

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter of:)
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)
ELECTRONIC APPLICATION OF) CASE NO. 2025-00113
KENTUCKY UTILITIES COMPANY FOR)
AN ADJUSTMENT OF ITS ELECTRIC)
RATES, AND APPROVAL OF CERTAIN)
REGULATORY AND ACCOUNTING)
TREATMENTS)
)

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

**KENTUCKY BROADBAND AND CABLE ASSOCIATION’S
REPLY IN SUPPORT OF PETITION FOR REHEARING**

Pursuant to 807 Ky. Admin. Regs. 5:001(5)(3), the Kentucky Broadband and Cable Association (“KBCA”)¹ respectfully submits this reply in support of its petition for rehearing.

INTRODUCTION

In their joint response to KBCA’s petition for rehearing, Kentucky Utilities Company (“KU”) and Louisville Gas and Electric Company (“LG&E”) offer no support for their pole

¹ The KBCA’s members are Access Cable, Armstrong, C&W Cable, Charter Communications, Comcast, Inter Mountain Cable, Mediacom, Suddenlink, and TVS Cable. Kentucky Broadband & Cable Association, Our Members, *available at* <https://www.kybroadband.org/members>.

attachment rates and do not dispute that their rates are designed to subsize other pole attachment customers (and even other non-pole customer classes). Rather than justify their calculations, the Companies double down on conclusory, internally inconsistent numbers. And they blame others for failing to sufficiently request the underlying data – as if it is not the Companies’ burden to demonstrate, and provide the Commission with the actual data to prove, that their rates are just and reasonable. The Commission should reject the Companies’ stonewalling and unsupported rate calculations, which even the Commission acknowledges lack any basis in actual data. Rates that are unsupported are not just and reasonable, and therefore violate Order 251.

ARGUMENT

I. KU And LG&E Have Never Supported Their Pole Rate Calculations With Actual Data, Despite Repeated Requests To Do So.

LG&E and KU’s claim that they “clarifi[ed]” the basis for their pole attachment rates is unsupported (and their statement that they did so is, tellingly, uncited to anything in the record).² Nor do the “source fields” identified by the utilities substantiate their rates.³ KU’s “source fields,” for instance, merely cross-reference unsubstantiated forecasted numbers, contain no justification, or state only they were “calculated by ScottMadden” in some unspecified manner.⁴

Forecasted Acct 364 (Incl CWIP & RWIP)	\$ 565,348,849	COSS - Schedule B - Electric - Plant In Service by Accounts and Subaccounts as of Dec 31, 2026 - Acct 364 - Tab "B-2.1 F" - cell H87 (Page 5 of 6)
Forecasted Accumulated Depreciation	\$ (186,234,062)	-33% COSS - Schedule B - Electric - Accumulated Depreciation and Amortization as of Dec 31, 2026 - Acct 364 - Tab "B-3 F" - cell I99 (Page 6 of 6)
Forecasted Accumulated Deferred Income Taxes	\$ (77,293,332)	-13.7% "ADIT" tab, Balance December 31, 2026 plus pro rata portion of quarterly increases
Forecasted Net Cost Rate Base	\$ 301,821,455	
Forecasted Maintenance (593)	\$ 37,313,251	COSS - Schedule D - Electric - SUMMARY OF JURISDICTIONAL ADJUSTMENTS TO OPERATING REVENUES AND EXPENSES BY ACCOUNT - Acct 593 - Tab "SCH D-1" - cell H190 (Page 6 of 8)
Forecasted Maintenance (593001)	\$ 3,870,284	"LNI Pivot" tab, Forecast Year
Forecasted Labor (593001)	\$ 1,360,324	
Forecasted Tree Trimming (593004)	\$ 10,285,557	"LNI Pivot" tab, Forecast Year
Forecasted Tree Trimming Labor (593004)	\$ 492,028	
Forecasted Depreciation Expense (364)	\$ 14,246,791	2.52% COSS - Schedule B - Electric - DEPRECIATION ACCRUAL RATES AND ACCUMULATED BALANCES BY ACCOUNT as of Dec 31, 2026 - Acct 364 - Tab "B-3.2 F" - cell G88 (Page 4 of 4)
Forecasted Property Taxes (364)	\$ 5,934,791	"PropTax-EDIT" tab - 12 Months Ending December 31, 2026
Forecasted Total Labor	\$ 111,541,645	Calculated by ScottMadden in COSS
Forecasted Total A&G Expense	\$ 105,242,356	Calculated by ScottMadden in COSS

² Response at 3.

³ Response at 3, fn. 10.

⁴ Response at 3, fn. 10; Case Nos. 2025-00113 and 2025-00114, Companies’ Rate PSA Calculations to Comply with Commission Orders (Feb. 26, 2026).

KU still fails to explain or substantiate its \$37.3 million in forecasted maintenance costs – a \$15 million increase over its historical costs.⁵ Now, for the first time, and only *post-hearing*, KU asserts this figure is supported by a document described as “COSS-Schedule D-Electric-SUMMARY OF JURISDICTIONAL ADJUSTMENTS TO OPERATING REVENUES AND EXPENSES BY AMOUNT – Acct 593 – Tab “SCH D-1” – cell H190.”⁶ KU neither provides nor cites this document, but the description appears to reference an excel spreadsheet attached to the testimony of Andrea Fackler. That spreadsheet contains a Tab SCH D-1, titled “SUMMARY OF JURISDICTIONAL ADJUSTMENTS TO OPERATING REVENUES AND EXPENSES BY ACCOUNT” that includes numbers for the “forecasted year.”⁷ Cell H190 for Account 593 contains the following data:

LINE NO.	ACCT. NO.	ACCOUNT TITLE	BASE PERIOD JURISDICTIONAL	JURISDICTIONAL ADJUSTMENTS TO BASE PERIOD	FORECASTED PERIOD JURISDICTIONAL	JURISDICTIONAL PRO FORMA ADJUSTMENTS TO FORECASTED PERIOD (Note f)	PRO FORMA FORECASTED PERIOD JURISDICTIONAL
			(1)	(2)	(3)	(4)	(5)
			\$	\$	\$	\$	\$
187	104	590	DISTR MAINTENANCE SUPERVISION AND ENGINEERING	9,908	42,748	52,655	52,655
188	105	591	MAINTENANCE OF STRUCTURES	-	-	-	-
189	106	592	MAINTENANCE OF STATION EQUIPMENT	1,141,601	624,486	1,766,087	1,766,087
107	593	MAINTENANCE OF OVERHEAD LINES	22,922,863	7,045,747	29,968,611	6,835,092	36,803,702
190							
191	108	594	MAINTENANCE OF UNDERGROUND LINES	378,833	1,664	380,497	380,497
109	595	MAINTENANCE OF LINE TRANSFORMERS	(22,205)	121,614	99,409	-	99,409

These numbers do not substantiate KU’s rates. They fail to explain how \$22.9 million in “base period” costs became \$36.8 million in the “forecasted period” – or how that \$36.8 million became \$37.3 million figure in KU’s actual rate calculation. The utilities’ “clarification” merely lists forecasted numbers without explaining their basis, demonstrating their accuracy, or even

⁵ 2025 KBCA DR1 KU Attach to Q13 (l-m) - FERC 593 Maint of OH Lines.

⁶ Response at 3, fn. 10; Case Nos. 2025-00113 and 2025-00114, Companies’ Rate PSA Calculations to Comply with Commission Orders (Feb. 26, 2026) (allegedly stating “source” in “purple font”).

⁷ 2025 PSC DR1 KU Attach to Q54 - Sch C_D Supplemental Response (Aug. 25, 2025).

matching KU's own rate calculation. These discrepancies highlight the fundamental problems with the Companies' pole attachment rates: they are black box rates, internally inconsistent, and impossible to verify. There is no basis in law for the Commission to approve such rates.⁸

Nor is it accurate that KBCA simply failed to request the basis of LG&E and KU's calculations.⁹ The utilities have the burden of proof backwards: it is their obligation to justify their rates, not KBCA's burden to prove they are not justified. In any event, KBCA's first data requests asked the Companies to provide documentation supporting their pole rates, "including copies of the source of all inputs or data."¹⁰ The Companies ignored the request, directing KBCA back to their conclusory rate sheet.¹¹

Responding Witness: Michael E. Hornung / Timothy S. Lyons / Peter W. Waldrab

Q-2. Provide documents sufficient to support the methodology, steps, and calculations identified in Request No. 1, including copies of the source of all inputs or data.

A-2. All support data can be found in the attachment provided in the Company's response to PSC 1-54 ("2025 PSC DR1 KU LGE Attach to Q54 - Exhibit MEH-1 - PSA Rate Support").

⁸ *In the Matter of Electronic Application of Duke Energy Kentucky, Inc. for a Certificate of Public Convenience & Necessity to Convert its Wet Flue Gas Desulfurization System From a Quicklime Reagent Process To A Limestone Reagent Handling System At Its East Bend Generating Station & for Approval to Amend its Environmental Compliance Plan for Recovery by Environmental Surcharge Mechanism*, Case No. 2024-00152, 2025 WL 1065576, at *1 (K.P.S.C. Apr. 2, 2025) (hereinafter "Duke Energy Application"); *In the Matter of Electronic Application of Shelby Energy Cooperative, Inc. for a General Adjustment of Rates Pursuant to Streamlined Procedure Pilot Program Established in Case No. 2018-00407*, Case No. 2023-00213, 2023 WL 8235717, at *1 (Ky. PSC Nov. 22, 2023) (hereinafter "Shelby Energy Application"); see KRS 278.400.

⁹ Response at 3.

¹⁰ KU Response to KBCA Request For Information No. 2; LG&E Response to KBCA Request For Information No. 2.

¹¹ *Id.*

So KBCA tried again. In its second set of data requests, KBCA explicitly requested the “mathematical/numerical derivation of each forecasted amount.”¹² Again, the utilities refused to answer in any way that would let anyone evaluate the basis for their rates.¹³

Responding Witness: Michael E. Hornung / Timothy S. Lyons

- Q-2-1. Please reference A-2 and the referenced excel PSC1-54 (“2025 PSC DR1 KU LGE Attach to Q54 – Exhibit MEH-1 – PSA Rate Support”). Provide the mathematical/numerical derivation of each forecasted amount in PSC1-54 (“2025 PSC DR1 KU LGE Attach to Q54 – Exhibit MEH-1 – PSA Rate Support”), including but not limited to investment expenses and pole quantities, for the tabs “KU OH,” “LG&E OH,” and “Combined OH.”
- A-2-1. Please refer to the table below. Combined OH reflects the addition of KU and LG&E forecast amounts.

Forecast Category	Derivation
Pole Quantity	Based on installed poles as of January 31, 2025. See tab LGE E364.
Pole Gross Plant	Based on installed pole cost as of January 31, 2025. See tab LGE E364.
Acct 364	From Asset Accounting, Financial Planning, and Budgeting
Accumulated Depreciation	From Asset Accounting, Financial Planning, and Budgeting
ADIT	Estimated. See tab ADIT.
Rate Base	Sum of Acct 364, AD, ADIT, CWC, and Common Plant
Maintenance (593)	From Financial Planning and Budgeting
Maintenance (593001)	From Financial Planning and Budgeting. See tab LNL Pivot
Labor (593001)	Labor Portion of Maintenance. See tab LNL Pivot
Tree Trimming	From Financial Planning and Budgeting. See tab LNL Pivot
Tree Trimming Labor	Labor Portion of Tree Trimming. See tab LNL Pivot
Depreciation Expense	From Asset Accounting, Financial Planning, and Budgeting
Property Taxes	Based on tax rate of 1.80 percent times net plant
Total Labor	From Financial Planning and Budgeting.
Total A&G Expense	From Financial Planning and Budgeting.

¹² KU Response to KBCA Request For Information 2-1; LG&E Response to KBCA Request For Information No. 2-1.

¹³ *Id.*

KBCA tried a third time. At the hearing, it asked Michael Honrung and Timothy Lyons – the responding witnesses to its data requests – to explain the basis for these numbers.¹⁴ They could not.¹⁵

For the utilities now to blame KBCA, is beyond incredible. The utilities cannot defend baseless rates by arguing they would have explained them, if only KBCA had asked a fourth time. Nor are they relieved of their burden to prove up their rates simply because another party did not ask them to do so enough times.¹⁶ The Commission cannot sanction this sort of stonewalling – particularly where the utilities are so quick to invoke past practice to justify present noncompliance with Kentucky’s regulations.¹⁷

II. The Commission Cannot Use Pole Attach Rates To Subsidize Other Rate Class.

LG&E and KU threaten that, if the Commission requires them to calculate rates that are just and reasonable, they will “reallotat[e] that revenue increase or decrease across all other customer classes.”¹⁸ But this threat only underscores a core problem: *the utilities have inflated costs and combined rates to subsidize other rate classes*. LG&E and KU do not dispute their combined rates force attachers to KU’s poles to subsidize LG&E’s poles.¹⁹ And it is clear from the companies’ revised and increased pole rates – delivered *after* the companies entered a settlement agreement with other parties – that the companies are subsidizing other rate classes through pole rates. That is why KU’s pole attachment rate jumped suddenly after the utilities’

¹⁴ VR: 11/6/2025; 2:49:16pm-2:52:54pm; VR: 11/5/2025; 2:06:45pm-2:10:32pm.

¹⁵ *Id.*

¹⁶ Response at 3.

¹⁷ *See* Response at 2.

¹⁸ Response at 5.

¹⁹ KU Order at 188-89; LG&E Order at 197-98; *see generally* Response.

settlement agreement – inflated in part by KU’s wholly unsubstantiated \$100 million-plus increase to “Forecasted Account 364” costs.²⁰ It is uncontested that the Kentucky pole formula prohibits exactly this result.²¹

CONCLUSION

The Commission should grant rehearing and reconsider the portions of the KU and LG&E Orders approving pole attachments.

Dated: March 23, 2026

Respectfully submitted,

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²⁰ Compare Exhibit MEH-1 – PSA Rate Support; “KU OH” tab (forecasted Account 364 total of \$436,405,675) with 04-2025_KBCA_DR2_KU_Attach_to_Q02_Wireline_Attachment_Charge_-_Corrected_-_Stipulation_ROE (forecasted Account 364 total of \$565,348,849).

²¹ Order 251 at 8.