

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

In the Matter of:

ELECTRONIC APPLICATION OF
KENTUCKY UTILITIES COMPANY FOR
AN ADJUSTMENT OF ITS ELECTRIC
RATES, AND APPROVAL OF CERTAIN
REGULATORY AND ACCOUNTING
TREATMENTS

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) CASE NO. 2025-00113
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In the Matter of:

ELECTRONIC APPLICATION OF
LOUISVILLE GAS AND ELECTRIC
COMPANY FOR AN ADJUSTMENT OF ITS
ELECTRIC AND GAS RATES, AND
APPROVAL OF CERTAIN REGULATORY
AND ACCOUNTING TREATMENTS

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) CASE NO. 2025-00114
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LOUISVILLE METRO AND LFUCG’S POST-HEARING BRIEF

Louisville/Jefferson County Metro Government (“Louisville Metro”) and Lexington-Fayette Urban County Government (“LFUCG”), by counsel, and pursuant to the Public Service Commission’s (“PSC” or “the Commission”) order dated November 10, 2025, submits this post-hearing brief.

Kentucky Utilities Company and Louisville Gas and Electric Company (the “Companies”) filed applications for an increase in rates on May 30, 2025 (the “rate case”). Prior to the evidentiary hearing beginning on November 3, 2025, the parties participated in settlement negotiations

regarding various components of the Application. Louisville Metro and LFUCG joined the Companies, the Attorney General of the Commonwealth of Kentucky, by and through the Office of Rate Intervention (“AG”); Kentucky Industrial Utility Customers, Inc. (“KIUC”); Walmart Inc. (“Walmart”); United States Department of Defense and All Other Federal Executive Agencies (“DoD/FEA”); Sierra Club (“Sierra Club”); and The Kroger Co. (“Kroger”) in the Stipulation and Recommendation that was presented to the Commission.

Following submission of the Stipulation and Recommendation, the Commission issued an order in Case No. 2025-00045 (the “CPCN case), in which the Companies sought approval of Certificates of Public Convenience and Necessity (“CPCN”) to construct two natural gas combined cycle units and a battery energy storage facility pursuant to KRS 278.020; site compatibility certificates for the NGCC units and the BESS unit; a CPCN to install a selective catalytic reduction emission control system at Ghent 2; and for approval of regulatory assets. The order approved with modifications a stipulation agreed upon by the Companies, the AG, KIUC, Kentucky Coal Association, Inc., and Southern Renewable Energy Association. Although Louisville Metro and LFUCG participated in the settlement discussions, they took no position on the Stipulation and did not oppose the Stipulation at the hearing in the CPCN case.

One of the Commission’s modifications to the Stipulation in the CPCN case related to an adjustment clause that would have provided recovery of the incremental Mill Creek 2 stay-open costs LG&E incurs that are not recovered through base rates, including incremental capital expenditures and other costs incurred specifically to keep Mill Creek 2 operational. In their post-hearing brief, Louisville Metro and LFUCG took no position on this “Mill Creek 2 Mechanism.” The Commission denied the Mill Creek 2 Mechanism, finding that the Companies had not met their burden of proof to demonstrate that it was reasonable. The Commission indicated that “it did

not have an opportunity to thoroughly investigate the proposals.” The Commission, however, specifically encouraged the Companies to provide more evidence regarding the Mill Creek 2 Mechanism in another proceeding. The Stipulation in the rate case did not address the Mill Creek 2 Mechanism.

Three days after the Commission issued its order in the CPCN case, the Companies filed supplemental testimony in the rate case, requesting approval of the Mill Creek 2 Mechanism. The Companies submitted this request on Friday night October 31, 2025 at 7:31 pm prior to the start of the evidentiary hearing at 9:00 Monday morning.

Louisville Metro and LFUCG do not believe that the Companies’ supplemental testimony and related information in this case demonstrates that the Mill Creek 2 Mechanism is reasonable. Although the Commission has plenary ratemaking authority, automatic rate mechanisms outside of the traditional ratemaking process can be burdensome to administer and regulate.¹ The Commission and its Staff would be required to periodically review the Companies’ submissions. And numerous recovery riders on customers’ invoices can be challenging to interpret and understand. Moreover, with respect to the Mill Creek 2 Mechanism, with at most only one day notice, the parties have not had sufficient time to thoroughly investigate the proposal.

¹ See *In the Matter of: Electronic Application of Atmos Energy Corporation for an Adjustment of Rates and Tariff Modifications*, Case No. 2017-00349, 2018 WL 2118087, at *21 (May 3, 2018).

In addition, the Companies acknowledge that LG&E must obtain a permit or a permit modification from the Louisville Metro Air Pollution Control District (the “LMAPCD”),” in order to operate Mill Creek 2 after Mill Creek 5 becomes operational in 2027.² The LMAPCD implements federal, state, and local air pollution laws in Jefferson County and issues permits to enforce air pollution laws for sources of air pollution.³ It is an independent body, and Louisville Metro and LFUCG do not have authority to make any assertions on its behalf. It would be unreasonable for the Companies to obtain recovery for stay-open costs associated with Mill Creek 2 when there are still regulatory approvals that must be obtained before Mill Creek 2 can stay open.

For these reasons, Louisville Metro and LFUCG encourage the Commission to approve the Stipulation and Recommendation that was submitted in this rate case. It also recommends that the Commission deny the Companies’ request for the Mill Creek 2 Mechanism.

Respectfully submitted,

/s/ 

STURGILL, TURNER, BARKER & MOLONEY, PLLC

James W. Gardner

M. Todd Osterloh

Rebecca Price

333 W. Vine Street, Suite 1500

Lexington, Kentucky 40507

Telephone No.: (859) 255-8581

Facsimile No.: (859) 231-0851

jgardner@sturgillturner.com

tosterloh@sturgillturner.com

rprice@sturgillturner.com

Attorneys for Louisville Metro and LFUCG

² VR: 11/5/2025; 9:45:20.

³ Air Pollution Control District, “Air Pollution Control District,” <https://louisvilleky.gov/government/air-pollution-control-district>.