

In support of this Joint Application, the Companies respectfully state:

1. Addresses: Applicant LG&E's full name and business address are: Louisville Gas and Electric Company, 820 W. Broadway, Louisville, Kentucky 40202. LG&E's mailing address is: Louisville Gas and Electric Company, 2701 Eastpoint Parkway, Louisville, Kentucky 40223.

Applicant KU's full name and business address are: Kentucky Utilities Company, One Quality Street, Lexington, Kentucky 40507. KU's mailing address is Kentucky Utilities Company c/o Louisville Gas and Electric Company, 2701 Eastpoint Parkway, Louisville, Kentucky 40223.

The Companies may be reached by electronic mail at the electronic mail addresses of their counsel set forth below.

2. LG&E is incorporated in the Commonwealth of Kentucky and attests it is in good corporate standing. LG&E was incorporated in Kentucky on July 2, 1913.

3. KU is incorporated in the Commonwealth of Kentucky and the Commonwealth of Virginia and attests it is in good corporate standing in both states. KU was incorporated in Kentucky on August 17, 1912, and in Virginia on November 26, 1991.

4. LG&E is a public utility, as defined in KRS 278.010(3)(a), engaged in the electric and gas business. LG&E generates and purchases electricity, and it distributes and sells electricity at retail in Jefferson County and portions of Bullitt, Hardin, Henry, Meade, Oldham, Shelby, Spencer, and Trimble Counties. LG&E also purchases, stores, and transports natural gas, and it distributes and sells natural gas at retail in Jefferson County and portions of Barren, Bullitt, Green, Hardin, Hart, Henry, Larue, Marion, Meade, Metcalfe, Nelson, Oldham, Shelby, Spencer, Trimble, and Washington Counties.

5. KU is a public utility, as defined in KRS 278.010(3)(a), engaged in the electric business. KU generates and purchases electricity, and it distributes and sells electricity at retail in the following counties in Central, Northern, Southeastern, and Western Kentucky:

Adair	Edmonson	Jessamine	Ohio
Anderson	Estill	Knox	Oldham
Ballard	Fayette	Larue	Owen
Barren	Fleming	Laurel	Pendleton
Bath	Franklin	Lee	Pulaski
Bell	Fulton	Lincoln	Robertson
Bourbon	Gallatin	Livingston	Rockcastle
Boyle	Garrard	Lyon	Rowan
Bracken	Grant	Madison	Russell
Bullitt	Grayson	Marion	Scott
Caldwell	Green	Mason	Shelby
Campbell	Hardin	McCracken	Spencer
Carlisle	Harlan	McCreary	Taylor
Carroll	Harrison	McLean	Trimble
Casey	Hart	Mercer	Union
Christian	Henderson	Montgomery	Washington
Clark	Henry	Muhlenberg	Webster
Clay	Hickman	Nelson	Whitley
Crittenden	Hopkins	Nicholas	Woodford
Daviess			

6. Pursuant to 807 KAR 5:001 Section 8, on March 24, 2026, the Companies filed with the Commission notice of their intent to use electronic filing procedures in this proceeding. Copies of all orders, pleadings and other communications related to this proceeding should be directed to:

Robert M. Conroy
Vice President, State Regulation and Rates
LG&E and KU Services Company
2701 Eastpoint Parkway
Louisville, Kentucky 40223
robert.conroy@lge-ku.com

Allyson K. Sturgeon
Vice President and Deputy General Counsel
Sara V. Judd
Senior Counsel
PPL Services Corporation
2701 Eastpoint Parkway

Louisville, Kentucky 40223
asturgeon@pplweb.com
svjudd@pplweb.com

W. Duncan Crosby III
Stoll Keenon Ogden PLLC
400 W. Market Street, Suite 2700
Louisville, Kentucky 40202
duncan.crosby@skofirm.com

Lindsey W. Ingram III
Monica H. Braun
Stoll Keenon Ogden PLLC
300 West Vine Street, Suite 2100
Lexington, Kentucky 40507
l.ingram@skofirm.com
monica.braun@skofirm.com

**Now Is the Right Time to Merge the Companies Because, for a Limited Time,
the Expected Value of Long-Term Savings Exceeds Merger Implementation Costs,
Making Merger a Prudent Investment for Customers**

7. Since 2018, the Commission has repeatedly directed the Companies to file merger studies,¹ which the Companies did in 2018,² annually from 2020 through 2023,³ and most recently in the Companies' 2025 base rate cases.⁴ The Commission expressed the view in at least one order that merging the Companies would create "numerous savings ... [for] customers and

¹ *Joint Application of PPL Corporation, PPL Subsidiary Holdings, LLC, PPL Energy Holdings, LLC, LG&E and KU Energy LLC, Louisville Gas and Electric Company and Kentucky Utilities Company for Approval of an Indirect Change of Control of Louisville Gas and Electric Company and Kentucky Utilities Company*, Case No. 2017-00415, Order at 8 (Ky. PSC Apr. 4, 2018); *Electronic Application of Kentucky Utilities Company for an Adjustment of its Electric Rates*, Case No. 2018-00294, and *Electronic Application of Louisville Gas and Electric Company for an Adjustment of its Electric and Gas Rates*, Case No. 2018-00295, Order at 33-34 (Ky. PSC Apr. 30, 2019); Case Nos. 2018-00294 and 2018-00295, Order at 3 (Ky. PSC Aug. 22, 2023).

² Case No. 2017-00415, LG&E and KU Potential Legal Merger of Utilities Internal Study (Aug. 8, 2018).

³ Case Nos. 2018-00294 and 2018-00295, LG&E and KU Potential Legal Merger of Utilities Internal Study (Mar. 31, 2020); Case Nos. 2018-00294 and 2018-00295, LG&E and KU Potential Legal Merger of Utilities Internal Study (Mar. 31, 2021); Case Nos. 2018-00294 and 2018-00295, LG&E/KU Legal Merger Assessment (Mar. 31, 2022); Case Nos. 2018-00294 and 2018-00295, LG&E and KU Potential Legal Merger of Utilities Internal Study (Mar. 31, 2023).

⁴ *Electronic Application of Kentucky Utilities Company for an Adjustment of Its Electric Rates and Approval of Certain Regulatory and Accounting Treatments*, Case No. 2025-00113, and *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*, Case No. 2025-00114, Direct Testimony of Christopher M. Garrett, Exh. CMG-1 at 5-6 and 8 (May 30, 2025).

stakeholders.”⁵ But the Companies’ studies have consistently shown that the expected quantifiable savings from merging the Companies (less than \$3 million annually) would not justify the cost to implement the merger (more than \$20 million), particularly due to the cost of merging the Companies’ various information technology (“IT”) systems to facilitate operating a unified electric utility (between \$17 million to \$20 million).⁶

8. But as Christopher M. Garrett explains in his testimony, the IT cost that has been the chief hurdle to merging the Companies is, *for a limited window of time*, not an obstacle due to the significant IT upgrades the Companies and PPL are currently undertaking. The Companies are therefore seeking Commission approval to merge the Companies now; if they delay and miss the window presented by this major IT overhaul, the same IT cost hurdle to merging will reappear.

9. The temporary lack of an IT-cost hurdle to merger does not mean there will be zero cost to merge, but the Companies anticipate the cost will be less than the resulting long-term merger savings. Therefore, investing in the merger now, while IT cost is not an obstacle, is prudent for customers in the long term.

KRS 278.020(6) Merger Authority Request

10. Pursuant to KRS 278.020(6), the Companies jointly petition the Commission for approval of the merger of the Companies by which KU will merge into LG&E. KRS 278.020(6) states:

No person shall acquire or transfer ownership of, or control, or the right to control, any utility under the jurisdiction of the commission by sale of assets, transfer of stock, or otherwise, or abandon the same, without prior approval by the commission. The commission *shall* grant its approval if the person acquiring the utility has the

⁵ Case Nos. 2018-00294 and 2018-00295, Order at 3 (Ky. PSC Aug. 22, 2023).

⁶ Case Nos. 2025-00113 and 2025-00114, Direct Testimony of Christopher M. Garrett, Exh. CMG-1 at 5-6 and 8 (May 30, 2025).

financial, technical, and managerial abilities to provide reasonable service.⁷

As the acquiring entity, if LG&E has the financial, technical, and managerial abilities to provide reasonable service, the Commission *shall* grant approval of the merger.

11. Notably, KRS 278.020(8)(b) precludes applying KRS 278.020(7) to the proposed merger.⁸ This is relevant because KRS 278.020(7) includes an explicit public interest standard KRS 278.020(6) lacks, and it explicitly states the Commission “may grant any application ... with modification and upon terms and conditions as it deems necessary or appropriate,” which KRS 278.020(6) does not. Thus, although the proposed merger will indeed result in benefits and efficiencies, it is not necessary that it do so to satisfy the applicable statutory standard of KRS 278.020(6).

12. In addition to the information set forth in this Joint Application, the Companies are providing the accompanying testimony of Robert M. Conroy and Christopher M. Garrett,⁹ both of whom elaborate on LG&E’s financial, technical, and managerial ability to provide reasonable service and describe how the merger will be effectuated from a regulatory and financial standpoint.

13. The current organizational chart showing the Companies as subsidiaries of LG&E and KU Energy LLC (“LKE”) and showing PPL Corporation (“PPL”) as the ultimate parent company is attached as Exhibit 1. An organizational chart showing the effects of a merger of KU into LG&E is attached as Exhibit 2. PPL will remain as the ultimate parent company.

⁷ Emphases added.

⁸ KRS 278.020(8) states in relevant part:

Subsection (7) of this section shall not apply to any acquisition of control of any ... (b) Utility by an acquirer who directly, or indirectly through one (1) or more intermediaries, controls, or is controlled by, or is under common control with, the utility, including any entity created at the direction of such utility for purposes of corporate reorganization[.]

⁹ Mr. Conroy is Vice President of State Regulation and Rates for the Companies. Mr. Garrett is Vice President - Financial Strategy and Chief Risk Officer for PPL Services Corporation, which provides services to the Companies.

14. The merger of the Companies will be accomplished pursuant to the statutory process described in KRS 271B.11-010 and KRS 271B.11-030¹⁰ and applicable Virginia law as required governing the merger of Kentucky and of Virginia companies. The Companies have prepared preliminary drafts of the corporate documents at this time and can provide them in this proceeding should the Commission desire.

15. Assuming Commission approval in this matter and after the legal merger of the Companies is consummated, under anticipated “doing business as” names obtained from the Kentucky Secretary of State, the Companies anticipate the combined utility would operate as LG&E in LG&E’s current electric and gas service territories for the foreseeable future, and it would operate as KU in KU’s electric service territory in Kentucky. The combined utility may effectuate a name change at some point in the future, but the new name and the timing have not yet been determined. A name change would not require Commission approval under KRS 278.020.¹¹

16. LG&E has the financial, technical, and managerial abilities to skillfully and efficiently operate the merged entity as required by KRS 278.020(6). From and after the closing of the merger, LG&E will assume responsibility for the operation of KU’s operations and service to KU’s customers. From a technical, managerial, and operational standpoint, LG&E and KU have functioned as a single entity for years. Thus, the merger will have no effect on the technical or managerial personnel who are currently responsible for operation of both Companies.

17. In Case No. 2017-00415, the Commission approved a PPL corporate reorganization under KRS 278.020(6) that involved creating two new entities that would stand between PPL

¹⁰ <https://apps.legislature.ky.gov/law/statutes/chapter.aspx?id=38545>

¹¹ The Companies acknowledge that a name change would require filing an adoption notice under 807 KAR 5:011 Sec. 11(1)(c).

Corporation and LKE, the entity that directly controlled the Companies. The purpose of inserting the additional two intermediary entities was to minimize the tax consequences of moving cash among the entities.¹² The Commission held that the proposed corporate reorganization met the requirements of KRS 278.020(6) because it would not affect the operation or management of the Companies, and “given the experience and expertise of the current management and employees of the Utilities, NEWC01 and NEWC02 have the financial, technical, and managerial abilities to provide reasonable service.”¹³ Likewise, the merger proposed here will not affect the operation or management of the merged entity. The Commission is aware of LG&E’s financial, technical, and managerial abilities to provide reasonable service. Indeed, LG&E has been doing so for decades and will continue to do so after the merger. Evidence of LG&E’s financial integrity to ensure the continuity of service to its and KU’s customers as required by KRS 278.020(6) may be found in the LG&E annual reports on file with this Commission, which were filed on March 19, 2026. To the extent the Commission requires specific evidence of LG&E’s financial integrity not found in those annual reports, the Companies will provide such information upon Commission request in this matter.

18. The Companies respectfully submit that attaching conditions to the Commission’s merger approval would not be appropriate for several reasons. First, as noted above, it would accord with KRS 278.020(6) not to attach any conditions to merger approval.¹⁴ Second, as noted

¹² *Electronic Joint Application of PPL Corporation, PPL Subsidiary Holdings, LLC, PPL Energy Holdings, LLC, LG&E and KU Energy LLC, Louisville Gas and Electric Company and Kentucky Utilities Company for Approval of an Indirect Change of Control of Louisville Gas and Electric Company and Kentucky Utilities Company*, Case No. 2017-00415, Order at 5 (Ky. PSC Apr. 4, 2018).

¹³ *Id.* at 7.

¹⁴ KRS 278.020(6) states, “The commission *shall* grant its approval if the person acquiring the utility has the financial, technical, and managerial abilities to provide reasonable service” (emphasis added). The financial, technical and managerial abilities of the acquirer are the only criteria to be evaluated, and if satisfied, the statute is clear that the approval “shall” be granted. Importantly, if this application were made pursuant to 278.020(7), the Commission would need to determine that the merger is made in accordance with law, for a proper purpose and in the public interest and

above, the quantifiable benefits of the merger, though real, are not large, and attaching any conditions to merger approval could cause the merger not to proceed, resulting in a missed opportunity to provide benefits to customers, the Commission, and others. Third, the Companies anticipate seeking approvals related to the proposed merger from other regulatory bodies, including the Federal Energy Regulatory Commission and the Virginia State Corporation Commission; if each regulator attaches its own conditions, it will increase the likelihood the merger will not proceed. Thus, to maximize the likelihood the Companies will be able to proceed with the merger, resulting in benefits to customers, the Commission, and others, the Companies respectfully ask the Commission not to attach any conditions to its merger approval in this proceeding.

KRS 278.300 Requests

19. Pursuant to KRS 278.300, the Companies request approval for LG&E to assume both (1) KU's existing debt and (2) KU's remaining authority to issue new debt the Commission authorized in KU's last financing case.¹⁵ Pursuant to this application, the Companies are not seeking any *new* authority to issue debt under KRS 278.300 or 807 KAR 5:001, Section 19 (which is the Commission's regulation regarding the content of applications seeking authority to issue new debt). However, so that the Commission will have relevant information for the request the Companies are making, the Companies attach hereto Exhibit 3, which contains a Financial Exhibit for each of LG&E and KU with the content required by 807 KAR 5:001, Section 12. Further, the

then "may grant any application under this subsection in whole or in part and with modification and upon terms and conditions as it deems necessary or appropriate." This subsection of the statute specifically empowers the Commission to prescribe appropriate terms and conditions as it deems necessary. However, KRS 278.020(8)(b), which describes the transaction the Companies are proposing in this application since both LG&E and KU are already under common control, specifically precludes applying KRS 278.020(7) to this proposed merger.

¹⁵ *In the Matter of: Electronic Application of Kentucky Utilities Company for an Order Authorizing the Issuance of Indebtedness* (Case No. 2023-00397) (Ky. PSC Feb. 8, 2024).

Companies incorporate by reference KU's Application and supporting materials in Case No. 2023-00397 (which contained all information required by 807 KAR 5:001, Section 19) upon which the Commission relied in authorizing KU to issue new debt in its February 8, 2024 decision in that case.

20. In that decision, the Commission authorized KU to incur indebtedness in an aggregate principal amount not to exceed \$1.35 billion in the form of one or more privately placed or publicly issued, secured or unsecured, debt securities or obligations, which may include first mortgage bonds, medium or long-term notes, term or bank loans and similar securities or obligations, in one or more series from time to time through December 31, 2027. The Commission further authorized KU to maintain its revolving credit line and to extend its existing or new revolving line(s) of credit through December 31, 2027, for up to five years from the date of each amendment date in an amount up to \$650 million for KU.

21. Since that decision, KU has three times extended its existing multiyear Revolving Credit Agreement ("KU RCA"). KU first extended its existing KU RCA on February 29, 2024, extending the termination date of the KU RCA from December 6, 2027 to December 6, 2028.¹⁶ On January 2, 2025, KU also extended the KU RCA from December 6, 2028 to December 6, 2029 and increased the borrowing capacity under such revolving credit facilities from \$400 million to \$600 million for KU.¹⁷ Finally, on January 29, 2026, KU also extended the KU RCA from December 6, 2029 to December 6, 2030.

22. KU has only issued long-term debt once under the authority granted in the discussed order. Of the \$1.35 billion that was authorized, KU issued \$700 million in long-term debt on

¹⁶ [https://psc.ky.gov/psccef/2023-00397/rick.lovekamp@lge-ku.com/03192024103105/Closed/02-KU - Extension Agreement \[Amedndment No. 2-Executed\].pdf](https://psc.ky.gov/psccef/2023-00397/rick.lovekamp@lge-ku.com/03192024103105/Closed/02-KU - Extension Agreement [Amedndment No. 2-Executed].pdf)

¹⁷ [https://psc.ky.gov/psccef/2023-00397/rick.lovekamp@lge-ku.com/01132025012744/Closed/02-KU - Extension Agreement \[Amedndment No. 3-Executed\].pdf](https://psc.ky.gov/psccef/2023-00397/rick.lovekamp@lge-ku.com/01132025012744/Closed/02-KU - Extension Agreement [Amedndment No. 3-Executed].pdf)

August 13, 2025.¹⁸ This means that KU has \$650 million of remaining long-term debt authority to issue prior to December 31, 2027. The Companies request authorization for LG&E to assume KU's RCA and the additional \$650 million of long-term debt authority described above.

23. The request for authorization for LG&E to assume KU's existing debt, KU's remaining authority to issue debt, and KU's revolving line of credit, is *in addition to* LG&E's existing debt, LG&E's current remaining authority to issue new debt, and LG&E's current revolving line of credit, all of which the Commission authorized in LG&E's last financing case.¹⁹ In that decision, the Commission authorized LG&E to incur indebtedness in an aggregate principal amount not to exceed \$1.15 billion in the form of one or more privately placed or publicly issued, secured or unsecured, debt securities or obligations, which may include first mortgage bonds, medium or long-term notes, term or bank loans and similar securities or obligations, in one or more series from time to time through December 31, 2027. The Commission further authorized LG&E to maintain its revolving credit line and to extend its existing or new revolving line(s) of credit through December 31, 2027, for up to five years from the date of each amendment date in an amount up to \$750 million. Since that decision, LG&E has three times extended its existing multiyear Revolving Credit Agreement ("LG&E RCA"). LG&E first extended its existing RCA on February 29, 2024, extending the termination date of the LG&E RCA from December 6, 2027 to December 6, 2028.²⁰ On January 2, 2025, LG&E also extended the LG&E RCA from December 6, 2028 to December 6, 2029 and increased the borrowing capacity under such revolving credit

¹⁸ https://psc.ky.gov/psccef/2023-00397/rick.lovekamp@lge-ku.com/09112025022827/Closed/20250911_KU_Issuance.pdf

¹⁹ *In the Matter of: Electronic Application of Louisville Gas and Electric Company for an Order Authorizing the Issuance of Indebtedness* (Case No. 2023-00398) (Ky. PSC Feb. 8, 2024). The Companies incorporate by reference LG&E Application and supporting materials in Case No. 2023-00398 (which contained all information required by 807 KAR 5:001, Section 19) upon which the Commission relied in authorizing LG&E to issue new debt in its February 8, 2024 decision in that case.

²⁰ [https://psc.ky.gov/psccef/2023-00398/rick.lovekamp@lge-ku.com/03192024103109/Closed/02-LGE_-_Extension_Agreement_\[Amedndment_No._2-Executed\].pdf](https://psc.ky.gov/psccef/2023-00398/rick.lovekamp@lge-ku.com/03192024103109/Closed/02-LGE_-_Extension_Agreement_[Amedndment_No._2-Executed].pdf)

facilities from \$500 million to \$600 million for LG&E.²¹ Finally, on January 29, 2026, LG&E also extended the LG&E RCA from December 6, 2029 to December 6, 2030. LG&E has only issued long-term debt once under the authority granted in the discussed order. Of the \$1.15 billion that was authorized, LG&E issued \$700 million in long-term debt on August 13, 2025.²² This means that LG&E has \$450 million of remaining long-term debt authority to issue prior to December 31, 2027.

24. On an aggregate basis, after assumption of KU's existing debt and remaining authority to issue new debt, LG&E will have authority to issue \$1.1 billion (\$650 million + \$450 million) of new debt prior to December 31, 2027, all of which the Commission has already authorized. It would also mean LG&E will have at its disposal the authority to maintain one or more revolving credit facilities in an aggregate total amount of up to \$1.4 billion, including, but not limited to, the KU RCA of up to \$650 million and the LG&E RCA of up to \$750 million.

Merger-Related Rate Matters

25. The Companies are not seeking to unify electric base rates in this case, which would require a base rate case and does not have to occur immediately upon merger. Also, with the exception of the Companies' Fuel Adjustment Clause ("FAC") and Off-System Sales Adjustment Clause ("OSS") mechanisms, the Companies are not seeking to unify non-base rate cost recovery mechanisms because it is unnecessary to do so immediately upon merger; rather, the merged utility will address non-FAC and non-OSS rate issues in future proceedings. It is unnecessary to unify electric base rates or cost-recovery mechanisms immediately upon merger because LG&E will adopt KU's tariff effective with merger, including its base rates and cost recovery mechanisms, all

²¹ [https://psc.ky.gov/psccef/2023-00398/rick.lovekamp@lge-ku.com/01132025012748/Closed/02-LGE_-_Extension_Agreement_\[Amedndment_No._3-Executed\].pdf](https://psc.ky.gov/psccef/2023-00398/rick.lovekamp@lge-ku.com/01132025012748/Closed/02-LGE_-_Extension_Agreement_[Amedndment_No._3-Executed].pdf)

²² https://psc.ky.gov/psccef/2023-00398/rick.lovekamp@lge-ku.com/09112025022854/Closed/20250911_LGE_Issuance.pdf

of which can operate independently with relative efficiency post-merger except the FAC and OSS mechanisms.

26. As Mr. Conroy explains, the Companies propose to unify their FAC and OSS mechanisms upon merger because attempting *not* to unify these mechanisms would be inefficient. Upon merger, all fuel purchases and energy purchases and sales would be for a single entity; importantly, there would no longer be any inter-company sales and purchases between the Companies as there have been for decades. Therefore, attempting to operate separate FAC and OSS mechanisms for legacy KU and LG&E customers post-merger would require engaging in inefficient accounting fictions until the mechanisms were eventually merged.

27. The Companies do not believe unifying their FAC and OSS mechanisms would constitute a rate change or otherwise require notice publication or Commission approval because, as Mr. Conroy explains, no tariff changes are needed; rather, unifying the FAC and OSS mechanisms would consist of periodically recalculating existing formulaic rates, only on a combined, merged basis rather than for two separate utilities. Consistent with 807 KAR 5:011 Sec. 8(6), this unification would not be a rate or tariff change requiring customer notice:

Periodic recalculation of a formulaic rate that does not involve a revision of the rate and that is performed in accordance with provisions of an effective rate schedule, special contract, or administrative regulation does not require notice in accordance with this section.

Therefore, the Companies ask the Commission to declare in this case that: (1) the Companies' proposed approach to unifying their FAC and OSS mechanisms upon merger would not constitute a rate change or require tariff revisions and (2) would not require publishing customer notice.

28. In the first alternative, if the Commission believes the proposed unification of the FAC and OSS mechanisms would require publishing customer notice under 807 KAR 5:011 Sec. 8 absent a deviation, the Companies respectfully ask the Commission to grant the Companies a

deviation pursuant to 807 KAR 5:011 Sec. 15 from the notice publication requirement. Such a deviation would be reasonable to avoid having to incur the cost of such notice, which would serve only to notify customers of charges that already exist.

29. In the second alternative, if the Commission determines that unifying the FAC and OSS mechanisms would require a rate or tariff filing, the Companies seek a declaration from the Commission providing guidance as to the content of the notice the Companies must provide and what the Commission desires the Companies to file to unify the FAC and OSS mechanisms.

Certified Territory Assumption Request

30. The Companies further petition the Commission for approval for LG&E to serve KU customers in accordance with KU's existing tariff on file with the Commission and to assume KU's existing certified territory pursuant to KRS 278.218. Assuming Commission approval of the merger, LG&E will file an Adoption Notice of KU's tariff in accordance with 807 KAR 5:011, Section 11. For all the reasons set forth above and in the accompanying testimony, LG&E has the financial, technical, and managerial abilities to assume KU's existing certified territory.

Regulatory Asset Accounting Request

31. The Commission has long held regulatory asset treatment is appropriate "when a utility has incurred ... an extraordinary or nonrecurring expense that over time will result in a saving that fully offsets the cost."²³ Here, the Companies anticipate that long-term merger savings will exceed merger implementation costs during this limited window of opportunity in which IT cost is not an obstacle, making the implementation cost of merger a prudent investment for customers. The Companies therefore request regulatory asset accounting authority to account for

²³ Case No. 2025-00113, Order at 9 (Ky. PSC Feb. 16, 2026); Case No. 2025-00114, Order at 9-10 (Ky. PSC Feb. 16, 2026); *Application of East Kentucky Power Cooperative, Inc. for an Order Approving Accounting Practices to Establish a Regulatory Asset Related to Certain Replacement Power Costs Resulting from Generation Forced Outages*, Case No. 2008-00436, Order at 3-4 (Ky. PSC Dec. 23, 2008).

all merger costs not being recovered through current rates or addressed by other deferrals, including the legal, regulatory, and financing-related costs to achieve and implement merger. To be clear, the Companies are *not* asking the Commission to approve any particular merger cost in this case; rather, the Companies seek only the requisite regulatory asset accounting authority to allow the Commission to consider merger costs in a future base rate case.

Requested Order Date

32. The Companies plan to consummate the merger after receiving all necessary regulatory approvals. Pursuant to KRS 278.300(2), the Companies' request under KRS 278.300(1) and as described above must be decided within a total of 120 days of the filing of this Joint Application, which would be July 29, 2026. The Companies acknowledge that a decision on the KRS 278.020(6) request herein is not required until eight months after the filing of this Joint Application pursuant to KRS 278.019. However, the Companies respectfully request that the Commission issue an Order on all requests no later than July 29, 2026 so that the Companies will have adequate time after the Commission's decision to prepare to consummate the merger as planned.

33. As Mr. Garrett explains, the combined entity will need to perform a depreciation study to consolidate the depreciation rates for KU and LG&E. The Companies have requested John Spanos, Gannett Fleming, to perform this study. The Companies plan to file this study once available as part of this proceeding and request that the Commission approve these new depreciation rates for accounting purposes.

34. This Joint Application is made in accordance with the law, for a proper purpose, and in accordance with KRS 278.020(6), KRS 278.300(1), KRS 278.218, and 807 KAR 5:001, Section 19.

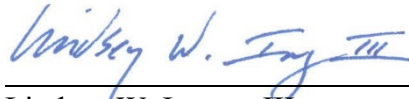
WHEREFORE, KU and LG&E ask the Commission to enter an order:

1. Authorizing the merger of the Companies;
2. Authorizing under KRS 278.300 LG&E's assumption of KU's existing debt and existing debt authority (in addition to and in combination with LG&E's retention of its existing debt authorities, on an aggregate entity basis);
3. Authorizing LG&E to provide service to KU customers in accordance with KU's existing tariff, which LG&E will adopt, and assuming KU's certified service territory;
4. Regarding unifying the Companies' FAC and OSS mechanisms upon merger:
 - a. Declaring that unifying their FAC and OSS mechanisms upon merger: (1) would not constitute a rate change or require tariff revisions and (2) would not require publishing customer notice; or
 - b. In the first alternative, if the Commission believes the proposed unification of the FAC and OSS mechanisms would not constitute a rate change or require a tariff filing but would nonetheless require publishing customer notice, declaring the Commission's position and granting the Companies a deviation pursuant to 807 KAR 5:011 Sec. 15 from the notice publication requirement; or
 - c. In the second alternative, if the Commission determines that unifying the FAC and OSS mechanisms would require a rate or tariff filing, declaring what content the Companies' notice must provide and what the Commission desires the Companies to file to unify the FAC and OSS mechanisms;
5. Approving the unified depreciation rates for accounting purposes;

6. Approving regulatory asset accounting authority to account for all merger costs not being recovered through current rates or other deferrals; and
7. Granting the Companies all other relief to which they may be entitled.

Dated: March 31, 2026

Respectfully submitted,



Lindsey W. Ingram III
Monica H. Braun
Stoll Keenon Ogden PLLC
300 West Vine Street, Suite 2100
Lexington, Kentucky 40507-1801
Telephone: (859) 231-3000
Fax: (859) 259-3503
l.ingram@skofirm.com
monica.braun@skofirm.com


W. Duncan Crosby III
Stoll Keenon Ogden PLLC
400 W. Market Street, Suite 2700
Louisville, Kentucky 40202
Telephone: (502) 333-6000
Fax: (502) 627-8722
duncan.crosby@skofirm.com

Allyson K. Sturgeon
Vice President and Deputy General Counsel
Sara V. Judd
Senior Counsel
PPL Services Corporation
2701 Eastpoint Parkway
Louisville, Kentucky 40223
Telephone: (502) 627-2088
Fax: (502) 627-3367
ASturgeon@pplweb.com
SVJudd@pplweb.com

*Counsel for Kentucky Utilities Company and
Louisville Gas and Electric Company*

CERTIFICATE OF COMPLIANCE

In accordance with 807 KAR 5:001, Section 8 as modified by the Commission's Order of July 22, 2021 in Case No. 2020-00085 (Electronic Emergency Docket Related to the Novel Coronavirus COVID-19), this is to certify that the electronic filing has been transmitted to the Commission on March 31, 2026; and that there are currently no parties in this proceeding that the Commission has excused from participation by electronic means.



*Counsel for Kentucky Utilities Company and
Louisville Gas and Electric Company*

