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 FOURTH REQUEST FOR INFORMATION

DATED SEPTEMBER 10, 2025

FILED: SEPTEMBER 23, 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 17th day of September 2025.

Venita Michelle DeFreeze

Notary Public

Notary Public ID No. KYNP4577

My Commission Expires:

April 1, 2028

VENITA MICHELLE DEFREEZE
NOTARY PUBLIC
Commonwealth of Kentucky
Commission # KYNP4577
My Commission Expires 4/1/2028

VERIFICATION

nch State of Rhode Island
~~COMMONWEALTH OF PENNSYLVANIA~~)
)
COUNTY OF ~~LEHIGH~~ nch Providence)

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 23 day of September, 2025.

NANCY C. HESBY
Notary Public - Rhode Island
Notary ID 771041
My Commission Expires Sep 19, 2027

Nancy C Hesby
Notary Public

Notary Public, ID No. 771041 (SEAL)

My Commission Expires: 9-19-2027

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

Robert M. Conroy

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 22nd day of September 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, **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 17th day of September 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, **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 17th day of September 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

STATE OF INDIANA)

)

COUNTY OF St. Joseph)

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

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 18 day of September, 2025.

NOTARY PUBLIC SEAL STATE OF INDIANA
TIFFANY BRASSELL
Commission Number NP0759681
My Commission Expires
October 30, 2032

Notary Public Tiffany Brassell

Notary Public, ID No. NP0759681

(SEAL)

My Commission Expires: Oct. 30, 2032

VERIFICATION

COMMONWEALTH OF MASSACHUSETTS)
)
COUNTY OF MIDDLESEX)

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 18th day of September, 2025, before me, the undersigned notary public, personally appeared **Timothy S. Lyons**, proved to me through satisfactory evidence of identification, which were Driver's License, to be the person whose name is signed on the preceding or attached document in my presence.

(seal)

MICHELLE JORDAN
MY COMMISSION EXPIRES
MAR 2 2029
COMMONWEALTH OF MASSACHUSETTS
NOTARY PUBLIC

Michelle Jordan

Notary Public Signature

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 22nd day of September 2025.

Kimberly C Burk

Notary Public

Notary Public ID No. KYNP14646

My Commission Expires:

10-16-2028

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 Montgomery
Shannon L. Montgomery

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 17th day of September 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)
)
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 19th day of September, 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

Tom Rieth

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 18th day of September 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, **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 22 day of September 2025.

Jennifer Lynn Vincent

Notary Public

Notary Public ID No. KYNP32193

My Commission Expires:

06/25/2029

JENNIFER LYNN VINCENT
NOTARY PUBLIC
Commonwealth of Kentucky
Commission # KYNP32193
My Commission Expires 6/25/2029

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

Peter W. Waldrab

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 22nd day of September 2025.

Mary Q Whaley

Notary Public

Notary Public ID No. KYNP92214

My Commission Expires:

September 11, 2028

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Fourth Request for Information
Dated September 10, 2025

Case No. 2025-00114

Question No. 1

Responding Witness: Shannon L. Montgomery

Q-1. Refer to the Direct Testimony of Shannon L. Montgomery (Mongomery Direct Testimony), page 11, lines 16–20. Provide the amount of savings LG&E has estimated and used in this case as a result of the paperless billing proposal and provide a detailed explanation for how the savings were calculated.

A-1. See the response to AG-KIUC 1-48(e), specifically the file "2025 AG DR1 LGE Attach to Q48(e) - Paperless Billing Savings.xlsx".

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Fourth Request for Information
Dated September 10, 2025

Case No. 2025-00114

Question No. 2

Responding Witness: Shannon L. Montgomery

Q-2. Refer to the Montgomery Direct Testimony, page 23, lines 7–13. Explain why LG&E believes removing the requirement that customers who purchase new smart thermostats through the Online Transactional Marketplace be automatically enrolled in the Bring Your Own Device program for smart thermostats would increase smart thermostat purchases through the Online Transactional Marketplace.

A-2. Separating eligibility for discounted smart thermostats on the Online Transactional Marketplace from automatic enrollment in the Bring Your Own Device program allows customers that are not eligible for the Bring Your Own Device program, like those enrolled in Demand Conservation and Peak Time Rebates, to make such purchases. The online purchases, via the installation and use of the device by the customer, is expected to provide energy savings to the customer and the Company.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Fourth Request for Information
Dated September 10, 2025

Case No. 2025-00114

Question No. 3

Responding Witness: Shannon L. Montgomery

Q-3. Refer to the Montgomery Direct Testimony, page 25, line 20, through page 28, line 8.

a. Provide a detailed explanation of the disconnection/reconnection process beginning with the customer receiving a low funds alert and ending with reconnection.

b. Explain whether a prepay customer whose balance reaches zero after hours, on a weekend, or on a holiday will be immediately disconnected upon the balance reaching zero or whether the disconnection will occur at a later time, for example, on the next business day during regular business hours.

A-3.

a. Details are not complete for this program.

b. A prepay customer can deposit funds at any time, including after hours, on a weekend, or on a holiday. Because funds can be deposited immediately into customer's account during those times, disconnection occurs upon the balance reaching zero. Similarly, a prepay customer is immediately reconnected (including outside of business hours) when the customer adds funds to the prepay balance.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Fourth Request for Information
Dated September 10, 2025

Case No. 2025-00114

Question No. 4

Responding Witness: Michael E. Hornung

Q-4. Refer to the Direct Testimony of Michael E. Hornung, page 8, lines 7–22.

a. Provide any insights LG&E has identified through the offering of the General Service Time-of-Day (GTOD) rates.

b. Explain whether LG&E has experienced any adverse revenue impacts through the offering of the GTOD rates.

A-4.

a. Currently, the GTOD rates are restricted to only those General Service customers who were part of the Company's DSM AMI Opt-In Pilot Program. The rollout of AMI throughout the Company's service territory has made this restriction unnecessary. In this rate case the Company is proposing to limit the availability of the GTOD rate schedule to a maximum of 500 customers taking service on GTOD-E and GTOD-D combined that are eligible for rate GS and have an AMI meter.

As of August 2025, KU has 0 GTOD-E and 41 GTOD-D customers. LG&E has 2 GTOD-E and 50 GTOD-D customers. Due to the small amount of customers participating in this rate schedule, the Company has not performed any in-depth analyses.

b. Due to the limited number of General Service customers who participated in the pilot, the Company did not observe significant revenue impacts from this offering. With the full deployment of AMI infrastructure nearly complete, the Company has proposed extending this time-of-day offering to 500 customers as part of an ongoing assessment of customer interest in these rate structures.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Fourth Request for Information
Dated September 10, 2025

Case No. 2025-00114

Question No. 5

Responding Witness: Michael E. Hornung

Q-5. Refer to the Direct Testimony of Michael E. Hornung, page 21, lines 3–4. Also refer to LG&E's response to Commission Staff's Third Request for Information, Item 10. Explain why LG&E is proposing to remove the cap on the amount of Solar Share Facilities capacity a customer may subscribe.

A-5. The current limit of no customer subscribing to not more than 250 kW DC (nominal) in any single Solar Share Facility requires additional marketing to fully subscribe a section prior to the commencement of building the subscribed section. This will cause a delay in the interested party receiving benefits per their subscription. Additionally, limiting any one customer to 500 kW DC in the full site lessens LG&E and KU's ability to satisfy the need of customers with larger sustainability goals. The anticipated interest of single-share subscribers has tapered off since the inception, reducing the ability to support fully subscribing each facility only with persons electing to subscribe 1 – 4 shares.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Fourth Request for Information
Dated September 10, 2025

Case No. 2025-00114

Question No. 6

Responding Witness: Micheal E. Hornung /Elizabeth J. McFarland / Shannon L. Montgomery / Charles R. Schram

Q-6. Refer to the Direct Testimony of Michael E. Hornung, page 25, line 13, through page 26, line 6.

a. Explain LG&E's current practices and assignment of cost responsibility concerning customers or prospective customers who request service resulting in Transmission Service Requests (TSR) and eventual transmission system related additions or upgrades and identify the provision, if any, in the current tariff that addresses such practices and cost responsibility.

b. Explain what type of service would require LG&E to issue a TSR to its Independent Transmission Organization.

c. Explain the rationale for setting the threshold for existing customers to enter into engineering, procurement, and construction agreements to cover all transmission-related costs LG&E incurs related to any studied service at $10 million.

A-6.

a. Historically, the Company, as the Load Serving Entity, has paid the cost of the TSRs it submits to the ITO as an expense related to providing new service to prospective or expanding customers. As the volume of TSRs started to increase considerably, the Company determined that the potential or expanding customer should bear that cost. It is this recent change in practice that prompted the proposed revision to the Company's tariff requiring the individual cost causer to pay directly for the TSR that the potential or expanding customer is requesting. Transmission system related additions and/or upgrade costs are typically borne by the Companies as they typically represent upgrades or improvements to the overall system that other customers benefit from, however in certain circumstances, costs can be directly assigned to the customer. The Companies practice for allocating these costs is documented as the *Allocation of Costs for End-User*

Interconnections document posted on their Open Access Same-Time Information System website.

b. The LG&E/KU Transmission Services and Scheduling Business Practices document describes the circumstances that require submission of a TSR to the Companies' Independent Transmission Organization and is publicly available on the Companies' OASIS at https://www.oasis.oati.com/woa/docs/LGEE/LGEEdocs/Business_Practices_-_Transmission_Service_and_Scheduling_Clean_-_Effective_02-12-25.pdf.

In short, a TSR is required for any new Delivery Point (an interconnection point between the Companies' transmission system and a load), for any load increase of 5 MW or more at a Delivery Point served at less than 100 kV, or for any load increase of 10 MW or more at a Delivery Point served at 100 kV or greater.

c. The Companies settled on $10 million as a threshold because this value typically represents the investment needed in greenfield facilities (e.g. new transmission lines, new transmission substations) to serve the new load. Upgrades less than $10 million in total to serve new load are typically upgrades to existing equipment. It is important to clarify that the individual cost causer only "cover[s] all transmission-related costs LG&E incurs" if the customer fails to use electric service from LG&E. In situations where the customer does use electric service from LG&E, LG&E/KU in its capacity as Transmission Owner bears the cost of transmission-related expenses in accordance with the *Allocation of Costs for End-User Interconnections* document posted on their Open Access Same-Time Information System website here: **Allocation_of_Costs_for_End-User_Interconnections_-_FINAL_2-1-22.pdf**.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Fourth Request for Information
Dated September 10, 2025

Case No. 2025-00114

Question No. 7

Responding Witness: Michael E. Hornung / Counsel

Q-7. Refer to LG&E's response to Commission Staff's Second Request for Information (Staff's Second Request), Item 28.

a. Provide the citations to Kentucky law that address liability protection that LG&E relied upon in drafting its revised liability language.

b. Explain how the liability-limitation language in LG&E's current tariffs is inadequate to protect LG&E and its customers.

A-7.

a. Counsel provides the following citation: ,*See, e.g.*, *Helmbrecht v. Bailey Jaynes Bakery & Café, LLC*, 699 S.W.3d 197, 203 (Ky. Ct. App. 2024), *citing* Hargis v. Baize, 168 S.W.3d 36, 47 (Ky. 2005).

b. The Company did not state the liability-limitation language in its current tariffs is inadequate to protect it and its customers; rather, as stated in the Company's response to PSC 2-28, the purpose of the proposed revisions is to increase the uniformity of such provisions throughout the Company's tariff and provide liability protection consistent with Kentucky law.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Fourth Request for Information
Dated September 10, 2025

Case No. 2025-00114

Question No. 8

Responding Witness: Shannon L. Montgomery

Q-8. Refer to LG&E's response to Commission Staff's Second Request, Item 1, Electric Tariff, page 160 of 244. Explain the purpose of the revisions made to the Small Business Audit and Direct Install program.

A-8. The revisions to the Small Business Audit and Direct Install program were made to simplify the program description and further clarify that not all small business customers will receive or need each measure. Also, the changes allow, over time, for new measures to be added or be removed, if they are determined to be no longer cost-effective.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Fourth Request for Information
Dated September 10, 2025

Case No. 2025-00114

Question No. 9

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

Q-9. Refer to LG&E's response to Commission Staff's Third Request for Information (Staff's Third Request), Item 14(a). Provide a cite to the requirement that communications between a Distributed Energy Resources equipment and company control systems for all generators over 1 MW in capacity.

A-9. See attachment being provided in a separate file. Refer to sections 8 and 10 in the attached Interconnection Requirements for Customer Sited Distributed Generation. This document is also posted publicly on the lge-ku.com website.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Fourth Request for Information
Dated September 10, 2025

Case No. 2025-00114

Question No. 10

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

Q-10. Refer to LG&E's response to Staff's Third Request, Item 14(b). Also refer to the application, Tab 4, Electric Tariff, page 200 of 204.

a. Since Level 1 interconnections do not require the same level of engineering review as a Level 2 interconnection, explain why the fees should be the same.

b. Provide cost support for the $100 Level 1 inspection and processing fee.

c. Explain how many times LG&E has had to conduct an impact study related to a Level 1 Application.

A-10.

a. All Level 1 applications require engineering review to ensure that interconnections meet the Company's interconnection requirements to protect the safety and reliability of the electric system. On interconnections 25kW and larger, or if on a shared secondary, modeling and detailed engineering analysis is also required, similar to a level 2 application. See attachment being provided in a separate file for an example checklist of items reviewed based on system nameplate capacity. Note that modeling and impact studies may be required, regardless of nameplate capacity, if unique configuration or system constraints are identified.

Given the variability and uncertainty in effort required to review interconnection applications, and given the current $100 Level 2 fee, the Company proposed a $100 inspection and processing fee for Level 1 applications for the purpose of ensuring some cost recovery from those customers causing the costs. The dollar amount of the fee was chosen for consistency with the Level 2 fee, which was established in Case No. 2008-00169, is unlikely to fully reflect the current costs of such studies whether for Level 1 or Level 2 applications.

b. Typical engineering reviews for a Level 1 interconnection take on average 1-4 hours of engineering time to adequately evaluate and model system impacts. Assuming average hourly rates for engineering services, the $100 fee is less than the cost of labor required for such reviews.

c. Since 2024, LG&E and KU have performed system modeling and impact studies on 150-200 DER interconnection requests. This is an estimate based on systems that meet nameplate capacity requirements.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Fourth Request for Information
Dated September 10, 2025

Case No. 2025-00114

Question No. 11

Responding Witness: Michael E. Hornung

Q-11. Refer to Case No. 2023-00404,[2] which states "[t]he Commission finds that LG&E/KU should incorporate the arguments raised by the Joint Intervenors herein, in regard to updating the other components of the bill credits, and file additional evidence and testimony in its next base rate case." For each avoided cost component, explain how LG&E/KU incorporated the arguments raised by the Joint Intervenors.

A-11. The Company is aware of the quoted order text, but it is unclear what it means to "incorporate … arguments" in this context; the Company did not understand the order to prescribe a change in methodology. The Company has provided testimony in this case supporting each component of its proposed Rider NMS-2 rate. Interested intervenors, including the Joint Intervenors, have provided their testimony on Rider NMS-2, and the Company will address their arguments in its rebuttal testimony.

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[2] Case No. 2023-00404, *Electronic Tariff Filings of Louisville Gas and Electric Company and Kentucky Utilities Company to Revise Purchase Rates for Small Capacity and Large Capacity Cogeneration and Power Production Qualifying Facilities and Net Metering Service-2 Credit Rates* (Ky. PSC Aug. 30, 2024), Order at 24.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Fourth Request for Information
Dated September 10, 2025

Case No. 2025-00114

Question No. 12

Responding Witness: Michael E. Hornung / Elizabeth J. McFarland / Charles R. Schram / Peter W. Waldrab

Q-12. Refer to LG&E/KU's response to Joint Intervenor's First Request for Information, Item 103. Provide the requested analysis.

A-12. The Company assumes the intended reference is to JI 1-112 for LG&E, not JI 1-103.

In the following bullet-points, the first sub-bullet responds to the first sentence of JI 1-112;[3] the second sub-bullet responds to the second sentence of JI 1-112.[4]

- Avoided energy cost
  - See the Direct Testimony of Charles R. Schram at 32-34 and Exhs. CRS-6 and CRS-7.
  - In Case No. 2020-00350, the Company initially proposed a value of \$0.02319/kWh. In this case, the Company proposes a value of \$0.03786/kWh. One reason for this difference is, in Case No. 2020-00350, the Company proposed to use the fixed tilt solar avoided energy value for 2-year PPAs without line losses; however, the Commission ordered in that case that the rate be based on the average of the two 7-year PPA fixed tilt solar avoided energy values with line losses. The comparable value to \$0.02319/kWh in Case No. 2020-00350 is the fixed tilt solar avoided energy value for 2-year PPAs without line losses, which in this case is \$0.03155/kWh. The difference between these values is most significantly caused by an increase in fuel prices.

- Avoided generation capacity cost
  - See the Direct Testimony of Charles R. Schram at 34-36 and Exhs. CRS-6 and CRS-7.

[3] "Please provide a breakdown by category of each component of costs included in the Company's avoided cost calculations, and the methodology and data on which the cost was calculated and assigned."
[4] "Please provide a comparison of the current costs for each category with the assumed avoided costs in 2020-00349 and 00350, and explain the basis or bases for the increase or decrease in costs."

In Case No. 2020-00350, the Company initially proposed a value of $0/kWh. In this case, the Company proposes a value of $0/kWh. There is no difference in the proposed values.

- Avoided ancillary services cost
  - See the Direct Testimony of Charles R. Schram at 36-38.
  - In Case No. 2020-00350, the Company initially proposed a value of $0/kWh. In this case, the Company proposes a value of $0/kWh. There is no difference in the proposed values.

- Avoided carbon cost
  - See the Direct Testimony of Charles R. Schram at 38.
  - In Case No. 2020-00350, the Company initially proposed a value of $0/kWh. In this case, the Company proposes a value of $0/kWh. There is no difference in the proposed values.

- Avoided environmental compliance cost
  - See the Direct Testimony of Charles R. Schram at 38-39.
  - In Case No. 2020-00350, the Company initially proposed a value of $0/kWh. In this case, the Company proposes a value of $0/kWh. There is no difference in the proposed values.

- Avoided distribution capacity cost
  - See the Direct Testimony of Peter W. Waldrab at 37-41 and Exh. PWW-3.
  - In Case No. 2020-00350, the Company initially proposed a value of $0/kWh. In this case, the Company proposes a value of $0/kWh. There is no difference in the proposed values.

- Avoided transmission capacity cost
  - See the Direct Testimony of Elizabeth J. McFarland at 31-32 and Exh. BJM-3.
  - In Case No. 2020-00350, the Company initially proposed a value of $0/kWh. In this case, the Company proposes a value of $0/kWh. There is no difference in the proposed values.

- Jobs benefits
  - See the Direct Testimony of Michael E. Hornung at 18-19.
  - In Case No. 2020-00350, the Company initially proposed a value of $0/kWh. In this case, the Company proposes a value of $0/kWh. There is no difference in the proposed values.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Fourth Request for Information
Dated September 10, 2025

Case No. 2025-00114

Question No. 13

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

Q-13. Refer to Case No. 2023-00404, LG&E/KU's October 31, 2023 tariff filings, Generation and Planning Analysis, October 2023 (October 2023 Planning Analysis), page 17; LG&E/KU's response to Commission Staff's First Request for Information, Item 5; and the August 30, 2024 final Order. Using the methodologies approved by the Commission, provide calculations for each of the following components for NM-2 credits:

a. Ancillary Services Avoided Cost;

b. Avoided Generation Capacity Avoided Cost;

c. Avoided Transmission Capacity Avoided Cost;

d. Avoided Distribution Capacity Avoided Cost;

e. Avoided Carbon Cost; and

f. Avoided Environmental Compliance Cost.

A-13.

a. The Ancillary Services Avoided Cost has been estimated at 4% of the Avoided Generation Capacity Cost. This assumption is derived from the cumulative percentages embedded within three ancillary service rate schedules included in the Companies' Open Access Transmission Tariff ("OATT"), as approved by the Federal Energy Regulatory Commission. These schedules apply the following percentages to the Companies' fixed generation capacity costs:
   - Schedule 3 – Regulation and Frequency Response Service: 1.0%
   - Schedule 5 – Spinning Reserve Service: 1.5%
   - Schedule 6 – Operating Reserve Service: 1.5%

   The combined total of these components results in the 4% assumption. Accordingly, the estimated Ancillary Services Avoided Cost is \$0.00065/kWh, calculated as 4% of the assumed Avoided Generation Capacity Cost of \$0.01629/kWh.

b. The Company interprets the "methodologies approved by the Commission" to mean the use of NGCC for avoided capacity scaled by an availability factor for fixed tilt solar resources. The most appropriate NGCC resource for this purpose is Brown 12 in 2030. Assumptions for capital and fixed operating costs for Brown 12 in 2030 are consistent with Case No. 2025-00045. The table below shows the availability factor for fixed tilt solar based on the availability of the resource during monthly peak hours.

Availability of Fixed Tilt Solar Resources during Peak Hours (% of Nameplate Capacity)

	Monthly Peak Hour	Solar: Fixed Tilt
Jan	7	0.0%
Feb	8	4.5%
Mar	7	1.8%
Apr	14	35.7%
May	15	36.3%
Jun	15	46.0%
Jul	15	52.7%
Aug	15	53.9%
Sep	16	37.4%
Oct	15	42.4%
Nov	7	0.6%
Dec	7	0.0%
Annual Average		**26.1%**

These changes result in Avoided Generation Capacity Cost of \$0.01629/kWh. Three workpapers are provided as attachments to this response. Attachment 3 contains confidential and proprietary information and is being provided under seal pursuant to a petition for confidential protection.

However, the Companies continue to believe that the Avoided Generation Capacity Cost is \$0/kWh based on the results of the PLEXOS analysis described in Exhibit CRS-6.

c. The Company is willing to respond to this request (as well as parts (d) and (f)), but it cannot do so because the Commission did not disclose its calculations of avoided transmission capacity cost, avoided distribution cost, and avoided environmental compliance cost in the Company's 2020 base rate case (Case No. 2020-00350).

The Commission's September 24, 2021 final order in that case adopted and described methodologies for calculating these avoided cost components that had not previously appeared in the record of the case, but it did not include workpapers, explanatory formulas, or underlying data.[5]

The Company petitioned for reconsideration of the September 24 order on several grounds, including the lack of visibility into how the Commission calculated these avoided costs:

> The QF-NMS Order's [the September 24 order] avoided generation capacity costs (for both QF and NMS-2), as well as its avoided transmission capacity cost, avoided distribution capacity cost, and avoided environmental compliance cost components for NMS-2, all suffer from a fundamental due process problem; namely, because the QF-NMS Order does not include any workpapers or calculations, it is impossible to know how the Commission arrived at the values included in the QF-NMS Order for these rate components.[6]

The Commission's November 4, 2021 order on reconsideration declined to provide any underlying calculations or native file workpapers; rather, it provided PDF versions of two Excel file tabs (i.e., with no underlying formulas or source data visible) as an appendix.[7]

Notwithstanding its best efforts then and now, the Company has not been able to discern how the Commission calculated these avoided costs.

Again, the Company is certainly willing to respond to this request (as well as parts (d) and (f)), but doing so will require disclosure of the Commission's native-format workpapers and data sources from Case No. 2020-00350.

d. See the response to part (c).

e. See attachments being provided in separate files. In the absence of any current law or regulation establishing a market-based price for CO_2, the Companies are using a \$15/ton carbon price in Attachment 1 based on the median of the range used in Companies' Resource Assessment provided as

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[5] <u>*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*</u>, Case No. 2020-00350, Order at 52-54 and 56-57 (Ky. PSC Sept. 24, 2021).

[6] Case No. 2020-00350, Joint Petition for Reconsideration of the September 24, 2021 Order at 20-21 (Oct. 15, 2021).

[7] Case No. 2020-00350, Order at 16-18 and Appx. (Ky. PSC Nov. 4, 2021).

Exhibit SAW-1 in the 2022 CPCN (Case No. 2022-00402).[8] Alternatively, Attachment 2 reflects the Synapse 2016 Low forecast escalated from 2015 dollars to nominal dollars.[9] While no such cost currently exists or is scheduled to be implemented, for purposes of this analysis these CO_2 prices are assumed to begin in 2030. The annual CO_2 emissions and net load associated with this response were based on the production cost run from Companies' response to Question No. 3 of Commission Staff's Post Hearing Data Request to the 2025 CPCN (Case No. 2025-00045) in the Mid Gas, Mid Coal-to-Gas ratio fuel price scenario.[10]

However, in the absence of any actual prices associated with the Companies' carbon emissions, they continue to believe that the appropriate Avoided Carbon Cost is $0/kWh.

f. See the response to part (c).

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[8] The Resource Assessment assumed a $0/ton carbon price as a baseline and considered sensitivities of $15/ton and $25/ton. These sensitivities mirrored those provided by Commission Staff in Question No. 1(b) of their Second Request for Information for the 2021 Integrated Resource Plan (Case No. 2021-00393), and the Companies found them to reflect a reasonable range of future expectations of potential CO_2 prices based on the historical auction price trends of the two existing trading programs in North America: the Regional Greenhouse Gas Initiative ("RGGI") and the California-Quebec Cap-And-Trade Program.

[9] The Synapse 2016 Low forecast was the basis for the CO_2 price assumptions in the Companies' 2018 Integrated Resource Plan (Case No. 2018-00348), which became the basis for the Avoided Carbon Cost the Commission used in Case Nos. 2020-00349 and 2020-00350. *Electronic Application of Kentucky Utilities Company for an Adjustment of Its Electric Rates, a Certificate of Public Convenience and Necessity to Deploy Advanced Metering Infrastructure, Approval of Certain Regulatory and Accounting Treatments, and Establishment of a One-Year Surcredit*, Case No. 2020-00349, Order at 56 (Ky. PSC Sept. 24, 2021); *Electronic Application of Louisville Gas and Electric Company for an Adjustment of Its Electric and Gas Rates, a Certificate of Public Convenience and Necessity to Deploy Advanced Metering Infrastructure, Approval of Certain Regulatory and Accounting Treatments, and Establishment of a One-Year Surcredit*, Case No. 2020-00350, Order at 56 (Ky. PSC Sept. 24, 2021). The Synapse forecast is available at **https://www.synapse-energy.com/sites/default/files/2016-Synapse-CO2-Price-Forecast-66-008.pdf**.

[10] The Companies selected this production cost run because it reflects resources from the Stipulation agreement from the 2025 CPCN while adding sufficient capacity (via Cane Run BESS commissioning in 2029) to allow the Companies to reliably serve 1,750 MW of data center load.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Fourth Request for Information
Dated September 10, 2025

Case No. 2025-00114

Question No. 14

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

Q-14. Refer to Case No. 2023-00404, August 30, 2024 final Order, pages 22-23 and LG&E/KU's response to Commission Staff's First Request for Information, Item 5. For both qualified facility (QF) rates and net-metering-2 (NM-2) rates, provide an update to the avoided cost analysis using a natural gas combined cycle (NGCC) unit that the utility is planning for, currently procuring, or constructing and as the avoided cost benchmark. Include in the updated analysis, the Seasonal Capacity Need as reflected in Case No. 2025-00045.[11] In this analysis, explain why LG&E chose the specific NGCC unit as a basis.

A-14. The most appropriate NGCC resource for this purpose is Brown 12 in 2030. Because construction of Mill Creek 5 is well underway, Brown 12 is the next potentially avoidable NGCC. The tables below from Section 5 of Exhibit CRS-6 have been updated to reflect avoided capacity costs based on the cost of Brown 12 in 2030. Assumptions for capital and fixed operating costs for Brown 12 in 2030 are consistent with Case No. 2025-00045. No other assumptions have been changed. Updating avoided capacity does not affect avoided energy costs; therefore, Table 12, Table 16, and Table 19 are unchanged. Workpapers are provided as an attachment to this response. The information in the attachment is confidential and proprietary and is being provided under seal pursuant to a petition for confidential protection.

[11] Case No. 2025-00045, *Electronic Application of Kentucky Utilities Company and Louisville Gas and Electric Company for Certificates of Public Convenience and Necessity and Site Compatibility Certificates*.

Table 13: Qualifying Facility Avoided Capacity Rates for Transmission Connected Projects, without Line Losses ($/MWh)

Technology	QF Avoided Capacity, 2030 Need (without line losses for transmission connected projects)		
	2-Year PPA	7-Year PPA Beginning: 2026	7-Year PPA Beginning: 2027
Solar: Single-Axis Tracking	0.00	0.00	0.00
Solar: Fixed Tilt	0.00	0.00	0.00
Wind	0.00	0.00	0.00
Other Technologies	0.00	7.81	10.83

Table 14: Qualifying Facility Avoided Cost Rates for Transmission Connected Projects, without Line Losses ($/MWh)

Technology	QF All-In Avoided Cost Rates (without line losses for transmission connected projects)	
	2-Year PPA	2026/2027 Avoided Cost Rate
Solar: Single-Axis Tracking	31.52	36.75
Solar: Fixed Tilt	31.55	36.84
Wind	30.62	34.93
Other Technologies	30.54	44.70

Table 17: Qualifying Facility Avoided Capacity Rates by Company, with Line Losses ($/MWh)

Technology	QF Avoided Capacity, 2030 Need, KU (with line losses)			QF Avoided Capacity, 2030 Need, LG&E (with line losses)		
	2-Year PPA	7-Year PPA Beginning: 2026	7-Year PPA Beginning: 2027	2-Year PPA	7-Year PPA Beginning: 2026	7-Year PPA Beginning: 2027
Solar: Single-Axis Tracking	0.00	0.00	0.00	0.00	0.00	0.00
Solar: Fixed Tilt	0.00	0.00	0.00	0.00	0.00	0.00
Wind	0.00	0.00	0.00	0.00	0.00	0.00
Other Technologies	0.00	8.31	11.53	0.00	8.13	11.28

Table 18: Qualifying Facility All-In Avoided Cost Rates for 2-Year and 7-Year PPAs by Company, with Line Losses ($/MWh)

	QF All-In Avoided Cost Rate, KU		**QF All-In Avoided Cost Rate, LG&E**	
	2-Year PPA	**2026/2027 Avoided Cost Rate**	**2-Year PPA**	**2026/2027 Avoided Cost Rate**
Solar: Single-Axis Tracking	33.02	38.50	32.40	37.77
Solar: Fixed Tilt	33.05	38.59	32.43	37.86
Wind	32.07	36.59	31.47	35.90
Other Technologies	31.99	46.98	31.38	46.06

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Fourth Request for Information
Dated September 10, 2025

Case No. 2025-00114

Question No. 15

Responding Witness: Charles R. Schram

Q-15. Refer to the Direct Testimony of Charles Schram, pages 32-34 and Exhibit CRS-6. For avoided energy costs for both QF and NM-2 rates, explain what, if any, changes LG&E/KU made to its methodology or calculations from the methodology approved in Case No. 2023-00404.

A-15. The methodology used to calculate avoided energy costs is largely unchanged from the methodology approved in Case No. 2023-00404. Minor changes are listed below.

- In 2023, off-system sales were not permitted in the PROSYM model used to develop avoided energy costs, but market electricity purchases were permitted. In 2025, neither off-system sales nor market electricity purchases were permitted.
- In 2023, one fuel price scenario was evaluated. In 2025, three fuel price scenarios were evaluated, and annual avoided energy costs were averaged over the three scenarios.
- In 2023, consistent with the Commission's order in Case Nos. 2020-00349 and 2020-00350, the avoided energy cost assigned to each 7-year PPA was the levelized avoided energy cost over the 20-year period beginning in the first year of the PPA. In 2025, the avoided energy cost assigned to each 7-year PPA was the levelized avoided energy cost over the 7-year period beginning in the first year of the PPA.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Fourth Request for Information
Dated September 10, 2025

Case No. 2025-00114

Question No. 16

Responding Witness: Robert M. Conroy / Michael E. Hornung

Q-16. Refer to Case No. 2020-00350,[12] September 24, 2021 final Order, page 48 which states "based upon the evidence of record, the Commission finds that LG&E/KU's proposed methodology for NMS 2 netting period is not fair, just and reasonable, and should be rejected. This is because LG&E/KU's proposed instantaneous credit for all energy exported on to the grid is inconsistent with the plain language of KRS 278.465(4)."

a. Explain how LG&E changed its netting methodology based on this finding.

b. Explain why LG&E's current netting methodology is not considered instantaneous.

A-16. a. & b.

The Company acknowledges that the past record and terminology concerning this issue are less than clear on their face. The Company provides the following history to help clarify this issue. It demonstrates the Company's Rider NMS-2 is fully in compliance with the quoted portion of the cited order, as well as KRS 278.465 and 278.466, as the Commission itself has previously stated.

When the General Assembly first instituted net metering in Kentucky in 2004, it defined the term as follows:

> "Net metering" means measuring the difference between the electricity supplied by the electric grid and the electricity generated by an eligible customer-generator that is fed back to the electric grid over a billing period.[13]

[12] 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*.

[13] 2004 Ky. Acts 193 § 1(4), available at https://apps.legislature.ky.gov/law/acts/04RS/actsmas.pdf (see PDF page 715).

In other words, as originally enacted, net metering meant a netting of *energy* consumed and produced over a billing period.

As a practical matter, the Company accomplished this using meters with two energy registers: one recorded energy a customer consumed from the Company's grid, and the other recorded energy the customer produced to the Company's grid. At the end of each billing period, the Company would read a net metering customer's meter, net the two energy (kWh) values, and either bill the customer for the net energy consumed (if the customer had consumed more energy from the grid than the customer had produced to it) or record a kWh-denominated credit to the customer's account (if the customer produced more energy than it consumed during the billing period).[14] Any kWh-denominated credit would carry forward to offset future net usage.

For example, if in May a customer consumed 800 kWh from the Company's grid and produced 300 kWh to the Company's grid, the Company would bill the customer for the net usage, 500 kWh. But if the same customer in June consumed 700 kWh from the Company's grid and produced 750 kWh to the Company's grid, the Company would bill the customer for zero energy consumption and record a 50 kWh energy credit to the customer's account. That credit could then help offset any net consumption in future months, e.g., if the same customer in July consumed from the Company's grid 800 kWh and produced 700 kWh to the Company's grid, the Company would apply the carryover credit of 50 kWh from June to the 100 kWh net consumption for July, billing the customer for 50 kWh.

That approach to net metering changed fundamentally in Kentucky when the General Assembly enacted legislation in 2019 that took effect on January 1, 2020.[15] That amendment changed Kentucky's statutory definition of net metering to what it is today:

> (4) "Net metering" means the difference between the:
>
> > (a) Dollar value of all electricity generated by an eligible customer-generator that is fed back to the electric grid over a billing period and priced as prescribed in KRS 278.466; and

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[14] *See* 2004 Ky. Acts 193 § 2(3), available at https://apps.legislature.ky.gov/law/acts/04RS/actsmas.pdf (see PDF page 716) ("The amount of electricity billed to the eligible customer-generator using net metering shall be calculated by taking the difference between the electricity supplied by the retail electric supplier to the customer and the electricity generated and fed back by the customer. If time-of-day or time-of-use metering is used, the electricity fed back to the electric grid by the eligible customer-generator shall be net-metered and accounted for at the specific time it is fed back to the electric grid in accordance with the time-of-day or time-of-use billing agreement currently in place.").

[15] 2019 Ky. Acts 101 § 1(4), available at https://apps.legislature.ky.gov/law/acts/04RS/actsmas.pdf (see PDF page 715).

(b) Dollar value of all electricity consumed by the eligible customer-generator over the same billing period and priced using the applicable tariff of the retail electric supplier.[16]

Importantly, the revised definition of "net metering" requires netting two *dollar* values—not *energy* values—each billing period. Thus, to use the same example used above, if in May a customer consumed 800 kWh from the Company's grid and produced 300 kWh to the Company's grid, the Company would bill the customer at applicable retail rates for all 800 kWh of usage and provide a dollar-denominated bill to the customer for all 300 kWh of production at the applicable Rider NMS-2 rate.[17]

This approach is what the Company's current Commission-approved Rider NMS-2 tariff sheets reflect:

> For each billing period, Company will net the dollar value of the total energy consumed and the dollar value of the total energy exported by Customer as follows: Company will (a) bill Customer for all energy consumed from Company in accordance with Customer's standard rate and (b) Company will provide a dollar-denominated bill credit for each kWh Customer produces to the Company's grid.[18]

That text has not changed since the Commission's November 30, 2021 acceptance of the Company's Rider NMS-2 tariff sheets following its November 4, 2021 rehearing order in Case No. 2020-00349.[19]

By way of additional background, KU and LG&E believed it was unclear from the Commission's September 24, 2021 order and its November 4, 2021 order on rehearing whether the Commission agreed with KU and LG&E's interpretation of the revised net metering statutes, which interpretation KU and LG&E had instantiated in their tariff sheets they filed on November 19, 2021. They therefore appealed the orders to the Franklin Circuit Court on November 24, 2021, seeking clarity and to preserve their rights (a copy of the complaint is attached as a separate file). The Commission filed its answer on December 15, 2021, a copy of which is attached as a separate file. It stated:

> The plain language of the September 24, 2021 and November 4, 2021 Orders are consistent with KRS 278.465 and KRS 278.466

[16] KRS 278.465(4).
[17] The 2019 legislation preserved energy netting and crediting for net metering customers taking such service prior to the effective date of a utility's first net metering rate(s) approved under KRS 278.466(3).
[18] Kentucky Utilities Company, P.S.C. No. 20, Second Revision of Original Sheet No. 58.
[19] *Tariff: Louisville Gas and Electric Company revised Net Metering 2 tariff accommodating the Commissions changes ordered within the rehearing order dated November 4, 2021*, TFS2021-00468, Tariff (filed Nov. 19, 2021; effective Sept. 24, 2021); TFS2021-00468, Letter of Acceptance (Nov. 30, 2021).

> because, for each billing period, KU/LG&E were directed to net the **dollar value** of the total energy consumed by an eligible customer-generator and the **dollar value** of all energy produced and exported by an eligible customer-generator over the billing period. *The PSC further states that, consistent with the September 24, 2021 and November 4, 2021 Orders, KU/LG&E filed and the PSC accepted NMS-2 tariffs (attached as Exhibit 1 and Exhibit 2) that reflect the methodology approved by the PSC in the September 24, 2021 and November 4, 2021 Orders, with the dollar value of the total energy consumed by an eligible customer-generator netted against the dollar value of the total energy exported by an eligible customer-generator.*[20]

The Commission's answer further stated:

> KU/LG&E filed proposed net metering tariffs with its application, and then filed the revised net metering tariffs attached as Exhibit 1 and Exhibit 2 pursuant to the PSC's November 4, 2021 Order. *Thus, these tariffs are directly related and material to the September 24, 2021 and November 4, 2021 Orders and, as accepted, demonstrate the net metering billing methodology approved by the PSC in those Orders.*[21]

Based on this clarification from the Commission, KU and LG&E saw no reason to continue with their appeal. On January 24, 2022, KU, LG&E, and the Commission filed a Joint Motion to Dismiss (a copy is attached as a separate file), which motion the Franklin Circuit Court granted by an order dated February 14, 2022 (a copy is attached as a separate file).

The Commission has since confirmed this is correct approach in at least two separate cases.[22]

Therefore, the Company's Rider NMS-2 is fully in compliance with the quoted portion of the cited order, as well as KRS 278.465 and 278.466, as the Commission itself explicitly stated.

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[20] *KU and LG&E v. PSC*, Franklin Cir. Ct. Case No. 21-CI-00872, PSC Answer at 3 ¶9 (Dec. 15, 2021) (bold text original; italics added).
[21] *Id.* at 3 fn. 1.
[22] *Alfred Saylor v. KU*, Case No. 2022-00030, Order at 4-6 (Ky. PSC July 1, 2022); Case No. 2022-00030, Order at 4-7 (Ky. PSC Dec. 12, 2022); *Electronic Application of Duke Energy Kentucky, Inc. for an Adjustment to Rider NM Rates and for Tariff Approval*, Case No. 2023-00413, Order at 40-42 (Ky. PSC Oct. 11, 2024).

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Fourth Request for Information
Dated September 10, 2025

Case No. 2025-00114

Question No. 17

Responding Witness: Michael E. Hornung / Tom C. Rieth

Q-17. Refer to the Direct Testimony of Michael E. Hornung, page 29, lines 1–29.

a. Confirm that LG&E's current Local Gas Delivery Service Tariff, Standard Facilities Contribution Rider, Pooling Service – Rider TS-2, and Pooling Service – Rate FT allow customers to provide security in a form other than cash payment.

b. If confirmed, explain why a revision to these tariffs is necessary and explain any potential harm to the customer or LG&E that would result from the customer providing security in the form of a cash payment.

c. If not confirmed, explain why not.

A-17.

a. Yes, customers can provide credit support in another form, such as an irrevocable letter of credit.

b. LG&E is proposing to remove cash prepayment from the credit provisions of Local Gas Delivery Service ("Rate LGDS") and the Standard Facility Contribution Rider ("Rider SFC") to make those provisions consistent with other similar tariff provisions. For example, Pooling Service – Rider TS-2 ("Rider PS-TS-2") and Pooling Service – Rate FT ("Rider PS-FT") do not list cash prepayment as an example of credit support that can be provided for these services. LG&E does not have any Rate LGDS or Rider SFC customers, but does not believe removing cash prepayment as a credit support option would harm potential customers based on its experience with Rider PS-TS-2 and Rider PS-FT. No Rider PS-TS-2 or Rider PS-FT customer has expressed concern that it cannot provide cash as a form of credit support. In LG&E's experience, large customers generally prefer not to provide cash as credit support. Assuming the customer has cash to provide a prepayment, neither the customer nor LG&E would be harmed by a prepayment. However, compared to other forms of credit support, cash prepayments require additional administrative burden to track and account for cash received by LG&E.

c. Confirmed.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Fourth Request for Information
Dated September 10, 2025

Case No. 2025-00114

Question No. 18

Responding Witness: Michael E. Hornung

Q-18. Refer to the Direct Testimony of Michael E. Hornung, page 29, lines 4–7, in which it is stated that LG&E is removing cash as a means of providing credit support in the Standard Facility Contribution Rider. Also refer to LG&E's response to Staff's Second Request, Item 1, Attachment 2, page 82 of 167, which still lists cash prepayment as an acceptable form of credit support. Explain the discrepancy between the testimony and the data request response.

A-18. The Company acknowledges the discrepancy, which resulted from an oversight in the preparation of the proposed tariff revisions. The Direct Testimony of Michael E. Hornung is accurate. However, the term "cash prepayment" was inadvertently left in the Creditworthiness provision of the Standard Facility Contribution Rider in LG&E's response to Staff's Second Request, Item 1, Attachment 2, page 88 of 167, and in LG&E's Attachment to Filing Requirement Tab 4 – 807 KAR 5:001 Section 16(1)(b)(3), Page 84 of 146. If the Commission approves the proposed change described in Mr. Hornung's testimony, the Company will correct the tariff language in the final, approved tariff.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Fourth Request for Information
Dated September 10, 2025

Case No. 2025-00114

Question No. 19

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

Q-19. Refer to LG&E's response to Staff's Second Request, Item 1, Gas Tariff, page 98–99 of 167. Explain the reasoning for deleting the Business Solutions provision from the tariff.

A-19. The Business Solutions offer was removed from the Gas Demand Side Management tariff because it is focused on electric energy efficiency equipment. Although the various measures may create natural gas savings, these are secondary to the electric savings.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Fourth Request for Information
Dated September 10, 2025

Case No. 2025-00114

Question No. 20

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

Q-20. Refer to LG&E's response to Staff's Third Request, Item 8.

a. Explain why the cost to implement the features was approximately double the estimated amount.

b. Explain how these features will be impacted by the proposed technology changes. Include in the response any estimated fee increases.

c. Explain why the costs were approximately two times higher than KU's costs.

A-20.

a. The cost to implement was more than estimated due to further refinement of the work requirements and significant testing of the new feature.

b. These features will be required in the proposed technology changes; however, the estimated cost is unknown at this time.

c The costs to complete LG&E included both gas and electric processes accounting for the higher costs than KU.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Fourth Request for Information
Dated September 10, 2025

Case No. 2025-00114

Question No. 21

Responding Witness: Charles R. Schram

Q-21. Refer to LG&E's response to Staff's Third Request, Item 28. In light of the uniformity between the Integrated Resource Plan and this proceeding's load forecast, confirm that the load forecast in Case No. 2025-00045 was not the basis for financial planning in this case.

A-21. Confirmed, but the IRP and CPCN load forecasts are the same through the forecasted test period in this case. The only difference between the forecasts beyond the forecasted test period is the Economic Development load assumption.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Fourth Request for Information
Dated September 10, 2025

Case No. 2025-00114

Question No. 22

Responding Witness: Lonnie E. Bellar

Q-22. Refer to LG&E's response to Staff's Third Request, Item 33.

a. Provide the projected useful life of Selective Catalytic Reduction (SCR) catalysts.

b. For each unit listed in this response that SCR catalyst(s) replacement is planned, provide the installation date of the catalyst(s).

A-22.

a. LG&E specifies a minimum of 40,000 operating hours or 5 years of activity above the replacement threshold when bidding replacement catalyst layers. However, the actual catalyst life can vary due to numerous operational factors such as exposure to certain flue gas constituents or detrimental physical conditions. Extreme high and low temperature operation of the SCR can also lead to reduced activity. By employing prudent catalyst management practices the minimum operating hours specified in the procurement of catalyst can be extended while maintaining required SCR performance.

b. The planned catalyst replacements for the referenced units are:

Unit	Project	Estimated In-Service Date
Ghent 1	156606	12/31/2025
Ghent 3	147877	4/30/2026
Mill Creek 3	151273	4/30/2026
Mill Creek 4	143596	6/30/2025
Mill Creek 4	143597	3/31/2027

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Fourth Request for Information Dated September 10, 2025

Case No. 2025-00114

Question No. 23

Responding Witness: Tom C. Rieth / Counsel

Q-23. Refer to LG&E's response to Staff's Third Request, Item 77. Explain how installing remote flow equipment at the customer's expense for some, but not all Rate FT customers, does not violate KRS 278.180(1).

A-23. This response assumes the statute referenced in the question was intended to be KRS 278.170(1), Discrimination as to rates or service – Free or reduced rate services. LG&E is proposing that all Rate FT customers that meet "substantially the same conditions", in this case require remote flow equipment, pay for that equipment. The determination to install remote flow equipment on the meter of a Rate FT customer would be made in a non-discriminatory manner based on the specific facts and circumstances of the service provided to that customer. LG&E would consider factors such as, but not limited to, the volume of gas used by the customer and the location of the customer on LG&E's gas system and how those factors impact LG&E's ability to preserve system reliability. By recovering the cost of remote flow equipment from the customer whose unique circumstances require installation of that equipment, the cost will not be subsidized by all other customers on LG&E's system.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Fourth Request for Information
Dated September 10, 2025

Case No. 2025-00114

Question No. 24

Responding Witness: Elizabeth J. McFarland

Q-24. Refer to LG&E's response to Staff's Third Request, Item 34. Explain why the longer-term goal of TSIP could not be achieved in the period of 2032-2037.

A-24. As mentioned in LG&E's response to Staff's Third Request, Item 34, TSIP was primarily a 5-year capital plan designed to elevate LG&E and KU to second quartile performance by 2021 – 2026, which was successfully achieved. To reach the longer-term goal of first quartile performance within 15-20 years – targeting the 2032-2037 timeframe, the Transmission System Hardening and Resiliency Plan ("TSHARP") was developed to continue and build upon the progress made by TSIP.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Fourth Request for Information
Dated September 10, 2025

Case No. 2025-00114

Question No. 25

Responding Witness: Vincent T. Poplaski / Peter W. Waldrab

Q-25. Refer to LG&E's response to Staff's Third Request, Item 36. Provide the justification for LG&E increasing wages from 7 to 11 percent for distribution line tech employees when the labor rates for distribution line tech employees have increased, on average, by 4.4 percent from 2020-2025.

A-25. Line tech wages have increased on average 4.4% per year over the time period 2020-2025, as shown in the table below. In 2022 and 2023 the Companies saw a sharp increase in line technician turnover, with employees reporting higher paid external opportunities. The Companies implemented more significant wage increases in 2023 in response to these higher wages within the region.

Line Technician Wages Year over Year Change	
2021	2.6%
2022	3.0%
2023	8.1%
2024	5.1%
2025	3.0%
Avg.	4.4%

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Fourth Request for Information
Dated September 10, 2025

Case No. 2025-00114

Question No. 26

Responding Witness: Shannon L. Montgomery

Q-26. Refer to LG&E's response to the Attorney General's First Request for Information, Item 49. Refer also to LG&E's response to Staff's Second Request, Item 95. Explain whether LG&E anticipates meter contractor expense to continue following the anticipated completion date of the advanced metering infrastructure project to be 2025.

A-26. No future meter reading and field service contractor expense is anticipated.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Fourth Request for Information
Dated September 10, 2025

Case No. 2025-00114

Question No. 27

Responding Witness: Shannon L. Montgomery

Q-27. Refer to the Direct Testimony of Shannon Montgomery, page 16, lines 10-12. Explain how much of this reduction was the result of the deviations from regulations related to meters and meter testing granted in the final Order in Case No. 2020-00349/350.

A-27. The primary reason for this reduction is the reduction in manual meter reading and field service visits from the implementation of smart meters related to AMI. Meter testing requires a different skillset and is performed by other personnel. These higher skilled resources have been deploying smart meters in complex metering configurations for the AMI project while the deviations are in place.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Fourth Request for Information
Dated September 10, 2025

Case No. 2025-00114

Question No. 28

Responding Witness: Shannon L. Montgomery

Q-28. Refer to the Direct Testimony of Shannon Montgomery, page 17, lines 18-21. Explain how LG&E intends to make customers aware of these two opportunities to explore saving on their bill.

A-28. The Company utilizes multiple methods to build customer awareness of the energy efficiency programs and encourage participation. Those methods include, but are not limited to, articles in the customer newsletter, bill inserts, messages on the bill copy, paid digital and printed advertising, employee involvement in community events (e.g., Kentucky State Fair, local festivals, Homearama), social media posts, corporate webpage information, engagement with trade allies and community action agencies, and cross-promotion through other Company offerings. The budget for these communications and marketing strategies are included within the DSM Cost Recovery Mechanism.

The Company's customer service representatives also share information about the programs, as appropriate, when serving customer inquiries.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Fourth Request for Information Dated September 10, 2025

Case No. 2025-00114

Question No. 29

Responding Witness: Robert M. Conroy / Timothy S. Lyons

Q-29. Refer to LG&E's response Staff's Second Request, Item 35.

a. Explain whether the 6 CP method has been accepted methodology by the Commission. Include in the response whether LG&E has ever proposed this methodology before. For the response, include full case citations.

b. Provide the results of the cost of service study when using 12 CP methodology in place of 6 CP.

c. Provide examples of any other utility that utilizes the 6 CP method in Kentucky for its cost of service study.

d. Provide examples of any parent company or other subsidiary of the parent company that utilizes the 6 CP method.

A-29.

a. The Company is unaware of any order in which the Commission has explicitly accepted the 6 CP method.

In the Company's 2020 base rate case, it filed cost allocations using three different methods: 6 CP, 12 CP, and LOLP.[23] The Commission's June 30, 2021 order stated the Company "shall not file a LOLP cost of service study in future rate case filings and shall file a NARUC-approved fully embedded cost of service study," but it did not state which cost allocation method to use.[24] Notably, no party to that case testified in support of the 12 CP method.[25]

Therefore, in preparing its application in this case, the Company chose to use the 6 CP method, which a number of intervenors supported in the

[23] *Electronic Application of Louisville Gas and Electric Company for an Adjustment of Its Electric and Gas Rates, a Certificate of Public Convenience and Necessity to Deploy Advanced Metering Infrastructure, Approval of Certain Regulatory and Accounting Treatments, and Establishment of a One-Year Surcredit*, Case No. 2020-00350, Direct Testimony of William Steven Seelye at 104-108 (Nov. 25, 2020).
[24] Case No. 2020-00350, Order at 76 (Ky. PSC June 30, 2021).
[25] Case No. 2020-00350, Apr. 27, 2021 V.R. at 10:26:34 a.m. – 10:27:11 a.m.

Company's 2020 rate case.[26] Moreover, Commission Staff stated in the Company's 2020 rate case that 6 CP is a "NARUC approved approach[] to a COSS."[27]

b. See the table below that compares class revenue target increases under the 6 CP and 12 CP methods.

LG&E Rate Schedule	6 CP Target Rev Increase	12 CP Target Rev Increase	Current Revenues	6 CP Class Increase	12 CP Class Increase
RS	52,779,084	51,389,523	510,933,443	10.3%	10.1%
GS	11,651,506	11,775,651	172,477,801	6.8%	6.8%
PS-Sec	10,291,992	10,586,463	148,442,632	6.9%	7.1%
PS-Pri	416,855	431,853	6,430,428	6.5%	6.7%
TOD-Sec	9,736,327	10,109,821	130,011,499	7.5%	7.8%
TOD-Pri	11,963,995	12,315,659	152,389,624	7.9%	8.1%
RTS - Trans.	5,331,532	5,504,015	68,274,154	7.8%	8.1%
SCC	415,817	420,751	4,534,681	9.2%	9.3%
LS & RLS	2,251,233	2,300,929	23,949,830	9.4%	9.6%
LE	24,684	27,354	369,696	6.7%	7.4%
TE	27,729	28,737	366,345	7.6%	7.8%
OSL	6	7	14,323	0.0%	0.0%
EV	7,375	7,375	55,251	13.3%	13.3%
SSP	134,719	134,719	265,394	50.8%	50.8%
BS	2,717	2,717	8,765	31.0%	31.0%
Total	105,035,574	105,035,574	1,218,523,867	8.6%	8.6%

c. The Company is unaware of another utility that uses the 6 CP method in Kentucky for its cost of service study.

d. It is unclear to which "parent company" this request intends to refer. That aside, the Company is unaware of any parent company or other subsidiary of the parent company that uses the 6 CP method.

[26] *Id.*

[27] Case No. 2020-00350, Commission Staff's First Request for Information to Mountain Association, Kentuckians for the Commonwealth, Kentucky Solar Energy Society, and Metropolitan Housing Coalition No. 8(a) (Mar. 19, 2021) ("There are several NARUC approved approaches to a COSS, including but not limited to the 6-CP, 12-CP, BIP, and Peak and Excess.").

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Fourth Request for Information
Dated September 10, 2025

Case No. 2025-00114

Question No. 30

Responding Witness: Timothy S. Lyons

Q-30. Refer to LG&E's response to Staff's Third Request, Item 23.

a. Confirm that rates were calculated to reach the cost of service study supported revenue increase for each rate class and not based upon the cost-based rates supported by the study.

b. If confirmed, explain the rationale behind the decision. Additionally, explain why LG&E chose not to propose rates based upon the cost-based rate for each rate class.

A-30.

a. Confirmed, in part. Confirmed that the rates were calculated to recover the class revenue targets; however, the proposed rates were informed by the results of the cost-of-service study. Specifically, the rates reflect movement toward cost-based rates in a manner that balances rate continuity and customer bill impact considerations.

For example, see Schedule M-2.3-E, page 2, that shows the Company's proposed increase in the residential basic service charge from $0.45 per day to $0.52 per day, or 15.50 percent, as compared to the overall residential class increase of 10.30 percent, as shown on Exhibit TSL-7, page 3. The increase reflects a movement toward the cost-based, basic service charge of $0.809 per day, as shown in Exhibit TSL-4, page 5.

b. See the response to part (a).

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Fourth Request for Information
Dated September 10, 2025

Case No. 2025-00114

Question No. 31

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

Q-31. Provide a detailed table with the following for LG&E Electric:

a. Current class revenue and rates.

b. Proposed class revenue and rates.

c. Cost of service study class revenue and rates.

A-31.

a-b. See the attachment being provided in a separate file, which also contains information responsive to part (c).

c. The Company is unclear as to what cost of service study class revenue and rates are being requested. The Company assumes the request seeks the revenues by class that would be needed for each class's current rate of return to equal the system average proposed rate of return of 8.12%, which the Company is providing in the second tab of the attachment referred to above. In addition to revenues by class, the Company is providing customer, demand, and commodity unit costs where appropriate. The Company has not attempted to subdivide demand costs into seasonal or time-of-day charges.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Fourth Request for Information
Dated September 10, 2025

Case No. 2025-00114

Question No. 32

Responding Witness: Timothy S. Lyons

Q-32. Provide a detailed table with the following for LG&E Electric:

a. Current class rate of return on rate base.

b. Proposed class rate of return on rate base.

A-32. See the attachment being provided in a separate file.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Fourth Request for Information
Dated September 10, 2025

Case No. 2025-00114

Question No. 33

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

Q-33. Provide a detailed table with the following for LG&E Electric:

a. Current class share of revenue in dollars and percentage.

b. Current class share of energy usage in kWhs and percentage.

c. Proposed class share of revenue in dollars and percentage.

d. Proposed class share of energy in kWhs and percentage.

A-33. See the attachment to the response to Question No. 31.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Fourth Request for Information
Dated September 10, 2025

Case No. 2025-00114

Question No. 34

Responding Witness: Julissa Burgos

Q-34. Refer to the Direct Testimony of Richard A. Baudino in which the Attorney General recommended a decrease to LG&E's cost of debt due to an actual debt issuance securing a lower interest rate than the projected interest rate. Confirm whether the referenced debt issuance occurred. If confirmed, provide the date of the debt issuance, the actual principal amount, and the actual interest rate that was secured.

A-34. See attachment being provided in a separate file.