

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC JOINT APPLICATION OF BIG)	
RIVERS ELECTRIC CORPORATION AND)	
KENTUCKY UTILITIES COMPANY FOR)	CASE NO. 2025-00323
AUTHORITY TO TRANSFER THE DAVIESS)	
COUNTY ASSETS PURSUANT TO KRS 278.218)	

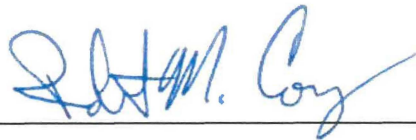
RESPONSE OF
KENTUCKY UTILITIES COMPANY
TO
THE COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
DATED OCTOBER 28, 2025

FILED: NOVEMBER 14, 2025

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 an employee of LG&E and KU Services Company, that he has personal knowledge of the matters set forth in the responses for which he is identified as the witness, and the answers contained therein are true and correct to the best of his information, knowledge, and belief.



Robert M. Conroy

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

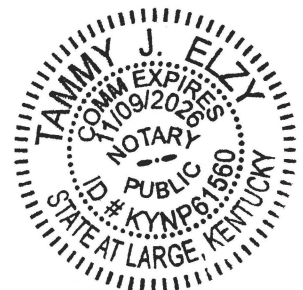


Notary Public

Notary Public ID No. KYNP61560

My Commission Expires:

November 9, 2026



COMMONWEALTH OF KENTUCKY)

COUNTY OF JEFFERSON)

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

Dr. G. V. Allen

Drew T. McCombs

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

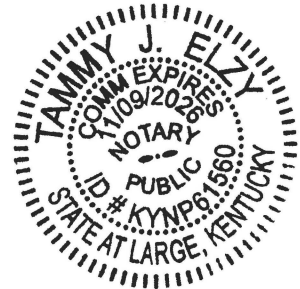
Sammy J. Ely
Notary Public

Notary Public

Notary Public ID No. KYNP61560

My Commission Expires:

November 9, 2026



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 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 6th day of November 2025.

Caroline J. Davison

Notary Public

Notary Public ID No. KYNP63286

My Commission Expires:

January 22, 2027



KENTUCKY UTILITIES COMPANY

**Response to Commission Staff's First Request for Information
Dated October 28, 2025**

Case No. 2025-00323

Question No. 1

Responding Witness: Drew T. McCombs

- Q-1. Refer to Application page 4, paragraphs 11 and 12. Provide the current Fair Market Value of the Elmer Smith substation and associated facilities and equipment located at 5201 Roby Road, Philpot, KY 42366 in Daviess County, Kentucky (the Substation Property).
- A-1. The Elmer Smith substation is not owned by KU; rather it is owned by Owensboro Municipal Utilities and is not related to the Daviess County Substation which is the "Substation Property" described at 5201 Roby Road, Philpot, KY 42366 in Daviess County, Kentucky. KU has not performed an appraisal of the Daviess County Substation Property and the Fair Market Value of the Daviess County Substation Property is not readily available.

KENTUCKY UTILITIES COMPANY

**Response to Commission Staff's First Request for Information
Dated October 28, 2025**

Case No. 2025-00323

Question No. 2

Responding Witness: Elizabeth J. McFarland

- Q-2. Refer to Application, page 4, paragraph 12. Explain what benefits Owensboro Municipal Utilities (OMU) receives as a recipient of merger mitigation depancaking.
- A-2. As a current recipient of merger mitigation depancaking Owensboro Municipal Utilities ("OMU") receives from LG&E/KU a monthly reimbursement of certain costs incurred associated with transmission service for deliveries of power from the Midcontinent Independent System Operator ("MISO") to the LG&E/KU transmission system for OMU load. This reimbursement offsets nearly the entire cost OMU incurs for its MISO transmission service.

KENTUCKY UTILITIES COMPANY

**Response to Commission Staff's First Request for Information
Dated October 28, 2025**

Case No. 2025-00323

Question No. 3

Responding Witness: Robert M. Conroy

- Q-3. Refer to Application, page 5, paragraph 14. Explain whether termination of any further obligation for Louisville Gas & Electric Company and KU to provide merger mitigation depancaking benefits to OMU has any impact on KU's requests in Case No. 2025-00113.²
- A-3. There is no impact to the expenses included in the 2026 test year revenue requirement filed in Case No. 2025-00113 as the termination would not occur until the first half of 2027. However, in the Stipulation and Recommendation, the Companies and the stipulating parties agreed to lower the stipulated rate increases to reflect the expected impacts of OMU's decision to join MISO and terminate the associated merger mitigation depancaking expenses along with the establishment of deferral accounting. Deferral accounting treatment will result in the establishment of a regulatory asset or regulatory liability to reflect the extent to which merger mitigation depancaking expenses are above or below the amounts included in base rates inclusive of the OMU impacts (revenues and merger mitigation depancaking expenses) discussed above.

² Case No. 2025-00113, *Electronic Application of Kentucky Utilities Company for an Adjustment of Its Electric Rates and Approval of Certain Regulatory and Accounting Treatments*.

KENTUCKY UTILITIES COMPANY

**Response to Commission Staff's First Request for Information
Dated October 28, 2025**

Case No. 2025-00323

Question No. 4

Responding Witness: Drew T. McCombs

- Q-4. Refer to Application, page 5, paragraph 15. Provide a detailed breakdown of the original book value for the Daviess County Assets, identifying the value of each individual asset or major component included in the total amount.
- A-4. See attachment being provided in a separate file.

KENTUCKY UTILITIES COMPANY

**Response to Commission Staff's First Request for Information
Dated October 28, 2025**

Case No. 2025-00323

Question No. 5

Responding Witness: Elizabeth J. McFarland

- Q-5. Provide any appraisals that KU has had performed for the Substation Property. If none have been performed, explain whether it has been discussed and, if so, when KU plans to have the property appraised. If KU does not intend to perform an appraisal, explain why not.
- A-5. KU has not performed an appraisal of the Daviess County Substation Property and does not intend to do so. KU has no business need or operational reason to market Davies County Substation and was approached by OMU to negotiate a settlement to facilitate their entry into MISO. Neither party requested an appraisal of the substation property. The sale price for the Daviess County Substation Property is based on the Net Book Value of the assets.

KENTUCKY UTILITIES COMPANY

**Response to Commission Staff's First Request for Information
Dated October 28, 2025**

Case No. 2025-00323

Question No. 6

Responding Witness: Drew T. McCombs

- Q-6. Provide the amount of any current indebtedness on the Substation Property.
- A-6. There is no indebtedness related to the Substation Property.

KENTUCKY UTILITIES COMPANY

**Response to Commission Staff's First Request for Information
Dated October 28, 2025**

Case No. 2025-00323

Question No. 7

Responding Witness: Drew T. McCombs

- Q-7. Confirm that the sale will only impact KU and will not impact Louisville Gas and Electric Company. If not confirmed, explain the response.
- A-7. The sale of the Substation Property to BREC will only directly impact the accounting records of KU.

KENTUCKY UTILITIES COMPANY

**Response to Commission Staff's First Request for Information
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Case No. 2025-00323

Question No. 8

Responding Witness: Drew T. McCombs

Q-8. Provide accounting entries, in detail, that will be recorded on the transfer of the assets.

A-8. KU has determined that the asset transfers constitute the sale of an operating system. Per electric plant instruction no. 5 of the Federal Energy Regulatory Commission Uniform System of Accounts (FERC USofA), KU will credit the book cost of the property sold to the appropriate plant accounts and make contra entries to account 102-Electric Plant Purchased or Sold. The following journal entries will be recorded at the time of the sale:

Debit	Account 131-Cash	\$XXX	
Credit	Account 102-Electric Plant Purchased or Sold		\$XXX
<i>Record the net proceeds received from sale.</i>			

Debit	Account 102-Electric Plant Purchased or Sold	\$XXX	
Credit	Account 101-Electric Plant in Service		\$XXX
<i>Reduce plant in service for the original cost.</i>			

Debit	Account 108-Accumulated Provision for Depreciation	\$XXX	
Credit	Account 102-Electric Plant Purchased or Sold		\$XXX
<i>Reduce accumulated provision for depreciation.</i>			

Further, as required by the FERC USofA, KU will file with FERC the proposed journal entry to clear the amounts from account 102-Electric Plant Purchased or Sold within six months from the date that KU records the sale. The following entry will be recorded upon approval of the proposed accounting from FERC:

Debit	Account 102-Electric Plant Purchased or Sold	\$XXX	
Credit	Account 421.1-Gain on Disposition of Electric Plant		\$XXX
<i>Record the net proceeds received from sale.</i>			