

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC JOINT APPLICATION OF KENTUCKY)
UTILITIES COMPANY AND LOUISVILLE GAS AND) CASE No.
ELECTRIC COMPANY FOR APPROVAL OF MERGER) 2026-00077

**ATTORNEY GENERAL’S RESPONSES TO DATA REQUESTS OF THE
KENTUCKY PUBLIC SERVICE COMMISSION STAFF**

The intervenor, the Attorney General of the Commonwealth of Kentucky, through his Office of Rate Intervention [“OAG”], hereby submits his Responses to Data Requests of the Kentucky Public Service Commission Staff in the above-styled matter.

Respectfully submitted,

RUSSELL COLEMAN
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Certificate of Service and Filing

Pursuant to the Commission's Orders in Case No. 2020-00085, and in accord with all other applicable law, Counsel certifies that an electronic copy of the forgoing was served and filed by e-mail to the parties of record. Counsel further certifies that the responses set forth herein are true and accurate to the best of their knowledge, information, and belief formed after a reasonable inquiry.

This 23rd day of June, 2026



Assistant Attorney General

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In Re: Electronic Joint Application of Kentucky Utilities Co. and Louisville Gas &
Electric Co. for Approval of Merger
Case No. 2026-00077
Attorney General's Responses to Staff's Data Requests

WITNESS / RESPONDENT RESPONSIBLE:
LANE KOLLEN

QUESTION No. 1
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Refer to the Direct Testimony of Lane Kollen (Kollen Direct Testimony), page 3, lines 21-22. Explain the basis for this statement. Include in the explanation citations to any supporting documentation, statutes or prior Commission Orders to support this statement.

RESPONSE:

Refer to Mr. Kollen's testimony at 4:1-4, the rest of the paragraph after 3:21-22, and at 6:12-9:2. As noted, the Companies failed to provide a CBA, failed to quantify all of the acknowledged and potential increases in costs, and failed to demonstrate how it will ensure there actually are savings, let alone savings in excess of the potential costs.

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WITNESS / RESPONDENT RESPONSIBLE:
LANE KOLLEN

QUESTION No. 2
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Refer to Kollen Direct Testimony, pages 17–18. Explain how the \$5 million in annual base revenue recovery was calculated.

RESPONSE:

Refer to the Excel file wherein the Companies provided a proof of depreciation expense under the present rates compared to the proposed rates based on plant in service at June 30, 2024 in response to AG 2-6(a)-(c). Tab Depreciation – Merged provides the Companies' calculation of total electric depreciation expense annualized pursuant to the present rates for each Company and summed in cell L1121 of \$642.539 million. Tab Depreciation – Merged provides the Companies' calculation of total electric depreciation expense annualized for the combined company pursuant to the proposed combined depreciation rates in cell J1121. Mr. Kollen added a difference column on this tab that shows a reduction of \$4.960 million in cell K1121.

Mr. Kollen notes there is no increase in base revenue recovery, rather it is the reduction in annual depreciation expense. Given that the revenue requirement and recovery reflected the present depreciation rates applied to the gross plant in the test year, the combined company will retain the difference between the recovery that was based on the present depreciation rates and the lower depreciation expense actually incurred based on the proposed combined depreciation rates. This would provide the combined company a windfall of more than \$5 million annually until base rates are reset if it is allowed to retain the savings. These "savings" in depreciation expense are amounts that customers are paying for in their base revenues and then will have to pay again in the future due to the lower accumulated depreciation and higher net plant, all else equal.

WITNESS / RESPONDENT RESPONSIBLE:
LANE KOLLEN

QUESTION No. 3
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Refer to Kollen Direct Testimony, pages 10–11.

- a. Define “actual merger savings” for the purpose of the recommended offset. As part of the explanation, include the data sources and recommended calculation methodology used to quantify the savings as defined.
- b. State what period following any approved merger should be used to calculate any “actual merger savings.”

RESPONSE:

a, b. Mr. Kollen did not define actual merger savings or propose a calculation methodology to measure the actual merger savings in his testimony. Mr. Kollen noted at 8:12 through 9:2 that it is important to accurately measure actual merger savings, but it is “notoriously difficult” to do so. This is due to the difficulty in accurately measuring costs that have not been incurred and that have not been incurred due solely to the merger. The burden of proof to measure actual savings is and should remain with the Companies. Mr. Kollen is aware that Staff has asked the Companies to address this issue through pending discovery.

Mr. Kollen is aware that other utilities have used a pre-merger baseline approach to compare costs post-merger in order to quantify merger savings. This is a practical approach to measure savings in operating expenses, e.g., regulatory costs. It also is a practical approach to measuring certain financing costs, e.g., reductions in rating agency fees and credit facility fees. However, both the baseline and the post-merger costs must be measured on a consistent basis for this to be an accurate and reasonable approach. Mr. Kollen also notes that the combined Company will incur and presumably defer merger costs incurred to integrate and restructure these regulatory functions and to restructure the debt agreements, among others, to achieve any such cost savings. In some cases, those costs may not be deferred to the merger costs regulatory asset, but deferred or expensed to other “business as normal” accounts, such as debt issuance costs and/or interest expense. These costs will be in addition to the other costs incurred and deferred to the merger costs regulatory asset, e.g. legal and other outside advisor costs.

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WITNESS / RESPONDENT RESPONSIBLE:
LANE KOLLEN

QUESTION No. 4
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Refer to Kollen Direct Testimony, page 12. Provide the information relied on for the statement that “in general, KU average customer bills will be less and LG&E average customer bills will be more after the rates are reset based on a single set of combined Company rates, all else equal.” Include as part of the response each affected customer class for each Kentucky Utilities Company (KU) and Louisville Gas and Electric Company (LG&E) and whether the LG&E or KU rate class will experience a rate increase or decrease and the magnitude of the change.

RESPONSE:

Refer to Mr. Kollen's direct testimony at 12:1-10, which includes a footnote reference to the Companies' response to AG 1-12. Mr. Kollen relied on that response for the referenced testimony. Mr. Kollen has no further information. The Companies have provided no other analyses. As noted by Mr. Kollen at 12, the Commission has “no plan or timeline or direct point of comparison among the rates for the legacy utilities, the differences in those rates, and how customers will be affected if and when the base rates and tariffs other than the FAC and OSS riders are converged on which to base its assessment of these effects of the merger.” If the Commission approves the merger, then the combined Company will present its plan for convergence in one or more future base and rider proceedings for the parties and Commission to review.

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WITNESS / RESPONDENT RESPONSIBLE:
LANE KOLLEN

QUESTION No. 5
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Refer to Kollen Direct Testimony, page 12. State whether different rates of unification for different rate classes is appropriate when considering the magnitude of any rate change that may result from the merger moving forward.

RESPONSE:

The rates of unification are influenced by many factors and the actual rates necessarily will vary among rate classes and even for individual customers for base rates and rider rates.

AFFIDAVIT

STATE OF GEORGIA)


COUNTY OF FULTON)

LANE KOLLEN, being duly sworn, deposes and states: that the attached are his sworn responses and that the statements contained are true and correct to the best of his knowledge, information and belief.



Lane Kollen

Sworn to and subscribed before me on this
23rd day of June 2026.



Notary Public

