption, the debtor cures, or provides adequate assurance that the debtor will promptly cure, the default. *See* 11 U.S.C. 365(b)(1)(A). The debtor must also compensate the counterparty for any actual pecuniary loss resulting from the default and provide adequate assurance of future performance under the contract. *See* 365(b)(1)(B)-

[2] This response presumes that security in the form of a cash deposit or letter of credit was provided to the Company by the ELHF customer, and not a third party guarantor, prior to the ELHF customer's bankruptcy filing. If security in the form of a cash deposit or letter of credit was provided to the Company by a third-party guarantor, the analysis may be different depending upon whether the third party guarantor is also a debtor in bankruptcy, among other things.

[3] In a Chapter 7 liquidation proceeding, if the trustee does not assume an executory contract within 60 days of the bankruptcy filing, the executory contract is deemed rejected.

(C). To the extent that the pre-petition security has been drawn upon, that security would need to be replenished as part of the cure and adequate assurance owing to the Company. If the debtor-customer satisfies the above requirements and the Contract is assumed, the parties would continue performing under the terms of the Contract for the remainder of its term.

The debtor-customer also may assume the Contract and assign it to a third party. This again requires that any defaults under the Contract be cured and the assignee must provide the Company with adequate assurance of future performance, whether or not the Contract is in default. *See* 11 U.S.C. 365(f)(2). If the Contract is assumed and assigned, care will need to be taken to ensure that the pre-petition security is included with the assignment or that the assignee provides the requisite security.

If the debtor-customer elects to reject the Contract, the Contract is deemed to have been breached by the customer immediately prior to its bankruptcy filing. *See* 11 U.S.C. 365(g)(1). The rejection of a contract does not terminate the contract. In this scenario, the Company would be permitted to assert a claim for any amounts owing to it under the Contract pre-petition, presuming that the pre-petition security was insufficient to satisfy the pre-petition claim in full. The Company would also be permitted to assert an administrative expense claim for amounts owing to it under the Contract for utilities provided to the customer post-petition. Finally, the Company would be permitted to assert a claim for rejection damages resulting from the debtor-customer's "breach" of the agreement. Generally speaking, the type and amount of such damages are governed by state law. Here, the Company could likely assert a claim for the Exit Fee as part of its rejection damages, presuming that the "breach" occurs more than 60 months in advance of the Contract's termination date. It is possible that the debtor-customer could object to the claim. To the extent that there is any remaining pre-petition cash security, the Company would need to seek relief from the automatic stay to setoff its rejection damages claim against that security.[4] If the remaining pre-petition security is in the form of a letter of credit, stay relief might not be required as letters of credit are generally not considered property of the debtor's bankruptcy estate.[5] If there is not any remaining pre-petition security or if that security is less than the amount of the rejection damages, such claim would be treated as a general unsecured claim and, if allowed, it is possible that only a small percentage distribution would be made on account of the claim, if any.

[4] The Company has not researched whether setoff in these circumstances would be permitted, but there are decisions both permitting and prohibiting setoff of a rejection damages claim.

[5] Stay relief may be required if the Company needs to take certain actions before it may draw on the letter of credit such as providing a notice of default to the debtor-customer.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Second Request for Information
Dated July 3, 2025

Case No. 2025-00114

Question No. 4

Responding Witness: Michael E. Hornung / Christopher M. Garrett

Q-4. Refer to the Application, Tab 4, Electric Tariff, page 35 of 204 and Hornung Direct Testimony, page 6 lines 18-23.

a. Explain the rationale for choosing the 24 month and 12 month periods for the collateral requirement.

b. If the collateral requirement is satisfied with any amount of cash, explain how any interest or dividends earned by that amount of cash is treated and accounted for.

A-4.

a. The Company reviewed many tariffs across the industry to assess the variety and magnitude of the collateral requirements. The 24-month and 12-month periods for collateral requirements for EHLF customers were chosen to balance risk mitigation with reasonable financial obligations for EHLF customers. A 24-month collateral period ensures protection against potential default or non-payment over an extended timeframe and provides financial security for a reasonable percentage of the contractual value. The collateral covers the minimum billed amounts at the largest contract capacity, safeguarding against revenue loss if the EHLF customer underperforms or terminates the contract early. A 12-month collateral period is designated for EHLF customers with strong creditworthiness or lower perceived risk. This shorter period reduces the financial burden on the EHLF customer while still providing sufficient protection against default for a full annual billing cycle.

b. Collateral satisfied with cash will be treated as a deposit, with interest thereon refunded or credited to the EHLF customer's bill per the Company's tariff provision concerning interest on deposits.[6]

[6] Currently Sheet No. 102, Terms and Conditions, Deposits, General, Paragraph 4. *See also* 807 KAR 5:006 Sec. 8(6).

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Second Request for Information
Dated July 3, 2025

Case No. 2025-00114

Question No. 5

Responding Witness: Michael E. Hornung

Q-5. Refer to the Application, Tab 4, Electric Tariff, page 34 of 204. LG&E states "Customer must provide Company 60 months advance written notice of a reduction of contract capacity after the first five (5) years of the Initial Contract Term, and such reduction of capacity will be subject to payment of a Capacity Reduction Fee and 60 months."

a. Explain how the Capacity Reduction Fee is calculated and where the explanation of the fee and how it will be calculated is in Tariff EHLF.

b. Explain the meaning and purpose of the last three words of the sentence; "and 60 months."

A-5.

a. The Capacity Reduction Fee shall be calculated as the nominal value of the remaining minimum non-fuel revenue change from the original contract capacity over the remaining term. This explanation can be found on Filing Requirement Tab 4 page 36 of 205, at the end of the "Changes to Contract Capacity" section. For example, the Company would calculate the Capacity Reduction Fee for a 300 MVA EHLF customer seeking to reduce its contract capacity to 200 MVA by applying the Maximum Load Charge to the 100 MVA contract capacity change for the remaining term of the EHLF contract, taking into account the two relevant elements of calculating the Maximum Load Charge for this purpose.[7]

b. The words "and 60 months" should be removed.

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[7] The EHLF Maximum Load Charge for a given month is applied on a per-kVA basis where the monthly billing demand for the Maximum Load Charge is the greater of:

1. the maximum measured load in the current billing period, or
2. the highest measured load in the preceding eleven (11) monthly billing periods, or
3. 80% of the contract capacity based on the maximum load expected on the system or on facilities specified by Customer.

Only items 2 and 3 would be relevant to calculating the Capacity Reduction Fee (and item 2 would be relevant only for at most the first year of the calculation).

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Second Request for Information
Dated July 3, 2025

Case No. 2025-00114

Question No. 6

Responding Witness: Michael E. Hornung

Q-6. Refer to the Application, Tab 4, Electric Tariff, page 34 of 204. LG&E states "The Exit Fee shall be calculated as the nominal value of the remaining minimum non-fuel revenue over the remaining term." Explain whether the phrase "over the remaining term" refers to the initial contract term only or any existing contract term between the EHLF Customer and the Company.

A-6. The phrase "over the remaining term" refers to the initial contract for Electric Service Agreement.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Second Request for Information
Dated July 3, 2025

Case No. 2025-00114

Question No. 7

Responding Witness: Michael E. Hornung

Q-7. In the case of an EHLF developer contracting with the Company instead of the potential end use EHLF customer, explain whether the Company intends or expects that the terms and conditions of Tariff EHLF will make it cost prohibitive for a developer who does not attract a sufficient number of EHLF customers to continue for the duration of the initial 15-year contract term.

A-7. The EHLF tariff terms aim to protect all Company customers, applying equally to developers and end users. The Company cannot predict if this will deter developers.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Second Request for Information
Dated July 3, 2025

Case No. 2025-00114

Question No. 8

Responding Witness: Michael E. Hornung / Shannon L. Montgomery

Q-8. Refer to the Application, Tab 4, Electric Tariff, page 172 of 204, and Gas Tariff, page 125 of 146.

a. In the case of a customer that has a residential and non-residential account with LG&E, explain whether the deposit held for each account could be used to satisfy the customer's obligation on the other account.

b. Explain whether the response to Item 2(a) would be the same if the non-residential account was in the name of the business instead of the individual.

A-8.

a. Yes, but to be clear, the proposed cross-collateralization provision to which this request refers in no way reduces the deposit requirement for any or all accounts; rather, it allows *the Company*—not the customer—to satisfy an outstanding obligation for one customer account from a deposit posted for another account for the same customer. The customer would still be responsible to replenish and maintain all required deposits and satisfy any and all other obligations.

b. The response is the same.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Second Request for Information
Dated July 3, 2025

Case No. 2025-00114

Question No. 9

Responding Witness: Michael E. Hornung / Shannon L. Montgomery

Q-9. Refer to the Application, Tab 4, Electric Tariff, page 173 of 204, and Gas Tariff, page 126 of 146. Explain the type of result from the credit check that would indicate that a deposit should be charged to a residential customer.

A-9. If a credit check comes back as "charge deposit" or "no hits," which means the system does not recognize the Social Security number provided, a deposit is charged. Additionally, deposits can be charged if letter scores on credit check indicate B (No record found), D (Social Security number matches this ID as well as other names), and E (Social Security number only matches other names).

LOUISVILLE GAS AND ELECTRIC COMPANY

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Case No. 2025-00114

Question No. 10

Responding Witness: Michael E. Hornung / Peter W. Waldrab

Q-10. Refer to the Application, Tab 4, Electric Tariff, pages 199–204 of 204. Explain the reasons for the additions to and deletions from the Net Metering Service Interconnection Guidelines.

A-10. Additions included clarifications surrounding definition of net metering service and description of metering practices, clarification of safety requirements, standards compliance, and interconnection process details.

Additions in the general section (items 2-4) address interconnection requirements that are in place to ensure the safety and reliability of the electric system, the customer, and utility personnel. These changes include adherence to the Company's Interconnection Requirements for Customer-Sited Distributed Generation, and a requirement for customers to allow communication between the customer's distributed generation equipment and the Company's control systems, when required or deemed necessary during the interconnection review process. General section, item 10, addresses system upgrades that may stem from the addition of distributed generation capacity.

Under the description of Level 1 interconnections, a section was added requiring customers to re-submit their application for interconnection if any modifications, augmentation, or removal of any customer-owned distributed generation assets. This allows the Company to thoroughly review the modifications and ensure they do not result in violations to the interconnection requirements, standards compliance, safety, and reliability of the electric system. Application fees were also added for Level 1 interconnections.

Under the description of Level 2 interconnections, clarifications were added to the definition, and a section was added regarding re-submission of application for any modifications, augmentation, or removal of customer-owned distributed generation assets.

Conditions for interconnection were updated to ensure compliance with applicable codes, standards, and company-published technical interconnection requirements that are separate from the tariff.

The application forms were removed as these are posted publicly on the Company's website.

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Question No. 11

Responding Witness: Michael E. Hornung / Peter W. Waldrab

Q-11. Refer to the Application, Tab 4, Electric Tariff, page 199 of 204, which includes the proposed provision requiring net metering customers to allow for data communications between the customer's distributed generation equipment and LG&E's control systems or other assets.

a. Explain whether there would be any additional cost to the net metering customer to comply with this requirement.

b. Explain how LG&E would use information obtained from a customer's distributed generation equipment for planning, coordination, reliability, or power quality purposes.

c. Explain the processes that will be in place to safeguard the customer's privacy.

d. Explain what occurs when data communications are interrupted.

A-11.

a. For DER interconnections smaller than 1 MW that comply with IEEE 1547, communications capability is already built-in to the inverter equipment and additional costs would be only for extreme cases where monitoring or management is deemed required. For interconnections 1 MW and larger that require dedicated utility equipment such as reclosers or remote terminal units (RTUs), all costs associated with such equipment are the responsibility of the customer or solar installer.

b. Larger distributed generation sites, 1 MW or larger in capacity, may require communications equipment allowing the utility SCADA system to monitor generation and possibly remotely disconnect a DER site in the event of a grid emergency. Many advanced functions of the Company's Advanced Distribution Management System rely on power flow calculations that estimate power flows on the electric grid. Larger distributed generators affect this power flow and can trip offline during grid disturbances resulting in significant increases in electric load, hence the requirement for monitoring.

c. No customer identifiable or private information is shared over this communication interface. Only metered quantities such as voltage, current, power production, etc. are sent to the Company's control systems. In the event that remote disconnecting capabilities are added, a SEL 3622 security gateway is installed to secure the connection with complex passwords and encryption of data.

d. If data communications are interrupted, the Company will investigate. In some instances, the generator may be asked to disconnect temporarily until corrections can be implemented.

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Question No. 12

Responding Witness: Michael E. Hornung / Peter W. Waldrab

Q-12. Refer to the Application, Tab 4, page 200 of 204, which includes the statement that any modification in generation capacity related to existing Net Metering Service-1 (NMS-1) customers will cause their service to be transitioned to Net Metering Service-2 (NMS-2). Explain whether the following situations would cause an NMS-1 customer to lose their legacy status and be moved to NMS-2.

a. Replacement of currently installed modules with modules having similar but slightly higher wattage due to the unavailability of identical modules.

b. Increase in Direct Current capacity without an increase in Alternating Current (AC) capacity.

c. Solar modules are replaced or added that maintain the same originally applied grid-tier inverter AC output.

d. Addition of storage.

A-12.

a. Replacement of modules with similar wattage (capacity) due to failure will not result in losing legacy NMS-1 status.

b. Any increases in DC capacity will result in loss of legacy NMS-1 status as this impacts the AC output, capacity factor, and energy generation.

c. If total DC and AC capacity remain unchanged, there is no loss or legacy status. However if AC or DC capacity is increased as a result of the replacement, the customer will forfeit legacy NMS-1 status.

d. Adding storage would not affect a customer's NMS-1 status per se. But storage is not a category of eligible electric generating facility under KRS 278.465(1)(b) and cannot receive any net metering credit of any kind. Therefore, storage added to a net metering customer's system must be configured not to allow any output from storage to flow onto the Company's grid.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Second Request for Information
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Question No. 13

Responding Witness: Michael E. Hornung

Q-13. Refer to the Application, Tab 5, Electric Tariff, page 42 of 215. Explain the proposal to remove the sentence under Conversion Fee that states that "the conversion fee represents the remaining book value of the current working non-LED fixture".

A-13. The cited sentence, "This conversion fee represents the remaining book value of the current working non-LED fixture," is not a rate, term, or condition of service. It is also inaccurate; the conversion fee actually represents the average remaining book value of all current working non-LED fixtures. Therefore, because it is both inaccurate and unnecessary, the Company proposed to delete it.

LOUISVILLE GAS AND ELECTRIC COMPANY

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Question No. 14

Responding Witness: Michael E. Hornung

Q-14. Refer to the Application, Tab 5, Electric Tariff, page 51 of 215. Explain the proposal to remove the sentence under Conditions of Service that states that loads not operated on an all-day every-day basis will be served under the appropriate rate.

A-14. This sentence is redundant. Availability is limited to round-the-clock loads.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Second Request for Information
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Question No. 15

Responding Witness: Michael E. Hornung

Q-15. Refer to the Application, Tab 5, Electric Tariff, page 86 of 215. Provide support for basing the applicable fuel charge or credit on an annual 5,728 kWh.

A-15. This value has been updated to reflect 2024 EV usage data. For support, please refer to KU's response to the Commission's First Request for Information, Question No. 54, specifically the file "2025 PSC DR1 KU LGE Attach to Q54 – Exhibit MEH-2 MEH-3 – EV Rate Support", tab "2024 EV Usage Data", column "Total Charging Station Consumption w/ Screen & lighting (kWh / Yr)".

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Second Request for Information
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Question No. 16

Responding Witness: Michael E. Hornung

Q-16. Refer to the Application, Tab 5, Electric Tariff, pages 99 and 102 of 215. Explain the revisions made under Curtailable Billing Demand.

A-16. These revisions serve to clarify the definition of CSR and do not alter the current or future methodology for its calculation.

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Question No. 17

Responding Witness: Michael E. Hornung

Q-17. Refer to the Application, Tab 5, Electric Tariff, pages 214–215 of 215. Explain why the Level 1 and Level 2 Applications for Interconnection and Net Metering are not included in the proposed tariff.

A-17. The Company has its applications for Interconnection and Net Metering on its external website (https://lge-ku.com/net-metering). The Level 1 application is available at https://lge-ku.com/sites/default/files/media/files/downloads/LGE-NM-Level1-Application.pdf; the Level 2 application is available at https://lge-ku.com/sites/default/files/media/files/downloads/LGE-NM-Level2-Application.pdf.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Second Request for Information
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Question No. 18

Responding Witness: Shannon L. Montgomery

Q-18. Refer to the Direct Testimony of Shannon L. Montgomery (Montgomery Direct Testimony), page 10, line 14, through page 11, line 20, which references LG&E's proposal regarding paperless billing.

a. Explain how LG&E currently notifies new and current customers about the availability of paperless billing.

b. For new customers that have signed up for service since the beginning of 2023, provide the percentage that have elected to receive paperless bills upon signing up for service.

c. Provide the communications that LG&E will send to current customers with an email address on file, detailing how the customers can opt out of paperless billing if the proposal is approved.

A-18.

a. Customers are notified of paperless billing options in interactions with customer service, social media campaigns, messaging on the corporate website, messaging on the third-party payment portal, marketing messages on the bill, envelopes, bill inserts, and during community events such as the state fair.

b. As of July 9, 2025, 42% of new and still active customers since 2023 are currently enrolled in paperless. The Company does not track the percentage of new customers that have elected to receive paperless bills upon signing up for service.

c. The Company has not yet developed the communications for customers. However, customers will be provided the opportunity to opt out.

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Case No. 2025-00114

Question No. 19

Responding Witness: Shannon L. Montgomery

Q-19. Refer to the Montgomery Direct Testimony, page 27, lines 19–20, which states that LG&E proposes to implement the prepay program in early 2028. Identity and explain all reasons why the prepay program would not be able to be implemented at the conclusion of this case.

A-19. The Company proposes to delay implementation of the prepay program until 2028 to avoid prematurely stranding significant investments in the legacy CIS system, which is scheduled for replacement. See Montgomery Direct Testimony, page 18, lines 18 – 24.

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Case No. 2025-00114

Question No. 20

Responding Witness: Michael E. Hornung / Shannon L. Montgomery

Q-20. Refer to the Hornung Direct Testimony, page 9, line 15, through page 10, line 15, which references LG&E's proposal to remove legacy status for General Service (Rate GS) and Power Service (Rate PS) customers that meet the availability requirements of their rate schedules on the date new rates go into effect from these proceedings.

a. Explain why LG&E is proposing to remove legacy status from such customers.

b. Explain whether LG&E has sent any communication to customers that could be affected by this revision explaining how it could affect their bills if the proposal is approved.

c. For those customers losing legacy status if LG&E's proposal in this case is approved, explain how their 12-month average maximum load will be reviewed to determine their continued participation in Rate GS and Rate PS.

d. Explain how such customers will be notified that they are being moved to another rate schedule once they no longer qualify for their current rate schedule.

e. In Case No. 2020-00350,[8] the Commission rejected the proposed removal of legacy status for certain Rate GS and Rate PS customers. Explain why the Commission should reconsider such rejection, specifically addressing the reasoning in the Order for the rejection. Explain why LG&E did not acknowledge and address the Commission's specific reasoning for that rejection with pre-filed direct testimony in this proceeding.

A-20.

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[8] Case No. 2020-00350, 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 (Ky. PSC June 30, 2021), Order at 56–58.

a. LG&E proposes to remove legacy status for customers already on the current tariff matching their load. The 2008 Grandfather provision was introduced to reduce bill impacts, but since these customers are now on the correct schedule, there will be no billing changes.

b. Since these customers are already on the current rate schedule, there will be no billing impacts, and therefore no communications have been made.

c. The Company performs an annual review of all non-residential customers to ensure they are on the appropriate rate schedule. Only grandfathered customers on the appropriate current rate schedule will lose their legacy status.

d. The Company's Customer Service groups proactively reach out to customers via phone calls, email or in person should their rate change within the annual review.

e. The omission of a citation to and discussion of the cited Commission order was an inadvertent oversight, and the words, "Consistent with prior practice," should be stricken from the Hornung testimony on page 10, line 13.

The Company respectfully disagrees with the Commission's reasoning in the cited order. First, the Commission stated:

> Removing legacy status for the affected customers would create the possibility of revenue shifting between Rate GS and Rate PS because rates approved in this proceeding are established based upon, among other things, the number of customers in each rate schedule, but during the stay-out period, some of those customers would lose their legacy status and have to change rate classes permanently. This potential for revenue shifting between Rate GS and Rate PS would move the rate classes away from the approved revenue allocation.[9]

The issue identified in this text is true for *all* non-residential customers who take service under Rates GS, GTOD, PS, TODS, TODP, RTS, and FLS and lack legacy status, i.e., the vast majority of non-residential and non-lighting customers; their service characteristics could change such that they would need to take service under other rates, along with any revenue shifting between rate schedules. It is a regular, ordinary occurrence; only for the small subset of legacy customers is it not the case. Thus, the Company does not believe the rationale stated above is a sufficient reason *not* to remove

[9] Case No. 2020-00349, Order at 54 (Ky. PSC June 30, 2021).

legacy status from customers who currently qualify for the rates under which they take service, i.e., if these customers do not change their service characteristics, they will continue to be served under their current rates—*just like all other customers*.

Second, the Company further respectfully disagrees with the sufficiency of the following ground for not removing legacy status from customers who qualify for service under their current rates:

> This would also create frustration and confusion for those customers who lose their legacy status and are forced to switch rate schedules if they fail to meet the eligibility requirements of their current rate schedule in the future.[10]

Again, in this regard the affected legacy customers would be like all other customers who qualify for service under a certain rate schedule and later do not. Treating these customers like other non-legacy customers with the same service characteristics, as the Companies are proposing, would be reasonable.

Finally, the Company did not intend creation of legacy status in its 2008 base rate case to be permanent for all affected customers. Indeed, the Commission has previously agreed, approving in the Company's 2012 base rate case the removal of legacy status from customers who chose to take service under another rate for which they qualified (notably, such rate switching would also affect revenues from those customers). What the Companies have proposed in this case is a step toward treating all similarly situated customers similarly while preserving legacy status for customers who would be immediately affected by removing legacy status. It is a reasonable step toward winding down what was always intended to be a limited, temporary exception to generally applicable rate schedule applicability provisions.

[10] Id.

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Question No. 21

Responding Witness: Michael E. Hornung / Shannon L. Montgomery / Peter W. Waldrab

Q-21. Refer to the Hornung Direct Testimony, page 17, lines 2–15, which references the text revisions to the AMI Opt Out section of the proposed tariff.

a. Explain how a customer's unwillingness to opt out of AMI installation while also refusing to repair or replace an unsafe customer-owned pole places LG&E and its contractors in an unsafe situation.

b. Explain how often LG&E has encountered situations in which a customer has refused to opt out of AMI installation while also refusing to repair or replace an unsafe pole.

A-21.

a. Customers must provide access to LG&E authorized personnel in order to maintain our equipment including placing meters on customer-owned equipment, such as meter bases and poles. When the customer owned equipment is unsafe, it puts LG&E personnel at risk when maintenance or emergency work is required to ensure safe and reliable service to our customers.

b. It has occurred infrequently.

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Question No. 22

Responding Witness: Michael E. Hornung / Charles R. Schram

Q-22. Refer to the Hornung Direct Testimony, page 18, lines 1–5, which reference the proposed revision to the Small Capacity Cogeneration and Small Power Production Qualifying Facilities (Rider SQF) and Large Capacity Cogeneration and Large Power Production Qualifying Facilities (Rider LQF) to make capacity payments available only under buy-all, sell-all arrangements. Explain why capacity payments should only be available under buy-all, sell-all arrangements.

A-22. The Company will make capacity payments for energy to which it has first rights. Customers who use distributed generation primarily for their own needs may supply surplus energy to the grid, but there is no commitment regarding how much, if any, energy will be available to the Company. The Company will pay "as-available" customers only for the energy they deliver. This is consistent with the structure of capacity and energy sales more broadly in the electric industry; as-available capacity is not beneficial to support reliability or serve load.

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Question No. 23

Responding Witness: Michael E. Hornung

Q-23. Refer to the Hornung Direct Testimony, page 20, lines 8–14, which references revisions to the Intermittent Load Rider. Provide support or an explanation for the statement that the rate provisions of the Intermittent Load Rider had no effect.

A-23. The Intermittent Loads Rider lacks any rate of its own; rather, it addresses how to calculate or apply charges under other rate provisions, and it adds certain terms and conditions. Thus, it is appropriate to move its non-redundant provisions to the Terms and Conditions section and remove it as a Standard Rate Rider.

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Question No. 24

Responding Witness: Michael E. Hornung

Q-24. Refer to the Hornung Direct Testimony, page 23, lines 17–22, and page 30, lines 12–17, which references proposed revisions pertaining to incidental or occasional utility-related services. Explain whether LG&E has been recovering the costs of such services from customers. If so, provide the provision of the current tariff allowing such recovery.

A-24. Yes, the Company recovers the actual costs caused by fulfilling customer requests for services described in Mr. Hornung's testimony from the requesting customer. Examples of such work, and requesting customers' obligation to pay for such work, included in the Company's tariff are:

- Costs for a customer's requests for relocations of lines and guy wires are recoverable under the "Changes in Service" terms described on Sheet No. 97.3.

- Costs for customer requests to bury service lines are recoverable under the Company's Line Extension Terms and Conditions on Sheet Nos. 106 to 106.5.

The Company also responds to other customer requests for incidental work that requires accessing the Company's equipment. Pursuant to Sheet No. 97.2 and for sound safety reasons, only the Company and its representatives may access the Company's equipment. The Company accommodates these incidental requests if safe and feasible and, pursuant to cost-causation principles, requires the requesting customer to pay the actual costs incurred by fulfilling the request.

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Question No. 25

Responding Witness: Michael E. Hornung

Q-25. Refer to the Hornung Direct Testimony, page 6. Provide further explanation on how the EHLF deposit requirements protect other consumers, such as the residential, commercial, and industrial classes.

A-25. See the response to Question No. 4.

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Question No. 26

Responding Witness: Michael E. Hornung

Q-26. Refer to the Hornung Direct Testimony, page 7. Provide clarification and explanation on whether the minimum demand charge obligation remains stagnant at the rate used at the time-of-service contract signing.

A-26. The Company will calculate a Rate EHLF customer's demand charge each billing period using the Maximum Load Charge then in effect, not the Maximum Load Charge that was in effect at the time the customer executed the Electric Service Agreement.

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Question No. 27

Responding Witness: Michael E. Hornung

Q-27. Refer to the Hornung Direct Testimony, page 15. Explain the reasoning behind combining the Rate EVC-L2 and Rate EVC-Fast into one rate schedule.

A-27. The Company desired to remove the hourly charge from Rate EVC-L2 and replace it with the per-kWh charge of the EVC-FAST tariff. Since the terms of both tariffs are nearly identical, they have been combined into a single schedule for simplicity.

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Question No. 28

Responding Witness: Michael E. Hornung / Counsel

Q-28. For the following tariff sheets, explain in detail the justification and rationale for modifying language that seeks to limit LG&E's liability:

a. P.S.C. Electric No. 14 Original Sheet No. 42.1-Electric Vehicle Charging Service #3.

b. P.S.C. Electric No. 14 Original Sheet No. 42.1-Electric Vehicle Charging Service #4.

c. P.S.C. Electric No. 14 Original Sheet No. 55.3-Small Capacity Cogeneration and Small Power Production Qualifying Facilities-Parallel Operation #7.

d. P.S.C. Electric No. 14 Original Sheet No. 56.3- Large Capacity Cogeneration and Large Power Production Qualifying Facilities-Parallel Operation #7.

e. P.S.C. Gas No. 14 Original Sheet No. 97.2-Terms and Conditions-Customer Responsibilities-Liability.

f. P.S.C. Gas No. 14 Original Sheet No. 98.1 Terms and Conditions-Company Responsibilities-Company Not Liable for Interruptions.

g. P.S.C. Electric No. 14, P.S.C. Gas No. 14 Original Sheet No. 98.1 Terms and Conditions- Company Responsibilities and Company Not Liable for Damages on Customer's Premises.

h. P.S.C. Electric No. 14, Original Sheet No. 110-Terms and Conditions-Net Metering Service Interconnection Guidelines-General #9.

i. P.S.C. Electric No. 14, Original Sheet No. 110.3-Terms and Conditions-Net Metering Service Interconnection Guidelines- Conditions of Interconnection #5.

j. P.S.C. Electric No. 14, Original Sheet No. 110.5 Terms and Conditions-Net Metering Service Interconnection Guidelines- Conditions of Interconnection #10.

k. P.S.C. Gas No. 14, Original Sheet No. 96.1-Terms and Conditions-General-Force Majeure

A-28. Liability-limitation clauses are common in many contracts. A utility's tariff is effectively its standing contract with all who would do business with it, with the notable difference that it is a contract that is governed by the relevant administrative agency and can change only with that agency's approval. Not to have liability-limitation provisions in a utility's tariff could lead to ruinous liability for the utility, which is bound by law to serve all who come; regulated utilities do not get to choose their customers, but rather are obligated to serve all who comply with the terms of the approved tariff. Unlimited liability would pose a grave risk not only to the utility but also its customers, whose service and rates could ultimately be affected by such liability.

For all subparts, the purpose of the Company's proposed revisions is to make them uniform and provide liability protection consistent with Kentucky law and the considerations stated in the prior paragraph.

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Question No. 29

Responding Witness: Christopher M Garrett

Q-29. Refer to the Direct Testimony of Christopher Garrett (Garett Direct Testimony), Exhibit CMG-1, page 10. Explain whether LG&E will be making the final recommendation for the potential merger in this case. If not, explain how LG&E plans to inform the Commission.

A-29. Yes, LG&E and KU anticipate making a final recommendation for the potential merger as part of this case. LG&E and KU will continue to perform their diligence on the various issues raised as part of Exhibit CMG-1 as well as address any issues raised by the Commission and intervenors during this proceeding.

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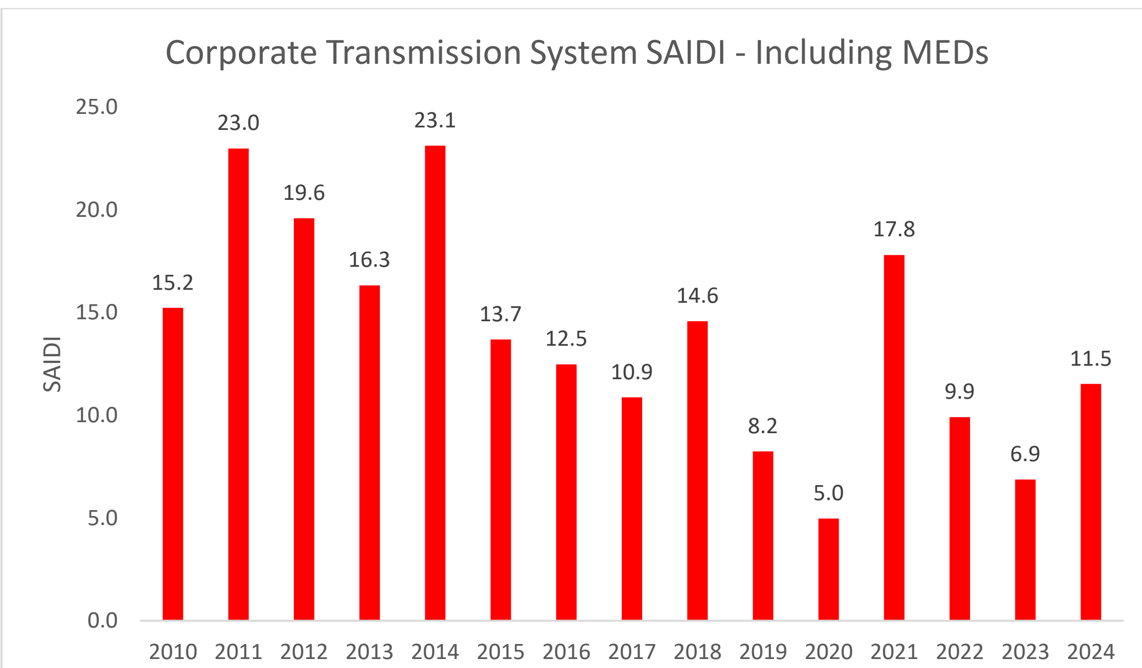
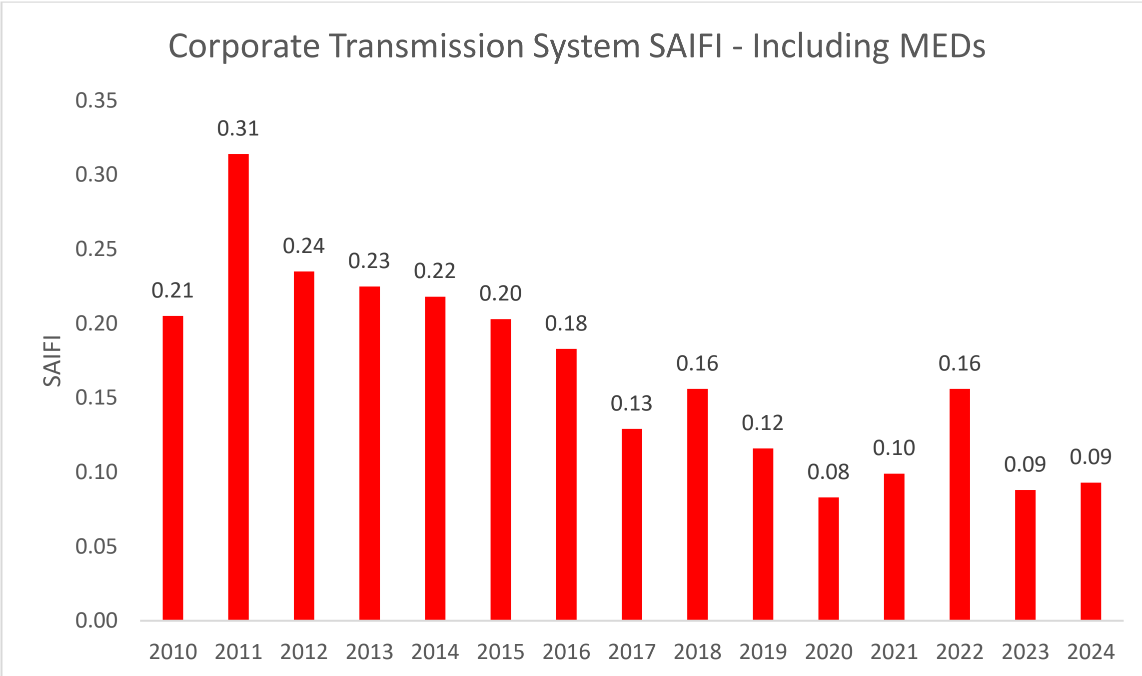
Question No. 30

Responding Witness: Elizabeth J. McFarland

Q-30. Refer to the Direct Testimony of John R. Crockett III (Crockett Direct Testimony) pages 6-7, tables titled "Corporate Transmission System [System Average Interruption Duration Index (SAIDI)] SAIDI-Excluding [Major Weather Event Days (MED)] MEDs; and Corporate, Transmission System [System Average Interruption Frequency Index (SAIFI)] SAIFI – Excluding MEDs. Provide the SAIDI and SAIFI tables with the MEDs included. Provide all workpapers relied upon to create the tables in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

A-30.





See attachment being provided in a separate file.

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Question No. 31

Responding Witness: John Bevington

Q-31. Refer to Crockett Direct Testimony, page 12.

a. Provide the definition of "hyperscale data center" as utilized in Mr. Crockett's testimony. Include as part of the answer all companies which LG&E and Kentucky Utilities (KU), (jointly, LG&E/KU) believe qualify as hyperscale data centers and whether any of those companies have approached LG&E/KU regarding locating services in LG&E/KU territory.

b. Additionally, define, as LG&E/KU understand the term, "colocation" as it relates to data centers. Include as part of the answer whether LG&E/KU believe some, or all, collocated facilities qualify as hyperscale data centers as defined above.

A-31.

a. A hyperscale data center is a large-scale, highly scalable computing facility designed to support massive volumes of data processing, storage, and networking.[11] These facilities typically exceed 10,000 square feet, house thousands of servers, and feature advanced infrastructure for power, cooling, and connectivity.[12] Compared to traditional data centers, hyperscale facilities offer significantly greater capacity and efficiency.[13]

Major cloud providers such as Amazon Web Services, Microsoft Azure, and Google Cloud Platform rely on hyperscale data centers to deliver their services.[14] Other tech leaders, including Meta and Apple, also utilize these facilities to meet their extensive computing demands.[15]

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[11] *See, e.g.*, Phill Powell & Ian Smalley, *What Is a Hyperscale Data Center?*, IBM (Mar. 21, 2024), https://www.ibm.com/think/topics/hyperscale-data-center.
[12] *Id.*
[13] *Id.*
[14] *See, e.g.*, Phill Powell & Ian Smalley, *What Is a Hyperscale Data Center?*, IBM (Mar. 21, 2024), https://www.ibm.com/think/topics/hyperscale-data-center.
[15] *Id.*

The Companies have been in discussions with hyperscale data center projects as defined above.

b. Colocation centers provide space, power, and cooling for multiple organizations to house their own IT infrastructure, offering flexibility and cost-effectiveness.[16] In the industry, they are generally smaller in scale compared to hyperscale facilities.

The Companies do not have a belief that colocation data centers do or do not qualify as a hyperscale data center as defined above.

[16] *See, e.g.*, Phill Powell & Ian Smalley, *What Is a Hyperscale Data Center?*, IBM (Mar. 21, 2024), https://www.ibm.com/think/topics/hyperscale-data-center.

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Question No. 32

Responding Witness: John Bevington

Q-32. Refer to Crockett Direct Testimony, page 13. State whether the Companies have been approached by any of the "hyperscale data center" companies as defined in Response to Item 27 above. Include as part of the answer the stage in the economic development queue and the expected MW for each project listed.

A-32. Yes. The Companies are also aware of developers that are talking to hyperscalers. See attachment being provided in a separate file, which provides information on the sales phase of active projects in the Companies' economic development pipeline and the projects the the Companies have directly interacted with a hyperscaler or a hyperscaler has been engaged in conversations via a developer. Certain information requested is confidential and proprietary and is being provided under seal pursuant to a petition for confidential protection.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Second Request for Information
Dated July 3, 2025

Case No. 2025-00114

Question No. 33

Responding Witness: Lonnie E. Bellar

Q-33. Refer to the Direct Testimony of Lonnie E. Bellar (Bellar Direct Testimony), pages 8-9. Provide the associated project development costs incurred to date for the Lewis Ridge Pumped Storage Project being developed by Rye Development.

A-33. See below table for costs incurred through May 2025 for the Lewis Ridge Pumped Storage Project.

	KU	**LG&E**	**Total**
Lewis Ridge Pumped Storage	$1,157.40	$838.23	$1,995.63

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Second Request for Information
Dated July 3, 2025

Case No. 2025-00114

Question No. 34

Responding Witness: Lonnie E. Bellar

Q-34. Refer to Bellar Direct Testimony, page 11.

a. Provide the workpapers and data relied on to populate the chart associated with "non-mechanism capital expenses in generation."

b. Include also a line-item expense report for each project referenced in the non-mechanism capital expenses in generation chart.

A-34.

a. See attachment being provided in a separate file.

b. See attachment being provided in a separate file.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Second Request for Information
Dated July 3, 2025

Case No. 2025-00114

Question No. 35

Responding Witness: Timothy S. Lyons

Q-35. Refer to the Direct Testimony of Timothy S. Lyons (Lyons Direct Testimony), page 4. Provide a detailed explanation on how the methodologies of the filed Cost-of-Service Studies (COSSs) differ from the prior base rate case filing in Case No. 2020-00350.

A-35. The methodology used to functionalize, classify, and allocate costs in the cost-of-service study filed in the current base rate case proceeding is generally consistent with the methodology filed in the prior base rate case proceeding in Case No. 2020-00350.

There are two exceptions. First, is the allocation of production fixed costs. Production fixed costs were allocated to each rate class in the current base rate case proceeding based on the 6-CP method. Production fixed costs were allocated to each rate class in the prior base rate case proceeding based on the Loss of Load Probability (LOLP).

Second, the transmission plant and related costs were allocated in the current base rate case proceeding based on the 6-CP method. Transmission costs were allocated to each rate class in the prior base rate case proceeding based on non-coincident peak (NCP) demands at transmission voltage.

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Case No. 2025-00114

Question No. 36

Responding Witness: Timothy S. Lyons

Q-36. Refer to the Lyons Direct Testimony, page 13. Provide further explanation on how "indirect" allocators are figured and used in the COSSs.

A-36. Indirect allocators are used to reflect cost causation and are based on how other costs are allocated. For example, property taxes are allocated to each rate class based on allocation of utility plant to reflect property taxes are assessed based on utility plant. Similarly, payroll taxes are allocated to each rate class based on the allocation of labor costs to reflect the payroll taxes are assessed based on labor costs

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Question No. 37

Responding Witness: Andrea M. Fackler / Timothy S. Lyons

Q-37. Refer to the Lyons Direct Testimony, page 19. Additionally, refer to the Direct Testimony of Andrea M. Fackler (Fackler Direct Testimony), page 30. Provide further explanation as to why the 6-Coincident Peak method for production fixed costs provides more accurate results.

A-37. The 6-CP method better reflects class contributions to system peak. See attachment "2025 PSC DR1 LGE Attach to Q54 - LGE Demand Data.xlsx", tab "CP" to LG&E's response to PSC 1-54 that shows forecasted CP demands by month. The system peak is largely related to the winter months of January and February and summer months of June through September where average CP demands in those months are 30.40 percent higher than the remaining months of March through May and October through December.

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Question No. 38

Responding Witness: Andrea M. Fackler / Timothy S. Lyons

Q-38. Refer to the Lyons Direct Testimony and the Fackler Direct Testimony, generally. Provide LG&E's gas and electric COSSs in Excel spreadsheet format with all formulas, rows, and columns unprotected and fully accessible.

A-38. See attachment "2025 PSC DR1 LGE Attach to Q54 - Exhibit_TSL-5,TSL-6,TSL-7,TSL-11_LGE Electric_COSS.xlsx" to the response to PSC 1-54.

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Case No. 2025-00114

Question No. 39

Responding Witness: Andrea M. Fackler / Timothy S. Lyons

Q-39. Refer to the Lyons Direct Testimony, page 21. Explain the differences between the methodologies used to develop the special studies allocators filed and those filed in the prior base rate Case No. 2020-00350.

A-39. The methodologies used to develop the special studies allocators filed in the current base rate case proceeding are consistent with the methodologies used in the prior base rate case proceeding in Case No. 2020-00350.

For example, FERC accounts 364-368 were classified as customer and demand based on the zero-intercept method in this proceeding, consistent with the approach in Case No. 2020-00350. In addition, meter and service costs were allocated to each rate class based on the estimated installation cost of meters and services in this proceeding, consistent with the approach in Case No. 2020-00350.

There are two exceptions. First is the allocation of fixed production costs. Production fixed costs were allocated to each rate class in the current base rate case proceeding based on the 6-CP method. Production fixed costs were allocated to each rate class in the prior base rate case proceeding based on the Loss of Load Probability (LOLP).

Second, the transmission plant and related costs were allocated in the current base rate case proceeding based on the 6-CP method. Transmission costs were allocated to each rate class in the prior base rate case proceeding based on non-coincident peak (NCP) demands at transmission voltage.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Second Request for Information
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Case No. 2025-00114

Question No. 40

Responding Witness: Robert M. Conroy / Timothy S. Lyons / Shannon L. Montgomery

Q-40. Refer to Lyons Direct Testimony, TSL-14. Explain what, if any, changes LG&E made to the calculation of the late payment charge since Case No. 2020-00350. In this explanation, include any allocation of fixed expenses of the interactive voice response system (IVR) and the number of contacts related to late payments.

A-40. The Company did not propose to change late payment charges in Case No. 2020-00350. The Company provided a calculation of the average marginal out-of-pocket expense of printing and mailing late notices and of deploying credit processes to collect late payments in discovery.[17]

In this case, components of the cost per late payment include late notice print and postage costs and costs associated with billing and credit customer representative and interactive voice response system (IVR) handled calls. Call center costs included are unburdened direct company labor and shared services related to live agent calls as well as $0.13 per call handled by the IVR. The calculation used 2023 data and included 608,415 customer representative handled calls and 748,783 IVR handled calls related to billing and credit inquiries. Handled calls are not tracked separately for LG&E and KU and include a small amount of volume from ODP customers.

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[17] *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 Meter Infrastructure, Approval of Certain Regulatory and Accounting Treatments, and Establishment of a One-Year Surcredit*, Case No. 2020-00350, LG&E Response to MHC-KFTC-KSES 2-2(c) (Feb. 19, 2021).

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Second Request for Information
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Case No. 2025-00114

Question No. 41

Responding Witness: Peter W. Waldrab

Q-41. Refer to the Direct Testimony of Peter Waldrab (Waldrab Direct Testimony), page 8, lines 19-23. Explain what further plans LG&E has to replace the "at risk" transformers.

A-41. LG&E has $16.2M in the 2025 Business Plan to continue addressing "at risk" transformers. The current plan will address approximately 10 additional transformers prioritized by several factors including, number of customers impacted, amount of load "at risk", amount of year load is "at risk" and number of transformers impacted by a project.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Second Request for Information
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Case No. 2025-00114

Question No. 42

Responding Witness: Peter W. Waldrab

Q-42. Refer to Waldrab Direct Testimony, page 11, lines 19–22, which states "the hardening of the system through enhanced design criteria will significantly improve the ability of the system to withstand extreme weather events occurring with increasing severity in the Companies' service territory." Explain whether LG&E have estimated savings from its work on enhancing design criteria and hardening the system.

A-42. The Companies worked with EPRI to assess the relative weather hardening capabilities of various design criteria. The results of this testing informed the enhanced design criteria referenced in the testimony. The Companies attempted to model the corresponding reliability savings from these design criteria, but lacked a reliable baseline for extrapolation. As a result, the Companies do not currently have a quantified savings from the enhanced design criteria. This modeling will be performed in the future as the Companies are able to directly compare performance between various design criteria. Hardening to this enhanced design criteria is expected to improve all-in SAIDI and reduce storm restoration costs by lessening the likelihood of broken poles in extreme weather events.

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Case No. 2025-00114

Question No. 43

Responding Witness: Peter W. Waldrab

Q-43. Refer to Waldrab Direct Testimony, page 12, lines 13-15. Explain how 39 percent was selected as the targeted percentage for improving distribution reliability.

A-43. Improvement of rolling 10-year 'All-In' SAIDI of 39% would place LG&E and KU in 1st quartile for all-in SAIDI regionally. See Figure 7-1 in Exhibit PWW-2 page 25.

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Response to Commission Staff's Second Request for Information
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Case No. 2025-00114

Question No. 44

Responding Witness: Peter W. Waldrab

Q-44. Refer to Waldrab Direct Testimony, page 17, line 21-23. Provide the useful life for the average 4kV transformer.

A-44. 4kV Transformers were purchased with the expectation of a useful life between 40 to 50 years.

Beyond this, failure probability and maintenance needs trend upward, as components, load tap changers, seals, insulation, and oil quality degrade. As these critical components reach obsolescence, repair costs will increase due to the scarcity of parts and the specialized skillsets required.

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Question No. 45

Responding Witness: Peter W. Waldrab

Q-45. Refer to Waldrab Direct Testimony, Exhibit PWW-2, page 15. Provide the resiliency risk baseline.

A-45. LKE average SAIDI from 2013-2023 was 244 minutes/customer. See Figure 7-1 in Exhibit PWW-2 page 25. Additionally, Figure 4-3 in Exhibit PWW-2 page 13 details the breakdown of MED and Non-MED SAIDI from 2013-2023.

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Response to Commission Staff's Second Request for Information
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Case No. 2025-00114

Question No. 46

Responding Witness: Peter W. Waldrab

Q-46. Refer to Waldrab Direct Testimony, page 21. Provide the right-of-way clearing cycles for regular vegetation management maintenance, including the target and actual number of miles trimmed per year for the past five years.

A-46. Distribution vegetation management has performed on a cycle trim plan to average 5 years.

Year	Target	Actual
2024	3,572	3,431
2023	3,572	3,574
2022	3,572	3,532
2021	3,572	3,612
2020	3,572	3,492

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Response to Commission Staff's Second Request for Information
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Question No. 47

Responding Witness: Peter W. Waldrab

Q-47. Refer to the Waldrab Direct Testimony, page 21. Describe in detail on what LG&E is doing by placing emphasis of customer maintenance and responsibility of vegetation around service wires on customer property.

A-47. The Company has aligned with industry standards by requiring the customer to respond to vegetation around the service wire. To assist in the communication with the customer, the Company created a handout that the vegetation team utilizes and field workers utilize to be able to quickly guide the customer. It outlines the responsibility of the Company and the customer, and outlines how to safely work around the wires. By aligning with the industry standard, it has allowed LGE to gain efficiencies and reduce off cycle expenditures.

See attachment being provided in a separate file.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Second Request for Information
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Case No. 2025-00114

Question No. 48

Responding Witness: Heather D. Metts / Peter W. Waldrab

Q-48. Refer to the Waldrab Direct Testimony, page 24. Explain whether LG&E removes the storm damage amounts requested for in regulatory assets in its calculation of the five-year rolling average.

A-48. Yes, LG&E removes the storm damage amounts requested for in regulatory assets in its calculation of the five-year rolling average.

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Response to Commission Staff's Second Request for Information
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Case No. 2025-00114

Question No. 49

Responding Witness: Andrea M. Fackler

Q-49. Refer to Fackler Direct Testimony, page 6, lines 9-12 and LG&E's response to Commission Staff's First Request for Information (Staff's First Request), Item 24, Attachment. Explain why capitalization likely exceeds rate base in this case.

A-49. The difference between capitalization and rate base is primarily related to the fact that capitalization includes the funding for working capital under the balance sheet approach, which includes regulatory assets and liabilities and other deferred debits. Rate base includes the funding of working capital through completion of a lead-lag study, which accounts for a portion of the Companies' cash working capital requirements, but this methodology does not adequately identify all sources of investor capital, unlike the overall balance sheet approach used by capitalization.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Second Request for Information
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Case No. 2025-00114

Question No. 50

Responding Witness: Dylan W. D'Ascendis

Q-50. Refer to the Direct Testimony of Dylan D'Ascendis (D'Ascendis Direct Testimony). Confirm that LG&E/KU did not exclude any outliers in the return on equity evaluation. If LG&E/KU did exclude outliers, identify all excluded outliers, and explain why they were excluded.

A-50. As described in note 6 of Exhibit DWD-3 in Mr. D'Ascendis' DCF analysis, results that were more than two standard deviations from the mean were excluded from the average and median results. Based on that standard, the DCF results for Pinnacle West Capital Corporation and TXNM Energy, Inc. were excluded from the average and median results of the Electric Utility Proxy Group. The same standard was applied to Mr. D'Ascendis' CAPM results, which, as shown in Exhibit DWD-5, caused Southwest Gas Holding Company's CAPM result to be excluded from the Natural Gas Utility Proxy Group average and median results.

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Response to Commission Staff's Second Request for Information
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Case No. 2025-00114

Question No. 51

Responding Witness: Dylan W. D'Ascendis

Q-51. Refer to the D'Ascendis Direct Testimony, page 17, lines 6-8 and 13-16. Refer also to Attachment DWD-2, pages 3-4 and 5-7.

a. Provide support for comparing LG&E/KU's actual common equity ratios to ranges of common equity ratios for the fiscal year 2023.

b. Using the same analyses, provide these ranges of common equity ratios for the fiscal year 2024.

A-51.

a. When Mr. D'Ascendis prepared his analytical results (i.e., based on an analytical period ending February 28, 2025), the 2024 data was not available.

b. See attachment being provided in a separate file.

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Response to Commission Staff's Second Request for Information
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Case No. 2025-00114

Question No. 52

Responding Witness: Dylan W. D'Ascendis

Q-52. Refer to the D'Ascendis Direct Testimony page 20, lines 13-15. Provide support for the use of 60 trading days as the timeline for the average closing market price, rather than a longer timeline such as 90 trading days. In the response, include discussion related to recent volatility in market prices, and why the average closing market price for 60 trading days provides a realistic perspective of future stock prices.

A-52. Based on his experience there is a range of averaging periods on which cost of capital analysts rely. Mr. D'Ascendis believes a 60-trading day period effectively limits the potential influence of anomalous data while also balancing the need to rely on data that is timely. Extending the averaging period, such as using a 90-trading day period, may include stock prices that do not reflect investors' current expectations. The average price is not supposed to be a proxy for a future price, it is used to calculate the current dividend yield, which is then adjusted by the projected earnings growth rate to derive a future dividend yield.

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Response to Commission Staff's Second Request for Information
Dated July 3, 2025

Case No. 2025-00114

Question No. 53

Responding Witness: Dylan W. D'Ascendis

Q-53. Refer to the D'Ascendis Direct Testimony page 21, lines 7-17 and Exhibit DWD-2. Provide an update to Schedule DWD-3, page 1, including dividend per share growth rates.

A-53. Mr. D'Ascendis assumes "dividend per share growth rates" refers to the projected dividend per share growth rates from Value Line. Although, as discussed in the referenced section of his Direct Testimony, Mr. D'Ascendis disagrees with the inclusion of dividend per share growth estimates in the DCF, see attachment being provided in a separate file for the requested analysis.

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Response to Commission Staff's Second Request for Information
Dated July 3, 2025

Case No. 2025-00114

Question No. 54

Responding Witness: Dylan W. D'Ascendis

Q-54. Refer to the D'Ascendis Direct Testimony page 40, lines 17-22.

a. Explain the time period and basis for S&P Capital IQ beta calculations and why they could not also be included in the analysis.

b. Explain the time period and basis for Yahoo Finance beta calculations and why they could not also be included in the analysis.

c. Provide an update to Exhibit DWD-5 including adjusted Yahoo Finance and S&P Capital IQ beta values.

d. If S&P Capital IQ and/or Yahoo Finance beta values are unadjusted, provide the formula for adjusting the beta values.

A-54.

a. The default beta provided by S&P Capital IQ is calculated using monthly returns relative to the S&P 500 Index over a five-year period. S&P Capital IQ betas are also unadjusted or "raw" betas, which are not forward-looking and are calculated on a monthly, instead of weekly, basis, which does not adequately reflect changes in market data. Mr. D'Ascendis will explain why the use of unadjusted betas and betas calculated using monthly returns are not appropriate for cost of capital purposes below:

Unadjusted Betas

Betas are measured using an Ordinary Least Squares ("OLS") regression, in which the dependent variable is the return of the subject security, and the independent variable is the return on the market as measured by a given index (*Value Line*, for example, uses the New York Stock Exchange Index). Beta is represented by the slope term of the regression estimates. Intuitively, beta measures the change in the subject company's returns relative to the change in the market return.

The resulting beta is considered "raw", or unadjusted. Unadjusted betas are historical in nature as they use historical market data. Blume studied the stability of beta over time and found that "[n]o economic variable including the beta coefficient is constant over time."[18] Consistent with that finding, Blume observed a tendency of raw betas to change gradually over time. Blume further stated:

> …there is obviously some tendency for the estimated values of the risk parameter [beta] to change gradually over time. This tendency is most pronounced in the lowest risk portfolios, for which the estimated risk in the second period is invariably higher than that estimated in the first period. There is some tendency for the high risk portfolios to have lower estimated risk coefficients in the second period than in those estimated in the first. Therefore, the estimated values of the risk coefficients in one period are biased assessments of the <u>future values</u>, and furthermore the values of the risk coefficients as measured by the estimates of β_1 tend to regress towards the means with this tendency stronger for the lower risk portfolios than the higher risk portfolios. (emphasis added)[19]

Blume proposed a correction for this tendency, also known as "regression bias", which is inherent in the calculation of all betas. He stated:

> In so far as the rate of regression towards the mean is stationary over time, one can in principle correct for this tendency in forming one's assessments.
>
> * * *
>
> For individual securities as well as portfolios of two or more securities, the assessments adjusted for the historical rate of regression are more accurate than the unadjusted or naïve assessments. Thus, an improvement in the accuracy of one's assessments of risk can be obtained by adjusting for the historical rate of regression even though the rate of regression over time is not strictly stationary.[20]

Based on Blume's results, the typical adjustment is calculated based upon an approximate of the following formula:

$$\boldsymbol{\beta_{adjusted} = 0.35 + .67x\beta_{raw\,(unadjusted)}}$$

[18] Marshal E. Blume, *On the Assessment of Risk*, <u>The Journal of Finance</u>, Vol. XXVI, No. 1, March 1971.
[19] Marshal E. Blume, *On the Assessment of Risk*, <u>The Journal of Finance</u>, Vol. XXVI, No. 1, March 1971.
[20] Marshal E. Blume, *On the Assessment of Risk*, <u>The Journal of Finance</u>, Vol. XXVI, No. 1, March 1971.

This adjustment transforms the historical unadjusted beta into an expectational value, consistent with the expectational nature of the cost of capital.

As noted by Morin:

> Several authors have investigated the regression tendency of beta and generally reached similar conclusions [as Blume]. High-beta portfolios have tended to decline over time toward unity, while low-beta portfolios have tended to increase over time toward unity…He demonstrated that the Value Line adjustment procedure anticipated differences between past and future betas.[21]

Morin further notes:

> A comprehensive study of beta measurement methodology by Kryzanowski and Jalilvand (1983) concludes that raw unadjusted beta (OLS beta) is one of the poorest beta predictors, and is outperformed by the Blume-style Bayesian beta approach. Gombola and Kahl (1990) examine the time-series properties of utility betas and find strong support for the application of adjustment procedures such as the Value Line and Bloomberg procedures.
>
> * * *
>
> Because of this observed regressive tendency, a company's raw unadjusted beta is not the appropriate measure of market risk to use. Current stock prices reflect expected risk, that is, expected beta, rather than historical risk or historical beta. Historical betas, whether raw or adjusted, are only surrogates for expected beta. The best of the two surrogates is adjusted beta.[22]

Morin also provides economic and statistical justification for using adjusted betas to estimate the cost of equity for utilities. Relative to economic justification, he states:

> Adjusted betas compensate for the tendency of regulated utilities to be extra interest-sensitive relative to industrials.(footnote omitted) In the same way that bondholders get compensated for inflation through an inflation premium in the interest rate, utility shareholders receive compensation for inflation through an inflation premium in the allowed rate

[21] Roger A. Morin, Modern Regulatory Finance, PUR Books, 2021 at 81. ("Morin")
[22] Morin, at 81-82.

> of return. Thus, utility company returns are sensitive to fluctuations in interest rates. Conventional betas do not capture this extra sensitivity to interest rates. This is because the market index typically used in estimating betas is a stock-only index, such as the S&P 500. A focus on stocks alone distorts the betas of regulated companies. The true risk of regulated utilities relative to other companies is understated because when interest rates change, the stocks of regulated companies react in the same way as bonds do. A nominal interest rate on the face value of a bond offers the same pattern of future cash flows as a nominal return applied on a book value rate base. Empirical studies of utility returns confirm that betas are higher when calculated in a way that captures interest rate sensitivity. *The use of adjusted betas compensates for the interest sensitivity of regulated companies.* (*italics added for emphasis)*[23]

Relative to statistical justification, Morin states:

> There is a statistical justification for the use of adjusted betas as well. High-estimated betas will tend to have positive error (overestimated) and low-estimated betas will tend to have negative error (underestimated). Therefore, it is necessary to squash the estimated betas in toward 1.00. One way to accomplish this is by measuring the extent to which estimated betas tend to regress toward the mean over time. As a result of this beta drift, several commercial beta producers adjust their forecasted betas toward 1.00 in an effort to improve their forecasts. This adjustment, which is commonly performed by investment services such as Value Line, and Bloomberg, uses the formula:
>
> $$\boldsymbol{\beta_{adjusted} = 1.0 + a(\beta_{raw} - 1.0)} \quad \mathbf{(4-3)}$$
>
> where "a" is an estimate of the extent to which estimated betas regress toward the mean based on past data. Value Line and Bloomberg betas are adjusted for their long-term tendency to regress toward 1.0 by giving approximately 66% weight to the measured beta and approximately 34% weight to the prior value of 1.0 for each stock, that is, a = 0.66 in the above equation:
>
> $$\beta_{\text{adjusted}} = 1.0 + 0.66\ (\beta_{\text{raw}} - 1.0)$$

[23] Morin, at 82.

$$= 0.33 + 0.66\,\beta_{raw} \quad (4\text{-}4)$$ [24]

Many commercial sources, including *Value Line* and Bloomberg, provide adjusted betas. Given the commercial use and acceptance of adjusted betas they are the proper measure of systematic risk in the CAPM.

Monthly Betas

Betas calculated using weekly returns incorporate more observable market data than betas that use monthly returns. Weekly return betas are calculated using significantly more observations (260 weekly observations compared to 60 monthly observations for a five-year measurement period) which reduces the likelihood of measurement error. The lower number of observations of monthly returns may particularly be an issue for companies with relatively high dividend yields, such as the proxy companies, due to dividend-related price behavior. Because the value of a stock just prior to its dividend payment date is equal to the sum of the expected dividend, plus the going concern value of the business, following the ex-dividend date (the date on which a stockholder becomes entitled to the announced dividend) the value of the stock will adjust downward to reflect only the going concern value. That price behavior may skew the calculation of both the relative volatility of market returns and the correlation of market returns which determine betas.

As discussed previously, it is appropriate to use weekly data as opposed to monthly data because monthly data give less weight to market movements experienced in shorter time periods, thereby dampening volatility for the market index and the subject stock, although possibly not to the same degree for each.

To assess the difference in results, Mr. D'Ascendis calculated betas for the Natural Gas Utility Proxy Group and the Electric Utility Proxy Group using both monthly and weekly return data. The results shown in Charts 1 through 4, below, confirm that monthly betas do not capture the full extent of the risk faced by equity investors.

[24] Morin, at 82-83.

Chart 1: Calculated Monthly Betas for the Natural Gas Utility Proxy Group[25]

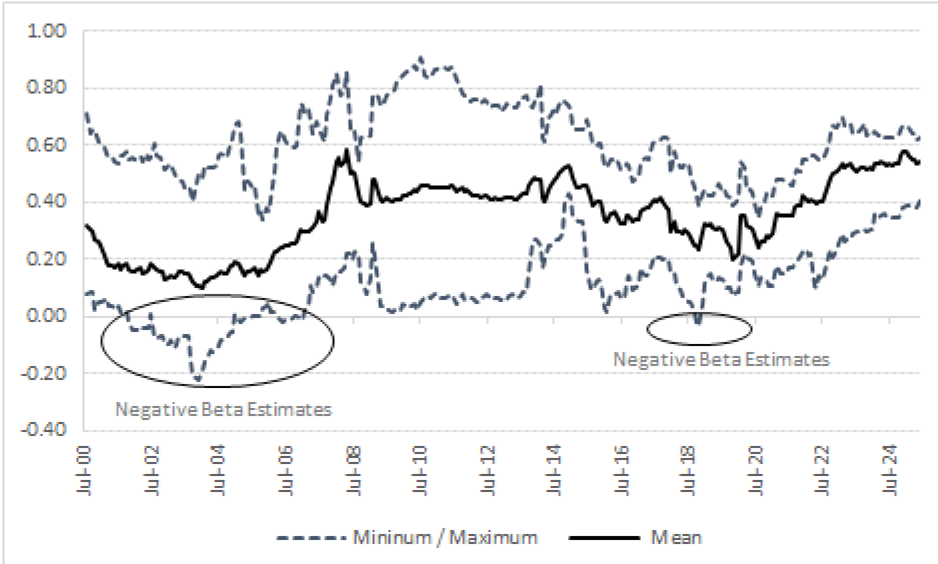


Chart 2: Calculated Monthly Betas for the Electric Utility Proxy Group[26]

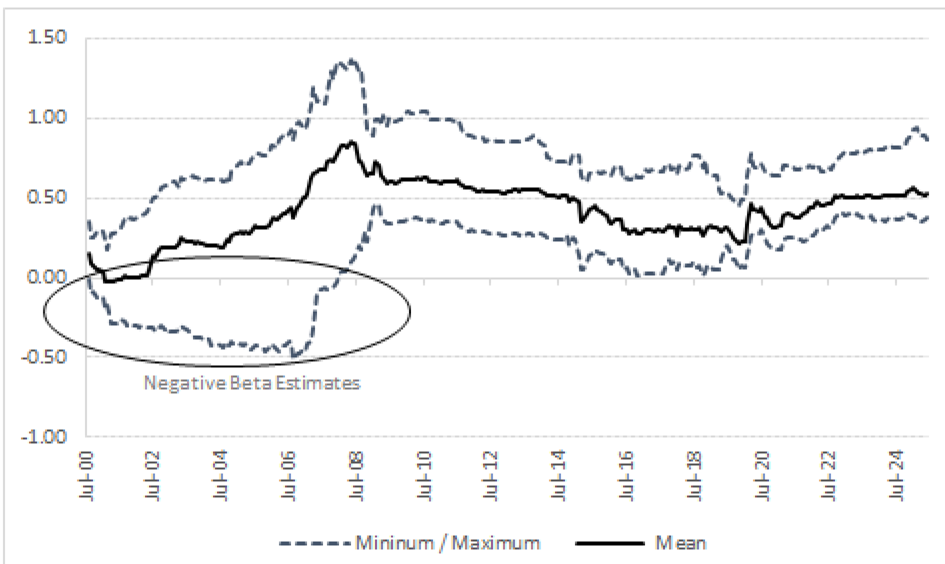


Chart 3: Calculated Weekly Betas for the Natural Gas Utility Proxy Group[27]

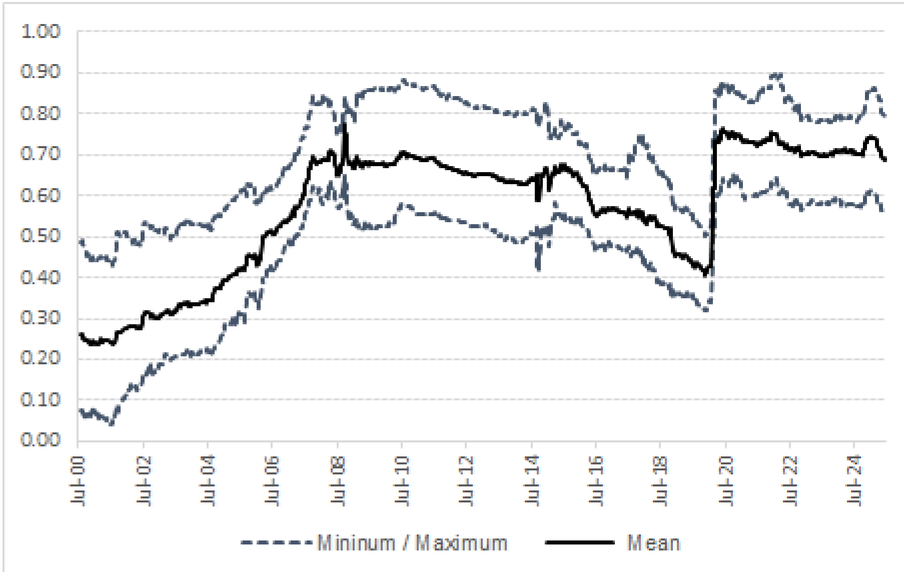
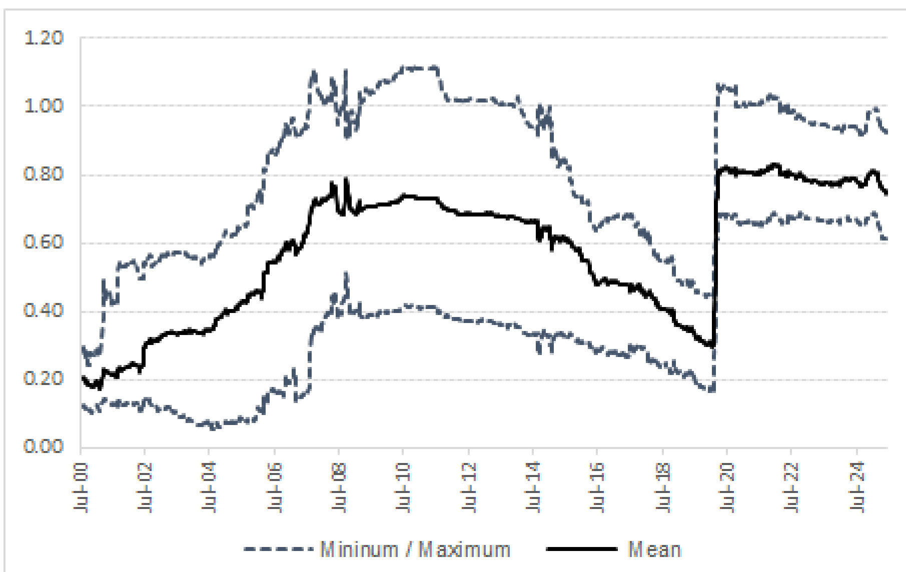


Chart 4: Calculated Weekly Betas for the Electric Utility Proxy Group[28]



It also is clear from Charts 1 through 4 that a greater number of negative betas are observed when monthly returns are assumed. Taken at face value,

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25 Source S&P Global Market Intelligence. See attachment being provided in a separate file.
26 Source S&P Global Market Intelligence. See attachment being provided in a separate file.
27 Source S&P Global Market Intelligence. See attachment being provided in a separate file.
28 Source S&P Global Market Intelligence. See attachment being provided in a separate file.

a negative beta implies a cost of equity less than the risk-free rate of return. That prospect is highly unlikely, especially when other proxy companies did not have contemporaneously negative betas. Given the practical implications of negative betas, the use of weekly data provides more plausible results and ROE estimates.

b. Yahoo! Finance Beta coefficients are calculated using monthly returns relative to the S&P 500 Index. Yahoo! Finance betas are also unadjusted or "raw" betas, which are not forward-looking and are calculated on a monthly, instead of weekly, basis, which does not adequately reflect changes in market data.

c. Mr. D'Ascendis has not performed the requested analysis because he does not actively track betas from S&P Capital IQ or Yahoo! Finance.

d. The Blume adjustment and adjustments relied on by Value Line and Bloomberg Professional are described in response to part a.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Second Request for Information
Dated July 3, 2025

Case No. 2025-00114

Question No. 55

Responding Witness: Daniel Johnson

Q-55. Refer to the Direct Testimony of Daniel Johnson (Johnson Direct Testimony) at 3, lines 15-16.

a. Provide the basis for the statement "more effective and frequent". Include in this any supporting documentation.

b. Provide the number of times for the year 2023, 2024 and 2025 year to date that LG&E has been the target of an attempted cyberattack or subject to a cyberattack.

c. For each of occurrences counted in response to Item 54(b), provide a description of the attack or attempted attack as well as a description of any information that was obtained or compromised during the attack. If the attack was unsuccessful, describe the information that was attempted to be obtained.

A-55.

a. Artificial Intelligence is being observed across the industry in use for cyber attacks as discussed with peers and industry threat intelligence. Common uses most recently are phishing attacks and deepfakes. The Company has observed advanced and sophisticated phishing attempts against our employees that appear to be generated from AI.

b. The Company maintains layers of defense in order to stop attackers from gaining access or disrupting company systems, however, malicious actors are vigilant and constantly probing and monitoring for methods to gain access, whether it be through phishing, social engineering, or the exploitation of vulnerabilities. For example in June 2025, the Company received approximately 16,500,000 inbound emails. 70% were identified and blocked by the multiple layers of email security systems as malicious or unwanted messages.

c. While the Company has not experienced a successful Cyber Security Incident for disruption of systems or loss of data, it did undergo a cyber event in 2024 in which an external facing device was exploited resulting in the compromise of employee passwords. The event was contained with no improper use of the credentials. There have been other attempts to compromise company systems for a variety of purposes including ransomware, wire fraud, and data exfiltration; all have been unsuccessful.

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Commission Staff's Second Request for Information
Dated July 3, 2025**

Case No. 2025-00114

Question No. 56

Responding Witness: Daniel Johnson

Q-56. Refer to Johnson Direct Testimony at 4, lines 12-17.

a. Provide a list of cybersecurity programs or service provided utilized by the utility.

b. Provide any reports prepared for LG&E for the years 2022, 2023, and 2024 addressing the cyber security benchmarks referenced.

c. Provide the evaluation rubric utilized by LG&E to evaluation cyber security benchmarks.

A-56.

a. Cybersecurity risks assessments are performed both internally and by third parties and typically include baseline maturity assessments. The Company also contracts with third party services for 24x7 cybersecurity monitoring, threat intelligence, and Software as a Service email security.

b. The Company has not performed an external assessment for benchmarking in the referenced years. Work is being performed in priority areas for maturity and will be reassessed in 2027 by a third party.

c. The primary cybersecurity benchmarking standard is the NIST Cybersecurity Framework.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Second Request for Information
Dated July 3, 2025

Case No. 2025-00114

Question No. 57

Responding Witness: Daniel Johnson

Q-57. Refer to the Johnson Direct Testimony, page 4, lines 18-23 and page 5, lines 1-4. Provide a list of all "bolt-on" applications LG&E must utilize to supplement Oracle E-Business Suite.

A-57. Following is the list of "bolt-on"/Interfaces with Oracle E-Business Suite in use at the company.

Kofax – AP invoice processing

FaxMaker – (SaaS) – Service to fax Purchase orders to Vendors

Loftware – Bar code printing at warehouses.

Sterling Integrator (EDI) – B2B application with vendors for Purchasing, Invoices and vendor lookups.

Zycus (SaaS) – Vendor bidding, contract negotiation and on-boarding for PO vendors.

Volts – Employee time entry.

TRAC – (Custom) - Generation only contractor time keeping

OpenText – Document Storage

Affiliate Billing Tool – (Custom) Tool to map intercompany journal entries between PA and KY general ledgers.

Data Warehouse – data lake to consolidate data from different systems for reporting.

FCC – Financial Consolidation and Close system

Quantium – Treasury Management System

UI Model – Long range forecasting tool

Powerplan – Budgeting, short range forecasting, asset accounting, lease management and property taxes.

DOA (Custom) – Vacation rules for approval workflows

PeopleSoft – Employee job titles and hierarchies for approval workflows.

QRadar – Security monitoring tool

WellsFargo (SaaS) – Bank account validation

AIM – User access monitoring

Charity Contributions Management System CCMS (Custom) – Tool to accept and manage external charity donations.

Note: iSupplier, iReceivables and Webedi are all part of the Oracle eBusiness Suite application.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Second Request for Information
Dated July 3, 2025

Case No. 2025-00114

Question No. 58

Responding Witness: Daniel Johnson

Q-58. Refer to the Johnson Direct Testimony, page 8, lines 15-23 and page 9, lines 1-4. Explain the financial impact of losing support for the "SAP CCS System". Include specific quotes the companies have received as well as alternatives the company has explored to address the issue including any request for proposals the companies have issued, if the companies did not engage in PPL's recommended IT overhaul.

A-58. A loss of support for the "SAP CCS System" would introduce significant financial exposure, including:

Revenue Risk: Disruptions in billing and collections could delay or reduce revenue realization.

Compliance Risk: Inability to meet regulatory reporting and customer service standards may result in penalties or enforcement actions.

Cost Increases: Emergency remediation, third-party support, and accelerated system replacement could result in unplanned capital and O&M expenditures.

Customer Impact: Service interruptions or billing errors could erode customer trust and satisfaction.

See Attachment 1 to the response to Question No. 103. The Companies evaluated two scenarios: implementing an enterprise-wide Customer Information System (CIS) versus continuing with the existing standalone Kentucky CIS. The analysis showed that a unified, cloud-based CIS across all operating companies offered significantly greater benefits. As a result, the Companies chose not to pursue a standalone system upgrade for Kentucky and did not initiate a separate bidding process for that option.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Second Request for Information Dated July 3, 2025

Case No. 2025-00114

Question No. 59

Responding Witness: Daniel Johnson

Q-59. Refer to the Johnson Direct Testimony, page 10. Provide a copy of the PPL review and all finding or recommendations.

A-59. See attachment being provided in a separate file

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Second Request for Information
Dated July 3, 2025

Case No. 2025-00114

Question No. 60

Responding Witness: Daniel Johnson

Q-60. Refer to the Johnson Direct Testimony, pages 11-12. Provide a copy of the PPL developed plan referenced in the testimony.

A-60. See attachment being provided in a separate file.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Second Request for Information
Dated July 3, 2025

Case No. 2025-00114

Question No. 61

Responding Witness: Daniel Johnson

Q-61. Refer to the Johnson Direct Testimony, page 13. Provide a copy of the PPL "Managed Services Agreement".

A-61. See attachment being provided in a separate file. The attachment contains the Statement of Work for the Managed Services Agreement, which sets out in detail the roles and responsibilities of PPL and Accenture for the services provided under the MSA. There are other portions of the MSA which contain the commercial terms between the parties.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Second Request for Information
Dated July 3, 2025

Case No. 2025-00114

Question No. 62

Responding Witness: Daniel Johnson

Q-62. Refer to Johnson Direct Testimony, page 15. Describe the staffing and funding of the Value Realization Office as well as the projected timing as it relates to the merger reference in various places in the application.

A-62. The PPL Value Realization Office (VRO) consists of one Manager, VRO and Governance, one VRO Governance Analyst and one IT Value Stream Specialist that are all employees of the PPL Services Company. These individuals have approximately $710,000 budgeted annually in total O&M. Additionally, there was a scope of work with Accenture to stand up the governance processes around the VRO that is scheduled to end at the end of 2025 with an awarded value of $3.36M. Since the VRO consists of PPL Services employees, the legal merger of LG&E and KU poses no changes in this group's cost allocation, funding or scope.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Second Request for Information
Dated July 3, 2025

Case No. 2025-00114

Question No. 63

Responding Witness: Daniel Johnson

Q-63. Refer to Johnson Direct Testimony, page 15, lines 19-22. Explain whether these will be new positions. Include in the explanation the necessity of these positions in light of the companies' desire to cease IT in-house.

A-63. It is not just adding new positions but upskilling resources and leveraging technology from strategic vendors. PPL is strategically leveraging artificial intelligence (AI), including large language models (LLMs), to enhance operational efficiency, reduce costs, and improve service delivery—while maintaining a strong commitment to regulatory compliance and customer value.

This approach includes both adopting proven, commercially available AI solutions and developing custom tools to address specific operational needs where off-the-shelf products fall short. By combining these strategies, PPL ensures it can quickly implement high-impact technologies while also building tailored capabilities that align with its unique business and regulatory environment.

The efficiencies gained through AI and automation are helping to contain costs. These technologies enable PPL to deliver reliable service more effectively by streamlining operations, automating manual tasks, and optimizing resource use.

This department has ten (10) vacant/new positions that it is working to fill with skilled resources.

PPL does not have a desire to cease supporting IT operations in-house. There was a shift to moving daily support activities to the managed services provider to free up internal IT personnel to dedicate their time to strategic initiatives.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Second Request for Information
Dated July 3, 2025

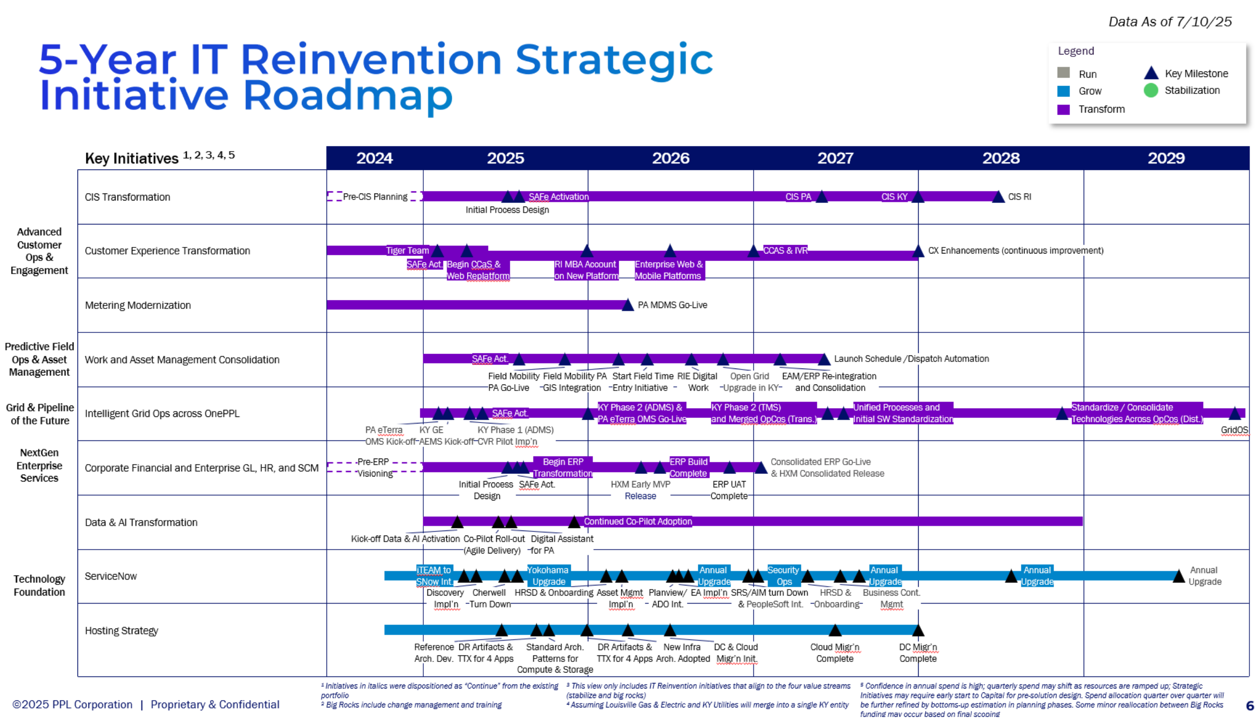
Case No. 2025-00114

Question No. 64

Responding Witness: Daniel Johnson

Q-64. Refer to Johnson Direct Testimony, pages 13-23. Provide a specific timeline for the phases, projects and changes discussed. Include in the timeline an approximate month and year for each item included in the discussion.

A-64. Below is the timeline for the IT Upgrade set of projects. Please note that this is the most recent roadmap and includes some changes to the ERP go-live plan where it is now in early 2027 compared to Mr. Johnson's Direct Testimony that said it would be completed by 2027.



LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Second Request for Information
Dated July 3, 2025

Case No. 2025-00114

Question No. 65

Responding Witness: Daniel Johnson

Q-65. Refer to Johnson Direct Testimony, page 16, line 19. Provide the following information:

a. The request for proposal issued;

b. Each response to the request for proposal that was received;

c. The criteria for evaluation for the responses to the request for proposals;

d. The score(s) and evaluations for the responses to the request for proposals; and

e. The overall rankings and scores of the responses.

A-65.

a. See attachment being provided in a separate file.

b. See attachment being provided in a separate file. The information requested is confidential and proprietary and is being provided under seal pursuant to a petition for confidential protection.

c. See attachment being provided in a separate file.

d. See attachment being provided in a separate file. The information requested is confidential and proprietary and is being provided under seal pursuant to a petition for confidential protection.

e. See the response to part (d). PPL Services chose the vendor with representation and input from all utility companies.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Second Request for Information
Dated July 3, 2025

Case No. 2025-00114

Question No. 66

Responding Witness: Andrea M. Fackler / Daniel Johnson

Q-66. Refer to Johnson Direct Testimony, page 21, lines 4-15. Confirm that LG&E is not asking to include any of the IT improvements mentioned in this portion of testimony in the base rate calculation in this proceeding. If not confirmed, explain the response.

A-66. Not confirmed. The costs discussed in Mr. Johnson's Direct Testimony on pages 18-22 discuss the strategic project costs in the 5-year IT business plan. As part of the company business plan, these costs are part of the base rate revenue increase requested. For the reasons discussed in Mr. Johnson's Direct Testimony on Pages 6-10, the costs are necessary to continue to serve our customers. As stated, the existing IT infrastructure must be improved to support the business and our customers in the long term and is therefore justified in being included in the base rate revenue requirement.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Second Request for Information
Dated July 3, 2025

Case No. 2025-00114

Question No. 67

Responding Witness: Daniel Johnson

Q-67. Refer to Johnson Direct Testimony, pages 21-22. Explain how, if the companies have not selected vendors or programs, the companies arrived at the amounts included in the forecasted test year.

A-67. While the vendors and programs were not selected at the filing of Mr. Johnson's direct testimony, PPL had been able to solicit input from Partners in Performance for directional costs for similar projects. See attachment included in response to Question No. 59 for this report.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Second Request for Information
Dated July 3, 2025

Case No. 2025-00114

Question No. 68

Responding Witness: John J. Spanos

Q-68. Refer to the Direct Testimony of John Spanos (Spanos Direct Testimony), page 5, lines 17-23. For each account listed for LG&E, describe the specific change in circumstance(s) that required a shift to straight line remaining life method of amortization.

A-68. There was no change in the methodology for general plant accounting or the method from straight line remaining life amortization. These accounts were handled in the same fashion with the same methods and procedures for the last 15-20 years.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Second Request for Information
Dated July 3, 2025

Case No. 2025-00114

Question No. 69

Responding Witness: John J. Spanos

Q-69. Refer to Spanos Direct Testimony, page 5, lines 12-23. Refer also to Case No. 2020-00349 and Case No. 2020-00350, the Direct Testimony of John Spanos, generally. Explain why the straight line methodology was utilized in this case and not utilized in the prior rate case.

A-69. The same methods were used in this case as those in the prior rate case and in previous cases. This includes life and net salvage analysis in phase 1 as well as the depreciation calculations in the second phase.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Second Request for Information
Dated July 3, 2025

Case No. 2025-00114

Question No. 70

Responding Witness: Heather D. Metts / Daniel Johnson

Q-70. Refer to the Direct Testimony of Heather Metts (Metts Direct Testimony), pages 3-6. Explain how the IT upgrades will affect the programs used for financial forecasting, specifically: UIPlanner Financial Model, PowerPlan Budgeting Module, and PeopleSoft.

A-70. The Companies expect the IT upgrades will affect the programs used for financial forecasting as follows:

UIPlanner Financial Model will transition to UIPlanner Financial Model Cloud and there should be minimal changes.

PowerPlan Budgeting Module will transition to another product, which has been narrowed down to two products. The particular changes related to the budgeting process have not been defined.

PeopleSoft HR will transition to SAP Success Factors**.** Discussions about process definition have started but there is nothing defined at this point.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Second Request for Information
Dated July 3, 2025

Case No. 2025-00114

Question No. 71

Responding Witness: Heather D. Metts

Q-71. Refer to Metts Direct Testimony, page 6, lines 8-10. Provide the "comprehensive list of capital projects" for each line of business used to prepare the forecasted budget for this application.

A-71. See attachment being provided in a separate file.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Second Request for Information
Dated July 3, 2025

Case No. 2025-00114

Question No. 72

Responding Witness: Heather D. Metts

Q-72. Refer to Metts Direct Testimony, page 7, lines 9-11. Provide the "PPL provided 'top-down' lower operation and maintenance targets…" referenced in the testimony.

A-72. PPL provided O&M targets that resulted in gaps allocated between LG&E and KU of $9.5 million and $15.1 million in 2025 and 2026 respectively. We continue to look for efficiencies and other cost savings measures to meet these targets.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Second Request for Information
Dated July 3, 2025

Case No. 2025-00114

Question No. 73

Responding Witness: Drew T. McCombs / Heather D. Metts / Andrea M. Fackler

Q-73. Refer to Metts Direct Testimony, page 8, lines 4-7. Identify each Schedule prepared differently than in past applications as a result of the Federal Energy Regulatory Commission (FERC) Order No. 898.

A-73. As stated in the McCombs Direct Testimony, page 1, lines 19-22, "[T]he Companies have implemented the requirements of FERC Order No. 898, requiring changes in the financial presentation of certain operation and maintenance expenses and property, plant, and equipment within the FERC Uniform System of Accounts." This resulted in new accounts or classifications reflected in Tab 17 – Section 16(7)(d), Tab 22 – Section 16(7)(h)(1), Tab 55 – Section 16(8)(b), Tab 56 – Section 16(8)(c), Tab 57 – Section 16(8)(d), Tab 62 – Section 16(8)(i), and Tab 64 – Section 16(8)(k).

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Second Request for Information
Dated July 3, 2025

Case No. 2025-00114

Question No. 74

Responding Witness: Christopher M. Garrett / Shannon L. Montgomery/ Peter W. Waldrab

Q-74. Refer to Case No. 2020-00350[29] June 30, 2021 Order, page 17-18 and Appendix F. Similar to the table in Appendix F, provide a citation in the record or explanation for how LG&E shows that the projected savings from AMI can be achieved on an incremental basis and how it established a clear and sufficient baseline on all benefits as listed in Appendix F.

A-74. In accordance with the Kentucky Public Service Commission's Order of June 30, 2021 and subsequent order of December 6, 2021 in Case Nos. 2020-00349 and 2020-00350, Kentucky Utilities Company ("KU") and Louisville Gas and Electric Company ("LG&E") (collectively "the Companies") have submitted an annual Advanced Metering Infrastructure ("AMI") report on the 31st of July each year since the orders were issued.

Pursuant to Ordering paragraphs 8, 11 and 13 in the June 30, 2021 Orders mentioned above, the Companies' report provides the plan and progress toward maximizing benefits in the areas of reduced meter reading expense; ability to disconnect/reconnect remotely; reduced field service costs; avoided meter costs; fuel saving from decreased customer usage; conservative voltage reduction; time of day rates; electric distribution operations; improved outage response; management and prediction of outages, overloads, and shortfalls of transmission and distribution assets; data availability to customers within 4-6 hours; innovative rate design; reduced theft and earlier detection; a detailed plan for customer engagement of its AMI systems as well as detailed plans regarding how the Companies identify outages, how the AMI systems will facilitate notification and communication of information with customers regarding outages, the estimated times of repair, and the AMI systems' interaction with the Companies other smart grid investments, including the outage management system.

See attachment being provided in a separate file which will be filed on July 16, 2025 in Case No. 2020-00350.

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[29] Case No. 2020-00350, 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 Accounting Treatments, and Establishment of a One-Year Surcredit (June 30, 2021).

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Second Request for Information
Dated July 3, 2025

Case No. 2025-00114

Question No. 75

Responding Witness: Christopher M. Garrett

Q-75. Refer to Application, Tab 51, Cost Allocation Manual, pages 20-23. Provide the current ratio for each assignment method along with the date it was last calculated.

A-75. See attachment being provided in a separate file.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Second Request for Information
Dated July 3, 2025

Case No. 2025-00114

Question No. 76

Responding Witness: Christopher M. Garrett

Q-76. Refer to Application, Tab 51, Cost Allocation Manual, generally.

a. Explain what department reviews costs allocated to LG&E.

b. Explain the review process for costs allocated to LG&E.

c. Identify the employee or employees that reviews the costs that are allocated to LG&E to confirm their accuracy

A-76.

a. Costs allocated to LG&E are reviewed by several departments including the PPLS Corporate Budgeting department and the LKS Corporate Accounting department.

b. Refer to Garrett Direct Testimony, page 3-5 for a description of review procedures for costs allocated to LG&E.

c. Employees that review costs allocated to LG&E may include the Senior Manager, PPLS Corporate Budgeting; PPLS Corporate Budgeting Analysts; Manager, LKS Corporate Accounting; LKS Corporate Accounting Analysts; Manager PA Regulatory Accounting; PA Regulatory Accounting Analysts; Supervisor, Non-Utility Billing; PA Corporate Team Lead and Accounting Analysts, Manager Accounting; Staff Accountants; Manager RI Regulatory Accounting; RI Regulatory Accounting Analysts.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Second Request for Information
Dated July 3, 2025

Case No. 2025-00114

Question No. 77

Responding Witness: Michael E. Hornung / Shannon L. Montgomery

Q-77. Refer to the Direct Testimony of Shannon Montgomery, pages 22-23.

a. Explain whether LG&E has considered any amendments to Rate Outdoor Sports Lighting (OSL) based on customer feedback. If not, explain why not.

b. Explain whether any of the customers taking service pursuant to the OSL tariff approved in Case No. 2020-00350 have since dropped service.

c. Provide how many LG&E customers contacted customer service regarding taking service under Rate OSL.

d. Provide how many LG&E customers elected to take service under Rate OSL.

A-77.

a. Due to low participation and minimal customer feedback received, the Company has not considered making modifications to Rate OSL.

b. No customers who have taken service pursuant to the OSL tariff approved in Case No. 2020-00350 have since dropped service.

c. 3 LG&E customers contacted customer service regarding taking service under Rate OSL.

d. 4 LG&E customers have elected to take service under Rate OSL since its inception through the pilot approved in LG&E's 2016 base rate case.[30]

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[30] Application of Louisville Gas and Electric Company for An Adjustment of Its Electric and Gas Rates and for Certificates of Public Convenience and Necessity, Case No. 2016-00371, Order at 11, 35, and Appx. A 14-15 (Ky. PSC June 22, 2017).

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Second Request for Information
Dated July 3, 2025

Case No. 2025-00114

Question No. 78

Responding Witness: Drew T. McCombs

Q-78. Refer to LG&E's response to Staff's First Request, Item 30.

a. Explain why LG&E updated its asset retirement obligation (ARO) policy to institute a minimum threshold of $100,000 for recording ARO liabilities.

b. Explain why LG&E updated its policy for accounting for office furniture and tools by lowering the capitalization threshold of these assets from $5,000 to a range of $200-$500.

c. Explain why LG&E updated its prepaids policy to institute a minimum threshold of $100,000 for IT prepaids.

A-78. As a result of the centralization of PPL's accounting functions, efforts have been made to align accounting policies across all of the operating companies, including LG&E and KU. The ARO threshold of $100,000 and the office furniture and tools capitalization threshold range of $200-$500 were implemented to align with other operating companies in the organization. Additionally, the IT prepaid threshold of $100,000 was implemented to be consistent with other prepaids and create a consistent threshold for all prepaid transactions.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Second Request for Information
Dated July 3, 2025

Case No. 2025-00114

Question No. 79

Responding Witness: Drew T. McCombs

Q-79. Refer to LG&E's response to Staff's First Request, Item 7(c), Analysis for Account 426, page 9.

a. Provide a breakdown of the various individual transactions under $500.

b. Provide an explanation for inventory, line item 202403.

A-79.

a. See attachment being provided in a separate file.

b. Inventory line item 202403 represents a write-off of obsolete telecom materials.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Second Request for Information
Dated July 3, 2025

Case No. 2025-00114

Question No. 80

Responding Witness: Michael E. Hornung

Q-80. Refer to Case No. 2020-00350, June 30, 2021 Order, page 43. Explain whether LG&E raised its proposed revisions to the Interconnection Guidelines as issues to be determined in Case No. 2020-00302[31].

A-80. The Company has raised the same issues in its proposed revisions to the Interconnection Guidelines: Install production meters at Company cost, standardize application fees, move application forms out of tariffs to Company website, and update safety standards.

[31] Case No. 2020-00302, Electronic Investigation of Interconnection and Net Metering Guidelines.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Second Request for Information
Dated July 3, 2025

Case No. 2025-00114

Question No. 81

Responding Witness: Michael E. Hornung

Q-81. Refer to the Application, Tab 5, Gas Tariff, page 47 of 148. Explain the revisions to remove the references to telecommunications services from the Local Gas Delivery Service Tariff.

A-81. LG&E proposes to remove the Customer's responsibility to provide telecommunications service from the "Remote Metering" section of the Local Gas Delivery Service Tariff because telecommunications service has been replaced by digital technology and is no longer required to access data, such as daily gas use, recorded by the telemetry equipment installed on the Customer's gas meter. No customers are currently taking service under the Local Gas Delivery Service Tariff.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Second Request for Information
Dated July 3, 2025

Case No. 2025-00114

Question No. 82

Responding Witness: Drew T. McCombs

Q-82. Refer to LG&E's response Staff's First Request, Item 1, Attachment.

a. Explain why Account 565 Transmission of Electricity by Other increased by 259.90 percent between the base period and 2024.

b. Explain why Account 935 Maintenance of General Plant increased by 446.83 percent for electric and 471.06 percent for gas between the base period and 2024.

c. Explain the differences between the base period and 2024 for purchase gas expense account 805, 806, and 807.

A-82.

a. The increase in account 565 is due to higher intercompany transmission expense in the base year through both the actual ($1.036m) and forecast ($1.218m) amounts in the base year compared to the intercompany transmission expense in 2024 ($0.6m).

b. The increase is primarily due to the implementation of FERC Order 898, as IT costs related to maintenance of communication equipment, hardware maintenance and software maintenance that were previously recorded to FERC accounts 903, 923, and 930 are now recorded to FERC account 935.

c. Purchase gas expense is lower in the base period compared to 2024 primarily due to the fact that the purchase gas adjustment is not forecasted within the 6-month forecast in the base period. The base period contains 6 months of actual expense due to withdrawals of Texas Gas Rate NNS storage over the winter months but does not include any credit for the summer injections that will occur during the forecast months in the base period.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Second Request for Information
Dated July 3, 2025

Case No. 2025-00114

Question No. 83

Responding Witness: Tom C. Rieth

Q-83. Refer to Fackler Direct Testimony, page 13, lines 3-7. Explain what changes were made to the definition of a transmission pipeline in the Pipeline and Hazardous Materials Safety Administration.

A-83. The published final rule is available at the following website:

https://www.govinfo.gov/content/pkg/FR-2022-08-24/pdf/2022-17031.pdf

On August 24, 2022, the Pipeline and Hazardous Materials Safety Administration (PHMSA) published a new final rule for onshore gas transmission pipelines (Docket No. PHMSA-2011-0023; Amdt. No. 192-132). The Rule marks the completion of a three-phase rulemaking process, commonly referred to as the Gas Mega Rule, which began more than a decade ago. The Rule focuses mainly on transmission pipelines and amends or adds various provisions to 49 C.F.R. Part 192. The Rule became effective on May 24, 2023.

The definition of transmission pipelines was revised to include a "connected series" of pipelines to clarify that a transmission pipeline can be downstream of other transmission pipelines, and to allow operators to voluntarily designate their pipelines as transmission lines. Traditionally, the second part of the definition stated that it operates at a hoop stress of 20 percent or more of the Specified Minimum Yield Strength (SMYS). That has now been changed to "has an Maximum Allowable Operating Pressure (MAOP) of 20 percent or more of the SMYS."

The current PHMSA definition is:
Transmission line means a pipeline or connected series of pipelines, other than a gathering line, that:
(1) Transports gas from a gathering pipeline or storage facility to a distribution center, storage facility, or large volume customer that is not downstream from a distribution center;
(2) Has an MAOP of 20 percent or more of SMYS;
(3) Transports gas within a storage field; or
(4) Is voluntarily designated by the operator as a transmission pipeline.

Note 1 to transmission line. A large volume customer may receive similar volumes of gas as a distribution center, and includes factories, power plants, and institutional users of gas.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Second Request for Information
Dated July 3, 2025

Case No. 2025-00114

Question No. 84

Responding Witness: Tom C. Rieth

Q-84. Refer to the Direct Testimony of Tom C. Rieth (Reith Direct Testimony), page 17, lines 11–22, which reference the revision to the Firm Transportation Service Tariff (Rate FT) allowing LG&E to install remote flow equipment at the customer's expense in order to control and limit the amount of gas taken by Rate FT customers. Explain whether LG&E has been encountering issues with Rate FT customers consuming significantly more gas than purchased for delivery and in turn, jeopardizing the reliable provision of service to other customers.

A-84. Pool Managers serving Rate FT customers under-delivered gas to LG&E on 62 days (41% of the time) last winter. On those 62 days, under-deliveries ranged from 1% to 52% and averaged 9%. On normal weather days, LG&E is generally able to provide "as available" balancing service to Rate FT customers to make-up the under-delivery. On days (such as very cold days) when LG&E needs to preserve its storage deliverability to serve firm customers, LG&E issues an Operational Flow Order ("OFO") suspending "as available" balancing service and directing Pool Managers not to under-deliver gas on behalf of their customers. Pool Managers that under-deliver during an OFO incur an OFO Charge.

Last winter, OFOs were in effect for 18 days. One or more Pool Managers violated the OFO on four of the 18 days. The average temperature for these four days ranged from 16° F to 33° F. All of these days are warmer than the design day temperature LG&E could experience. While LG&E was able to maintain the reliability of its system on these days, LG&E is concerned about its ability to do so on colder-than-normal days in the future given the size of Rate FT loads and the availability of supply on colder-than-normal weather days.

The gas requirements of LG&E's Rate FT customers are a large portion of LG&E's total daily system requirements. For example, in January 2025, average Rate FT loads were about 60,000 Mcf per day or 20% of average system loads. On the coldest day in January 2025, Rate FT loads were about 75,000 Mcf per day or 15% of the total system load. Generally, LG&E's Pool Managers perform well, but any market participant can experience supply reductions, particularly when the weather is colder-than-normal. It could be challenging for LG&E to make up even a small supply shortage by Rate FT customers on colder days as discussed below.

Supply and demand are tightly balanced in the gas market, particularly on colder days. Colder-than-normal weather tends to cause “price spikes”, supply reductions and supply shortages. As a result, LG&E may not be able to find gas to replace a reduction in the amount of supply being delivered by Pool Managers. If LG&E cannot find additional supply, it must withdraw more gas from storage, assuming that is possible. If it is not possible, LG&E may need to take other actions, such as asking firm sales customers to reduce gas use to protect system reliability. Installing remote flow equipment at Rate FT customer sites would allow LG&E to reduce the flow of gas to Rate FT customers when under-deliveries by those customers or their Pool Managers have the potential to negatively impact LG&E’s ability to provide service to other customers.

Also, see the response to METRO 1-62.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Second Request for Information
Dated July 3, 2025

Case No. 2025-00114

Question No. 85

Responding Witness: Tom C. Rieth

Q-85. Refer to the Rieth Direct Testimony, page 17, line 23, through page 18, line 3, which references the revision to Rate FT to require any optional sales and purchase transactions to be made between the customer's Pool Manager and LG&E. Explain how it would be more efficient to work with a Pool Manager in the event this type of transaction is required to respond to a supply emergency.

A-85. LG&E has never entered into an optional sales and purchase transaction with one of its Rate FT customers. If LG&E did require this type of transaction to respond to an emergency, it would be more efficient to contact its four Rate FT Pool Managers rather than contact about 80 Rate FT customers directly.

In LG&E's experience, it is difficult to maintain up-to-date contact lists for Rate FT customers, in particular, a list of customer representatives who are available on a 24-hour basis, aware of the amount of gas their company is purchasing from a Pool Manager, and have the authority to reduce the amount of gas being delivered by the Pool Manager for their facility so they can sell gas to LG&E. LG&E is more likely to acquire additional supply by working with Pool Managers because they have representatives available on a 24-hour basis, forecast and purchase their customers' daily requirements, and are aware of any excess volume they may be delivering that could be sold to LG&E. In the event a Pool Manager is willing to sell gas that is otherwise required to serve a Pool customer, the Pool Manager is in a better position to contact the customer to see if it is willing to reduce gas use at its facility. Pool Managers are likely to have up-to-date contact lists because they determine a customer's requirements and purchase gas on behalf of that customer each day.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Second Request for Information
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Case No. 2025-00114

Question No. 86

Responding Witness: Tom C. Rieth

Q-86. Refer to the Rieth Direct Testimony, page 19, lines 3–8, which references the revision to Rate Distributed Generation Gas Service (Rate DGGS) to clarify that LG&E will not accept generators with a connected load of more than 8,000 cubic feet per hour. Explain how LG&E arrived at an upper limit of 8,000 cubic feet per hour.

A-86. LG&E arrived on the upper limit of 8,000 cubic feet per hour because this volume aligns with the "Terms and Conditions" for new customers set forth in its Gas Tariff. Specifically, Original Sheet No 107 of LG&E's approved Gas Tariff states in "New Customers" Section 2(a): "Company will have the right to limit the total connected load to a maximum of 8,000 cubic feet per hour, when in Company's judgment such is necessary in order to enable it to continue to supply reliable service to existing customers." As explained by LG&E in the referenced testimony, "Generators in general, and large generators in particular, make it more challenging to balance system loads and maintain reliable service."

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Second Request for Information
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Case No. 2025-00114

Question No. 87

Responding Witness: Tom C. Rieth

Q-87. Refer to the Rieth Direct Testimony, page 19, lines 11–16, which references the revision to the Standard Facility Contribution Rider (Rider SFC) to increase the maximum amount a customer could pay over a period of five years for a main extension from $2,000,000 to $4,000,000. Since no customers currently take service under Rider SFC, explain what precipitated the proposed increase from $2,000,000 to $4,000,000 and provided any associated cost support.

A-87. The Standard Facility Contribution Rider (Rider SFC) was added to LG&E's Gas Tariff in 2019 to provide new customers that require a longer gas main extension to pay their contribution towards that main extension over a five-year period. The proposed increase from $2,000,000 to $4,000,000 is precipitated by an increase in main extension costs, such as material and labor, since Rider SFC was added in 2019. The Handy-Whitman Index of Public Utility Construction Costs, South Atlantic Region ("Handy-Whitman Index") is a nationally recognized tool tracking changes in utility construction costs. It provides a way to measure the relative cost of construction for various utility components, such as gas mains, across different years. The Handy-Whitman Index for FERC Account 376 (the account which records investment in plastic mains) in January 2019 was 529; in January 2024 (the most recent year available), it was 710, which is an increase of 34%.While LG&E proposes to increase the excess cost amount that one customer could pay under Rider SFC to $4,000,000, the total gas main extension costs subject to this Rider per calendar year remains limited at $4,000,000.

LOUISVILLE GAS AND ELECTRIC COMPANY

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Case No. 2025-00114

Question No. 88

Responding Witness: Tom C. Rieth

Q-88. Refer to Reith Direct Testimony, page 4-5. Explain why LG&E/KU did not receive bids until September 2024.

A-88. LG&E has conducted multiple bidding processes for the Bullitt County pipeline. LG&E first went through the bidding process for the project in 2019, and the information received from those bids was used for previous estimates. LG&E chose to rebid the project in 2024 for the 2025 Business Plan to be prepared to construct in 2025 pending receipt of all permits and property rights to commence construction. The bidding process began in summer 2024 so that bids would be received and evaluated to update construction costs for the 2025 Business Plan and facilitate construction in early 2025.

LOUISVILLE GAS AND ELECTRIC COMPANY

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Case No. 2025-00114

Question No. 89

Responding Witness: Tom C. Rieth

Q-89. Refer to Reith Direct Testimony, page 5. Explain what least-cost alternatives LG&E reexamined in 2025.

A-89. See attachment being provided in a separate file.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Second Request for Information
Dated July 3, 2025

Case No. 2025-00114

Question No. 90

Responding Witness: Christopher M. Garrett / Drew T. McCombs

Q-90. Refer to the Direct Testimony of Christopher Garrett (Garrett Direct Testimony), pages 1-2. Provide all agreements between PPL Services, LKE or LK Services with LG&E.

A-90. See the response to PSC 1-12(c).

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Second Request for Information
Dated July 3, 2025

Case No. 2025-00114

Question No. 91

Responding Witness: Christopher M. Garrett

Q-91. Refer to Garrett Direct Testimony, page 1. Describe how the PPL acquisition of the Narragansett Electric Company d/b/a Rhode Island Energy (NECO) impacted LG&E. Include in this description any agreements between any of the parties listed if not already provided in the response to Item 89, efficiencies of service, staffing and technology.

A-91. The most significant impact from the acquisition of Rhode Island Energy ("RIE") on LG&E has come from the continued centralization of the shared services functions. This has resulted in the sharing of certain costs across the four operating companies of PPL: LG&E; KU; PPL EU; and RIE in connection with the Comprehensive Utility Goods and Services agreement provided in response to PSC 1-12. These costs include those costs of the shared services functions identified on Page 2, Lines 9-11 of my direct testimony. Additionally, LG&E has performed numerous services for RIE in connection with the acquisition and integration of RIE. Lastly, LG&E along with the three other operating companies continue to share best practices including the alignment of common standards, business processes, and eventually IT systems.

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Case No. 2025-00114

Question No. 92

Responding Witness: Christopher M. Garrett

Q-92. Refer to Garrett Direct Testimony, page 1. Provide an organizational chart reflecting the PPL and LG&E corporate organization pre-NECO acquisition and an organizational chart reflecting the PPL, LKE and LG&E corporate organization postNECO acquisition

A-92. Organization charts showing the relevant corporate PPL, LKE and LG&E/KU organizations pre-NECO acquisition and post-NECO acquisition are provided as Attachment 1 and Attachment 2, respectively.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Second Request for Information
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Case No. 2025-00114

Question No. 93

Responding Witness: Christopher M. Garrett / Vincent Poplaski

Q-93. Refer to Garrett Direct Testimony, page 2, lines 15-16.

a. Provide the number of Kentucky based employees that are now employed by PPL Services.

b. Provide the number of employees located in Kentucky performing work for other jurisdictions or PPL affiliates.

c. Describe how the Kentucky PPL Services employees track hours worked and for whom.

A-93.

a. As of June 30, 2025, the number of Kentucky based employees that are employed by PPL Services is 370.

b. The requested information is not readily available as a review of all employee charges would be needed to determine the specific number. However, if an employee based in Kentucky performs work for other jurisdictions or affiliates, the costs associated with such work are directly billed to that jurisdiction or affiliate.

c. First, PPL Services employees directly charge their time when performing services for the benefit of one particular operating company. Second, when direct charging is not possible when services provided benefit more than one operating company, PPL Services employees allocate and charge their time in accordance with the specific ratio approved in the CAM based on the type of service provided.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Second Request for Information
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Case No. 2025-00114

Question No. 94

Responding Witness: Christopher M. Garrett

Q-94. Refer to Garrett Direct Testimony, page 3, lines 5-8.

a. Explain a situation when an employee might not be able to direct charge a PPL affiliate.

b. Provide a list of departments with employees doing tasks for both KU or LG&E as well as other affiliates. As part of that list, provide the method of allocation for that department, the ratio of allocation and confirm that method is used exclusively for that department.

c. Explain why different methods were chosen for different departments. As part of that analysis, confirm that all PPL affiliates use this same methodology for employees located within a jurisdiction doing work for LG&E. If not confirmed, explain the response.

A-94.

a. Direct charging a PPL affiliate is not possible when costs incurred benefit more than one affiliate and direct measures of cost causation cannot be determined. In that scenario, the multi-factor indirect cost allocation method is utilized to allocate the cost. An example of this scenario is labor cost for an administrative assistant who supports multiple accounting departments enterprise wide.

b. Refer to Chapter 3 of the Cost Allocation Manual in 2025 Filing Req - LGE Sec 16(7)(u)(1).

c. A department can utilize multiple assignment methods as defined in Chapter 3 of the Cost Allocation Manual. The method assigned to a transaction apportions the cost using the most appropriate direct or general measure of cost causation. Confirmed that the methods defined in the Cost Allocation Manual apply to all PPL affiliates.

LOUISVILLE GAS AND ELECTRIC COMPANY

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Case No. 2025-00114

Question No. 95

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

Q-95. Refer to Garrett Direct Testimony, page 3. Provide a list of jurisdictions, where as part of state regulatory responsibilities or cases, the CAM has been evaluated and accepted or approved.

A-95. The Virginia State Corporate Commission issued an order in case number PUR-2023-00228 approving the cost allocation manual.

The Pennsylvania Public Utility Commission reviewed the CAM in connection with the filing of the new Comprehensive Utility Goods and Services Agreement of PPL Electric Utilities Corporation and its affiliates in Docket G-2023-3044914. The Pennsylvania PUC issued an order on April 22, 2024 approving the Comprehensive Utility Goods and Services Agreement.

The Cost Allocation Manual has been filed with the Rhode Island Division of Public Utilities and Carriers. There is no requirement for the Division to accept or approve the Cost Allocation Manual and they have not done so.

LOUISVILLE GAS AND ELECTRIC COMPANY

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Case No. 2025-00114

Question No. 96

Responding Witness: Christopher M. Garrett

Q-96. Refer to Garrett Direct Testimony, pages 3-5. For every department or party described, provide the specific number of employees, names and specific job titles of the persons tasked with reviewing the information described in this testimony. Include a notation as to whether this is the employee's only task or if the employee has other assigned tasks. If the employee has other responsibilities, provide that as well.

A-96. See the response to Question No. 76(c). All employees noted have responsibilities other than those noted in Garrett Direct Testimony, pages 3-5.

LOUISVILLE GAS AND ELECTRIC COMPANY

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Case No. 2025-00114

Question No. 97

Responding Witness: Christopher M. Garrett

Q-97. Refer to Garrett Direct Testimony, page 4, lines 17-19. Describe the process to "question the charge".

A-97. Before booking a new or unusual charge or an indirect allocation, the manager or delegate will review the supporting documentation. If the documentation is unclear as to how the costs benefited LGE, the manager or delegate will contact the department originating the cost and ask for additional support.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Second Request for Information
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Case No. 2025-00114

Question No. 98

Responding Witness: Christopher M. Garrett

Q-98. Refer to Garrett Direct Testimony, page 4, lines 20-22. Provide an example of a PPL Electric Utilities Corporation charge "with detailed support." Include the detailed support and any other paperwork LG&E might receive.

A-98. See attachments being provided in separate files.

Please note that although the support files attached are for services provided by PPL Electric Utilities Corporation to KU, comparable support is supplied when its services are provided to LG&E. No recent example exists for PPL Electric Utilities Corporation providing support to LG&E.

LOUISVILLE GAS AND ELECTRIC COMPANY

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Case No. 2025-00114

Question No. 99

Responding Witness: Christopher M. Garrett

Q-99. Refer to Garrett Direct Testimony, page 5, lines 11-13. Provide a table with a side-by side cost comparison of the estimated expenses by category for the AMI installation and the actual expenses.

A-99. See attachment being provided in a separate file.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Second Request for Information
Dated July 3, 2025

Case No. 2025-00114

Question No. 100

Responding Witness: Christopher M. Garrett

Q-100. Refer to Garrett Direct Testimony, page 8, lines 6-10.

a. Provide the specific trustee fee savings.

b. Provide any specific amount of savings, by dollar amount, related to "streamline the administration and expenses associated…" if the two foundations are merged.

c. As to the four service territories, describe how the foundation would distribute its charitable giving or activities.

A-100.

a. For calendar year 2024, the Foundation paid $15,735.63 in trustee fees.

b. The Foundation paid $4,200 in fees for the preparation of Form 990; a merger or consolidation would avoid duplicate Form 990 preparation fees. Other savings would come from internal efficiencies, which are not separately tracked. These include efficiencies in legal support, investment management team support, board meetings, and preparation of financial statements.

c. Following a consolidation, the surviving foundation's distributions would be allocated in the Board's discretion to PPL's service territories based on total circumstances, including existing community partnerships (in Kentucky and Virginia, as initiated by the LG&E and KU Foundation), special needs, and other factors.

LOUISVILLE GAS AND ELECTRIC COMPANY

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Dated July 3, 2025

Case No. 2025-00114

Question No. 101

Responding Witness: Christopher M. Garrett

Q-101. Refer to Garrett Direct Testimony, page 9, line 4. Clarify what is meant by the "included in rates" portion of that statement.

A-101. The statement "included in rates" refers to the associated amortization expense included as a recoverable cost in the determination of the revenue requirement in this proceeding.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Second Request for Information
Dated July 3, 2025

Case No. 2025-00114

Question No. 102

Responding Witness: Christopher M. Garrett

Q-102. Refer to Garrett Direct Testimony, page 11, lines 4-13.

a. Reconcile the request for a regulatory asset in this case related to the IT projects as described by Mr. Garrett with the testimony that asserts a merger is necessary to save on IT costs. Include in the description specific justification for the amount allocated to LG&E in light of Exhibit CMG-1.

b. Reconcile the timeline provided in the testimony with the timeline described in Exhibit CMG-1.

A-102.

a. The request for regulatory asset treatment for the IT costs is necessary irrespective of the legal entity merger because the costs are an extraordinary and nonrecurring expense that will result in savings as discussed in the testimony of Mr. Johnson. Timing the legal entity merger with the implementation of the IT projects provides the added benefit of avoiding the one-time system reconfiguration costs associated with the legal entity merger to fully harmonize the rates and achieve the administrative and regulatory savings identified in Exhibit CMG-1. The allocation of the IT project costs to LG&E whereby regulatory asset treatment is requested is in accordance with the approved Cost Allocation Manual.

b. As discussed in Exhibit CMG-1, LG&E anticipates completing the legal entity merger of LG&E and KU by the end of 2026. LG&E anticipates completing the new Enterprise Resource Platform ("ERP") by the end of 2027 at which time LK Services would be merged into PPL Services. LG&E anticipates completion of the new Customer Information System "CIS" project in 2028 which would incorporate the new "rate districts". The IT O&M costs LG&E is requesting regulatory asset treatment begin in 2025 and continue through 2029 and include not only the ERP and CIS projects but also the other projects described in the testimony of Mr. Johnson.

LOUISVILLE GAS AND ELECTRIC COMPANY

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Case No. 2025-00114

Question No. 103

Responding Witness: Christopher M. Garrett / Daniel Johnson

Q-103. Refer to Garrett Direct Testimony, page 12, footnote 12. The footnote mentions cost savings. Using specific dollar amounts, explain the savings for the customers that will offset the expense of the IT upgrades.

A-103. The Company stated in Mr. Garrett's testimony, "the costs are an extraordinary and nonrecurring expense that over time will result in savings as discussed in the testimony of Mr. Johnson." The IT upgrades represent the least cost alternative, as shown in the attached analyses for the ERP and CIS projects. Additionally, the IT upgrades will help facilitate the merger of KU and LG&E which will result in the administrative and regulatory efficiencies discussed in Exhibit CMG-1.

The Commission has provided four categories of expenses that qualify for regulatory asset treatment, including "an extraordinary or nonrecurring expense that over time will result in a savings that fully offsets the cost."[32] The Commission recently clarified that these categories are "not determinative," but "illustrative."[33] The Company additionally asserts that regulatory asset treatment is appropriate to ensure that the cost of the IT upgrades is appropriately matched with the benefits customers will experience.

[32] See, e.g., 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, Case No. 2008-00436, Order at 3-4 (Ky. PSC Dec. 23, 2008).

[33] Electronic Application of Kentucky Utilities Company and Louisville Gas and Electric Company for an Order Approving the Establishment of Regulatory Assets, Case No. 2024-00181, Order at 3 (Ky. PSC Nov. 21, 2024).

LOUISVILLE GAS AND ELECTRIC COMPANY

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Case No. 2025-00114

Question No. 104

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

Q-104. Refer to Garrett Direct Testimony, page 15, lines 3-6. Given the original amount estimated in Case No. 2021-00462[34] for the regulatory asset, provide a specific breakdown of the expenses, to whom they were paid, and interest for the amount requested for the regulatory asset related to the Glendale Megasite.

A-104. The Glendale regulatory asset is specific to KU. No payments were made by LG&E.

[34] Case No. 2021-00462, *Electronic Joint Application of Kentucky Utilities Company, Nolin Rural Electric Cooperative Corporation, and East Kentucky Power Cooperative, Inc. for Approval of an Agreement Modifying an Existing Territorial Boundary Map and Establishing the Retail Electric Supplier for Glendale Megasite in Hardin County, Kentucky* (Ky. PSC Jan. 27, 2022).

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Second Request for Information
Dated July 3, 2025

Case No. 2025-00114

Question No. 105

Responding Witness: Christopher M. Garrett

Q-105. Refer to Garrett Direct Testimony, page 15-16. Generally, explain the OATT transmission revenue impact on the merger mitigation depancaking regulatory asset and regulatory liability. As part of the explanation, provide the OATT net revenue for each month beginning in January 2024 through April 2025.

A-105. A portion of depancaking costs (12.6% for 2024; 100% – 87.4% from the table below = 12.6%) are recovered from third party customers through the OATT formula rate which is updated annually in June. To the extent depancaking costs increase or decrease, third party transmission revenues will increase or decrease. The depancaking regulatory asset or liability should be adjusted to reflect the offsetting impact from the change in third party transmission revenues as both depancaking expenses and OATT third party transmission revenues are included in determining the associated revenue requirement collected in base rates. See the table below for the net depancaking impact for January 2024 through April 2025.

LG&E Depancaking Expenses							
		Transmission	Actual		Current Base Rate		Reg. Asset
		Load %	Gross	Net	Gross	Net	(Liability)
2024	Jan	87.40%	$766,936	$670,334	$751,585	$656,917	$13,417
2024	Feb	87.40%	$820,772	$717,388	$751,585	$656,917	$60,471
2024	Mar	87.40%	$664,846	$581,103	$751,585	$656,917	($75,814)
2024	Apr	87.40%	$821,282	$717,835	$751,585	$656,917	$60,918
2024	May	87.40%	$718,054	$627,609	$751,585	$656,917	($29,308)
2024	Jun	87.40%	$730,164	$638,193	$751,585	$656,917	($18,724)
2024	Jul	87.40%	$821,402	$717,939	$751,585	$656,917	$61,022
2024	Aug	87.40%	$836,317	$730,976	$751,585	$656,917	$74,059
2024	Sep	87.40%	$743,220	$649,605	$751,585	$656,917	($7,312)
2024	Oct	87.40%	$763,305	$667,160	$751,585	$656,917	$10,243
2024	Nov	87.40%	$750,282	$655,778	$751,585	$656,917	($1,139)
2024	Dec	87.40%	$767,621	$670,932	$751,585	$656,917	$14,015
2025	Jan	87.79%	$808,998	$710,187	$751,585	$659,786	$50,401
2025	Feb	87.79%	$809,768	$710,863	$751,585	$659,786	$51,077
2025	Mar	87.79%	$755,499	$663,222	$751,585	$659,786	$3,436
2025	Apr	87.79%	$802,218	$704,235	$751,585	$659,786	$44,449

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Second Request for Information
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Case No. 2025-00114

Question No. 106

Responding Witness: Christopher M. Garrett

Q-106. Refer to Garrett Direct Testimony, page 17, lines 11-16 and page 18, lines 1-3. Also refer to Spanos Direct Testimony, page 5, lines 17-21. Reconcile the assertion that the companies continue to use the methodology the Commission has previously accepted in light of Mr. Spanos's referenced testimony.

A-106. Per Page 3, Lines 13-18 of the direct testimony of Mr. Spanos as well as Page iii of the depreciation studies prepared by Mr. Spanos, the depreciation rates for the majority of plant accounts are based on the straight-line method using the average service life ("ASL") procedure and were applied on a remaining life basis. General plant accounts are amortized as opposed to depreciated using the remaining life method which is also consistent with the approach utilized in the previous studies and depreciation rates approved in the prior rate case proceedings. Amortization accounting as opposed to depreciation is more appropriate for general plant accounts given they represent numerous units of property with little to no net salvage value.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Second Request for Information
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Case No. 2025-00114

Question No. 107

Responding Witness: Robert M. Conroy

Q-107. Refer to Garrett Direct Testimony, Exhibit CMG-1. Provide a copy of the most recent merger study as referenced in the exhibit.

A-107. See attachment being provided in a separate file.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Second Request for Information
Dated July 3, 2025

Case No. 2025-00114

Question No. 108

Responding Witness: Christopher M. Garrett

Q-108. Refer to Garrett Direct Testimony, Exhibit CMG-1, page 4.

a. Explain why this study assumed that KU would be merged with and into LG&E citing to any change in circumstance from the prior studies.

b. Explain why the assumption the Louisville Gas & Electric and Kentucky Utilities Service Company (LKS) workforce would be transferred to PPL Services was used.

c. Explain whether changing one or both of these assumptions would affect the conclusion in the study.

A-108.

a. In response to the Commission's most recent order addressing the *2021 LG&E/KU Legal Merger Study Update*,[35] the Companies reviewed the assumption in the previous studies that LG&E, KU and LG&E and KU Services Company would merge into a single new legal entity under LG&E and KU Energy LLC and determined that merging KU with and into LG&E with LG&E being the surviving corporation would be a more efficient transaction by simplifying the financing issues and debt transactions associated with the merger and create a more efficient corporate structure. The merger of KU into and with LG&E is also consistent with the transactional objective of LG&E Energy Corp.'s 1998 acquisition of KU Energy Corporation.

b. The Companies assumed LKS would be merged into PPL Services in an effort to capture additional administrative efficiencies including the elimination of FERC Form 60 filings for LKS and to create a more efficient corporate structure. Additionally, shared service functions have now

[35] Electronic Application of Kentucky Utilities Company for an Adjustment of Its Electric Rates, Case No. 201800294 and Electronic Application of Louisville Gas and Electric Company for an Adjustment of Its Electric and Gas Rates, Order at 6 (Ky. PSC Aug. 22, 2023).

largely been consolidated and centralized across the enterprise with many Kentucky based employees already being transferred to PPL Services.

c. Changing one or both of these assumptions would likely lead to a less efficient merger process and more complexity in the transaction, increasing the risk to the cost to achieve the transaction and an overall less efficient corporate structure.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Second Request for Information
Dated July 3, 2025

Case No. 2025-00114

Question No. 109

Responding Witness: Julissa Burgos / Christopher M. Garrett

Q-109. Refer to Garrett Direct Testimony, Exhibit CMG-1, pages 6-7.

a. Using the total amount of debt referenced at the bottom of page 6, provide the resulting capital structure for the new single entity described in the exhibit.

b. Explain what LG&E would do with the debt having maturity dates in 2025, 2026, and 2027.

c. Explain the RemainCo. amount for the revolving credit facility. As part of that explanation, provide the current amount of revolving funds being utilized by KU.

A-109.

a. Following a legal merger of KU into LG&E, it is expected that the new single entity would maintain a capital structure of approximately 53% equity and 47% debt, consistent with the capital structure of the Companies prior to the merger. The new single entity would be the obligor of all the debt mentioned in Pages 6-7 of Exhibit CMG-1.

b. LG&E expects to issue new securities under its existing secured mortgage indenture to finance the maturities in 2025. The remarketing for those bonds that have put dates in 2026 and 2027 do not require additional collateral so would continue to be collateralized by the assets that were originally used at the time of issuance under the LG&E indenture. The Companies expect that if the put date is after the consummation of the legal merger, the RemainCo would become the obligor of the remarketed bonds.

c. KU and LG&E currently maintain $600 million each in credit capacity through their syndicated revolving credit facilities. These facilities serve as a backstop to their commercial paper program and provide the ability to borrow from the facility or issue letters of credit, as needed. Following the legal merger, the Companies will assess the necessary level of liquidity capacity as a single entity and aim to optimize the size of the credit facilities to align with the combined liquidity needs, considering working capital requirements and the timing of long-term capital.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Second Request for Information
Dated July 3, 2025

Case No. 2025-00114

Question No. 110

Responding Witness: Christopher M. Garrett

Q-110. Refer to Garrett Direct Testimony, Exhibit CMG-1, pages 9-10.

a. Confirm that "rate districts" would be created to maintain current LG&E rates for its service territory, should the merger be approved. If not confirmed, explain the response.

b. Confirm that the "rate districts" would be unified into a single tariff with rates and rate classes in the next subsequent rate case filing. If not confirmed, explain the response.

c. Confirm that, regardless of the timing of an application for a rate base adjustment or approval of a unified rate and rate class tariff, RemainCo. would not be able to unify the "rate districts" until such time as the IT upgrades have been made. If not confirmed, explain as part of the response whether RemainCo would delay a unified tariff until such time as IT upgrades are completed.

A-110.

a. Confirmed.

b. Rate districts will be unified into a single tariff with rates and rate cases as part of ***a*** future base rate case proceeding. The Companies cannot confirm that it will be the next base rate case proceeding given the timing of approvals needed for the legal entity merger in connection with the timing of the next base rate case proceeding. Additionally, rate harmonization may take a number of years to complete given the impact on the various rate classes.

c. While it technically may be possible to harmonize the rates absent reconfiguration of the IT systems, many of the associated accounting and regulatory efficiencies identified by the Company could not be achieved absent reconfiguration of the IT systems coupled with the LK Services merger into PPL Services.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Second Request for Information
Dated July 3, 2025

Case No. 2025-00114

Question No. 111

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

Q-111. Refer to Garrett Direct Testimony, generally. Confirm that LG&E is asking for approval of the merger as proposed in Exhibit CMG-1. If not confirmed, explain what LG&E requests the Commission to specifically approve citing to the appropriate statutory or regulatory authority.

A-111. LG&E's application in this case requests the Commission issue an order 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.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Second Request for Information
Dated July 3, 2025

Case No. 2025-00114

Question No. 112

Responding Witness: Lonnie E. Bellar

Q-112. Refer to the Direct Testimony of Robert Conroy (Conroy Direct Testimony), page 4. Describe the current condition of the stack liners at the Trimble County Units 1 and 2. Include in the response the most recent inspection and maintenance reports for those two units.

A-112. There are a total of three flue liners for Trimble County units 1 & 2. All three flues are fabricated from fiberglass reinforced plastic (FRP) and supported by structural steel. Various inspections over the last several years have indicated deterioration in the FRP material and structural steel. This is evidenced by through wall leakage, delamination of the jointing FRP, failing corrosion barrier, extremely corroded fasteners, damaged expansion joints, and FRP cracking visible from the exterior. These conditions indicate extensive degradation in material condition and reduced structural integrity. Leakage through the FRP liner and expansion joints has led to corrosion of select areas of the support steel. The damage is most progressed on the TC1 liner, and the observed conditions indicate a similar progression on the TC2 liners. Repairs have been made to secure the jointing FRP, patch local areas of FRP leakage, fasteners have been replaced, and new expansion joints have been installed where necessary. A cable restraint system was installed on the TC1 liner in January 2025 to guard against a catastrophic failure until the replacement liner can be installed. Recent inspection reports are being provided separately.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Second Request for Information
Dated July 3, 2025

Case No. 2025-00114

Question No. 113

Responding Witness: Tom C. Rieth

Q-113. Refer to Conroy Direct Testimony, page 5, lines 6-10.

a. Provide the number of leaks, by type of pipe, repaired in the system, by month, beginning January 2023 through June 2025.

b. Provide the capital project work plan for LG&E's gas system for the years 2025-2030 or identify where in the record it may be found.

c. Provide the status of the Bullitt County Pipeline Project.

A-113.

a. See table below for a summary of the number of leaks repaired by month from January 2023 through June 2025:

Month	Mains	Services	Above Ground Piping
1/2023	8	129	15
2/2023	15	116	20
3/2023	5	120	113
4/2023	5	158	9
5/2023	4	118	17
6/2023	14	101	133
7/2023	8	99	16
8/2023	5	105	15
9/2023	5	96	159
10/2023	1	132	17
11/2023	6	64	20
12/2023	9	96	125
1/2024	10	117	13
2/2024	27	143	19
3/2024	19	108	233
4/2024	22	98	12
5/2024	9	116	9
6/2024	15	107	173

Month	Mains	Services	Above Ground Piping
7/2024	16	119	13
8/2024	24	129	8
9/2024	14	114	155
10/2024	14	150	12
11/2024	15	104	8
12/2024	9	80	167
1/2025	5	83	12
2/2025	19	128	17
3/2025	8	105	160
4/2025	8	103	11
5/2025	10	113	17
6/2025	7	115	182

b. See the 2025 Filing Req KU LGE Attach to Tab 16 - Section 16(7)(c) - Item I Line of Business Presentations - REDACTED.pdf attachment to filing requirement Tab 16-Sec 16(7)(c).

c. Pipeline construction began in April 2025 and is ongoing. The pipeline is expected to be operational by the end 2025, with restoration continuing into 2026.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Second Request for Information
Dated July 3, 2025

Case No. 2025-00114

Question No. 114

Responding Witness: Robert M. Conroy

Q-114. Refer to Application, Filing Requirement, Tab 4, page 149, P.S.C. No. 21, Original Sheet No. 89. Explain how the Retired Asset Recovery Rider would be impacted by decision to delay the retirement of Mill Creek 2.

A-114. Delaying the retirement of Mill Creek 2 could impact when LG&E would file for cost recovery through the RAR if Mill Creek 2's applicable retirement costs pursuant to the RAR tariff had not already been collected in base rates.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Second Request for Information
Dated July 3, 2025

Case No. 2025-00114

Question No. 115

Responding Witness: Lonnie E. Bellar

Q-115. Refer to Case No. 2025-00104.[36] Provide an update as to whether a sale has occurred or is pending and explain whether the property is still for sale.

A-115. A sale of the Riverport Distribution Center has not occurred nor is one pending, the facility remains on the market for sale.

[36] Case No. 2025-00104, Electronic Application of Louisville Gas and Electric Company for Authority to Transfer the Riverport Distribution Center Pursuant to KRS 278.218.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Second Request for Information
Dated July 3, 2025

Case No. 2025-00114

Question No. 116

Responding Witness: Drew T. McCombs

Q-116. For the historical portion of the base period and the five preceding calendar years, provide a schedule detailing all nonrecurring charges by customer class which includes:

a. Type of charge;

b. Amount billed;

c. Amount recovered;

d. Number of times the charge was assessed; and

e. Support for the nonrecurring charge.

A-116. The Company has identified nonrecurring charges as Late Payment Charges and those charges are found on the Company's Electric and Gas Tariff Sheets No. 45 Special Charges except for AMI Opt-out charges as those are recurring charges, plus Electric Tariff Sheet No. 66 Temporary-to-Permanent and Seasonal Service, and Gas Tariff Sheet No. 52 Gas Meter Pulse Service. The information for subparts a. and b. of the request are available by customer class and are provided in the attachment labeled Parts A-D. The information for subparts c. and d. has been provided in total as the breakdown between customer class is not readily available, also in the attachment for Parts A-D. The information for subpart e. has been provided in separate files for the base period and five preceding calendar years due to the size of the data requested and are provided in attachments labeled Part E.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Second Request for Information
Dated July 3, 2025

Case No. 2025-00114

Question No. 117

Responding Witness: Heather D. Metts

Q-117. For the forecasted portion of the based period and forecasted test year, provided a schedule detailing all nonrecurring charges by customer classes which includes:

a. Type of charge;

b. Revenues forecasted;

c. Number of charges forecasted (except late payment penalties);

d. Basis for late payment penalties; and

e. Support for the nonrecurring charge.

A-117.

a. See attachment being provided in a separate file.

b. See attachment being provided in a separate file.

c. The basis for the non-recurring charge forecast is the general ledger, which does not include the number of charges, so the number of charges is not available for forecasted periods.

d. Late payment penalties are forecasted based on a five-year historical average for each month based on actual late payment penalties from January 2017 through December 2023 (excludes 2020 and 2021 data due to COVID-19 late payment moratorium).

e. See attachment being provided in a separate file.